

Employment and Salary Trends in the Gulf



Overview of the job market and key developments, covering:
Saudi Arabia, Kuwait, Qatar, Bahrain, Oman and United Arab Emirates

2012

Introduction

- **Employment and job creation** remain the hottest issues in the Middle East, including in the six countries of the Gulf Cooperation Council (GCC).
- This research report, produced by online recruiting firm GulfTalent.com, summarises the **status of the employment market** and forecasts key trends to be expected during 2012.
- “**Employment and Salary Trends in the Gulf**” is published annually since 2005 and is the premier publication on employment trends in the Gulf region.

This report is based on in-depth research from a wide array of sources

Research Methodology

Source	Participants	Selection Criteria
Online Survey of Candidates	35,000 professionals	<ul style="list-style-type: none"> Professionals employed by 3,000 largest corporations in the GCC Aged 22-60 years Earning an annual income in the range USD 12,000 - USD 200,000
Online Survey of Employers	2,100 Executives & HR Managers	<ul style="list-style-type: none"> Employing 50 to 20,000 staff Across all major industries
Interviews with Top Managers	60 Senior Executives	<ul style="list-style-type: none"> Mix of private sector local and international companies Across all major industries Based in the 6 GCC countries (Saudi Arabia, Qatar, Kuwait, Bahrain, Oman, UAE)
News & Research		<ul style="list-style-type: none"> Relevant reports from the press and news sources across the region Macro-economic sources

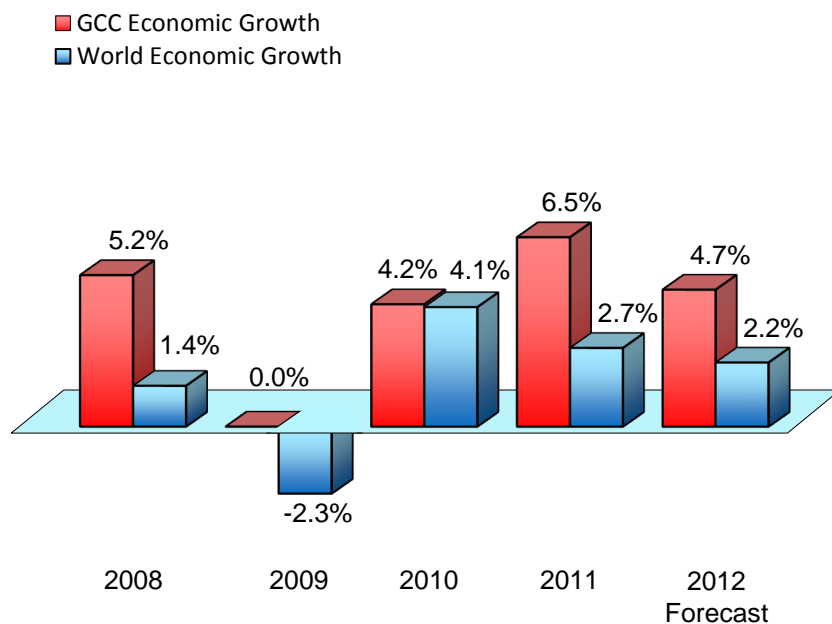
Contents

- Economic & Political Background..... 4
- Nationalisation..... 9
- Recruitment13
- Mobility.....19
- Salaries & Cost of Living..... 25
- 2012 Forecast.....32
- Appendix – Useful Information.....37

Economic & Political Background

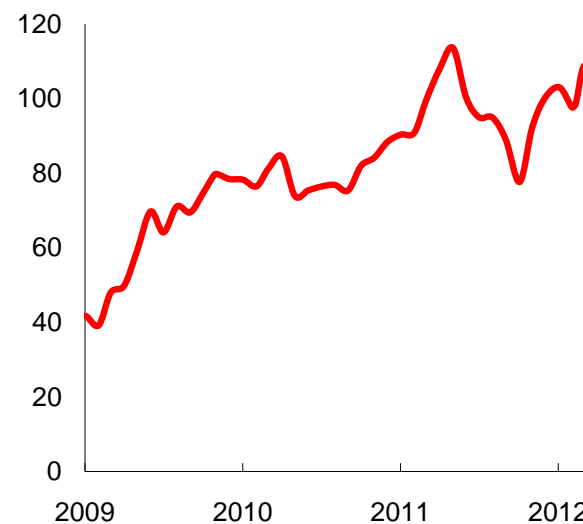
Gulf countries are experiencing high economic growth compared to the rest of the world, thanks to high oil prices and government spending

Economic Growth
2008-2012



Source: Economist Intelligence Unit

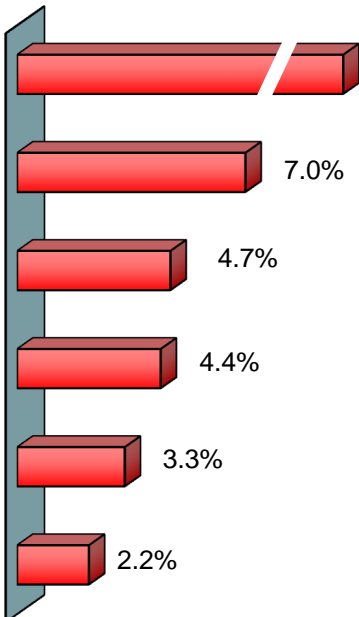
Crude Oil Price
USD per Barrel



Source: Dow Jones & Company

During 2011, Qatar and Saudi Arabia led economic growth in the Gulf, while Bahrain saw the region's lowest growth

Gulf Economic Overview 2011

GDP Growth		Key Factors Affecting Growth	Size of Economy (\$bn)
	Qatar	Completion of gas projects, Government spending on infrastructure, 2022 World Cup preparation	179
	Saudi Arabia	High oil price, Huge government spending programme	588
	Oman	Government spending, some limited unrest	67
	Kuwait	High oil price, Government spending, US troops withdrawal from Iraq	163
	UAE	High oil price, Tourism boost following Arab spring, Dubai debt restructuring, Financial sector weakness	358
	Bahrain	Domestic unrest	26

Source: Economist Intelligence Unit, GulfTalent.com Interviews

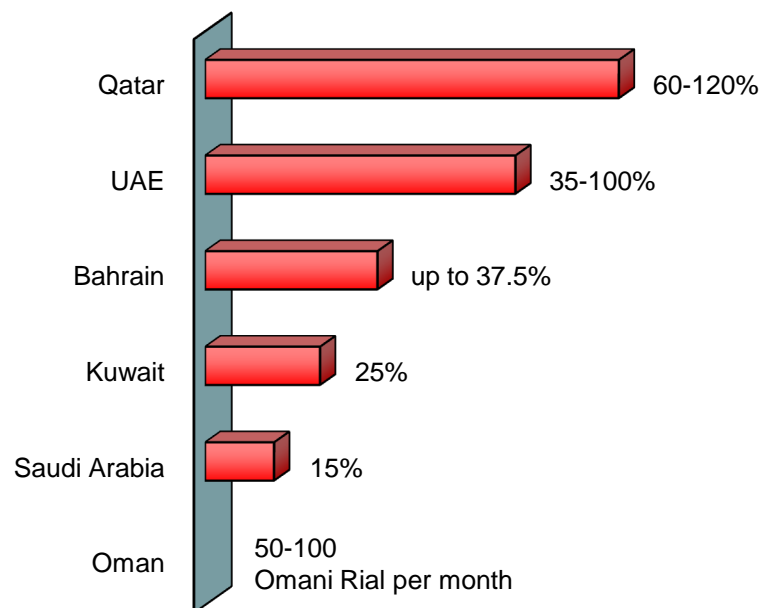
2011 was a year of political turmoil in the Arab world

Arab World – Key Popular Movements 2011



GCC governments have undertaken massive wealth distribution measures among their citizens

Pay Rise for Nationals in Public Sector 2011



Source: News reports

Other Government Measures 2011

Saudi Arabia

- \$130bn subsidy programme
- SAR 2,000 per month unemployment benefit
- Minimum wage raised to SAR 3,000
- Large scale housing programme

