

Employment and Salary Trends in the Gulf

Saudi Arabia | Kuwait | Qatar | Oman | Bahrain | UAE

2014



Introduction

- **Employment and job creation** remain the hottest issues in the Middle East, including the six countries of the Gulf Cooperation Council (GCC)
- This research report, produced by online recruiting firm, GulfTalent, summarises the **status of the employment market** and forecasts **key trends** to be expected during 2014
- Published annually, “**Employment and Salary Trends in the Gulf**” is the premier publication on employment trends in the Gulf region

Research Methodology

Online Survey of Candidates

34,000 Professionals

- Employed by large and medium-sized firms in the GCC
- Aged 22-60 years
- Annual income in the range USD 12,000 - USD 200,000

Online Survey of Employers

800 Executives & HR Managers

- Employing 50 to 20,000 staff
- Across all major industries

Interviews with Top Managers

60 Senior Executives

- Mix of private sector local and international companies
- Across all major industries
- Based in the 6 GCC countries (Saudi Arabia, Qatar, Kuwait, Bahrain, Oman and the UAE)

News & Research

200+ Articles

- Relevant reports from the press and news sources across the region
- Macro-economic sources

Executive Summary

- **Economic & Political Background:** The economies of the Gulf continue to grow at a healthy pace, supported by continued high oil prices and government investments in infrastructure. The region is also gaining international prominence as Qatar and UAE are preparing to host major international events in the next decade. Political tensions across the broader Middle East continue to have an impact on the Gulf, with more people and capital flowing to the relative stability of the Gulf.
- **Recruitment:** The region continues to create jobs with Saudi Arabia in the lead, where 62% of companies reported increased headcount in 2013, followed by the UAE. On a sector basis, healthcare, telecom and retail led job growth. Meanwhile across the region, employers are increasingly under pressure to reduce their reliance on expatriate talent, particularly in Saudi Arabia. As growth in Asia remains strong, expatriate recruitment from those markets, particularly India, continues to be challenging, but has benefited from recent falls in their currency values. The supply of Arab expatriate talent has increased drastically due to tensions in Egypt and Syria. However, increased visa restrictions on nationals of these countries in parts of the GCC is preventing employers from hiring them.
- **Mobility:** The UAE has further strengthened its position as the prime destination for expatriates in the GCC, returning to its pre-crisis level of popularity. Optimism about the country's future has increased following Dubai's economic recovery and its successful bid for the Expo 2020. Dubai and Abu Dhabi are the region's most attractive cities for expatriates, followed by Doha.
- **Salaries & Cost of Living:** Salary rises in the private sector are stable at around 6% but remain well below pre-recession levels. Oman continued to witness the region's highest average pay increase in 2013, followed by Saudi Arabia. Salary increase was highest among accounting and finance professionals. Construction saw the largest increase among sectors.
- **2014 Forecast:** Salaries are forecast to rise at a higher rate in 2014 in most of the GCC, with Oman and Saudi Arabia in the lead. All countries expect to see a net increase in jobs - led by Qatar and Saudi Arabia. Factors that can impact the expected rate of growth include the oil price, pace of development of infrastructure for the World Cup and Expo 2020, global economic recovery, deteriorating condition of emerging markets and regional political developments.

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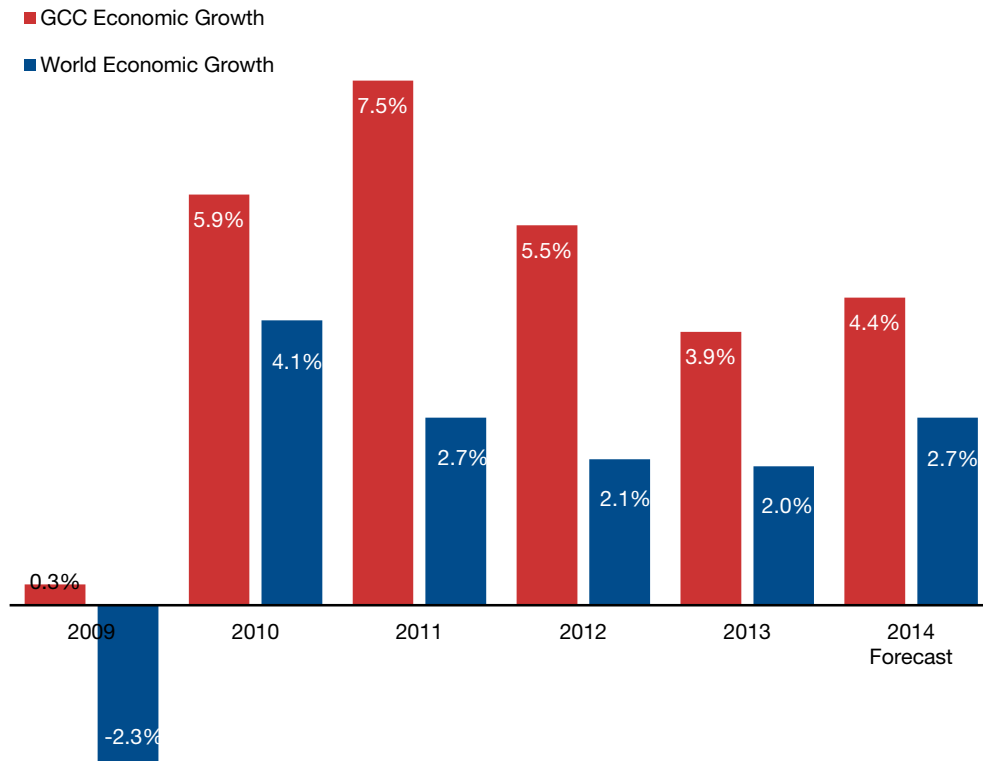
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Economic & Political Background

Gulf Economic Growth

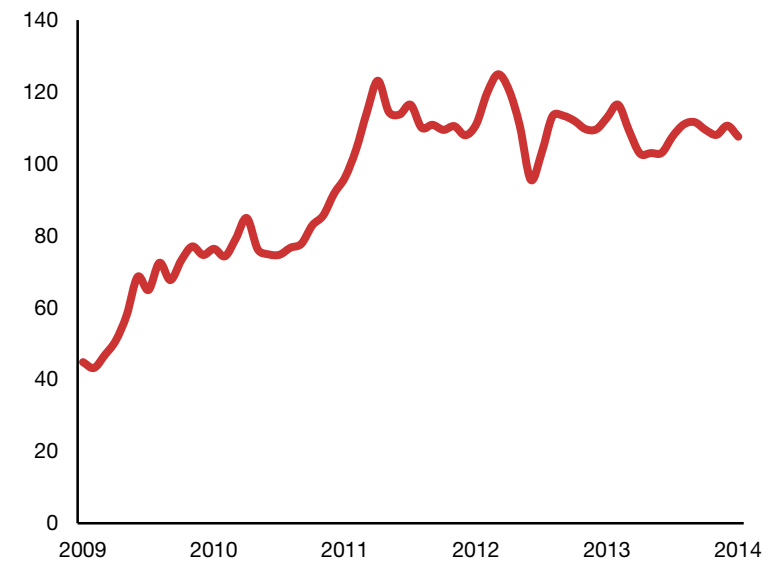
Gulf countries continue to enjoy higher economic growth than the global average, thanks to high oil prices

GDP Growth Rate
2009-2014



Source: Economist Intelligence Unit

Crude Oil Price
USD per Barrel (Brent)



Source: World Bank

Economic Growth by Country

In 2013, Qatar led economic growth in the region, while Kuwait saw the lowest growth

GCC Economic Overview, 2013

GDP Growth Estimate	Key Factors Affecting Growth	Size of Economy (USD bn)
<p>Qatar 5.5%</p> <p>UAE 4.3%</p> <p>Oman 4.2%</p> <p>Bahrain 3.9%</p> <p>Saudi Arabia 3.7%</p> <p>Kuwait 2.3%</p>	<p>Growth in non-oil & gas sectors, including construction and banking</p> <p>Growth in the tourism & hospitality sector; recovery of the real estate sector</p> <p>High government spending on infrastructure and welfare</p> <p>Recovery of oil output after technical challenges in 2012; unresolved political tensions</p> <p>Government investment in infrastructure; growth in the construction, retail and transport sectors; slight dip in oil output</p> <p>Weak growth in oil production</p>	<p>206</p> <p>404</p> <p>82</p> <p>31</p> <p>733</p> <p>181</p>

Source: Economist Intelligence Unit, International Monetary Fund, GulfTalent Interviews

Political Developments

Economic growth and employment are being affected by tensions in parts of the Arab world

