

Human Resources & Recruitment Trends

SECOND ANNUAL REPORT



KUWAIT - 2021

Table of Content

**Recruitment and Manpower Planning****05****Talent Management Trends****15****Compensation and Benefits****24**

CEO's Message



Mohammad Abu Al Rob

Chief Executive Officer – PROCAPITA

“ 2021 was an exceptional year, during which business leaders worked hard to prepare and implement strategies and plans to meet the challenges posed by the COVID-19 pandemic, and to provide the best to empower individuals, grow businesses and enrich society.

As an integral part of our values at PROCAPITA Management Consulting is supporting our clients and the community, we have exerted extensive efforts over the past years to provide the latest trends and the smartest human resources solutions, in alliance with our strategic partners ZENITHR, specializing in HR intelligence solutions and employee experience, and Thomas International, specializing in behavioral and professional employee assessments,

Hence, we are pleased to launch the second annual report, which highlights the latest trends in human resources and employment in Kuwait for the year 2021, including the most important indicators and standards for employment and trends in talent management, in addition to the latest developments related to compensation and benefits in the Kuwaiti labor market.

The second annual report targeted more than 220 companies in more than 12 economic sectors in the private sector in Kuwait and the Kingdom of Saudi Arabia and was based on the results of the analysis of the database of PROCAPITA and its partners ZENITHR and Thomas. The report provides business data and indicators related to human resources, the reflection of the structural imbalance in the Kuwaiti labor market on the wages offered to talent and rare specializations, and the extent to which businesses are affected by it and its repercussions.

The results of the survey were collected, analyzed, and compared with the results of the past year (2020) and the results of the semi-annual report for the year (2021) scientifically and accurately, in addition to comparing them with international practices.

In conclusion, we hope that this report will add the desired value, and help identify directions, make changes, take right decisions, and improve business progress and growth.

Report's Overview

This report aims at analyzing HR and recruitment trends for the year 2021 in the Kuwaiti labor market and was developed specifically in a way that sheds light on the latest HR and recruitment trends practiced across Kuwait including the most important indicators and KPI's for recruitment and talent management trends, in addition to the latest updates taking place in compensation and benefits provided by organizations.

PROCAPITA launched its annual survey targeting **business leaders and human resources experts** from various sectors operating in Kuwait and the Kingdom of Saudi Arabia (KSA). **More than 220** companies participated, including **62 listed companies**, **158 unlisted companies** covering the following economic sectors:

Listed Companies: 62
28%



Unlisted Companies: 158
72%



Trade And Manufacturing



Food & Beverage (Restaurants)



Healthcare



Transportation & Logistics



Real Estate & Facility Management



Financial Services
(Banking, Insurance, & Capital Markets)



Oil & Gas



Automotive



Construction & Contracting



Telecommunications & IT



Retail & E-commerce



Business Professional Services

PROCAPITA publishes its reports twice a year, with the semi-annual report (published in June every year) including the latest HR and recruitment trends, in addition to analyzing job seekers' demographics. The Comprehensive yearly report (published in December every year) covers the latest business trends in HR with emphasis on changes in salaries and benefits provided to employees across different industries.



Section 1: Recruitment & Manpower Planning

In this section, we discuss the recruitment and manpower planning trends practiced by organizations in the Kuwaiti labor market by covering the top recruitment insights, the latest hiring challenges in the market, and highlighting changes in the headcount across different sectors.

Additionally, this section provides demographic analysis of job seekers in terms of their nationality, generation type, and qualifications, etc.

Sources:

PROCAPITA's HR Advisory and Recruitment Advisory databases

<https://pro-capita.com/>

Recruitment & Manpower Planning

DEMOGRAPHIC ANALYSIS OF JOB SEEKERS

- The demographic analysis of job seekers focuses on the top five nationalities in the private sector in the Kuwaiti labor market. **Egypt and India** have the highest representation among active job seekers, accumulating **22% and 20%**, respectively. **Kuwaiti nationals** represented the lowest percentage among the top five nationalities at **5%** only, as most Kuwaiti nationals prefer to work in the governmental sector.
- Males** represent most job seekers at **69.3%**, approximately twice as much as **females'** representation of **30.7%**, observing that rise in the female representation is a positive indicator for women empowerment in the private sector.



Figure: 1.1

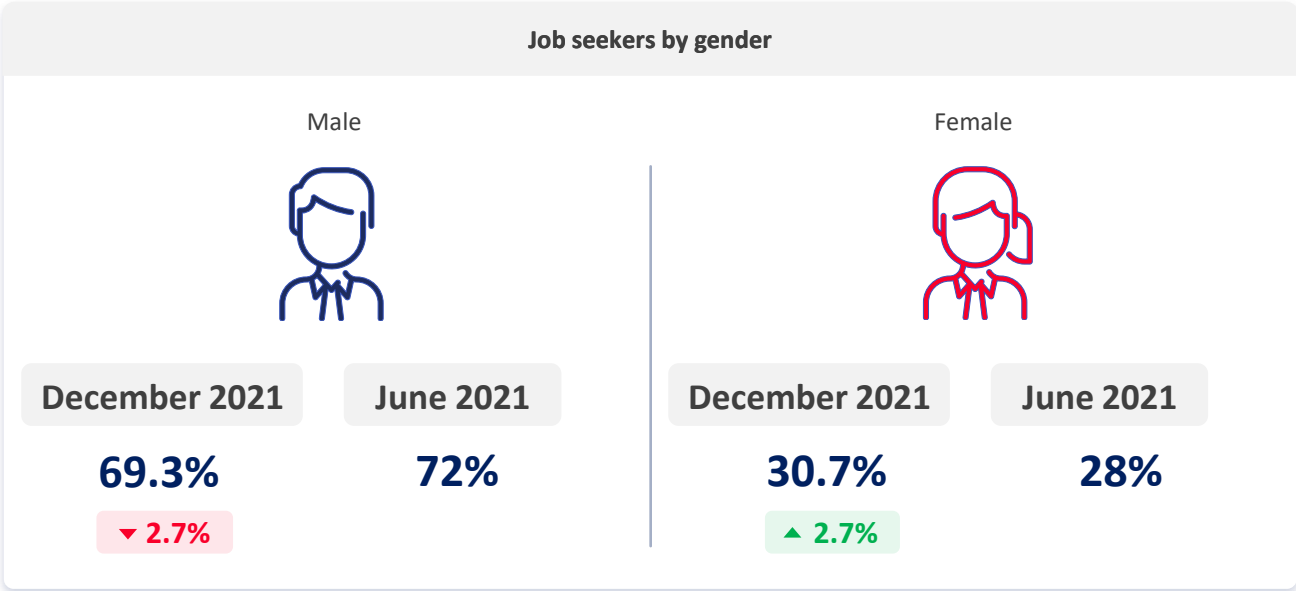


Figure: 1.2

Recruitment & Manpower Planning

DEMOGRAPHIC ANALYSIS OF JOB SEEKERS



Bachelor degree holders form 58.7% of the job seekers within the Kuwaiti labor market, While higher education degree holders form 11.3% of the total.

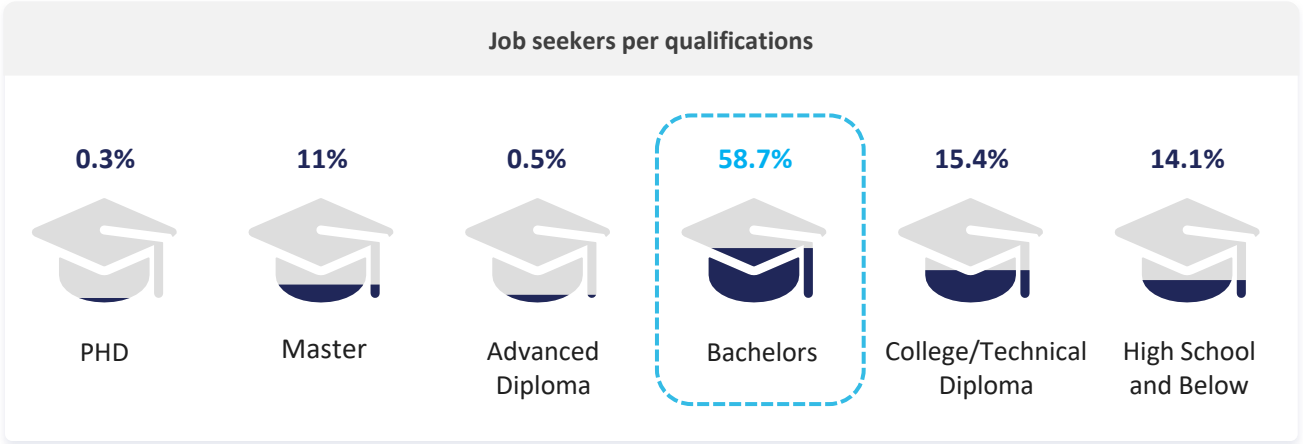


Figure: 1.3



Generation Y, individuals between 26 – 41 years old, represents the majority of job seekers at 71.5%. Generation Y is self-confident, charismatic, creative, highly familiar with technology, self-motivated, multi-taskers, active, seeking challenges, and empowered. On the other hand, Generation Y is independent and impatient, has high expectations, and lacks workplace loyalty compared to other generations, which challenges HR when recruiting and retaining them.