Oman

- 50,000 new jobs in public sector
- Minimum wage increased to OMR 200
- OMR 150 per month unemployment benefit

Bahrain

- One-off grant of BHD 1,000 per family
- Minimum wage increased to BHD 402

Kuwait

- One-off grant of KD 1,000 per citizen

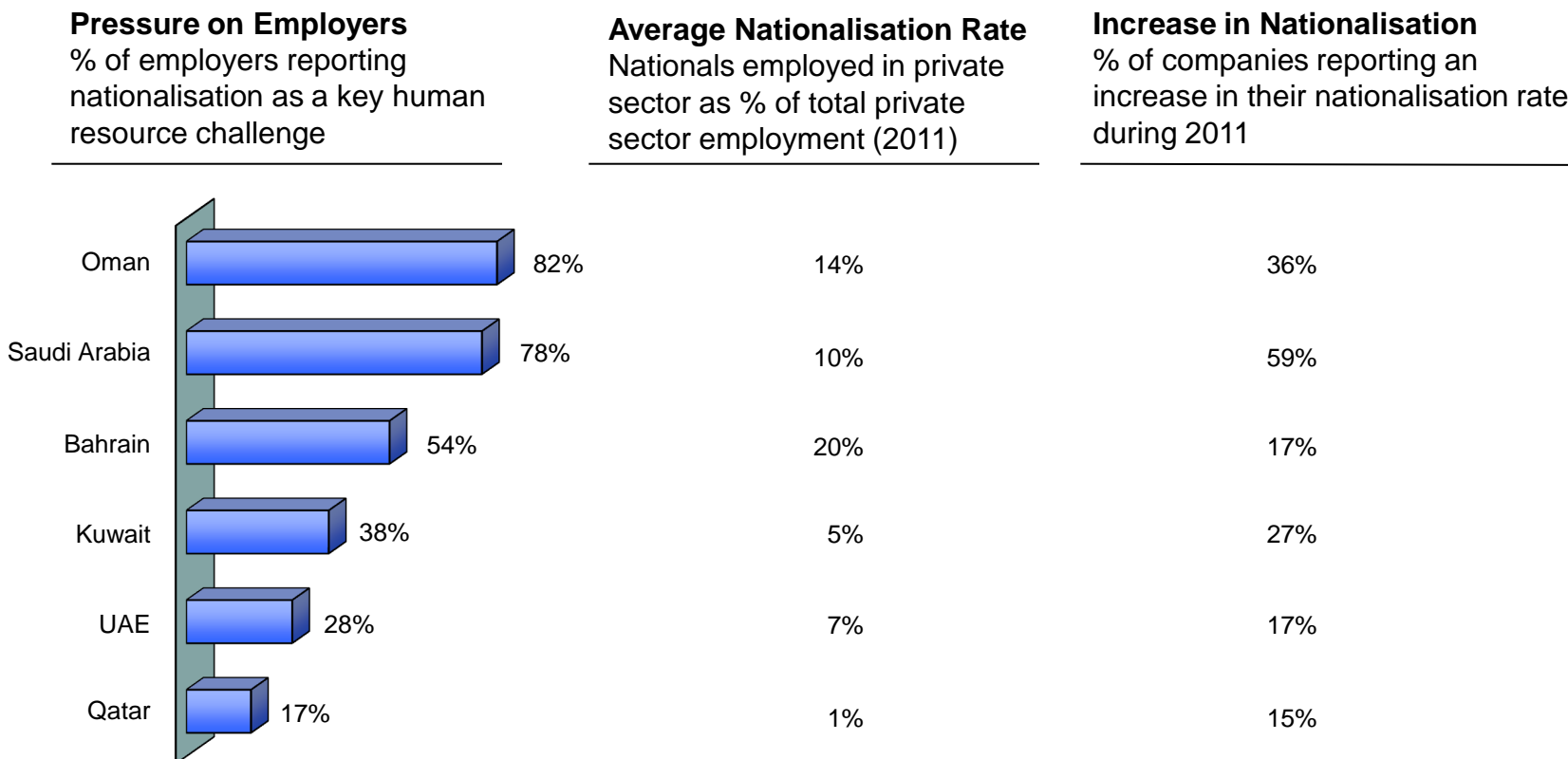
UAE

- \$2.7bn fund to provide loan assistance for low income citizens

Nationalisation

Job creation for citizens through nationalisation of expatriate jobs continues to be a top priority for most GCC governments

Overview of Nationalisation in Private Sector



Source: GulfTalent.com Survey of HR Managers, GCC Labour Ministries

GCC governments have historically used a range of measures to increase employment of nationals in the private sector

GCC Nationalisation – Common Government Strategies

Targets & Limits

- Targets by sector (e.g. Banks, Oil and Gas, etc.)
- Targets by job functions (e.g. HR)

Support & Facilitation

- Employment fund (subsidising wages of newly employed nationals)
- Free training for nationals
- Job centers – putting unemployed in touch with employers

Incentives & Enforcement

- Withholding visas for expat hires
- Tax on employers for each expatriate employee
- Public praise / reprimand

Source: Press reports, HR interviews

More innovative approaches are being tried in some countries, introducing elements of choice, competition and commercial incentive

Recent Nationalisation Initiatives

Saudisation

(‘Nitaqat’ – introduced June 2011)

- Companies within each sector are ranked by their Saudization rate and grouped into **3 categories**.
- Companies in lowest ranks (**‘red zone’**) would face difficulties in **applying for new visas** or even **renewing existing visas**.
- Companies in highest ranks (**‘green zone’**) would be able to hire expats from companies in the ‘red zone’ without acquiring ‘no objection certificates’ (**NOC**).
- Zone boundaries vary by industry, and are determined based on the average of each **peer group**.

Emiratisation

(Introduced December 2010)

- Companies are placed into one of 3 categories - according to their **Emiratisation** level, **diversity** of nationalities and compliance with proposed **minimum wage** levels.
- Companies in lower categories pay significantly **higher government fees** for their visa requirements.

Recruitment

Saudi Arabia leads job creation in the Gulf, while Bahrain lags the group with almost no expansion reported