Middle East – Key Hotspots 2013



Major Events

The region is gaining greater international prominence as Qatar and Dubai are preparing to host major international events, likely to boost investment and employment

Expo 2020 UAE

- Awarded to Dubai in November 2013, after bidding by four cities (inc. Izmir, Sao Paulo and Yekaterinburg)
- The first time that the Expo is taking place in the Middle East
- Expected to attract millions of visitors to Dubai and boost business through investment and tourism



World Cup 2022 Qatar

- Awarded to Qatar in 2010, after bidding by five countries (inc. Australia, Japan, South Korea and US)
- The first time that the tournament will be hosted in the Middle East
- Expected to drive investment and growth in infrastructure and construction

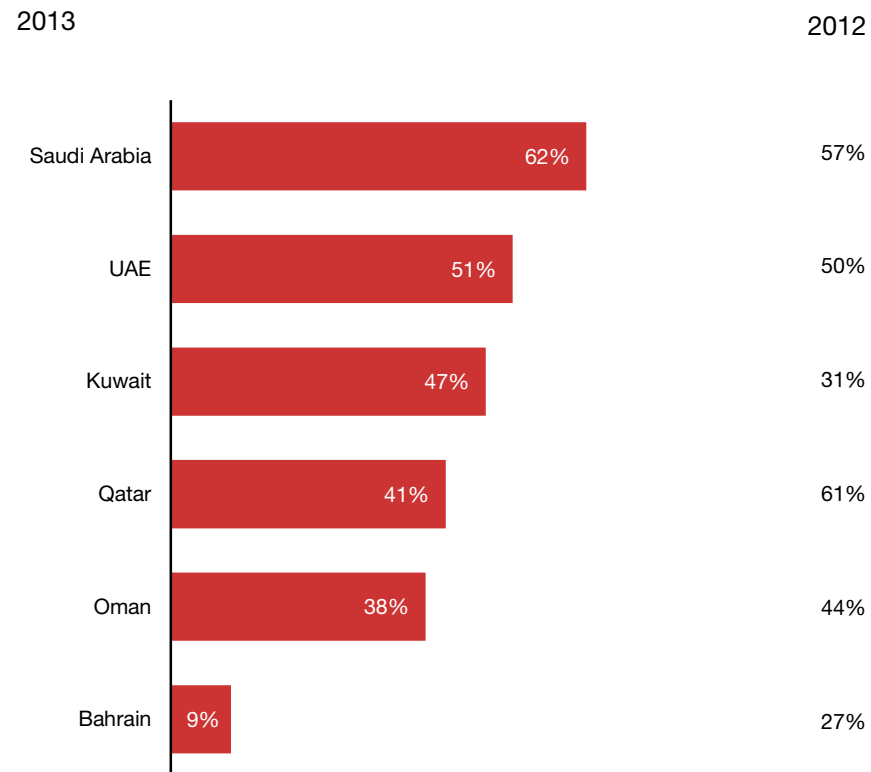


Recruitment

Job Creation by Country

Saudi Arabia leads job creation in the Gulf, while Bahrain has the lowest rate of job growth

Employment Growth by Country:
Net percentage of firms which increased headcount



Observations

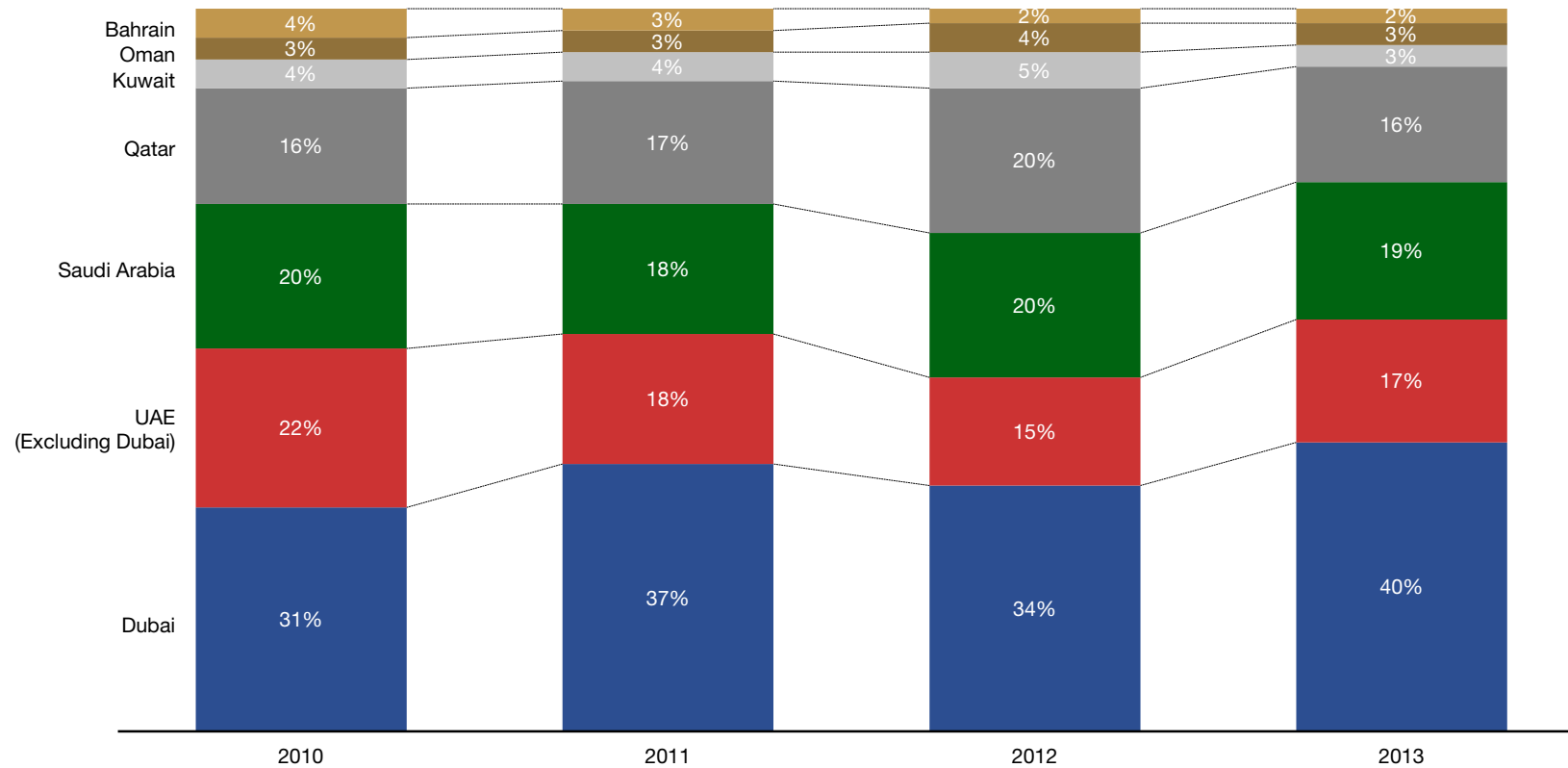
- **Saudi Arabia** had the highest rate of job creation among all GCC countries with 62% of companies increasing headcount
- **Qatar** had a significantly lower rate of job creation compared to 2012 as projects entered the execution phase later than expected, possibly resulting from uncertainty over the World Cup and the country's recent leadership succession
- **Bahrain's** employers were reluctant to expand their headcount in the face of low growth and potential further political instability

Source: GulfTalent Survey of HR Managers

Recruitment Volumes

The UAE, and particularly Dubai, have seen an increase in their share of regional recruitment activity, while Qatar's share declined in 2013

Recruitment Volume by Location:
Percentage of vacancies advertised on GulfTalent *