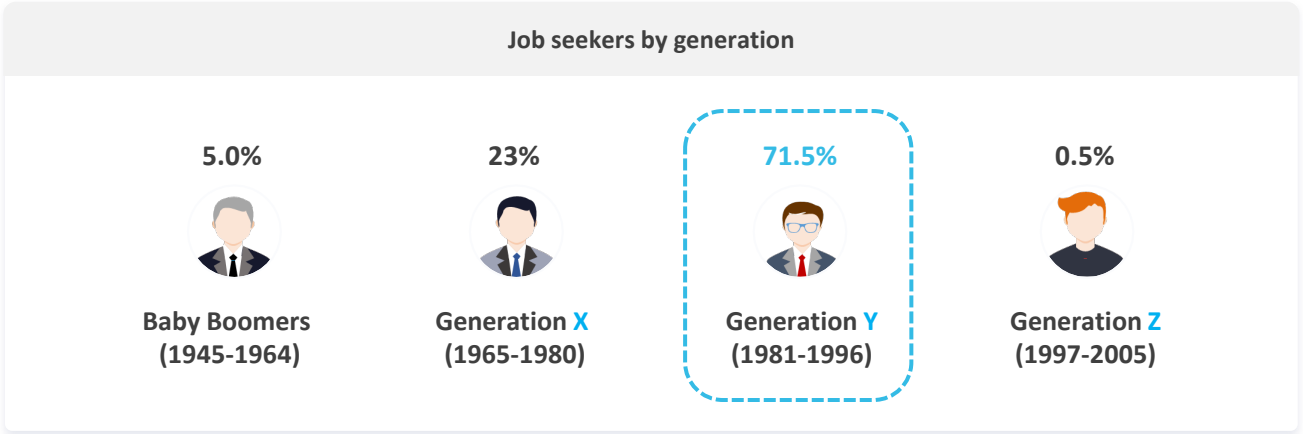


Figure: 1.4

Recruitment & Manpower Planning

EMPLOYMENT & MATCHING SCORES

- According to PROCAPITA’s recruitment advisory database, the average number of **applicants** per open position stood at **146 applicants**. (ranging from 285 for junior positions and high-supply jobs that are available within the labor market, and only 7 applicants for leadership, executive, and technical positions with scarcity and shortage in the labor market).
- Despite the increase in the number of applications per open position, the compatibility between applicants and job requirements (**matching score**) remains low at **15%** only, indicating lack of qualifications and expertise required in the labor market, which reinforces the structural imbalance in the local market.
- As a result of the previous, the time required to fill an open position (from the date of opening a position till hiring, excluding the applicant’s notice period) reached **62 days**, **19 days** more than **KSA’s average** and **26 days** more than the **global average** which imposes a great challenge for HR leaders when hiring in Kuwait.

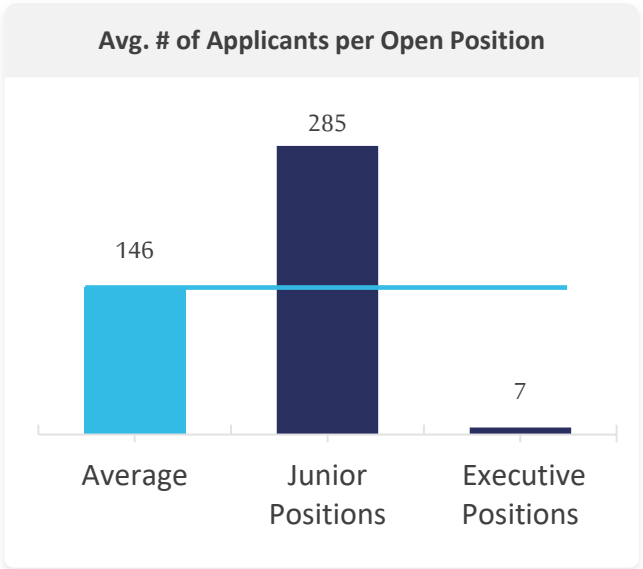


Figure: 1.5



Figure: 1.6

Recruitment & Manpower Planning

CHALLENGES ASSOCIATED WITH HIRING FROM THE LOCAL MARKET

The below represents the major challenges faced during the recruitment process as described by the Human Resources experts:

1. **59.7%** believe that the **local market lacks qualified candidates**, due to a huge gap between the demand and supply of talents within the Kuwaiti labor market.
2. **Market and economic instability** stood as the second most challenging factor at **38.8%** due to the impact of COVID-19 on the local market.
3. **31.1%** stated that the **compensation mismatch** caused by the structural imbalance in the labor market.

Local Hiring Challenges

(Multiple selection by the participating organizations)

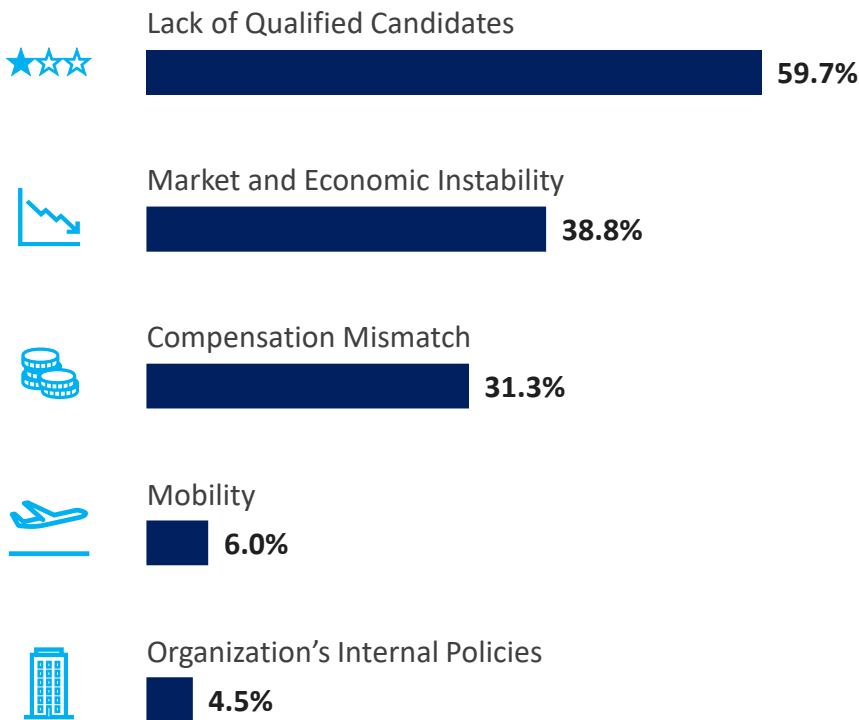


Figure: 1.7

Recruitment & Manpower Planning

REASONS FOR REJECTING JOB OFFERS

- Reasons for rejecting job offers differed in the second half of 2021 compared to what it was in the first half, as job seekers sensed more **stability and optimism** about their jobs, and consequently, the **repatriation rate** decreased significantly from **29%** to **15%**.
- Obtaining a **counter-offer** (a better offer from the current employer in response to another offer) is the second reason for rejecting a job offer by **23%**.