Employment by Country

Net % of firms which increased headcount

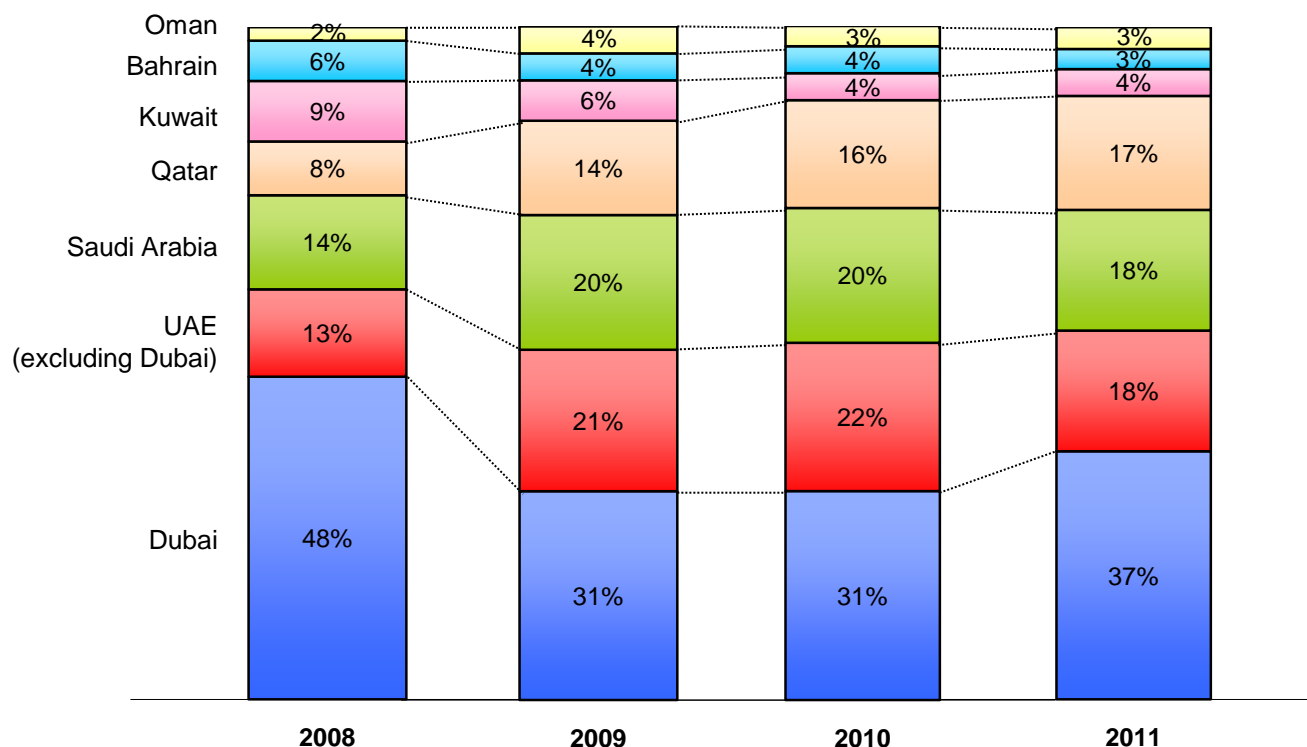
	2011	2010	Observations
Saudi Arabia	62%	55%	<ul style="list-style-type: none"> Almost all Gulf countries had higher rates of job creation compared to 2010. Saudi Arabia had the highest rate of job creation thanks to its strong economic growth and high government spending. Bahrain had almost no job creation in 2011 following severe political tensions in the country. UAE had a significant rise in job creation, but it was still much lower than most Gulf countries.
Oman	56%	57%	
Kuwait	51%	25%	
Qatar	51%	45%	
UAE	37%	22%	
Bahrain	8%	23%	

Source: GulfTalent.com Survey of HR Managers

Dubai's share of regional recruitment activity has started to increase after two years of slowdown – due to a combination of jobs growth and staff turnover

Recruitment Volume by Location

% of vacancies advertised on GulfTalent.com *



* Based on 68,000 vacancies advertised by employers and recruitment agencies on GulfTalent.com website over the specified period

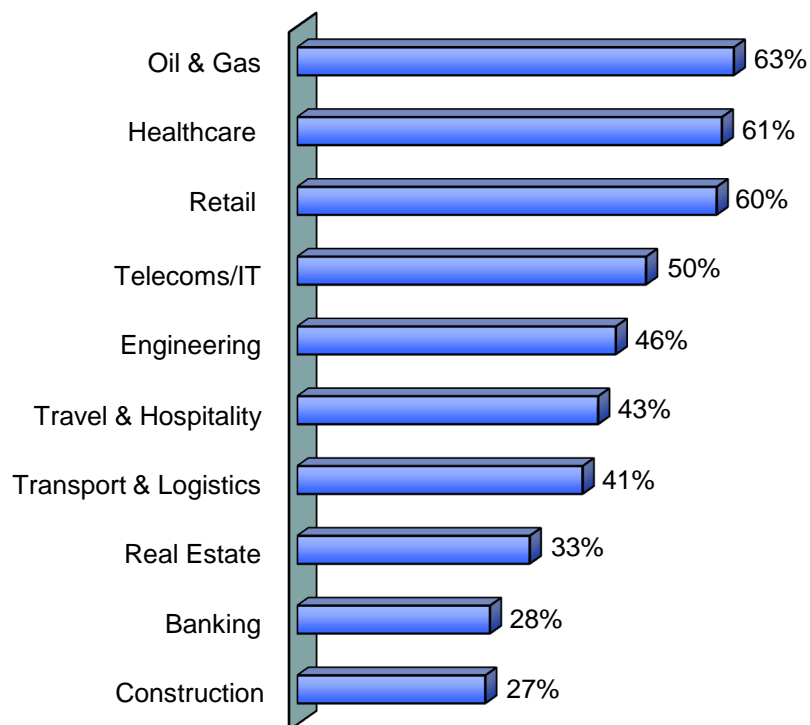
Note: Internet penetration and prevalence of online recruitment varies across the countries

Source: GulfTalent.com

Oil & gas, healthcare and retail sectors are enjoying the largest headcount expansion, while banking and construction fare the worst

Employment by Sector

Net % of firms which increased headcount in 2011



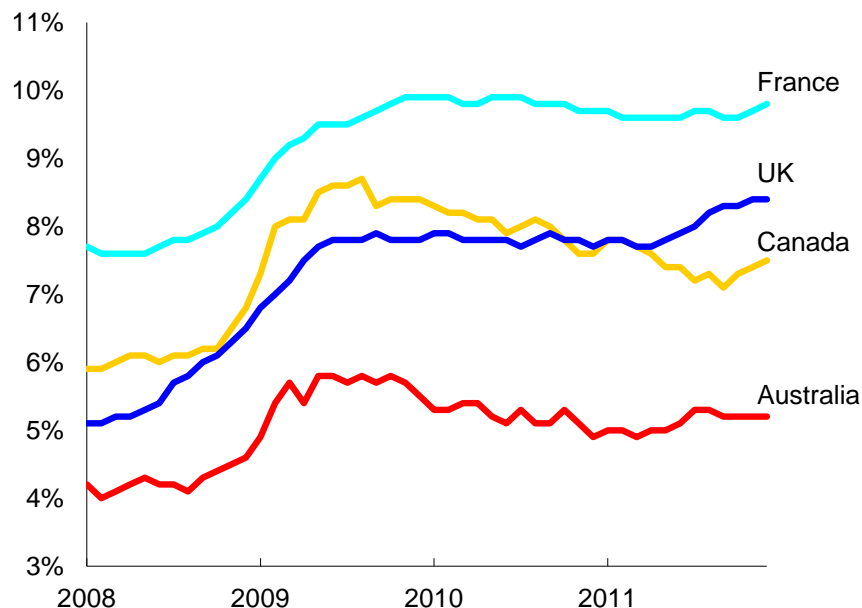
Observations

- **Oil & Gas** had the highest rate of employment due to expansion plans following two years of high oil price.
- **Healthcare** also had high employment for a second year mainly due to continued government investment.
- **Retail** continued to enjoy high growth on the back of higher consumer spending and net disposable income.
- **Banking** had one of the lowest growth rates, with some banks announcing fresh rounds of redundancies, following increased worries about the Euro crisis.
- **Construction** continued to have a low employment growth rate due to completion of old projects and lack of new ones.

Source: GulfTalent.com Survey of HR Managers

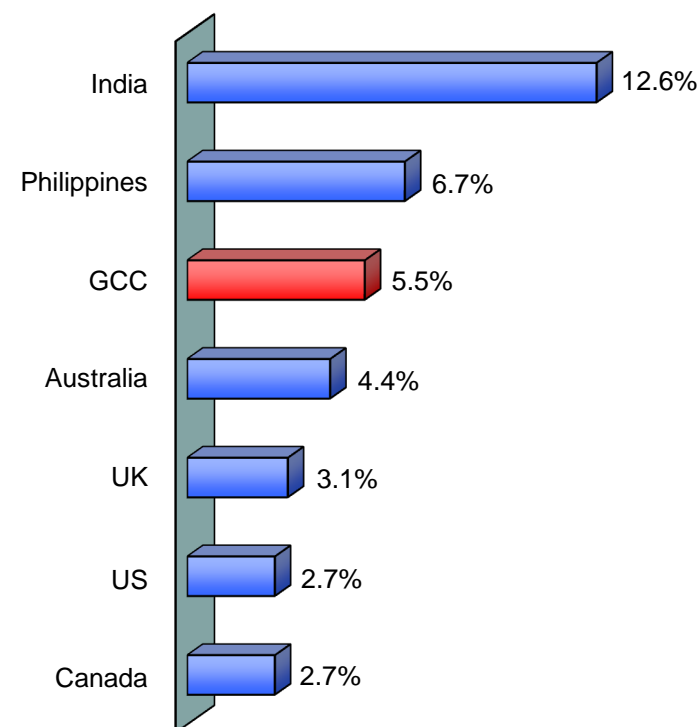
With Western countries facing high unemployment and low pay rises, Gulf employers are finding hiring Western nationals easier than Asian candidates

**Unemployment Rate in Western Countries
2008-2012**



Source: Economist Intelligence Unit

**Private Sector Pay Increase – Global Comparison
% 2011**



Source: Aon Hewitt, Hay Group, GulfTalent.com

The popular uprisings across the wider Middle East have had a mixed impact on attraction and retention of talent in the Gulf

Impact of Arab Spring on Gulf Employment

Key Trends

Employment of Nationals

- **Nationalisation targets:** Government pressure on private sector to hire more nationals has intensified.
- **Competition for nationals:** Pay hikes awarded by governments to public sector employees, which were partly prompted by the Arab Spring, has made it harder for the private sector to attract nationals.