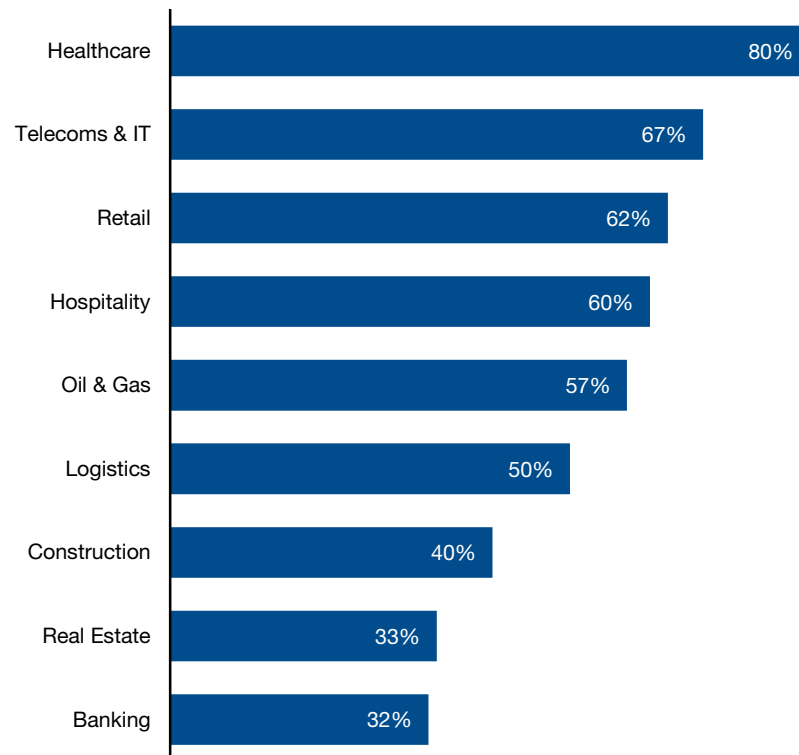


* Based on 100,000 vacancies advertised by employers and recruitment agencies on GulfTalent over the specified period
Note: Internet penetration and prevalence of online recruitment varies across the countries

Job Creation by Sector

The Healthcare sector witnesses the highest increase in headcount and Banking the lowest

Employment Growth by Sector:
Net percentage of firms which increased headcount in 2013



Observations

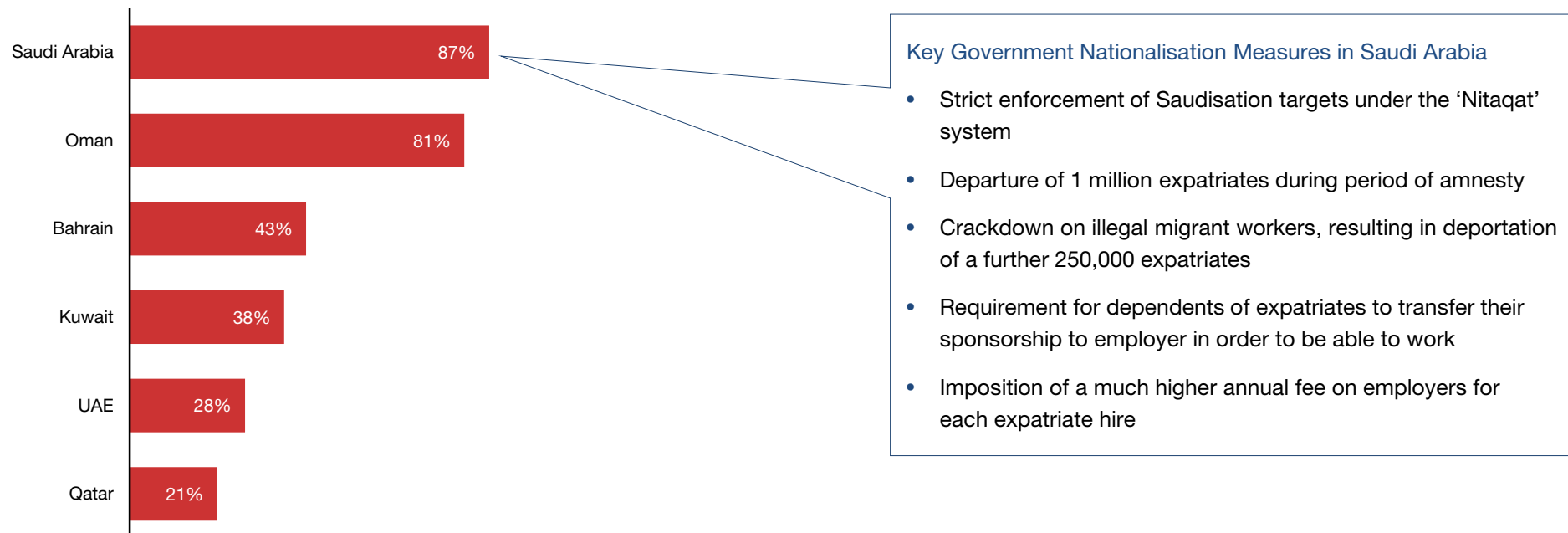
- **Healthcare** enjoyed the highest increase, as governments invest heavily in the sector, while more countries make health insurance mandatory for employers
- **Telecoms & IT's** high increase in headcount was due to accelerating demand, in line with global trends
- **Retail** saw high growth, driven by rapid population growth as well as increasing retail penetration
- **Banking**, despite a healthy recovery from the crisis, saw the lowest employment growth

Source: GulfTalent Survey of HR Managers

Nationalisation

Nationalisation of workforce remains a key challenge for companies, especially in Saudi Arabia and Oman

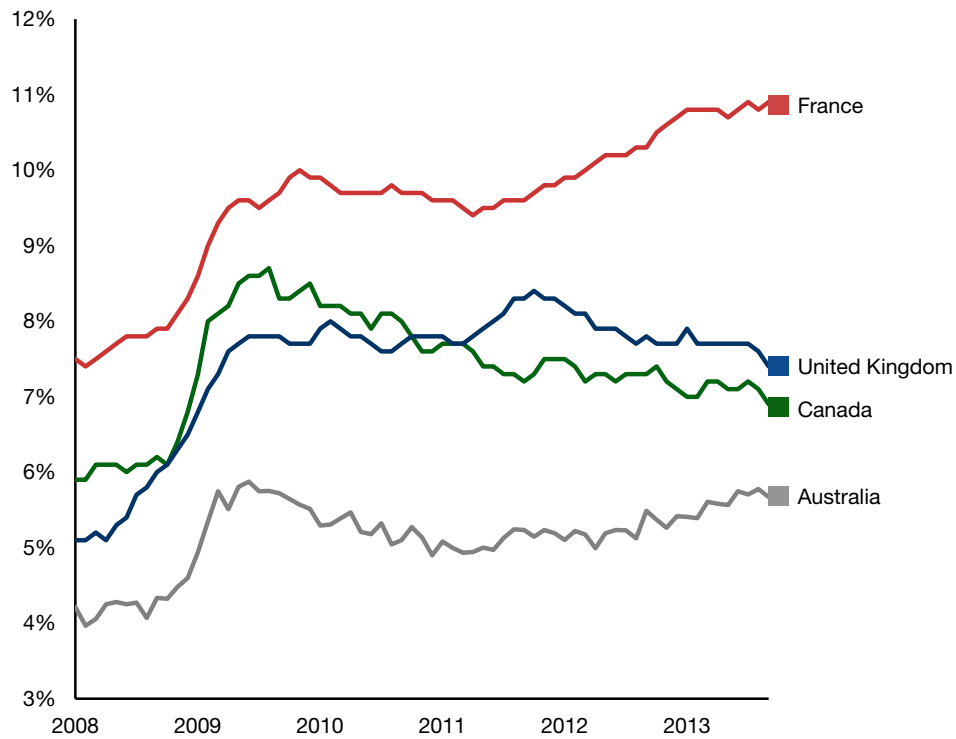
Nationalisation Pressure on Employers:
Percentage of employers reporting nationalisation as a key human resource challenge in 2013



Global Recruitment Sources

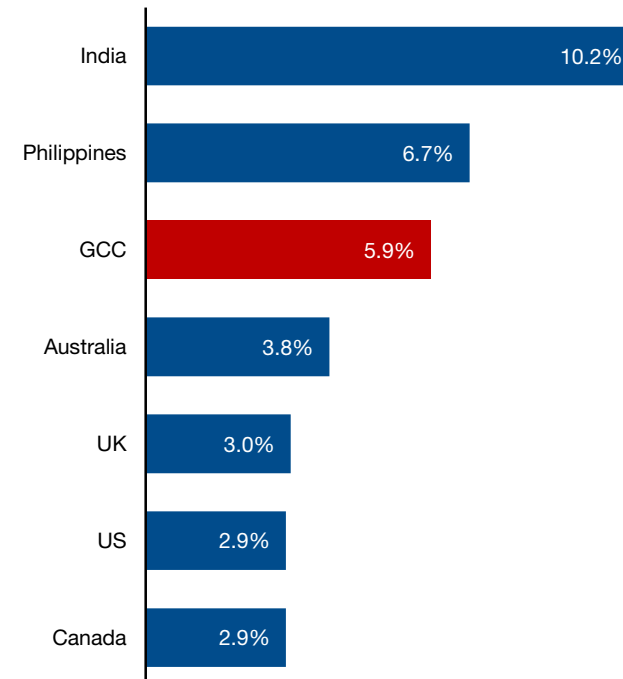
Attracting Western nationals remains easier for Gulf employers, due to high unemployment and wage stagnation in Europe