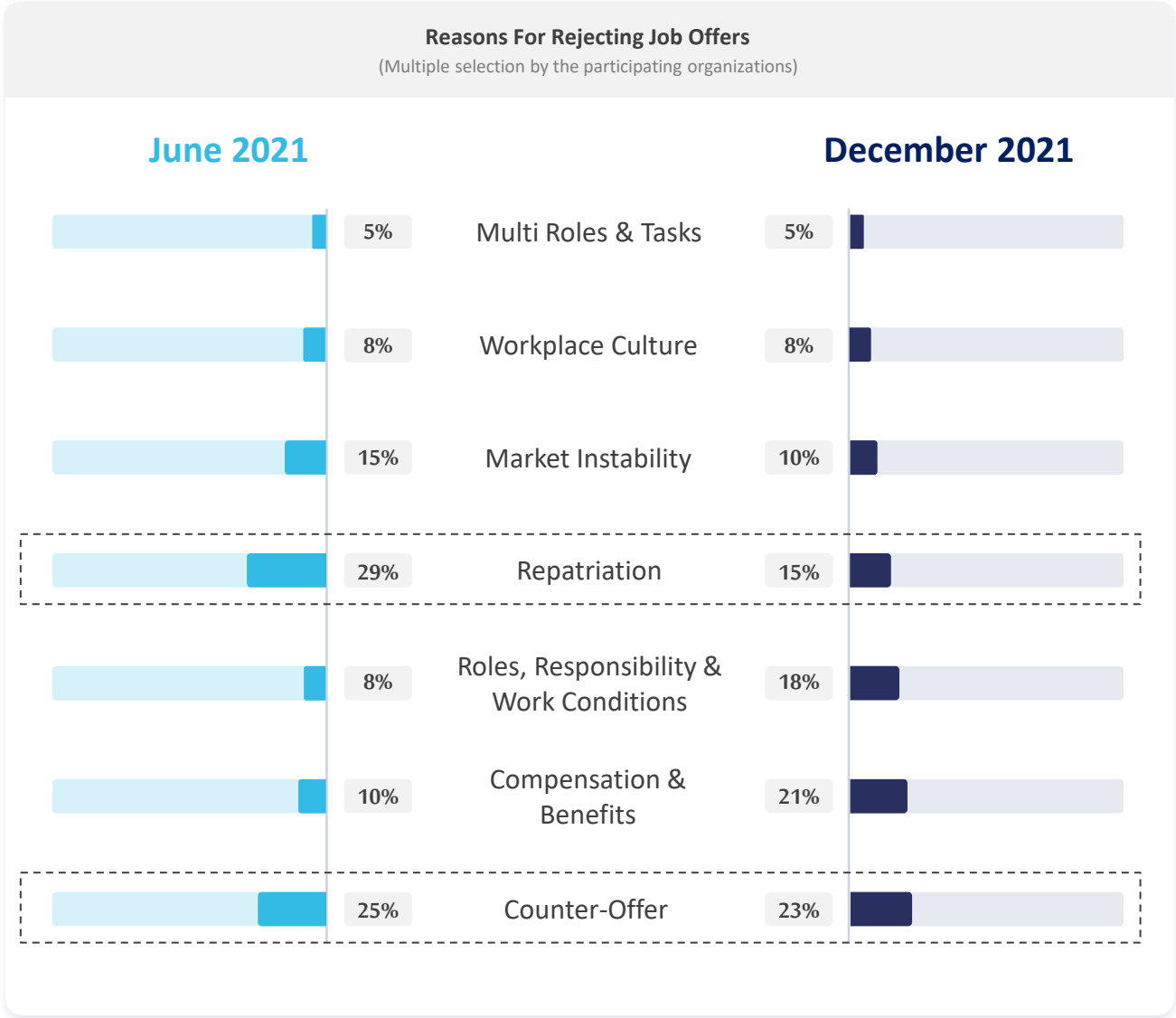


Figure: 1.8

Recruitment & Manpower Planning

EMPLOYMENT GROWTH RATE

- COVID-19’s pandemic had a huge impact on the employment’s growth rate across various sectors, however, a **gradual recovery** is observed in the Kuwaiti labor market as organizations are hiring in which the **employment growth rates** have reached **3.4%** for 2021.
- It is expected for the Kuwaiti labor market to have an even **better recovery during 2022**, as the participating organizations expressed optimism in business recovery, resulting in a **noticeable growth** in employment that could potentially, reach **7.1%**, **twice 2021’s rate**.

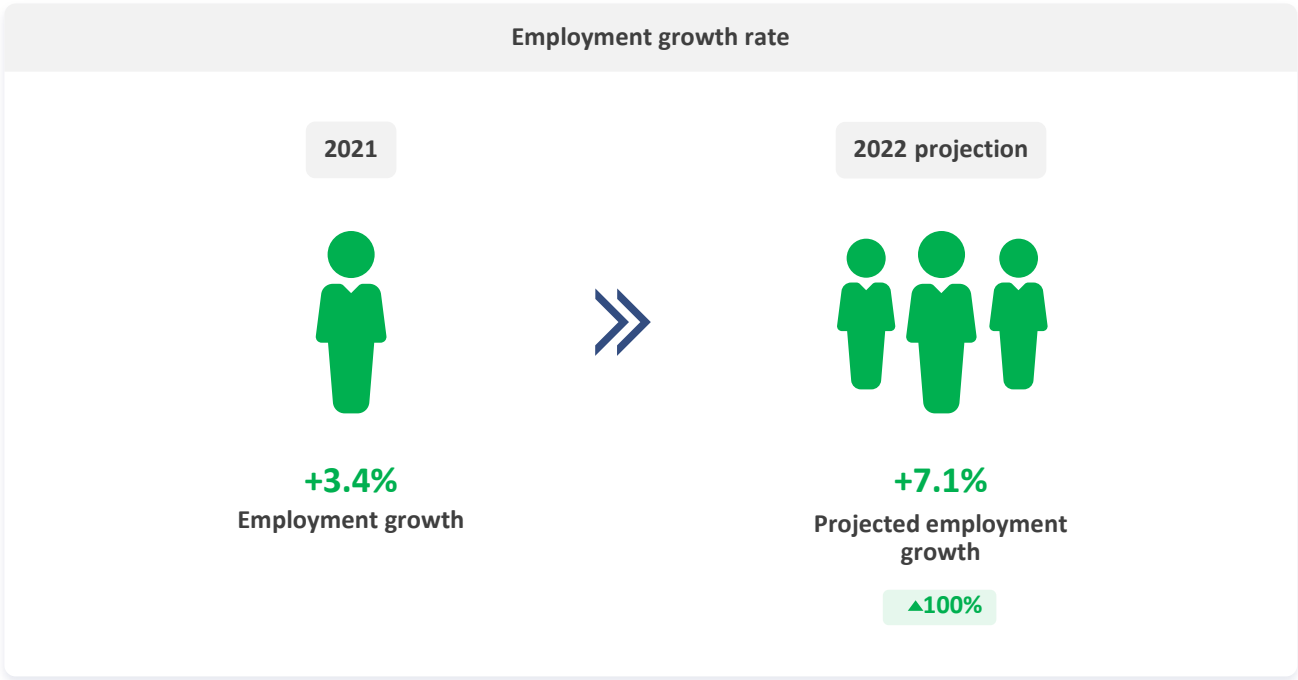


Figure: 1.9

Recruitment & Manpower Planning

MARKET RECRUITMENT TRENDS BY INDUSTRY

- Based on the results previously mentioned in this report, and in addition to the indicators provided by PROCAPITA's recruitment consulting team, the recruitment rates for this year varied according to organizations' industries, as some sectors witnessed a **recovery** and a **rise** in employment rates in the **second half of 2021**, while others witnessed a **fall** in employment rates.

Industries with growing headcount



Trading and Manufacturing Sector



Food & Beverage Sector
(Restaurants)



Healthcare Sector



Shipping & Logistics Sector

Industries with shrinking headcount



Oil & Gas Sector



Automotive Sector



Contracting & Construction Sector



Telecommunications Sector

- According to PROCAPITA's HR consultants and recruitment consultants, as well as the survey's results, an **increase in employment rates** is expected for **2022** for the following sectors:

Industries expected to increase in employment rates in 2022



Healthcare Sector



E-commerce Sector



Food & Beverage Sector
(Restaurants)



Contracting & Construction Sector

Recruitment & Manpower Planning

GAPS IN THE DEMAND AND SUPPLY

Some job specialties witnessed a noticeable **increase in their salary pays** while others witnessed a **drop** as a result of the **structural imbalance** in the Kuwaiti labor market that created a **gap in the supply and demand** for certain specialties and calibers due to suspending overseas recruitment for a long period of time, which led organizations to compete on pre-existing talents in the market and offering competitive offers. Moreover, other specialties were in excess supply due to lower demand, resulting in a lower offered compensation, thus **creating real barriers** in implementing **salary grades** by many of the **organizations in an optimal way**.



Figure: 1.10

PROCAPITA notes not to use the above data as a reference for any salary reviews for current employees in any organization as many other factors and practices should be taken into consideration.

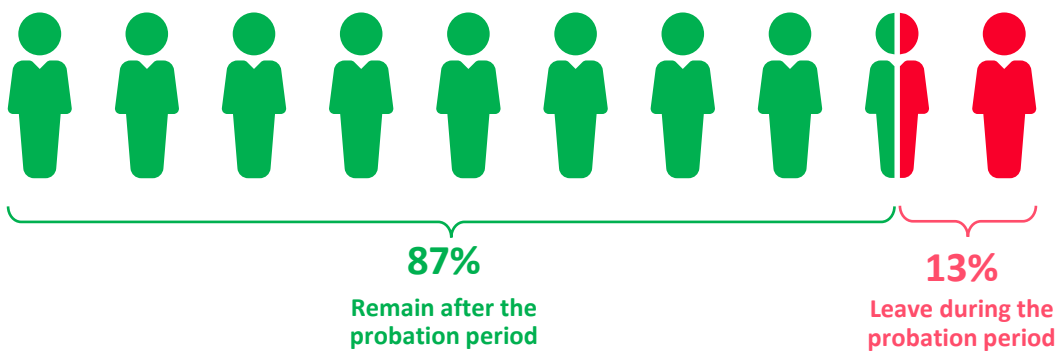
i For an industry specific report, [click here](#)

Recruitment & Manpower Planning

NEW HIRES SUCCESS RATE

- Recruitment success rate is calculated as the number of new employees who completed the probation period. Based on the survey's results, the success rate of recruitment was recorded at **87%** in the participating organizations, and this percentage is considered high and indicates the application of **successful strategies** in the recruitment and appointment processes.
- The most frequent reasons for employees to leave during the probation period are their failure to adapt to the organizations' culture, the evaluation of the direct managers, and some personal reasons.