Expatriate Employment

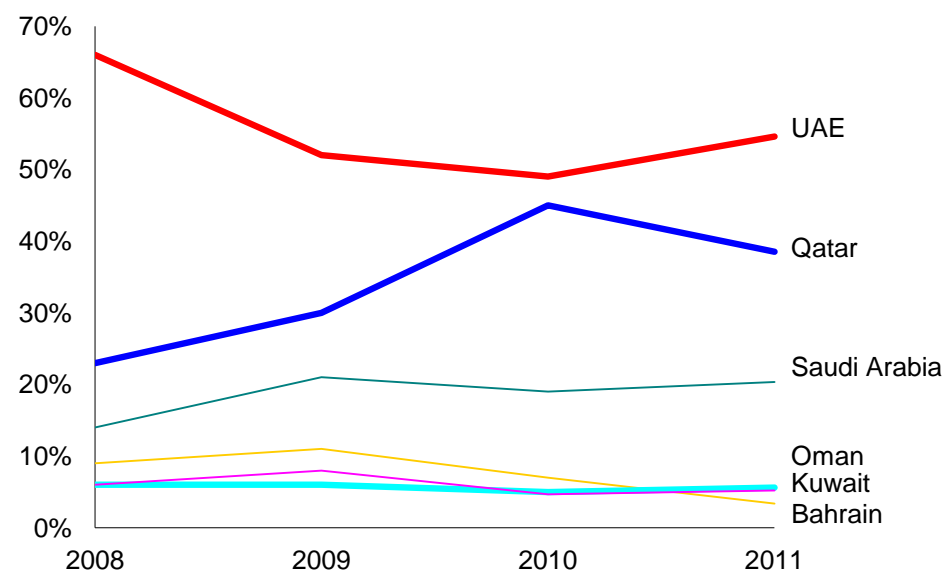
- **Availability of Arab expats:** More Arab expatriates are available from countries which experienced political turmoil.
- **Visa restrictions:** Some Gulf governments have made it more difficult to apply for employment visas for expats from troubled countries.
- **Western expats:** Some employers are finding it difficult to attract Western candidates, as they perceive the region to be unsafe following the press coverage of the Arab spring.

Mobility

The UAE and Qatar remain prime destinations for expatriates, with Saudi Arabia in third place

Attraction of Expatriates

% of GCC-based expats outside the country who wish to relocate into it



Source: GulfTalent.com Surveys

Observations

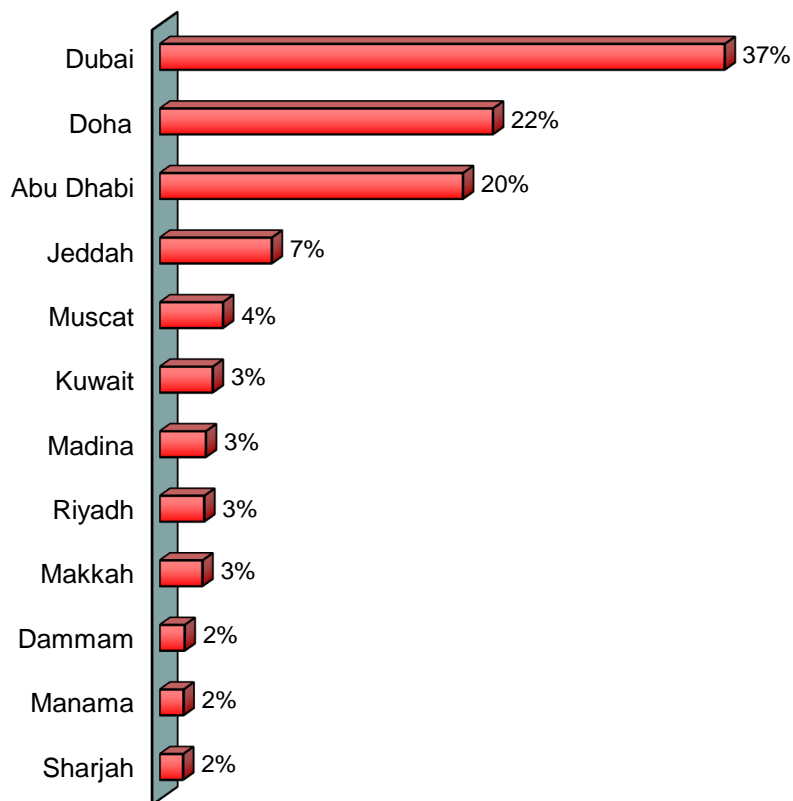
- **UAE** has strengthened its position as the most popular destination among Gulf-based expatriates.
- **Qatar**, which was rapidly closing the attraction gap with the UAE, remains in second place and has lost some momentum, as sentiments about the UAE economy becomes more positive.
- **Saudi Arabia** remains in third place, with its attractiveness stable, following a sharp rise in popularity at the onset of the crisis.
- **Bahrain** dropped from fourth place to the bottom, becoming the Gulf's least attractive destination for expatriates, following political tensions in the country.