Unemployment Rate in Western Countries 2008-2013



Source: Economist Intelligence Unit

Private Sector Pay Increase – Global Comparison % 2013

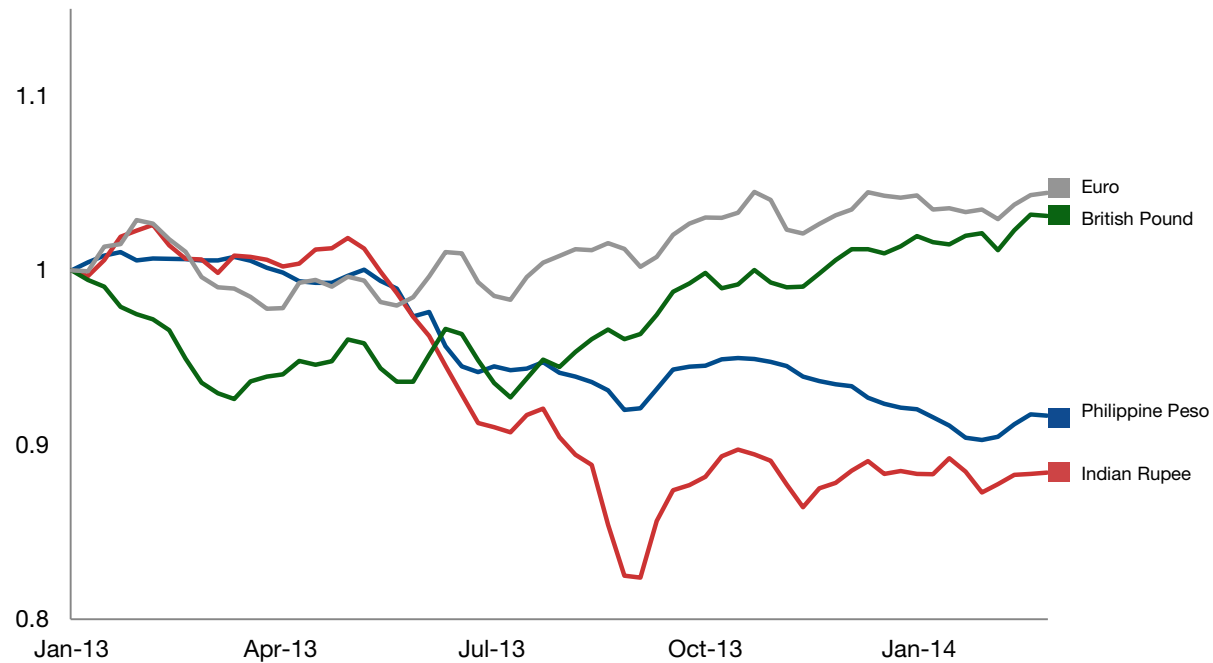


Source: Aon Hewitt, Hay Group, GulfTalent

Currency Movements

Recent currency movements have made Gulf salaries more attractive for Asian professionals, while reducing their value to Europeans

Foreign Currencies vs. Gulf Currencies *
Change in Value 2013-2014 (Indexed to 1 Jan. 2013)



* Pegged to US Dollar
Source: OANDA

Impact of Arab Spring

The Arab Spring is driving more Arab expats to the GCC, but visa restrictions have been increased against them

High interest to relocate to GCC

“Egyptians are ready to work for much lower salaries now, looking for peace of mind and security.”

HR & Admin Manager, Saudi Arabia

“The influx of candidates from Egypt and Syria has brought the average salary expectation down as they are ready to work for much less.”

HR Business Partner, UAE

Increased visa restrictions

“Visas for Egyptian, Syrian, Jordanian and Lebanese candidates frequently get denied without reason, particularly in the UAE, Qatar and Kuwait.”

HR Business Partner, UAE

“We have found some really good Syrian candidates keen to move to GCC in the recent past, but getting visas for them proved to be very difficult.”

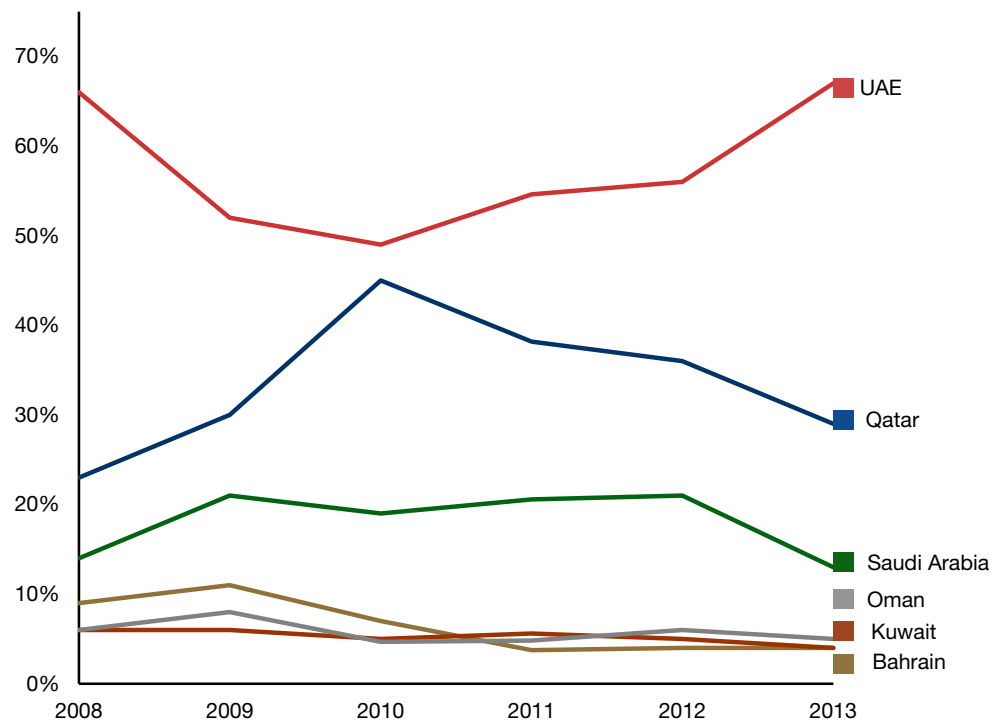
HR Manager, UAE

Mobility

Popular Countries

The UAE extends its lead over the other GCC countries as the most popular destination for expatriates

Attraction of Expatriates:
Percentage of GCC-based expats outside each country who wish to relocate into it



Observations

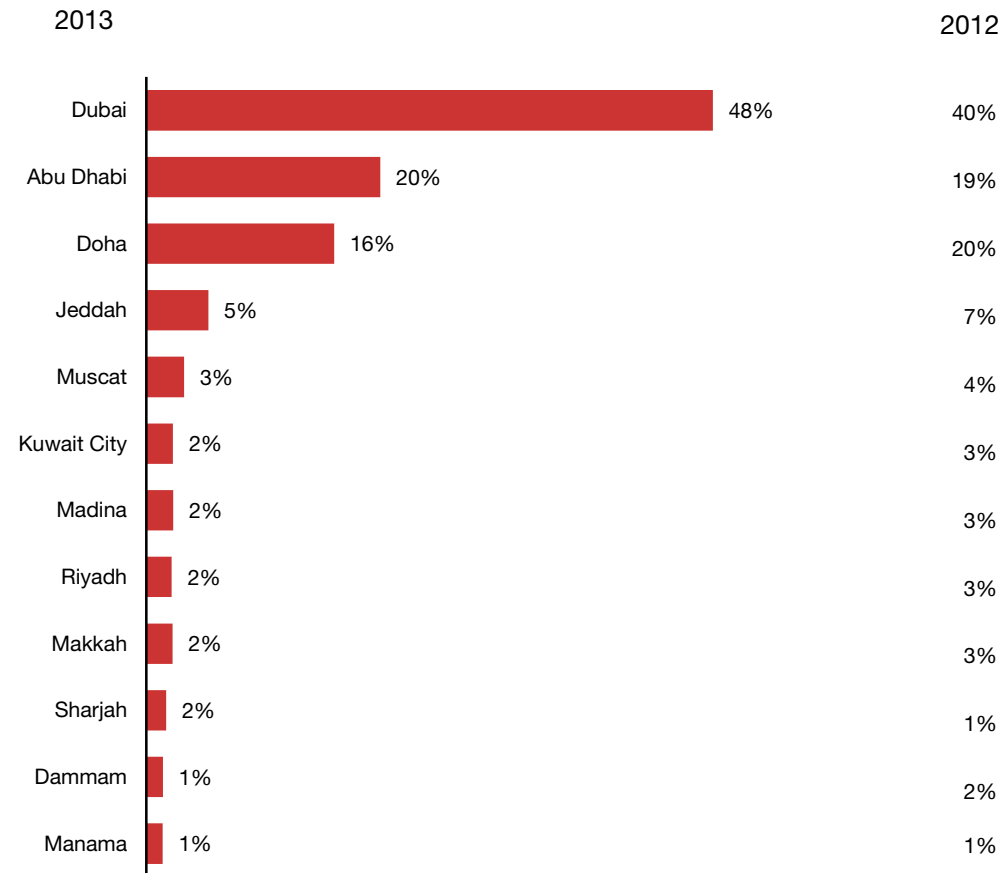
- The **UAE** has strengthened its position as the prime destination for expatriates, as optimism about its future increases following Dubai's successful economic recovery and continued stability despite turmoil in the wider region
- **Qatar** has dropped heavily from its 2010 peak in popularity, driven by Dubai's re-bounce as well as the slow pace of new projects
- **Saudi Arabia's** heightened nationalisation measures are discouraging expatriates from seeking employment in the kingdom
- **Bahrain** remains the least attractive destination as expatriates continue to perceive the country as unsafe