HR professionals reported that **13% of new hires leave during their probation period.**



Recruitment success rate benchmark in the GCC: **85%**

Figure: 1.11



%45.3

Probation Period
Evaluation

45.3% of the participating HR professionals evaluate new hires before the end of the **probation period**.

Figure: 1.12



Section 2: Talent Management Trends

In this section, we discuss the Talent Management Trends across the Kuwaiti labor market by reviewing the methods deployed to acquire and retain valuable talents, and the tools implemented to enhance the organization’s culture and work environment.

Sources:

PROCAPITA HR Advisory database, ZENITHR for Employee Experience & Thomas International for employee behavioral and professional assessment tools.

<https://pro-capita.com/>

<https://ex.zenithr.com/>

<https://www.thomas.co/>



Talent Management Trends

HR TO FTE RATIO*

- The survey’s results showed that the average number of the human resources employees in the participating organizations is 1.6 per 100 employees, which indicates a decrease of 0.5 degree from the first half of 2021.
- It is worth mentioning that the leading practices recommend an HR to FTE ratio of 1.5 to 3.5 per 100 employees across multiple sectors. The following three main factors affect the value of this ratio:
 - › The role of the human resources in an organization (operational or strategic role).
 - › The sector in which the organization operates and the nature of its business.
 - › The level of technology applied in human resource systems.

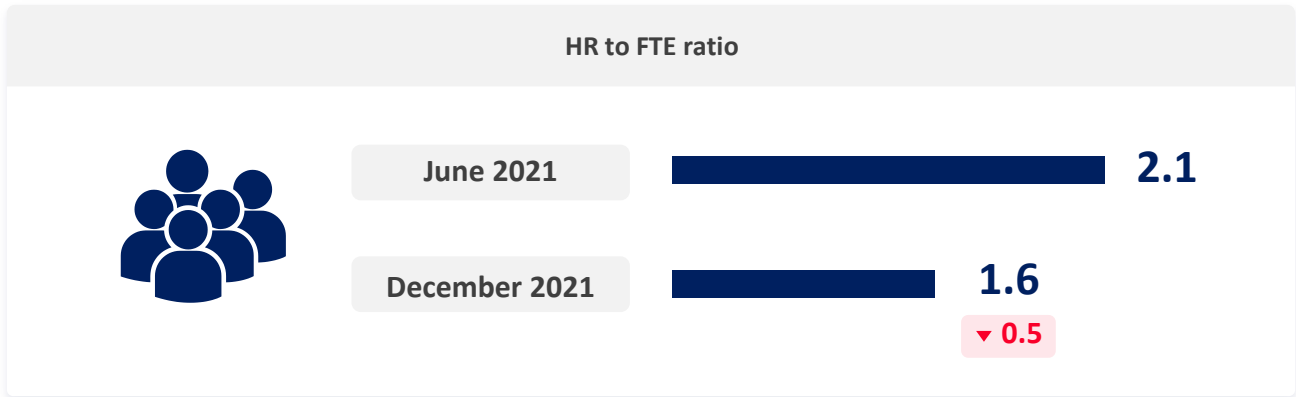


Figure: 2.1

*Average number of HR employees per 100 full time employees (FTE).

Talent Management Trends

AVERAGE EMPLOYEE TURNOVER RATE

- The survey's results reported that the average employee turnover for the participating organizations for the year 2021 stood at **12.3%**, a **relative decrease** from **15.1%** in December 2020, and a **significant decrease** than the registered average turnover of **18.2%** in June of 2021 which represented the highest rate registered in recent times.
- The second half of this year witnessed a relative improvement, resulting in a **decrease in the overall turnover rate**, specifically the **involuntary turnover (termination)** registered at **3.6%**.
- On the contrary, however, **voluntary turnover (resignation)** witnessed a **significant increase** in the second half of 2021 registered at **8.7%**, indicating market recovery and business environment improvement, whereas many organizations resumed attracting and recruiting talents.

Employee turnover rate

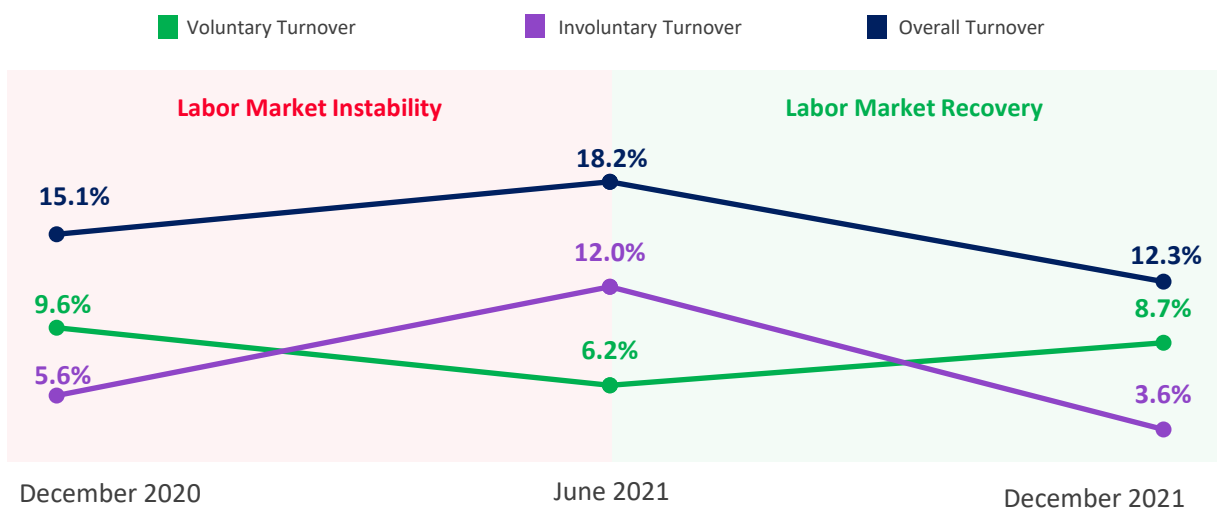


Figure: 2.2

For conducting industry benchmarking report, [click here](#)

Sponsored by: ZENITHR HR Intelligence Solutions

ZENITHR | www.zenithr.com

Talent Management Trends

PERSONALITY ASSESSMENT TOOLS

- Organizations that rely on tools and tests to assess personality, abilities, and behaviors have a greater ability to manage and retain talents, due to their full awareness of the training needs of leadership and professional positions, which will contribute to increase employee productivity and improve the work's environment and culture.
- In reference to the survey's results, and our strategic partner's databases Thomas International for employee behavioral and technical assessment, **76.5%** of organizations **use at least one assessment tool** to manage competencies and talents.



Figure: 2.3

- 40.3%** of the participating organizations use the **behavioral assessment** to evaluate candidates' behavior across different scenarios and measure their cultural fitness within the organization.

Assessment tools used

(Multiple selection by the participating organizations)

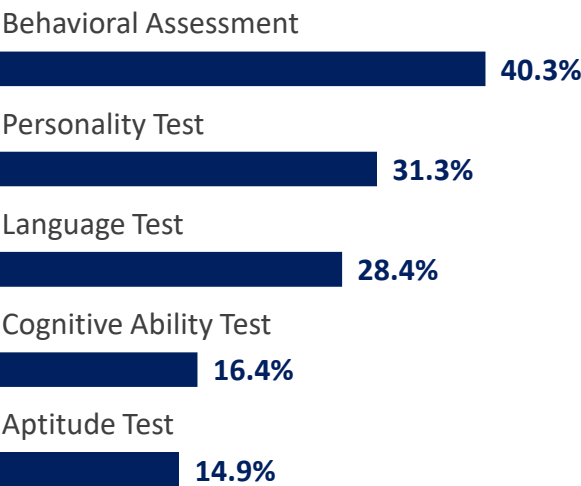


Figure: 2.4

Talent Management Trends

AVERAGE EMPLOYEE TENURE

- The survey's results indicate that the average employee tenure for **36.7%** of the participating organizations ranged between **5 to 10** years, which indicates a high level of satisfaction, job stability, and harmony between the employees and the organization's culture.
- On the contrary, **only 2%** of the participating organizations registered an average employee tenure of **less than one year**.
- * It is necessary to implement effective strategies to retain skilled talents for their role in achieving business goals, noting that replacing these talents might be very challenging and costly at the same time.