Dubai remains by far the region's most attractive city for expatriates

Ranking of Gulf Cities – By Attractiveness to Expatriates

% of GCC-based expats outside the city who wish to relocate into it

Overall



Western Expats

46%

21%

26%

3%

8%

1%

1%

2%

0%

0%

3%

1%

Asian Expats

35%

20%

20%

7%

4%

4%

3%

3%

3%

2%

2%

2%

Arab Expats

38%

25%

17%

9%

2%

3%

3%

3%

2%

1%

1%

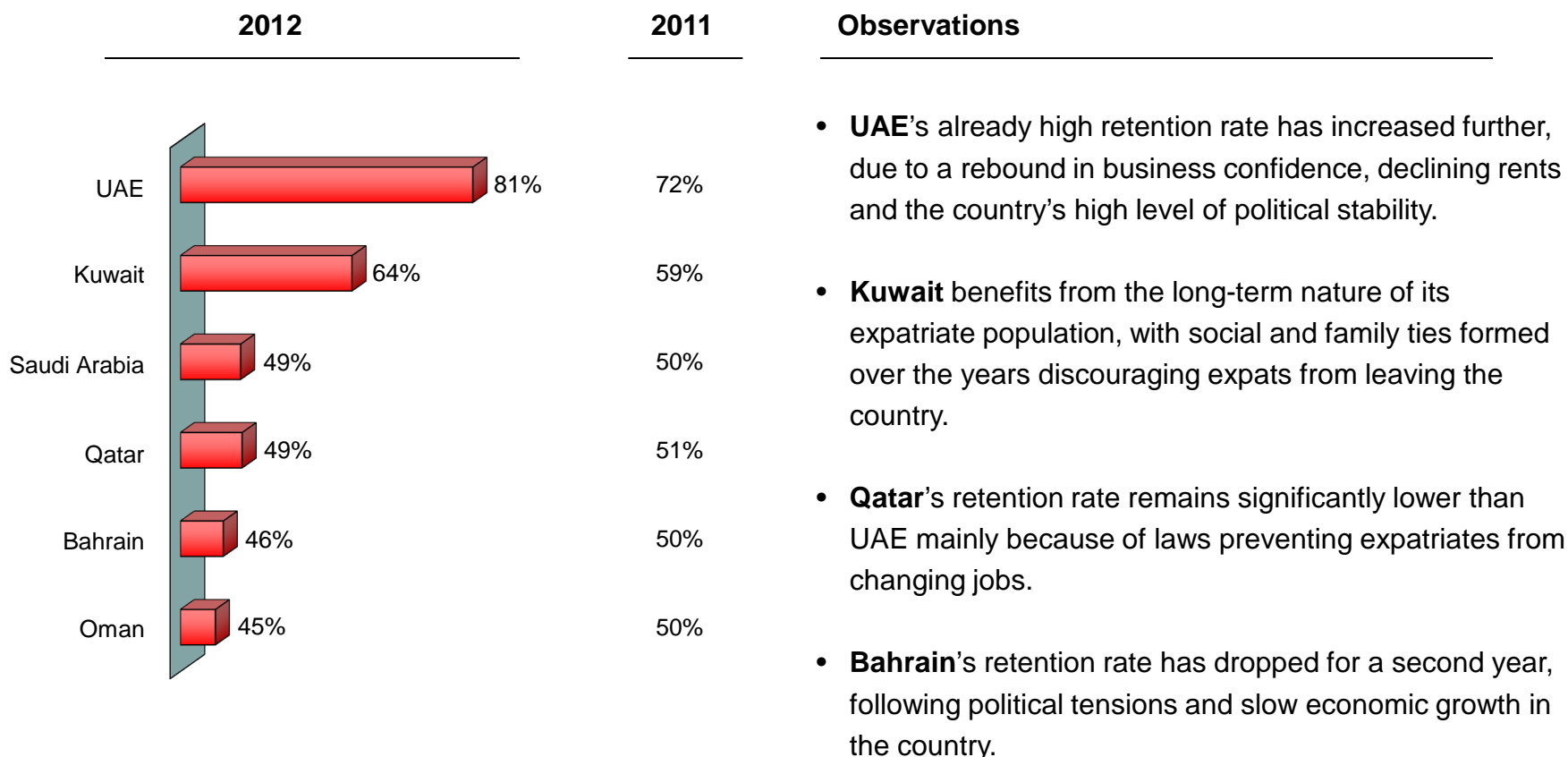
1%

Source: GulfTalent.com Survey

In terms of attractiveness to expatriates living within the country, the UAE once again retains the lead position

Retention of Expatriates

% of expats within the country who wish to remain there

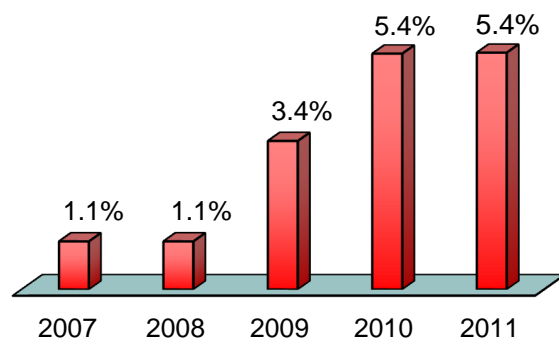


Source: GulfTalent.com Survey

Abu Dhabi continues to serve as an employment hub for a portion of Dubai residents, while Bahrain's role as a base for working in Saudi has taken a hit

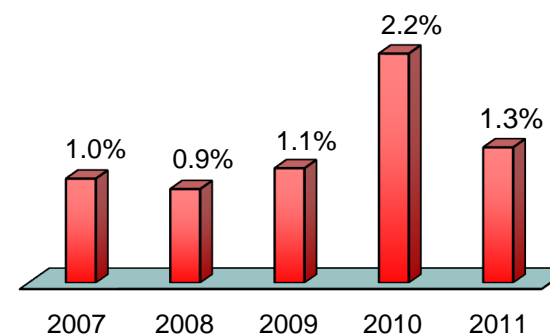
Dubai-residents working in Abu Dhabi

As % of all working professionals living in Dubai



Bahrain-residents working in Saudi Arabia







As % of all working professionals living in Bahrain





Source: GulfTalent.com Surveys

Governments across the Gulf are continuing to encourage labour mobility within their countries, through easing NOC requirements *

Domestic Labour Mobility

Country	Labour Mobility	Recent Developments
Bahrain		NOC requirement abolished in 2009
Oman		NOC requirement abolished in 2007
UAE		NOC not required after completing 2 years (Jan. 2011). Already removed fully for free zones.
Kuwait		New sponsorship system plans to remove NOC requirement altogether, but not implemented yet
Saudi Arabia		NOC not required if previous employer below required nationalisation targets (June 2011)
Qatar		Most strict in the Gulf. NOC fully enforced. No indication of an imminent easing.

Guide to chart

-  Full labour mobility (NOC not required)
-  No labour mobility (NOC fully enforced)

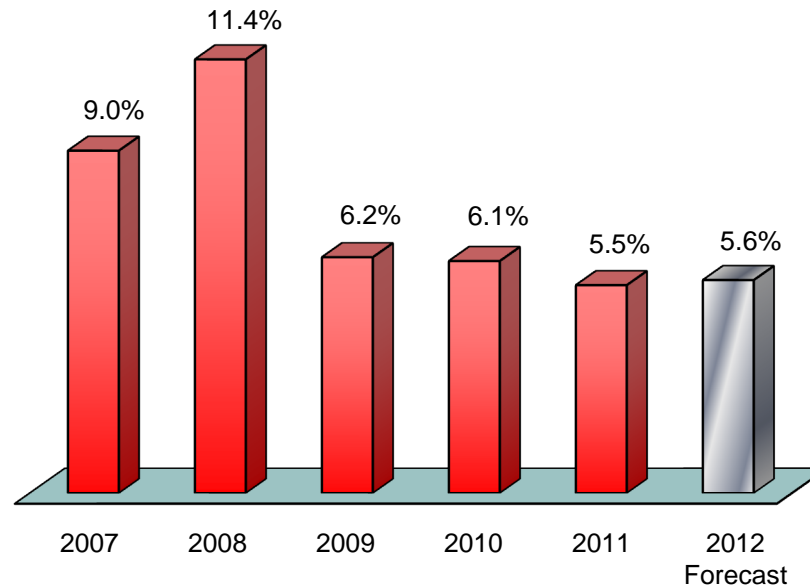
* No Objection Certificate – issued to expatriate employees by their employer, giving consent to the expatriate being hired by another firm

Source: Press reports, HR interviews

Salaries & Cost of Living

Average private sector salary increase in the Gulf has remained stable, but much lower than pre-recession levels.