Source: GulfTalent Survey

Popular Cities

Dubai remains the region’s most attractive city, followed by Abu Dhabi and Doha

Ranking of Gulf Cities – By Attraction for Expatriates:
Percentage of GCC-based expatriates outside the city who wish to relocate into it

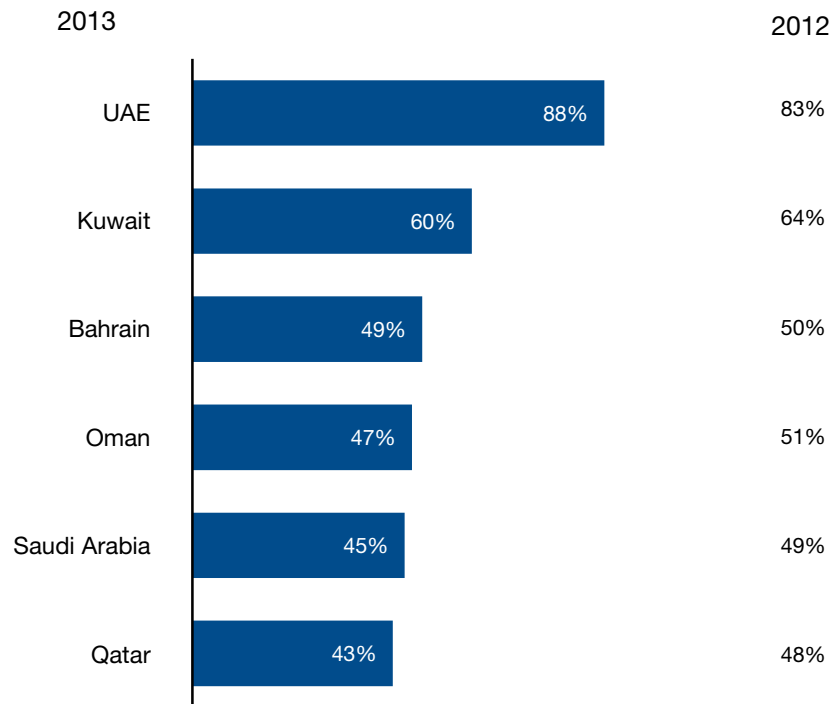


Source: GulfTalent Survey

Retention by Country

The UAE experiences a rise in retention rate, as the overwhelming majority of expatriates wish to stay in the country

Retention of Expatriates:
Percentage of expatriates within the country who wish to remain there



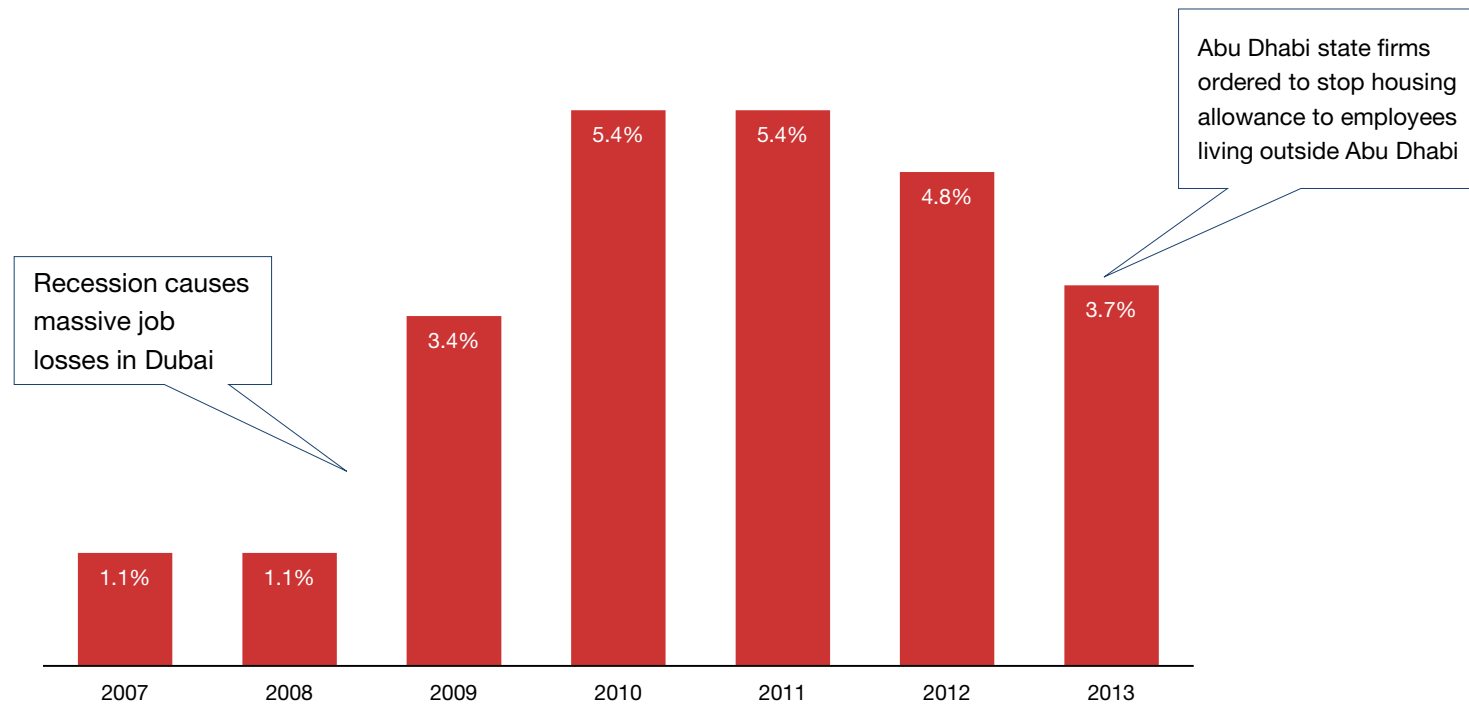
Observations

- The **UAE**'s appeal for expatriates already living within the country is due to stability, infrastructure and optimism about the country's economic development
- **Qatar** continues to have the lowest retention rate within the GCC, mainly as a result of laws preventing expatriates from changing jobs
- Retention rates across most GCC countries are falling, largely as a result of the **UAE**'s accelerating popularity

Domestic Relocations

Fewer Dubai residents are now working in Abu Dhabi, following regulatory changes in Abu Dhabi as well as an improving Dubai economy

Dubai Residents Working in Abu Dhabi
As percentage of all working professionals living in Dubai