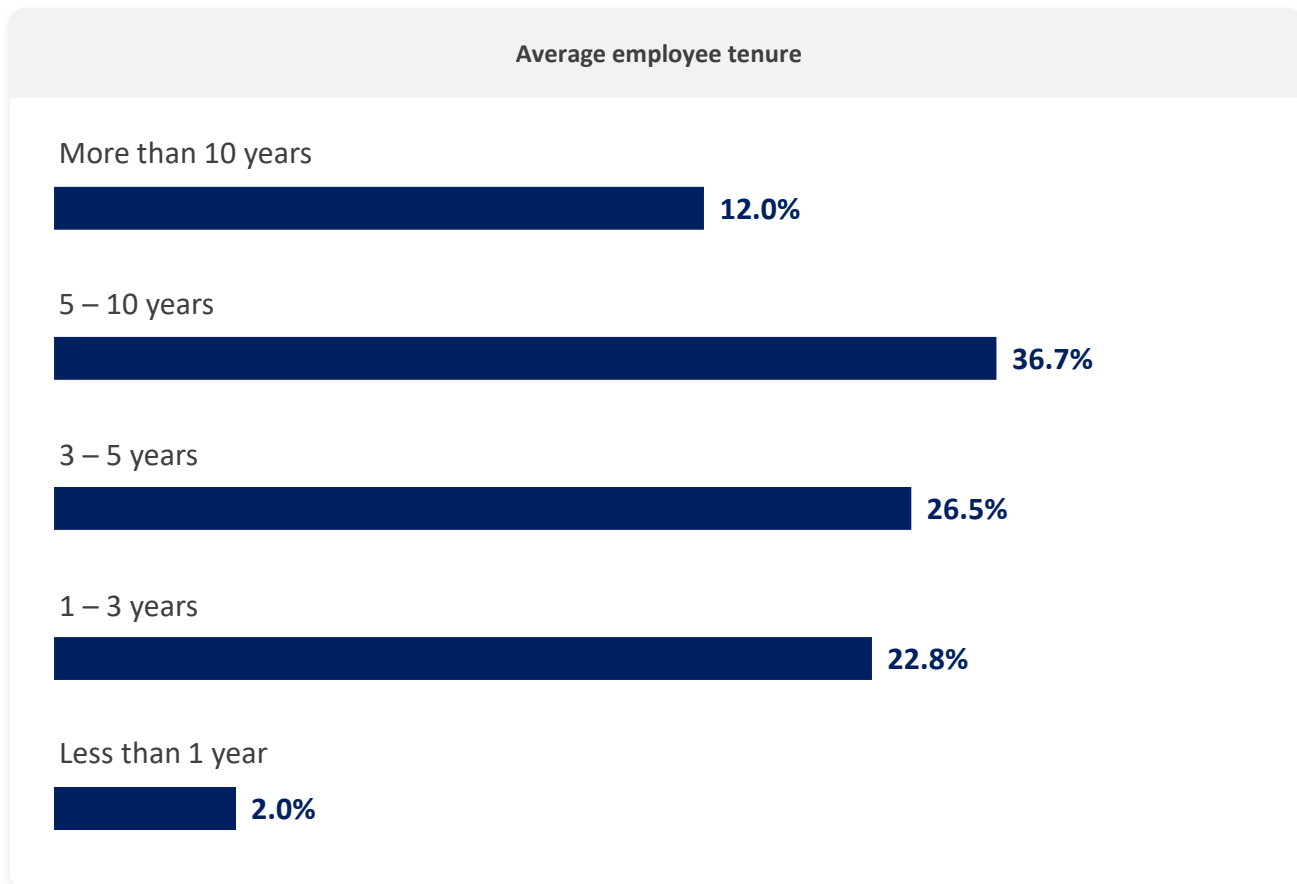


Figure: 2.5

Talent Management Trends

METHODS FOR EMPLOYEE PERFORMANCE MANAGEMENT



Figure: 2.6

- The survey's results reported that 94% of the participating organizations conduct annual appraisal for their employees.
- Management by Objectives methodology (MBOs) is the most commonly used by 44.8% of the participating organizations.
- While the Nine Box Matrix is the least methodology used by 5% of the participating organizations.

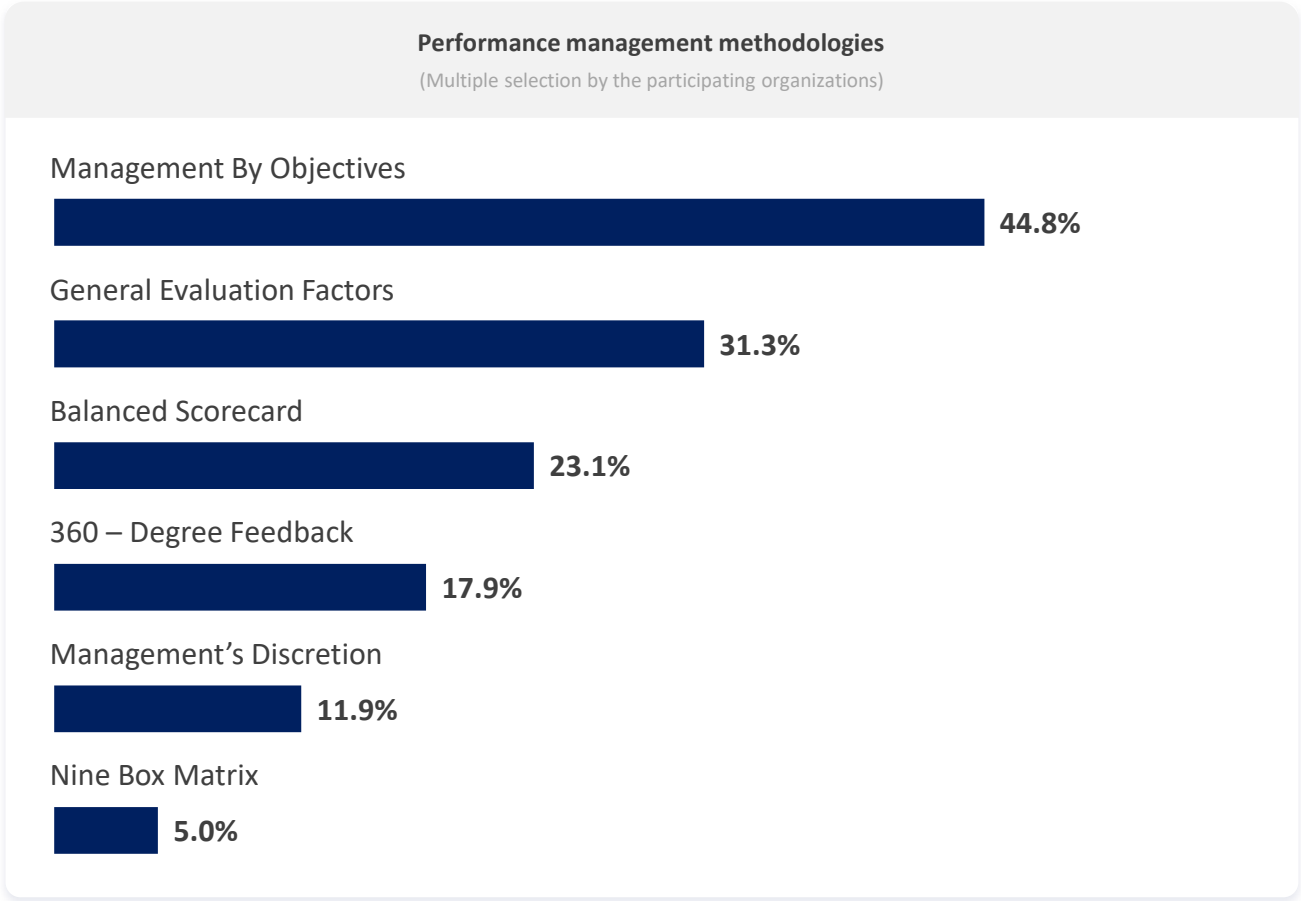


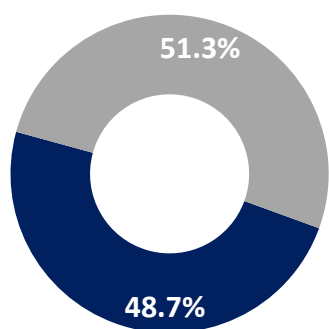
Figure: 2.7

Talent Management Trends

CAREER PROGRESSION & SUCCESSION PLANNING

- 48.7% of the participating organizations have implemented **succession plans** for critical positions in response to the imposed rules and regulations.
- 57.7% of the participating organizations implemented clear **career progression plans**, indicating that organizations are aware of the importance of talent management and development.

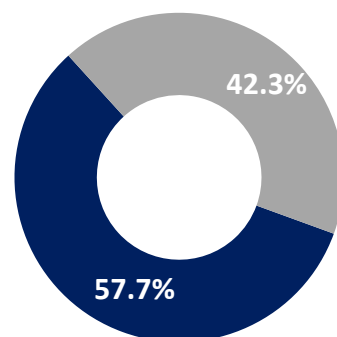
Organizations Implemented Succession Plans



- Organizations implemented succession plans
- Organizations didn't implement succession plans

Figure: 2.8

Organizations Implemented Career Progression Plans



- Organizations implemented career progression plans
- Organizations didn't implement career progression plans

Figure: 2.9

Talent Management Trends

TRAINING & DEVELOPMENT

- Training programs are considered one of the most important pillars that contribute to employees’ development and retention and thus raising their productivity.
- The investment in the training programs in 2021 has increased significantly compared to 2020, yet still lower than the expected, due to COVID-19 consequences and limiting training budgets in many organizations. The survey’s results showed that **31.2%** of the participating organizations provided training programs for their employees during 2021.