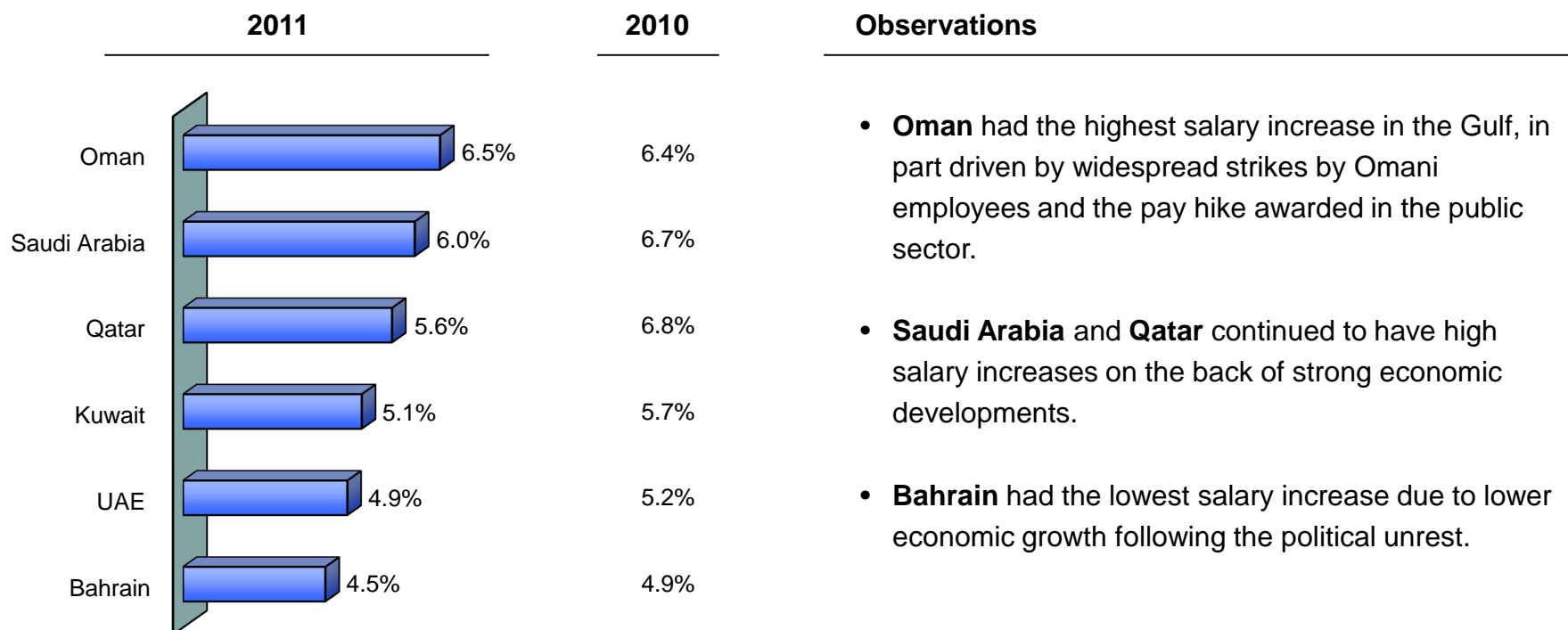
GCC Average Salary Increase
%, 2007- 2012



Source: GulfTalent.com Surveys

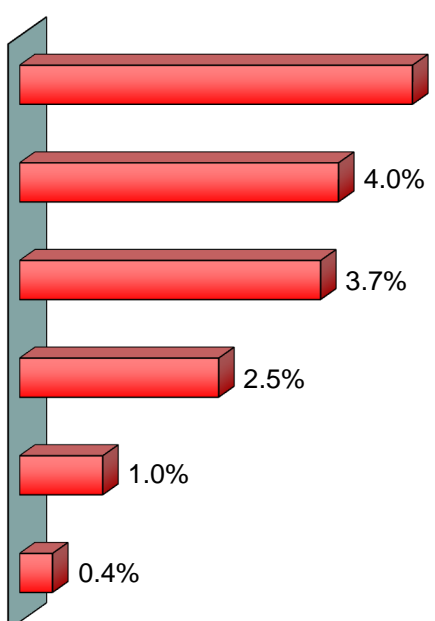
During 2011, Oman enjoyed the highest average increase in pay, followed by Saudi Arabia and Qatar

Private Sector Salary Increase by Country



Source: GulfTalent.com Survey

Average pay rise net of inflation, was highest in the UAE and Bahrain

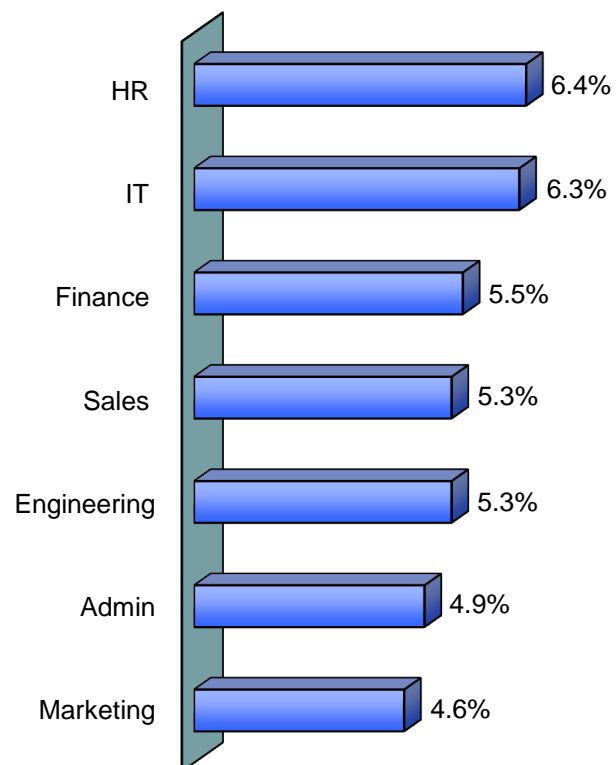
Real Salary Increase by Country *		Salary Rise	Inflation	Observations
				
Bahrain	4.9%	4.5%	-0.4%	<ul style="list-style-type: none">Despite having the lowest salary increases in the Gulf, Bahrain and UAE enjoyed the highest increases in real terms due to very low inflation rates.Saudi Arabia and Kuwait had the lowest salary increases in the Gulf in real terms, due to relatively high inflation.
UAE	4.0%	4.9%	0.9%	
Qatar	3.7%	5.6%	1.9%	
Oman	2.5%	6.5%	4.0%	
Saudi Arabia	1.0%	6.0%	5.0%	
Kuwait	0.4%	5.1%	4.7%	

* Defined as nominal pay rise net of inflation rate

Source: GulfTalent.com Survey, Economist Intelligence Unit

HR professionals enjoyed the highest pay rise, while Administration and Marketing had the lowest

Salary Increase by Job Category %, 2011



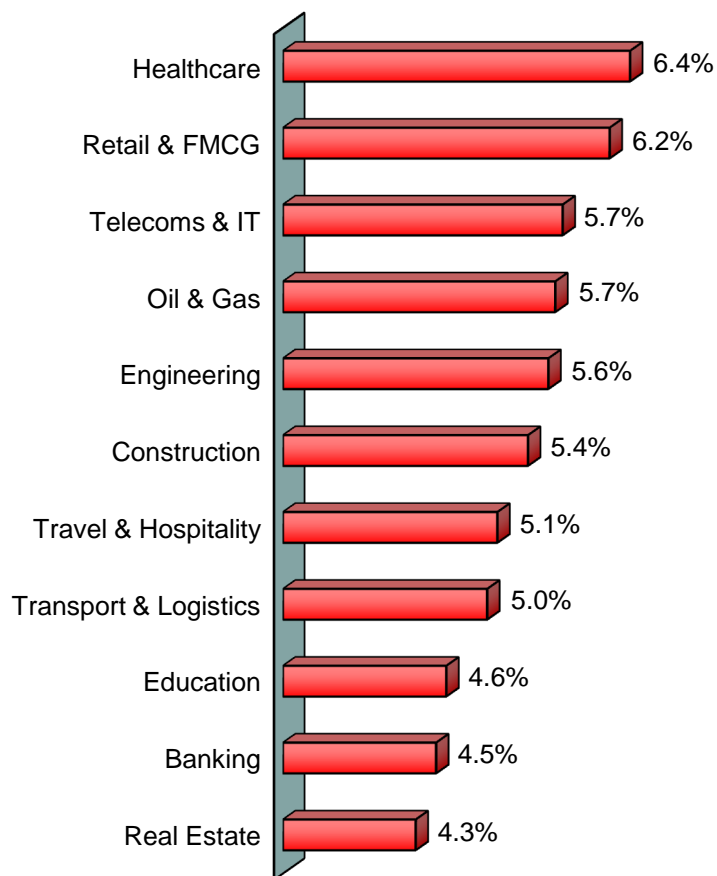
Observations

- **HR** had the highest salary increase for a second year, reflecting the rising profile and growing sophistication of the HR role, as well as leaner HR operations supported by fewer staff following the crisis.
- **IT** had one of the highest increases last year, due to global shortage and on-going demand for IT professionals.
- **Admin** candidates continued to have one of the lowest increases, as companies continue to automate processes and seek staffing efficiencies.