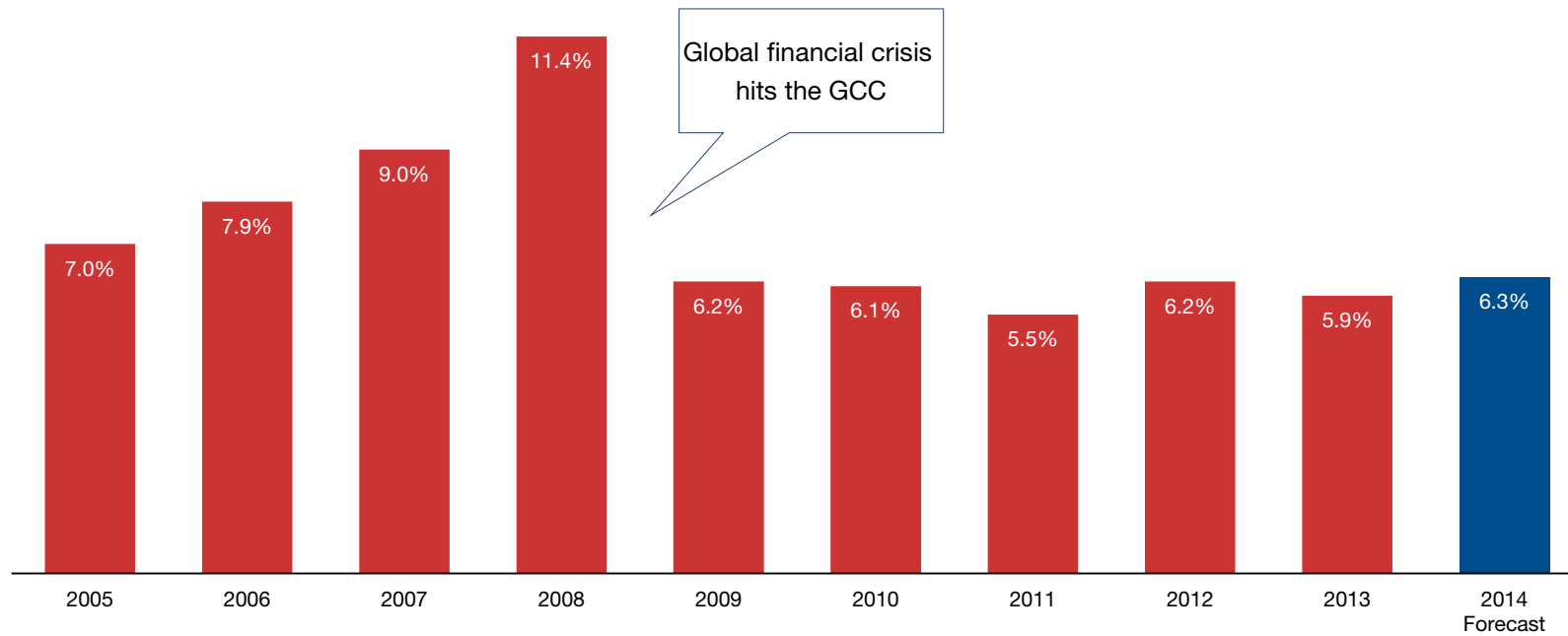
Source: GulfTalent Survey

Salaries & Cost of Living

Salary Increases

Salary rises in the private sector are stable but remain below pre-recession levels

GCC Average Salary Increase
2005 - 2014

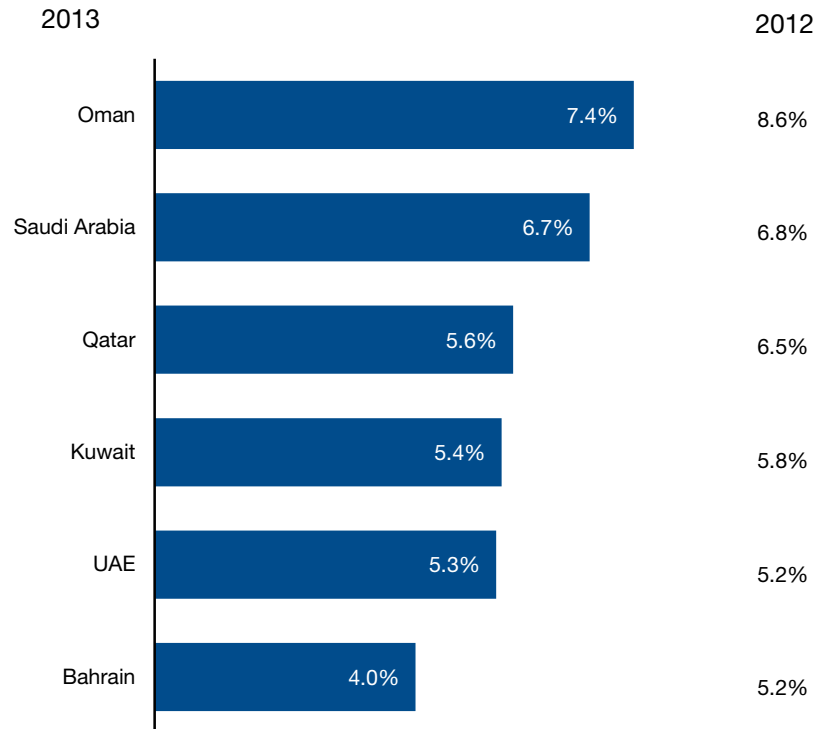


Source: GulfTalent Survey

Salaries by Country

Oman continues to witness the region’s highest average pay increase in the private sector, followed by Saudi Arabia

Private Sector Salary Increase by Country



Observations

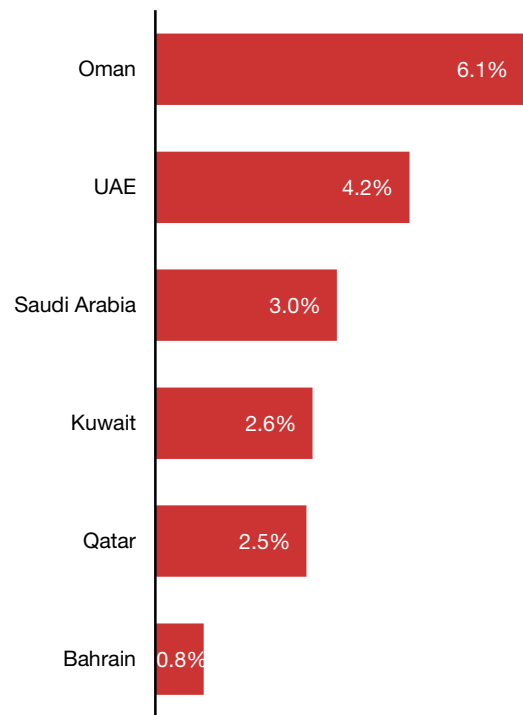
- The **UAE** was the only country that saw a higher average pay increase in 2013 than the previous year, with most countries seeing a slower increase
- **Oman** had the highest average salary rise, following a 62% rise in national minimum wage and a further mandatory increase for nationals employed in the private sector
- **Bahrain**'s salary rise remained conservative as many businesses struggled to grow

Source: GulfTalent Survey

Salaries and Inflation

Average pay rise adjusted for inflation was highest in Oman and the UAE

Real Salary Increase by Country, 2013 *



Salary Rise

Oman: 7.4%
 UAE: 5.3%
 Saudi Arabia: 6.7%
 Kuwait: 5.4%
 Qatar: 5.6%
 Bahrain: 4.0%

Inflation

Oman: 1.3%
 UAE: 1.1%
 Saudi Arabia: 3.7%
 Kuwait: 2.8%
 Qatar: 3.1%
 Bahrain: 3.2%

Observations

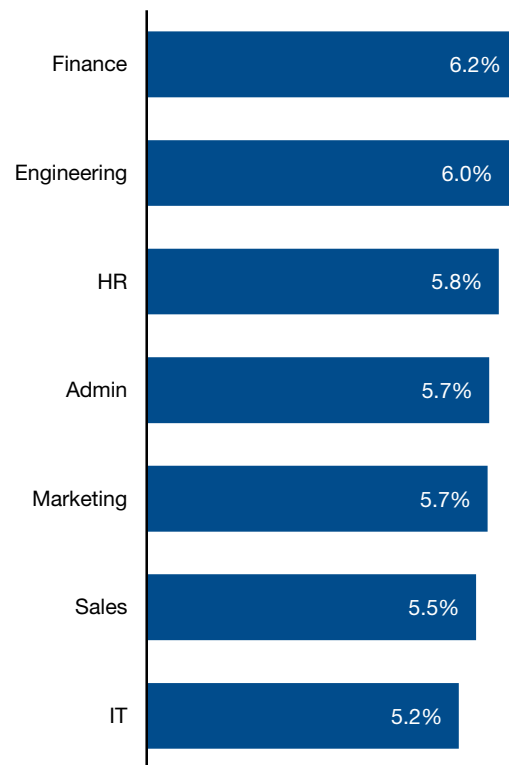
- **Oman** and the **UAE** enjoyed the highest real salary increase with 6.1% and 4.2% respectively due to low inflation rates
- In **Saudi Arabia, Kuwait** and **Qatar**, high inflation led to comparatively low real salary rises
- **Bahrain's** already low average salary increase was almost entirely wiped out by the high rate of inflation, resulting in a real increase close to zero

