

# CIPD

Chartered Institute  
of Personnel and  
Development

## Executive summary

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Workforce  
*insights:*  
A Middle East  
perspective

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

# Workforce insights: A Middle East perspective

## Executive summary

This report draws upon original research from over 1,000 HR decision-makers across the countries of the Gulf Cooperation Council (GCC). The report references several other important key sources and seeks to build a picture of current and future workforce priorities facing the region – addressing how these are being impacted by a dynamic social, political and economic context.

There is an increasing recognition of the value of the role of the HR function: indeed, 85% of business owners or C-level executive respondents believe HR strategy has a tangible impact on organisational performance.

### **Strategic workforce priorities**

When clustered, the top current strategic workforce priorities fall into three major themes: attraction and retention of talent; employee well-being, happiness and engagement; and learning, development and performance management.

Attraction and retention of young talent (20%) and employee engagement (19%) were identified most often as current strategic priorities facing organisations across the GCC – and these were also most often highlighted as the most likely areas HR plan to ‘overhaul in the next five years’ (9% respectively).

When it comes to strategic HR planning, nearly half of respondents (48%) say their organisation takes a short-term approach of less than two years. While it is important to be responsive to changes in your immediate context, it’s also important to recognise that some HR strategies will require planning over a longer-term horizon. For example, the increasing localisation of the workforce, or indeed significant shifts in workforce design due to changes in demographics, technology or skill requirements will require HR leaders to reimagine business through a longer-term lens. The risk of HR teams in the region taking a shorter-term approach to planning is that they remain reactive and focusing on current and immediate issues, as opposed to putting the necessary steps in place to meet the future needs of work, the workforce and the workplace.

### **Influences on workforce strategy**

A number of demographic, socio-economic, political and technological factors shape how businesses view their future workforce plans. Regionally, respondent businesses view change in customer demands and demographics (34%), changing economic and political environment (32%), and shifting employee relationships and expectations (27%) as likely key influences on their workforce strategy.

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When respondents are asked how much each of the top trends are likely to impact their organisation’s workforce strategy in the next five years, the changing economic and political environment understandably is seen to have the most extensive impact (45%). However, this is followed very closely by the recognition of the need to innovate to compete (44%). Innovation has also been highlighted as a priority by various regional governments as part of their economic diversification agendas. And, when it comes to innovation, HR teams in the region are predominantly investing in training and development interventions (22%), employee benefits (21%), performance management (14%) and rewards and recognition (9%) to ensure their organisations are able to maximise their capacity for innovation. It is also surprising that hiring the right talent is so low down on these priorities (6%).

The research focuses on five key priority areas for organisations to help them meet their strategic priorities and respond proactively to the changes in the regional and global context. These are outlined below.

### **Investing in the workforce of the future**

The Middle East and North Africa (MENA) region has a young population, almost 65% of which is under the age of 30 (Dhillon 2008). The current youth unemployment rate of 28.4% in the Middle East (Horne et al 2016), at nearly twice the global average, demonstrates the magnitude of the challenge faced. To provide meaningful employment to our younger generations will be critical to the long-term sustainability and prosperity of the region. It is therefore encouraging to see a young age profile in

the workforces of respondent organisations, with the majority of the workforce (63%) aged 39 and under, and 32% aged under 30. It is also encouraging that most organisations across the GCC are proactively seeking to recruit young people (aged 16–24), with over half (57%) confirming that they recruit young employees, one-third (33%) offering internships, and 11% offering apprenticeships. Key reasons for doing so include: to build a talent pipeline (24%); to bring new thinking on latest technologies and techniques into the organisation (21%); and because they are seen as a cost-effective resource (20%).

The top ways in which respondent organisations collaborate with educational institutions to improve the work-readiness of young people are: offering internship programmes (33%); attending careers fairs to promote opportunities in their organisation (26%); offering work experience placements (24%); and offering workplace visits (24%). However, there are significant opportunities for industry to partner more closely with the education sector given that only 15% of survey respondents indicated they are working with institutions to design course syllabuses to meet their future workforce needs.

### **Women in the workplace**

The rationale for encouraging improved representation of women in the workplace goes far beyond an organisation’s corporate social responsibility (CSR) statement and is strengthened by a sound business case (CIPD 2015). In the GCC, commendable efforts in the education of women have led to an increase in female literacy rates; however, despite these achievements, gender inequality in the job market remains an issue.