Source: GulfTalent.com Survey

Among sectors, Healthcare and Retail offered the highest pay rises, while Real Estate had the lowest

Salary Increase by Industry %, 2011



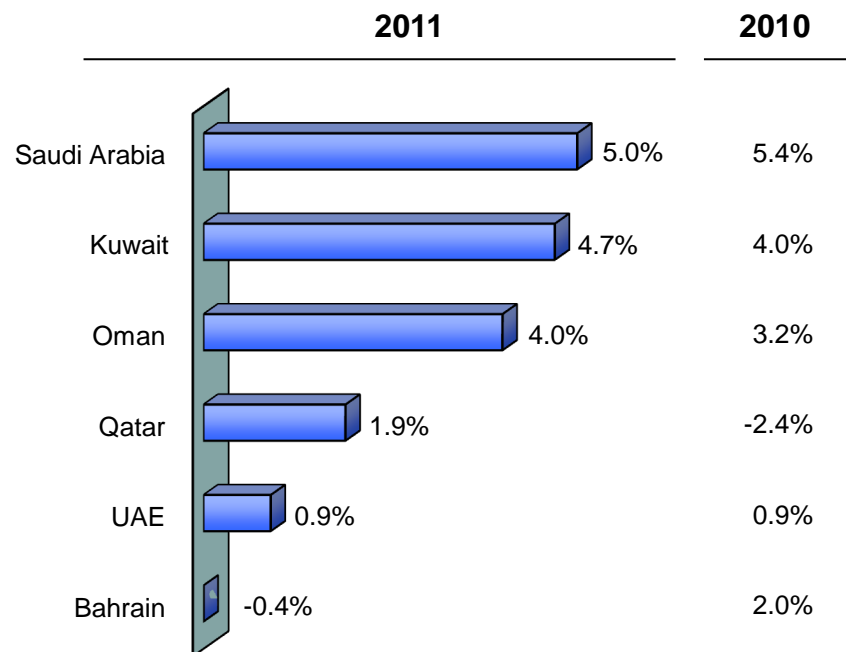
Source: GulfTalent.com Survey

Observations

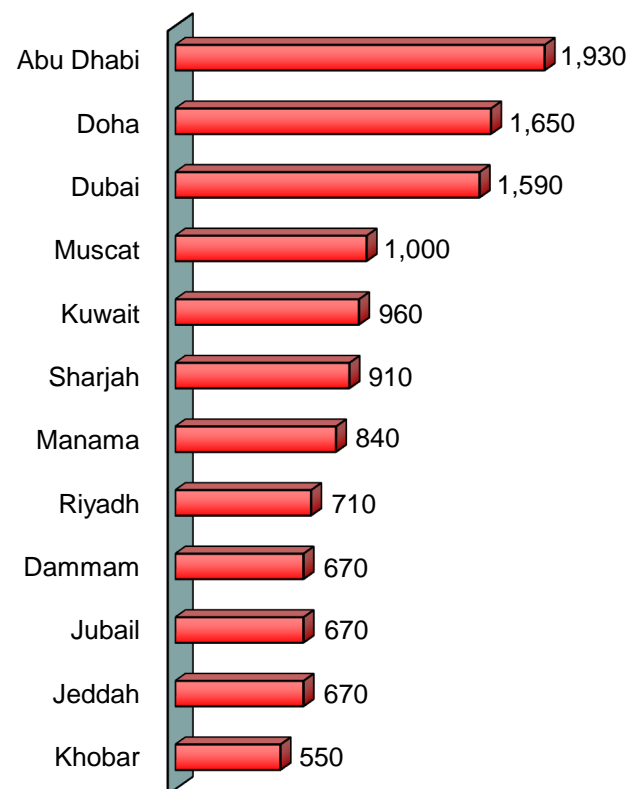
- **Healthcare** had the highest salary increase, due to increased investments by GCC governments, specifically Saudi Arabia.
- **Retail** sector continued to have high salary increase in line with strong growth in the sector, generated by high consumer spending.
- **Banking** sector continued to suffer for a third year, following a slow rate of recovery and fresh rounds of redundancies on the back of the European debt crisis.

Cost of living has continued to rise in Saudi Arabia, Kuwait and Oman. In absolute terms, however, it remains low compared to UAE and Qatar

Inflation
%



Rent for Two-bedroom Apartment
US\$ per month, 2012*



Source: Economist Intelligence Unit

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

2012 Forecast

Gulf salary rises during 2012 are expected to be broadly in line with 2011

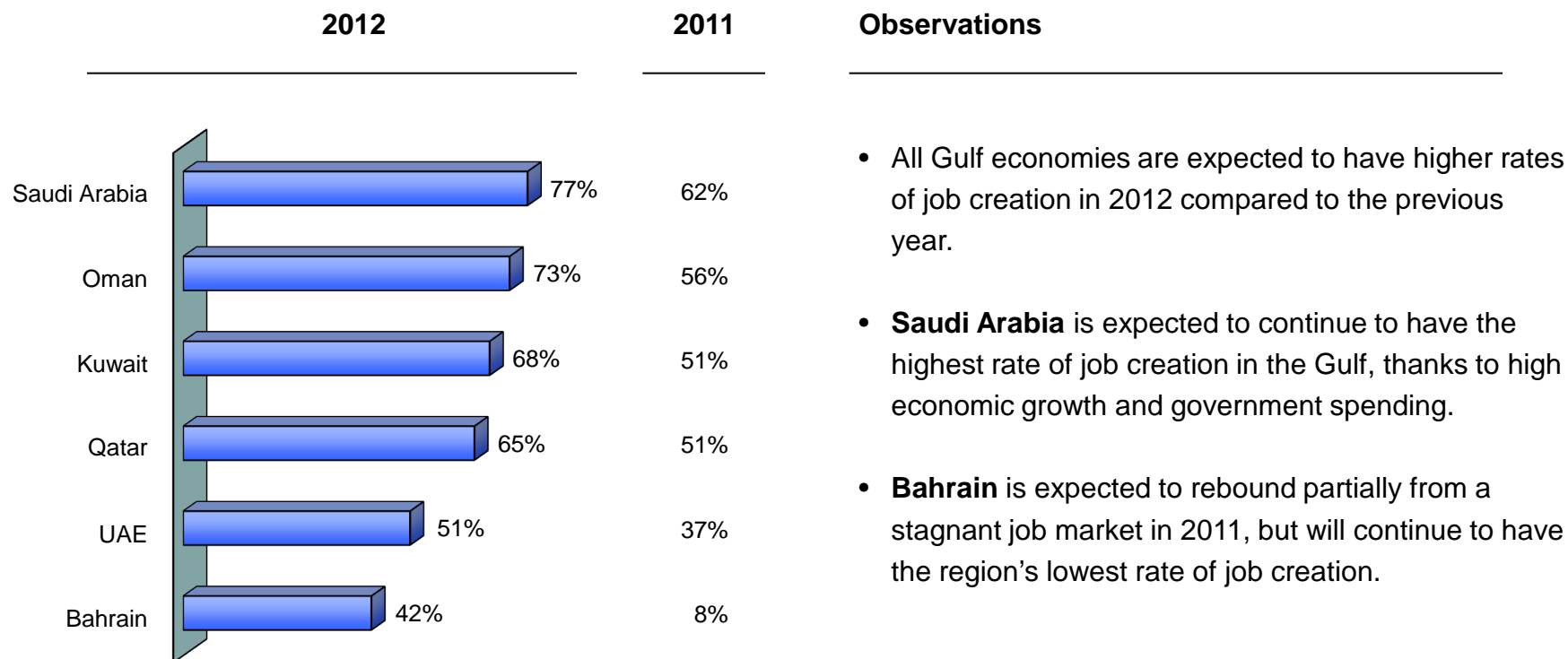
Expected Average Pay Rise %, 2012 Forecast