* Defined as nominal pay rise net of inflation rate
 Source: GulfTalent Survey, Economist Intelligence Unit

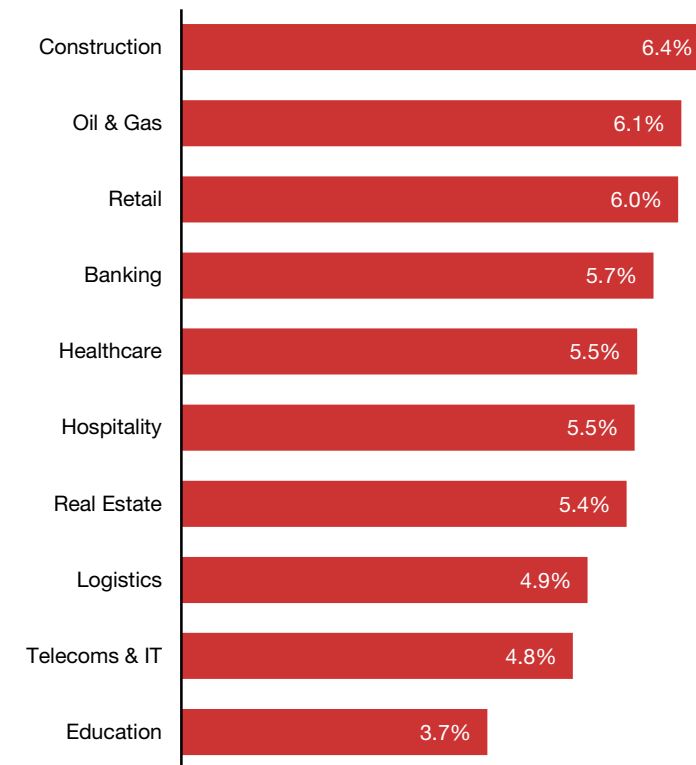
Salaries by Segment

Salary increase was highest among Finance professionals. Among industry sectors, Construction saw the largest average increase

Salary Increase by Job Category
%, 2013



Salary Increase by Industry
%, 2013

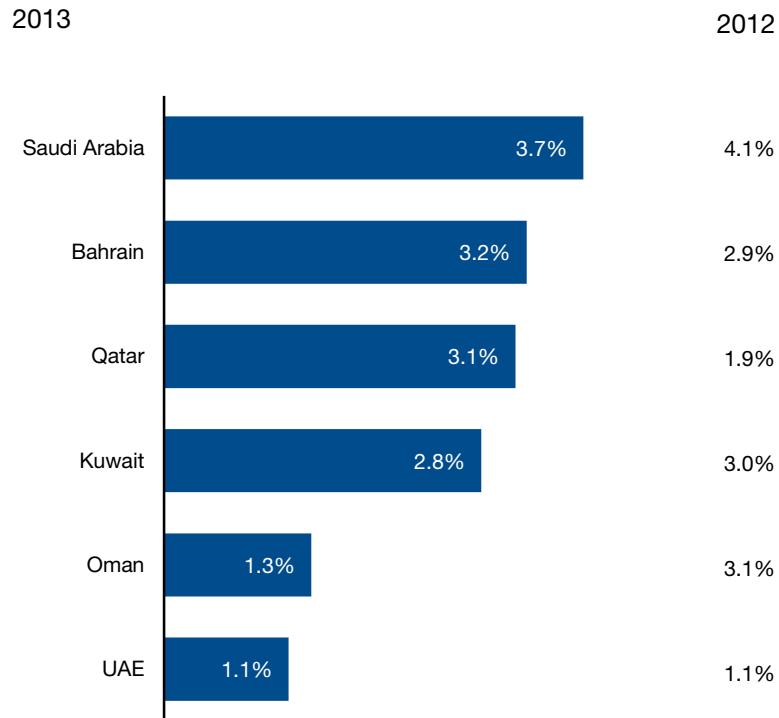


Source: GulfTalent Survey

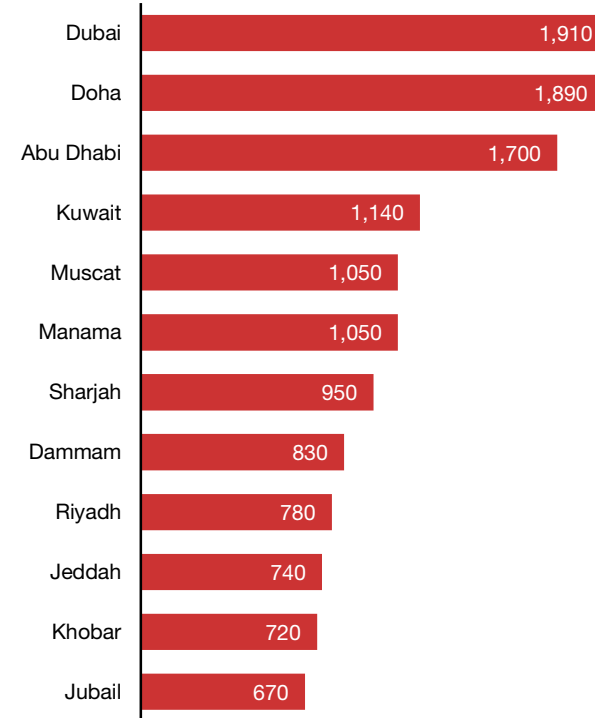
Cost of Living

Cost of living saw the fastest rise in Saudi Arabia. In absolute terms, however, the UAE and Qatar remain the most expensive

Inflation



Rent for Two-bedroom Apartment USD per month, 2013*



Source: Economist Intelligence Unit

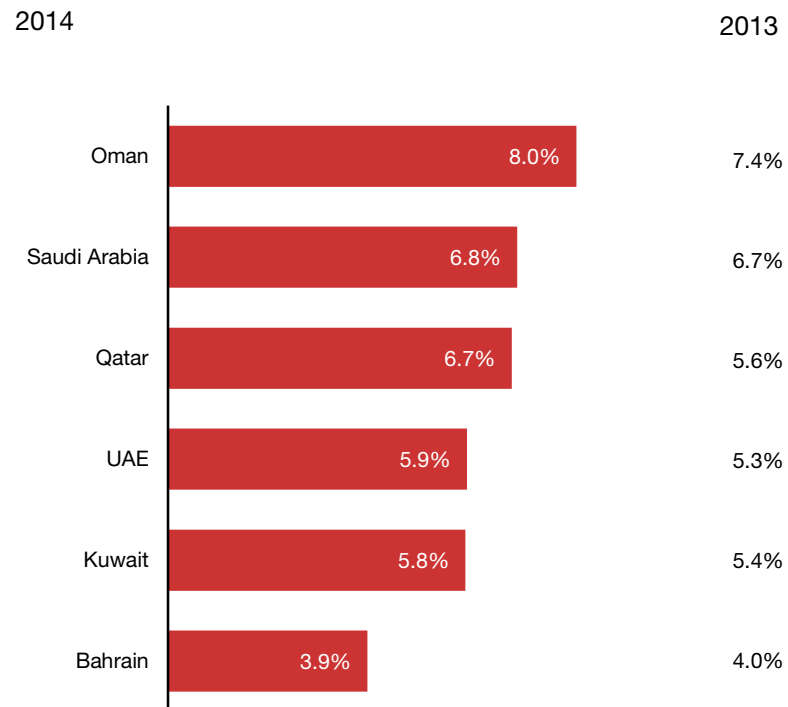
* Average figure. Wide variations based on location and quality
Source: GulfTalent Survey