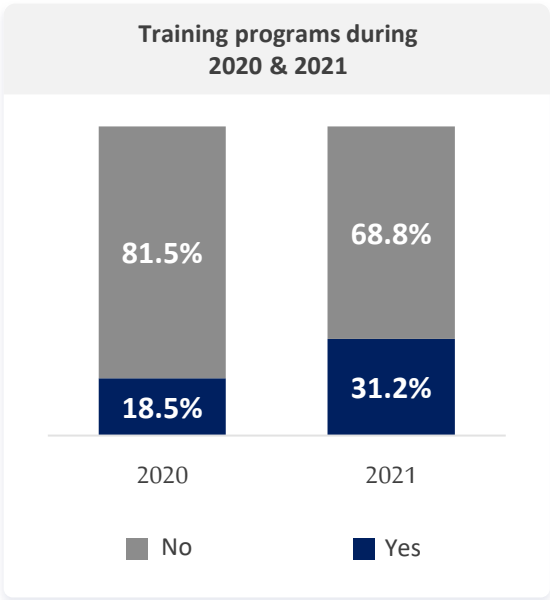


Figure: 2.10

- **69.2%** of the participating organizations depend on **direct managers’ recommendations** for identifying employees’ training needs, while **50%** of the organizations rely on **performance evaluation results/ individual development plans**.



Figure: 2.11

Talent Management Trends

EMPLOYEES EXPERIENCE

- Recently, organizations have become more dependent on employee experience tools that measure employees' engagement, employee's satisfaction and identify the reasons behind leaving the organization in order to pinpoint workplace weaknesses and apply the required improvement and development plans.
- The survey's results, accompanied by our strategic partner's database ZENITHR Employee Experience, indicate that 61.4% and 35.7% of the participating organizations implement employee exit and employee satisfaction surveys, respectively.
- This reflects the growing interest of HR leaders to measure and analyze employee experience due to its impact on talent retention and improving the business environment.

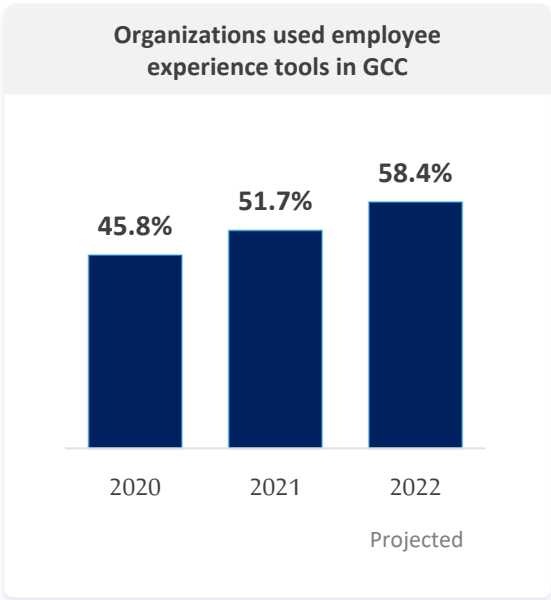


Figure: 2.12

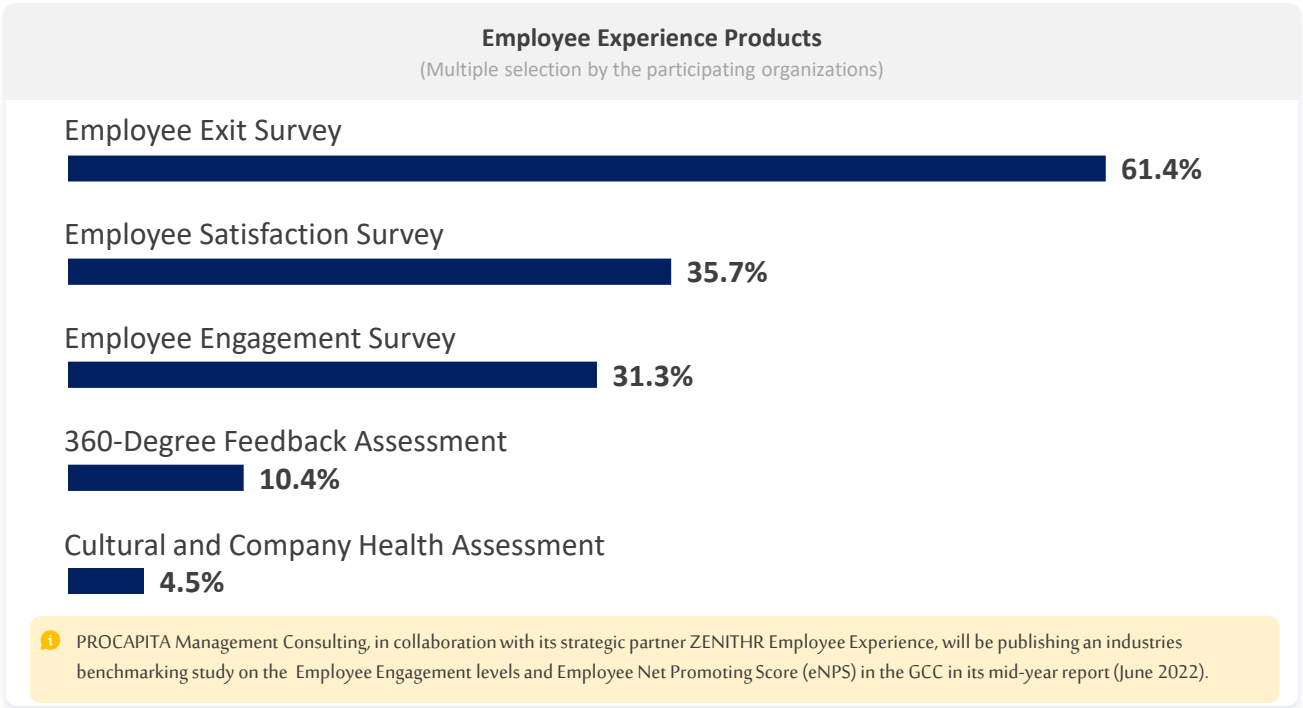


Figure: 2.13

Sponsored by: ZENITHR HR Intelligence Solutions

ZENITHR | www.zenithr.com



Section 3: Compensation & Benefits

In this section, we provide a detailed analysis of the compensation and benefits provided by the private sector in the Kuwaiti labor market. It showcases the most implemented strategies to motivate employees, the provided monetary and non-monetary programs, in addition to the practices used to pay salary increments and annual bonuses.

Source

PROCAPITA's HR Advisory & Recruitment Advisory databases
<https://pro-capita.com/>



Compensation & Benefits

GRADING & SALARY STRUCTURES

- According to the survey's results, the majority of the participating organizations have proper Grading & Salary structures; **47% updated their structures during 2021** in line with the changes in the Kuwaiti labor market changes and leading practices.
- **62%** of the organizations hired **consulting firms/ agencies** to update their salary scale, while **30%** relied **on management’s discretion**.