	2012	2011	Observations
Qatar	6.4%	5.6%	<ul style="list-style-type: none"> Gulf employers generally expect similar salary increases in 2012 compared to the previous year Qatar and Saudi Arabia are expected to have the highest increase in the Gulf and slightly higher than their 2011 levels, as companies expand to capitalise on the two countries' strong economic growth Bahrain is once again expected to have the region's lowest salary increase in 2012 due to a stagnant economy following domestic unrest in 2011.
Saudi Arabia	6.2%	6.0%	
Oman	5.6%	6.5%	
UAE	5.1%	4.9%	
Kuwait	4.9%	5.1%	
Bahrain	4.5%	4.5%	

Source: GulfTalent.com Survey of HR Managers

Job creation is expected to be moderately higher in 2012, with Saudi Arabia continuing to lead

Employment Growth by Country Net % of firms increasing headcounts

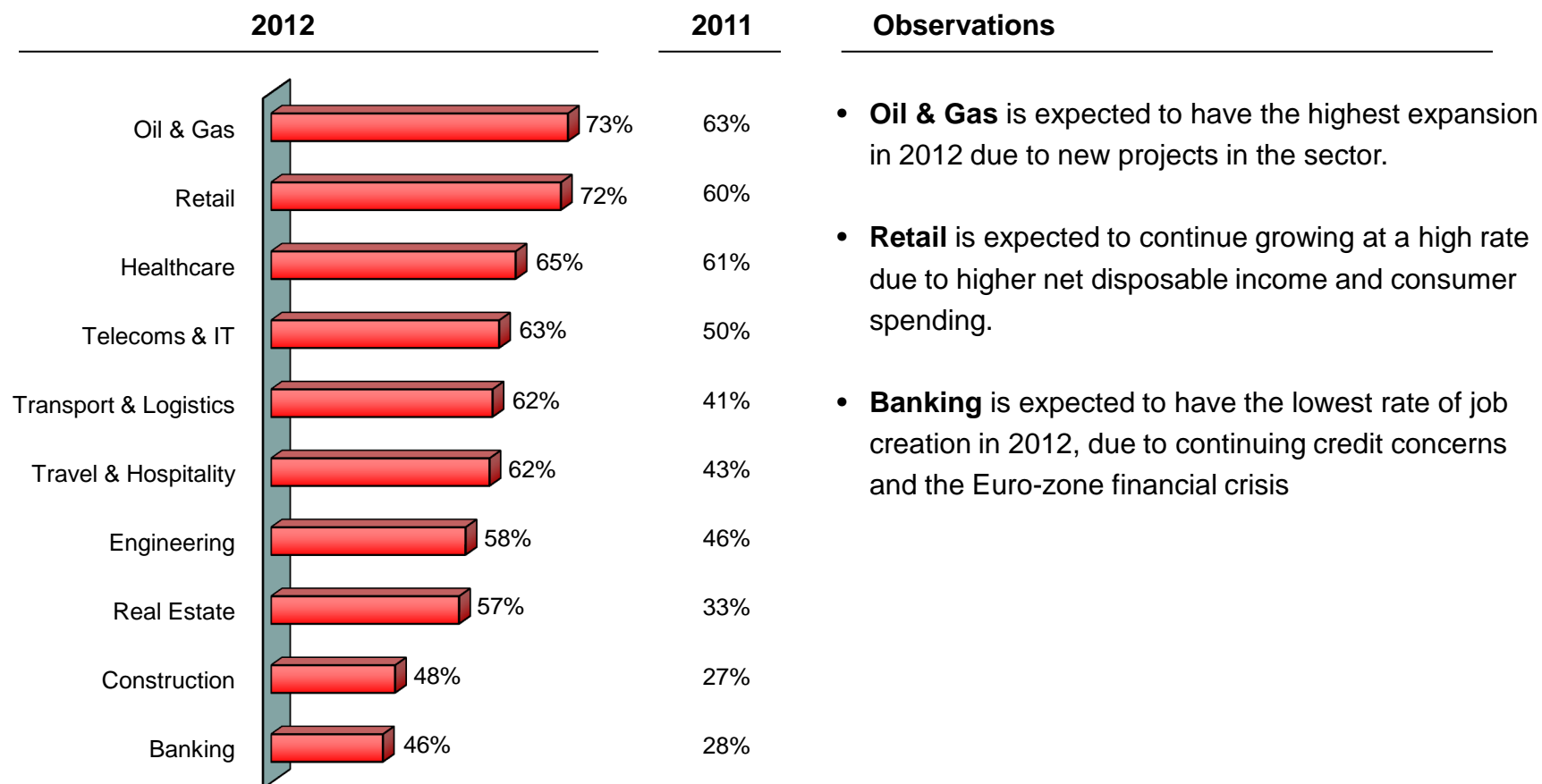


Source: GulfTalent.com Survey of HR Managers

Oil & gas, retail and healthcare will continue to dominate jobs growth, while banking and construction continue to have the lowest growth rates

Employment Growth by Sector

Net % of firms increasing headcounts



A number of external uncertainties can impact the Gulf economy and labour market during 2012

Political & Economic Uncertainties

Economic Factors

- **European debt crisis:** Continuing bad news in Europe, including the possibility of a sovereign default, could lead to another global recession – impacting Gulf countries, particularly the UAE which is more exposed to global trade and tourism.
- **US Dollar:** Given the Gulf countries' peg to the US Dollar, any significant fluctuations in the value of the US Dollar against other currencies could impact Gulf employers' ability to attract and retain expatriates – particularly from major source countries such as India.

Political Factors

- **Arab spring:** Significant uncertainty remains over the outcome of the conflict in Syria, the kind of governments which are likely to emerge in place of those that have fallen, and the extent to which developments in the wider Arab world will impact Gulf countries.
- **Iran tensions:** A possible military conflict with Iran could have unpredictable consequences for the entire Middle East region including Gulf countries.

Appendix – Useful Information

Useful Information

Salary Rise by Country

% Rise in Base Salary

Country	2010	2011	2012 F†
Bahrain	4.9%	4.5%	4.5%
Kuwait	5.7%	5.1%	4.9%
Oman	6.4%	6.5%	5.6%
Qatar	6.8%	5.6%	6.4%
Saudi Arabia	6.7%	6.0%	6.2%
UAE	5.2%	4.9%	5.1%

Economic Growth

% Real GDP Change

Country	2010	2011	2012 F†
Bahrain	4.5%	2.2%	3.1%
Kuwait	3.1%	4.4%	5.4%
Oman	5.0%	4.7%	4.5%
Qatar	14.0%	17.6%	7.6%
Saudi Arabia	4.1%	7.0%	4.8%
UAE	1.4%	3.3%	3.5%

Inflation

Country	2010	2011	2012 F†
Bahrain	2.0%	-0.4%	2.2%
Kuwait	4.0%	4.7%	4.4%
Oman	3.2%	4.0%	3.7%
Qatar	-2.4%	1.9%	2.1%
Saudi Arabia	5.4%	5.0%	4.3%
UAE	0.9%	0.9%	2.1%

Population (millions)

Country	2012
Bahrain	1.3
Kuwait	3.9
Oman	3.4
Qatar	1.8
Saudi Arabia	28.9
UAE	7.5

† Forecast

Source: Economist Intelligence Unit, GulfTalent.com Surveys

How GulfTalent.com can help you?

Job Opportunities

- Register for weekly job alerts
- Apply to **5,000 companies** and **500 recruitment agencies** in the Gulf
- Build your professional CV online

Recruitment Solutions

- Search our database of **3 million professionals**
- Advertise your vacancies to over **1 million visitors per month**.
- Send targeted emails to suitable candidates

HR Resources

- **Free Research Reports** on the Middle East employment market
- **Labour Laws** of Gulf countries
- List of **HR Events** including conferences, seminars and training courses
- Directory of **HR Service Providers**



Tel: +971 4 367 2084

| Email: info@gulftalent.com

| Web: www.gulftalent.com