2014 Forecast

Salaries by Country 2014

Salaries in most Gulf countries are expected to rise at a higher rate in 2014

Expected Average Pay Rise
%, 2014 Forecast



Observations

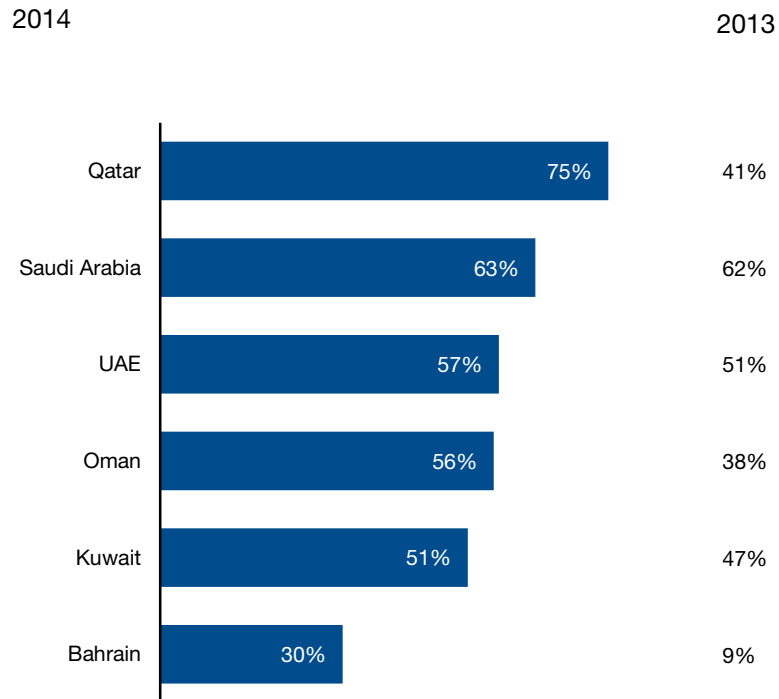
- **Oman** is forecast to once again enjoy the highest average pay rise in 2014
- **UAE** companies plan to offer higher salary increases than last year, driven by higher expected inflation as well as faster pace of growth
- **Bahrain's** companies remain conservative in their salary decisions, despite indicators of an improving economic climate in 2014

Source: GulfTalent Survey of HR Managers

Job Growth by Country 2014

An increasing percentage of GCC companies are planning to create jobs in 2014, with firms in Qatar at the forefront, followed by Saudi Arabia

Employment Growth by Country
Net percentage of firms increasing headcount



Observations

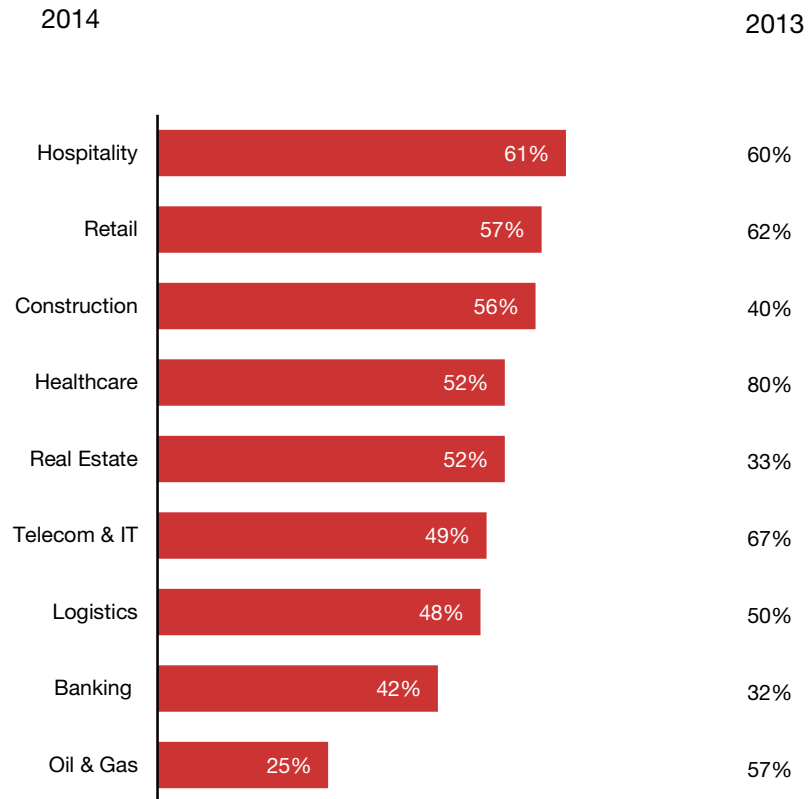
- Across the GCC, more companies are planning to create jobs compared to 2013
- **Qatar's** companies will be most inclined to increase their headcount as the execution of major projects gathers momentum, in part related to the World Cup
- **Bahrain's** employers plan to increase employment as the USD 10 billion GCC aid package starts to feed into the economy thoroughly and the political situation stabilises further

Source: GulfTalent Survey of HR Managers

Job Growth by Sector 2014

Hospitality and Retail will dominate job growth, while Banking and Oil & Gas are forecast to have the lowest growth rates

Employment Growth by Sector
Net percentage of firms increasing headcount



Observations

- **Hospitality** (especially in the UAE) expects 2014 to be a year of strong growth. Companies plan to increase their headcount accordingly
- **Retail** will continue to see high headcount growth, driven by population growth and the opening of new outlets across the region
- **Construction** firms are expecting to expand their headcount as new projects are likely to take shape
- **Oil & Gas** companies will be least inclined to increase their headcount in 2014

Source: GulfTalent Survey of HR Managers

Potential Uncertainties

Several uncertainties may impact the Gulf economy and labour market during 2014

Oil Price

- As always, the price of **crude oil** is the biggest determinant of business and employment prospects in the Gulf. While the outlook is strong, the region remains vulnerable to a drop in prices – for instance, if economic growth were to slow down further in China.



Major International Events

- Like Qatar's **2022 World Cup** award, Dubai's successful bid for **Expo 2020** has generated much optimism about business prospects. However, it remains unclear how much of an impact this will have in the short term as both events are several years away. They may also lead to higher inflation, which will put pressure on salaries.



World Economy

- Major **emerging markets** are seeing a slowdown in their economic growth and fall in currency values (eg. India) while political tensions have hit others (Turkey, Ukraine). These could result in a new wave of talent seeking opportunities in the Gulf.
- As **Western economies** recover from their long recession, Gulf employers may find it harder to attract talent from those markets.



Regional Politics

- **Arab Spring** countries remain in a state of flux and their fate will impact the region's business environment – pushing people and capital to the Gulf, particularly from Syria and Egypt.
- **Iran's** attempt to negotiate a lifting of sanctions, if at all successful, will impact some Gulf sectors, the UAE being the primary beneficiary.



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Appendix – Useful Information

Key Statistics

Country	Salary Rise by Country Percentage rise in base salary			Economic Growth Percentage real GDP change			Inflation			Population (millions)
	2012	2013	2014†	2012	2013	2014†	2012	2013	2014†	2014†
Bahrain	5.2%	4.0%	3.9%	3.4%	3.9%	3.2%	2.9%	3.2%	2.7%	1.3
Kuwait	5.8%	5.4%	5.8%	8.3%	2.3%	2.7%	3.0%	2.8%	3.5%	4.1
Oman	8.6%	7.4%	8.0%	8.3%	4.2%	4.1%	3.1%	1.3%	2.5%	4.0
Qatar	6.5%	5.6%	6.7%	6.2%	5.5%	5.0%	1.9%	3.1%	4.2%	2.1
Saudi Arabia	6.8%	6.7%	6.8%	5.1%	3.7%	4.7%	4.1%	3.7%	3.3%	30.1
UAE	5.2%	5.3%	5.9%	4.4%	4.3%	4.4%	1.1%	1.1%	2.5%	8.4

† Forecast

Source: Economist Intelligence Unit, GulfTalent Surveys

Useful Contacts *

Global Pay Consultancies

Company	Tel	Website
Mercer	+971 4 327 8700	www.mercer.com
Hay Group	+971 4 232 9555	www.haygroup.com
Towers Watson	+971 4 455 1700	www.towerswatson.com
Aon	+971 4 389 6300	www.aon.com

Training Providers

Company	Tel	Website
IIR Middle East	+971 4 336 5161	www.iirme.com
IQPC	+971 4 364 2975	www.iqpc.ae
Meirc Training & Consulting	+971 4 334 5858	www.meirc.com

Relocation Firms

Company	Tel	Website
SIRVA	+971 4 408 9444	www.sirva.com
Crown Relocations	+971 4 230 5300	www.crownrelo.com
Allied Pickfords	+971 4 408 9555	www.alliedpickfords.com

Law Firms covering Employment

Company	Tel	Website
Al Tamimi & Co.	+971 4 364 1641	www.tamimi.com
Clyde & Co.	+971 4 384 4000	www.clydeco.com
Allen & Overy	+971 4 426 7100	www.allenoverly.com
Trowers & Hamlins	+971 4 351 9201	www.trowers.com

Executive Education

Company	Tel	Website
London Business School (Dubai)	+971 4 401 9301	www.london.edu
INSEAD (Abu Dhabi)	+971 2 651 5200	www.insead.edu
Cass Business School (Dubai)	+971 4 401 9316	www.cass.city.ac.uk

Employment Testing Providers

Company	Tel	Website
SHL	+971 4 435 7675	www.shl.com
Saville Consulting	+44 20 8619 9000	www.savilleconsulting.com
Prometric	+971 4 434 5844	www.prometric.com

* Selected providers only. To have your company considered for listing, please contact www.gulftalent.com

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