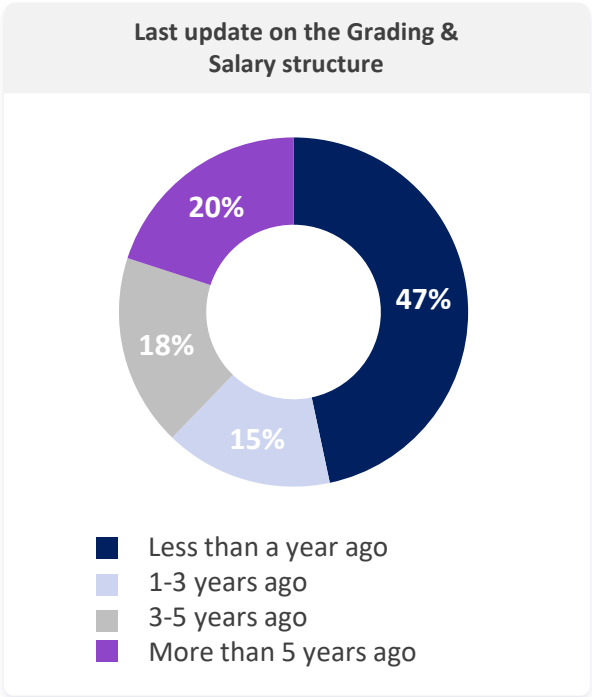


Figure: 3.1

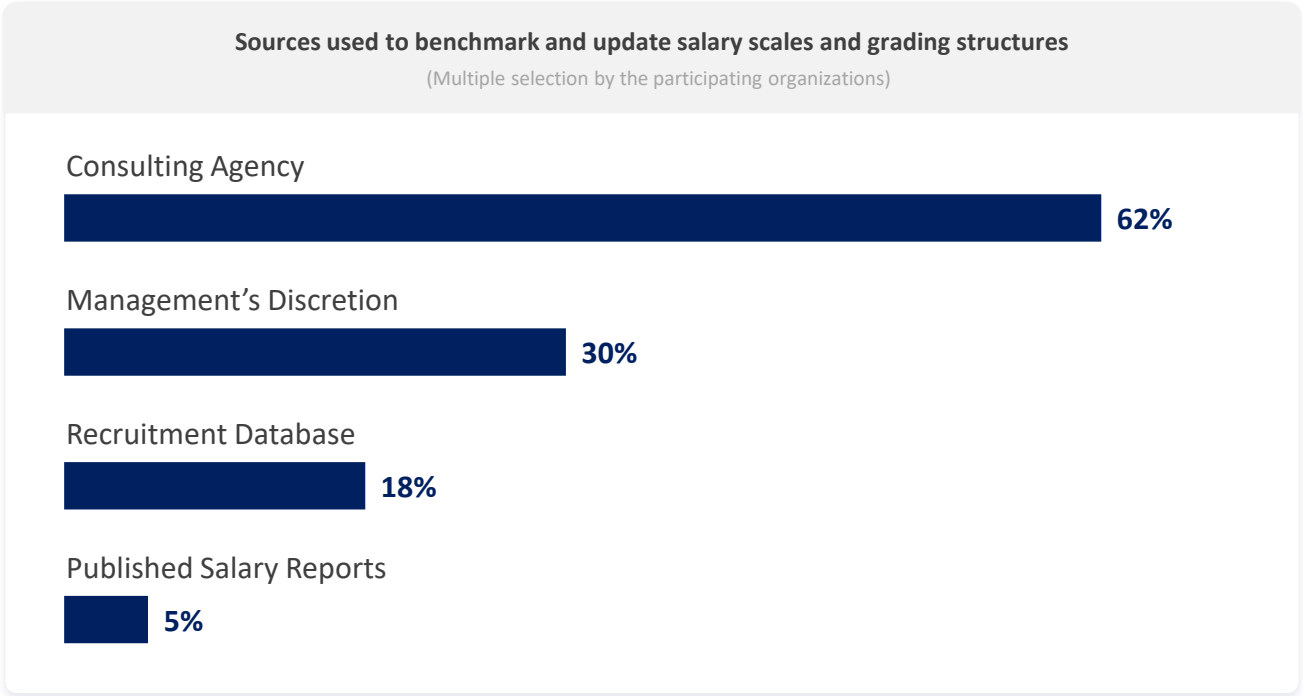


Figure: 3.2

Compensation & Benefits

ANNUAL MERITS & BONUS

- 53% of the participating organization **paid annual increments** to their employees in 2021.
- 38% of organizations provided annual increments to all entitled employees, while 62% provided annual increments on exceptional basis.
- As a result of the **current structural imbalance** in the Kuwaiti labor market, **PROCAPITA forecasts average annual increments** of 6.3% in 2022, twice the average paid in 2021.

Annual Increments

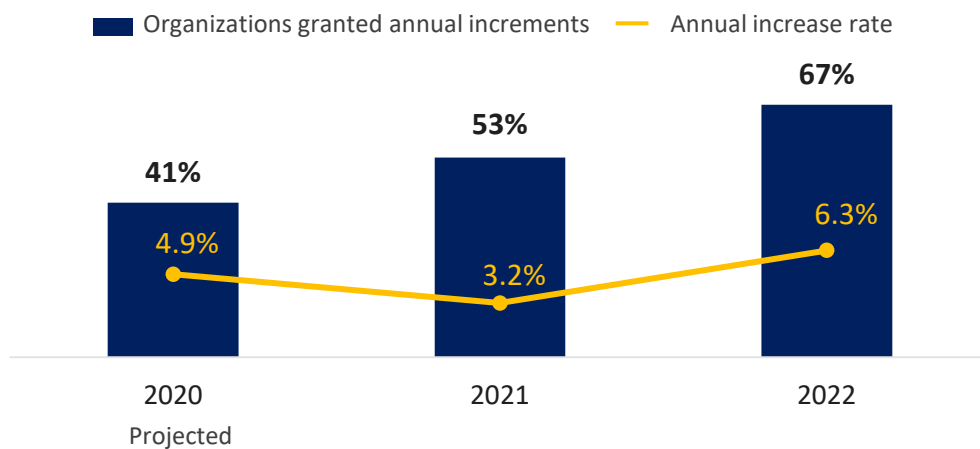


Figure: 3.3

Annual bonus criteria

(Multiple selection by the participating organizations)

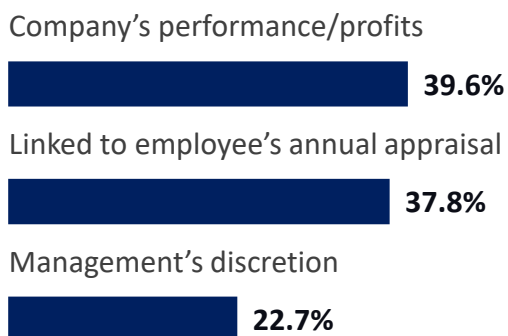


Figure: 3.4

- 43% of the participating organizations provided **annual bonuses** in 2021 where 39.6% of which depended on their **performance** and **profitability** in calculating the annual bonuses.

i For an industry specific compensation reports, [click here](#)

Compensation & Benefits

HOUSING AND TRANSPORTATION ALLOWANCE

- According to the survey's results, **21%** of the participating organizations provide an annual housing allowance to the entitled employees, while **79%** do not provide any type of housing allowance.
- 54.6%** of these organizations provide the entitled employees with a **fixed amount as housing allowance** annually depending on their grades.

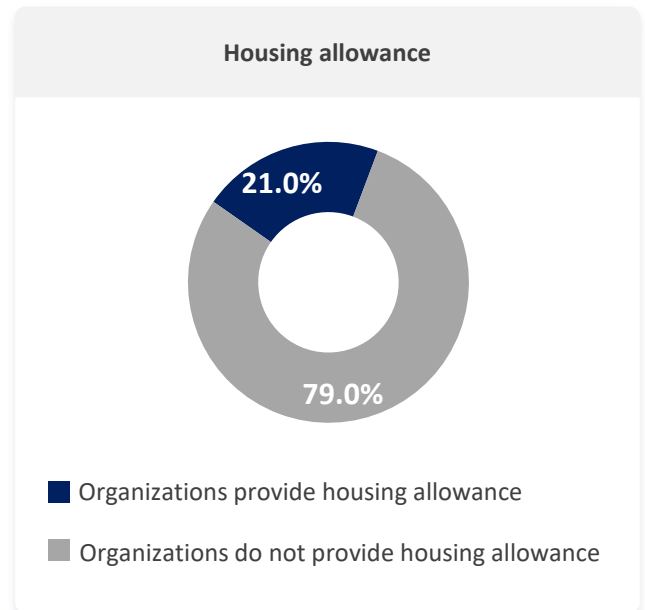


Figure: 3.5

- According to the survey's results, **17.8%** of the participating organizations provide the entitled employees with transportation allowance, while **82.8%** do not provide any type of transportation allowance.
- 54.6%** of these organizations provide the entitled employees with a **fixed amount as transportation allowance** annually depending on their grades.

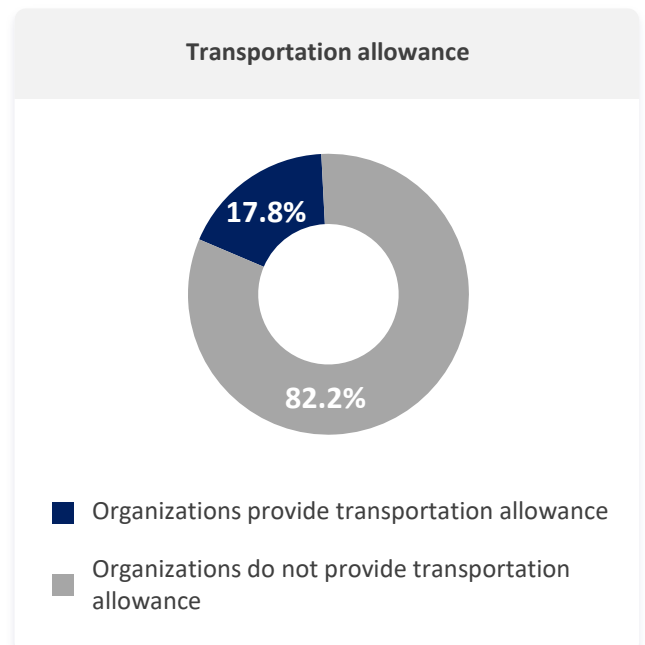


Figure: 3.6

i For an industry specific compensation reports, [click here](#)

Compensation & Benefits

EDUCATIONAL ALLOWANCE

- According to the survey’s results, only 12.2% of the participating organizations provide educational allowances to the entitled employees based on their job grades.
- 66.9% of these organizations provide a fixed lump sum payment as education allowance, another 26.5% pay a percentage of the fees stated by the school.