Responses to this survey indicate that women make up approximately 26% of regional organisations' total workforce, against a global average of 40% (World Bank 2014). The under-representation of women becomes even more accentuated when we look at their progression through to senior and executive roles, with women making up 21% of management or mid-management positions, 16% of senior management roles and 15% of organisations' executive boards.

There are, however, signs of change, with 23% of respondents saying their executive board is made up of 30% or more women and 12% of respondents confirming 50% or more of their board are women. Over half (55%) of respondents state that proactive efforts are currently being undertaken to improve gender diversity.

However, there are some considerable challenges experienced by organisations on this issue, which include: a lack of flexible work opportunities (29%), and a lack of women (talent/skills) in our sector (29%). In addition, a lack of senior female role models (17%) and entrenched attitudes of senior leaders (14%) are also often cited as obstacles that need to be addressed. While efforts are being made across the GCC to increase female workplace participation, progression of women to senior and executive roles requires a strong and sustainable framework to recruit and develop women at every stage of their career.

### **Employee health and well-being**

With high workplace stress being acknowledged as a concern by employers in the region, employee well-being initiatives are on the rise in the GCC (*Khaleej Times*

2015). However, only 14% of respondents stated they have a standalone strategy for health and well-being and only 19% consider health and well-being an integral part of their people strategy. While a promising 24% of respondents state that well-being is taken into consideration in all business decisions, 21% confirm that operational demands take precedence over well-being considerations.

The most common ways in which organisations strive to improve employee well-being is by focusing on: improving relationships at work (34%); offering personal development opportunities (33%); and offering benefits such as health insurance (44%).

Thirty per cent of respondents confirmed their organisation's investment in well-being initiatives had increased in the past 12 months. However, the research confirms that too few organisations evaluate the organisational impact of their health and well-being activities, with only 35% of organisations that invest in employee well-being having a formal mechanism to measure the return on investment (ROI), or the value they receive in return.

### **Flexible working**

This study finds that a significant number of organisations in the GCC do offer some form of flexible working arrangements. In fact, 27% of respondents say their organisations have increased their flexible working practices within the region over the last 12 months. For the organisations that offer flexible working, the most commonly offered arrangements include: flexitime (ability to choose start and finish time within core

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hours) (21%); mobile working (for example, using a laptop to work from another location) (19%); flexi-place (option to work from home some days a week) (16%); and part-time working (16%).

These results show that more can be done to offer opportunities for part-time work in the region. Rather worryingly, 25% of respondents are actually expecting to decrease their part-time workforce over the next 12 months. With the changing face of the regional workforce and increases in multigenerational and gender diversity, a more positive move towards offering flexible working arrangements will be critical to meet the demands and expectations of the workforce of the future.

#### **The impact of technology in the twenty-first-century workplace**

Continued waves of technological change inevitably shape the economy and the nature of work. *‘Technological advances have revolutionised industries, changing the nature of tasks and the kinds of activities employees engage in’* (The Economist Corporate Network 2016). This research finds that at an overall level, 88% of respondents expect advances in technology to have an impact on their organisations in five years’ time, and 85% expect the impact to be a positive one. The areas where technology is anticipated to have the greatest impact are: productivity (22%), efficiency (21%) and quality (19%). As illustrated in figure 38, a majority of respondents (67%) expect that in five years’ time up to 30% of hires in their sector will be for roles that do not currently exist. A further 23% think that over 31% of hires will be for roles that do not currently exist. Respondents were relatively less radical when asked

what proportion of jobs would become obsolete in the next five years, with 40% stating less than 10%, and 15% feeling no jobs would become obsolete.

The research indicates that organisations are increasingly using social media channels to engage with customers (24%) and also as a brand-building tool (21%), and to this end encourage the use of social media among their employees. However, the use of social media for internal collaboration and employee engagement is still limited. Furthermore, only 16% of respondents feel that employees can be trusted to use social media sensibly, 19% of respondents limit access to social media in the workplace and 21% have clear rules to ensure employees do not damage the company brand on social media. While protection of security and brand are important, it is also important that any potential restrictions don’t work against the positive impacts of innovation and improved customer experience that optimising social media in the workplace can bring.

We hope this report helps inspire an aspirational agenda for organisations in the region. While we have presented the research findings in separate sections around key themes, they are of course all interrelated. Organisations need to consider each trend in their own business context and translate their understanding to guide and inform their future strategy.

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The full report is available at [www.cipd.co.uk/me-workforce](http://www.cipd.co.uk/me-workforce)



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