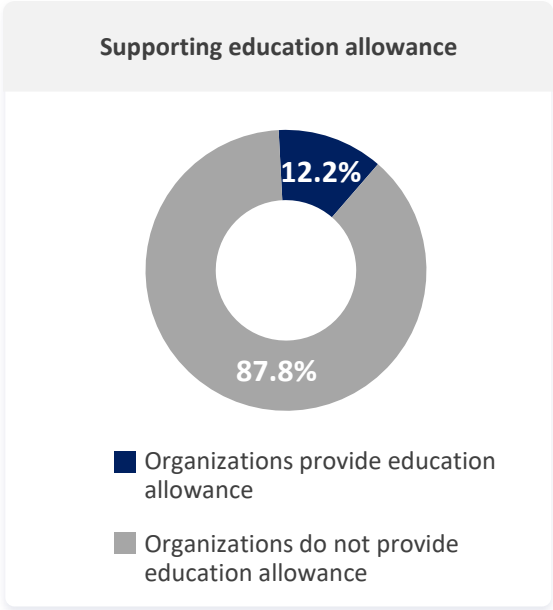


Figure: 3.7

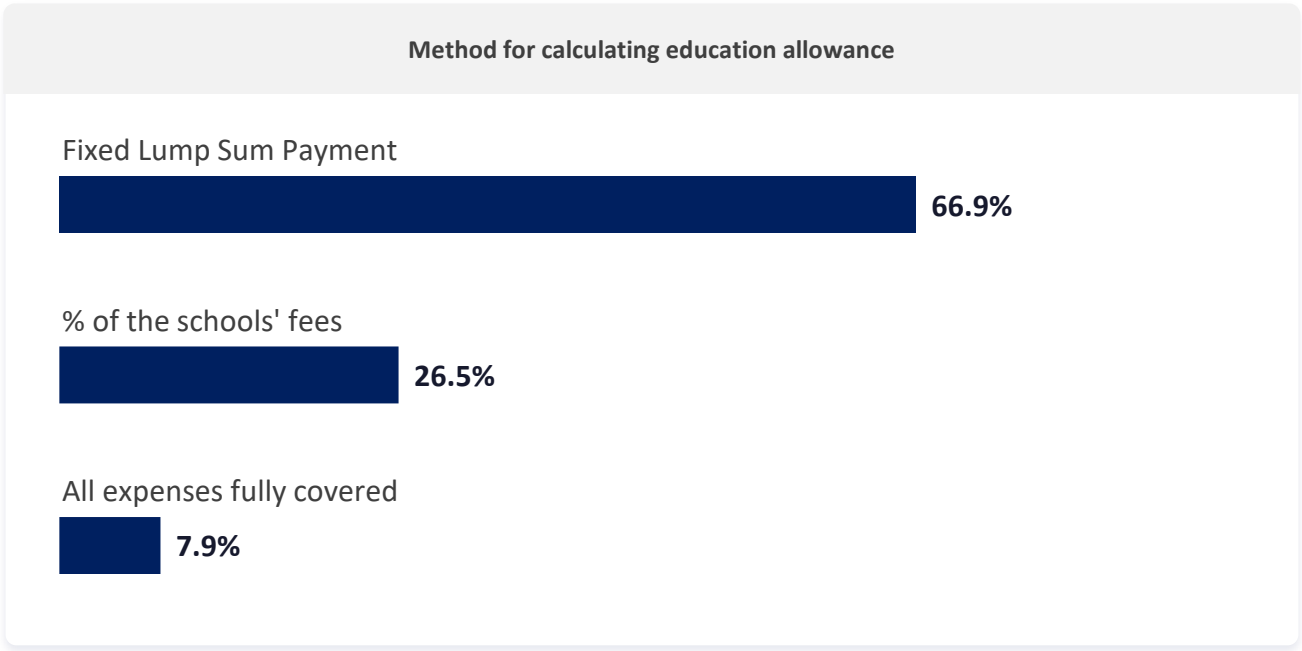


Figure: 3.8

For an industry specific compensation reports, [click here](#)

Compensation & Benefits

TICKET ALLOWANCE

- According to The survey’s results, 67.1% of the participating organizations provide ticket benefits (fixed allowance or tickets) to the entitled employees based on their job grades.
- The most common mechanism for calculating the ticket allowance is based on ticket cost as set budget at 38.5%, followed by the Standard International Air Transport Association (IATA) rates at 30.8%.

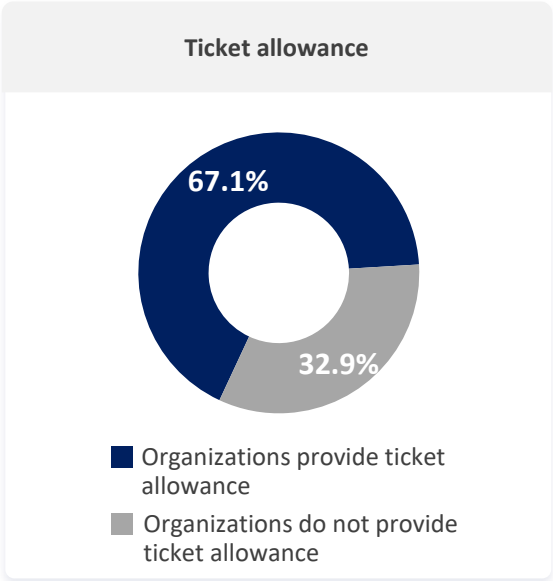


Figure: 3.9

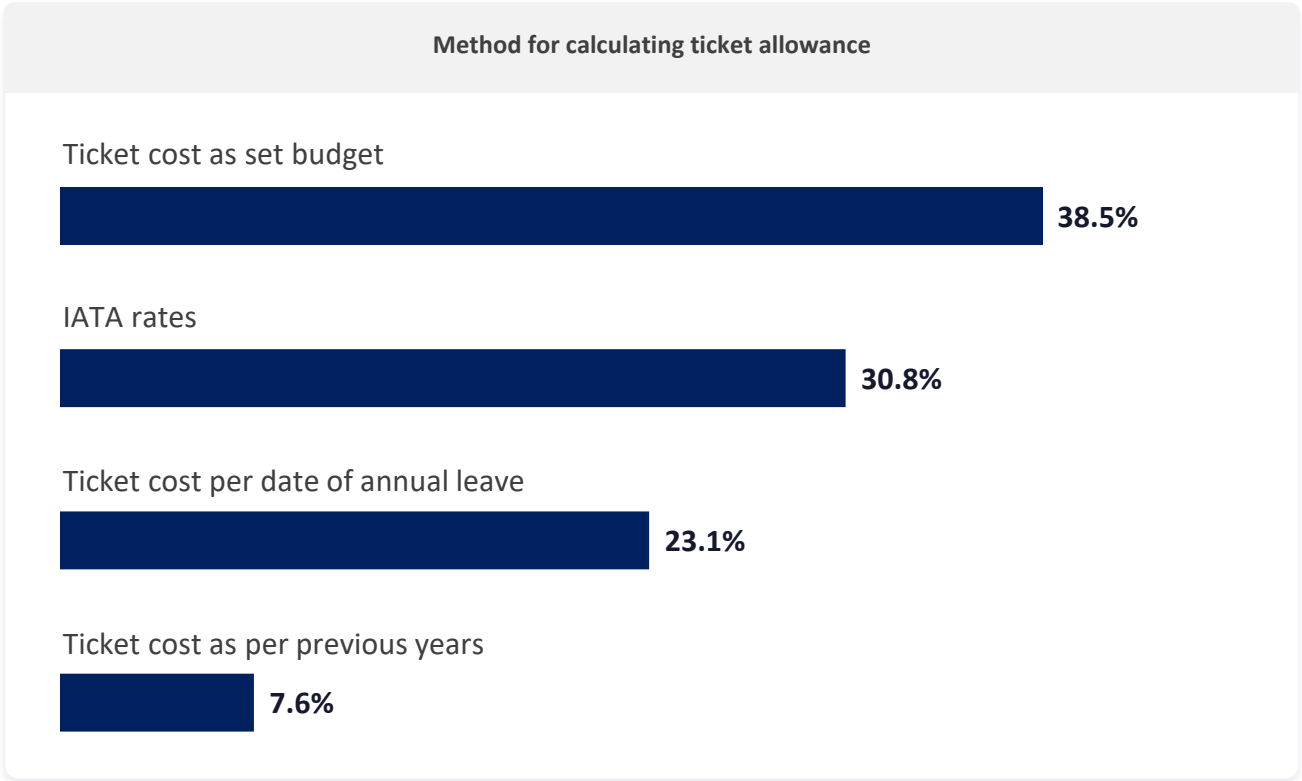



Figure: 3.10

 For an industry specific compensation reports, [click here](#)

Compensation & Benefits

NON-MONETARY BENEFITS

- According to the survey’s results, most of the participating organizations offer **non-monetary benefits** at **90.8%**.
- **83.3%** of organizations provide **medical insurance** to the entitled employees and their dependents according to their job grades. All costs related to the medical insurance premiums for the employees and the eligible dependents are borne by the employer.
- **54%** of the participating organizations grant senior executive grades with more than 30 days off in addition to the official entitled annual leaves.
- In response to COVID-19’s constraints on work environments in the previous period, **38.7%** of the organizations stated that they **provide flexible working hours** and **28.3%** offer **work from home** option.



Figure: 3.11

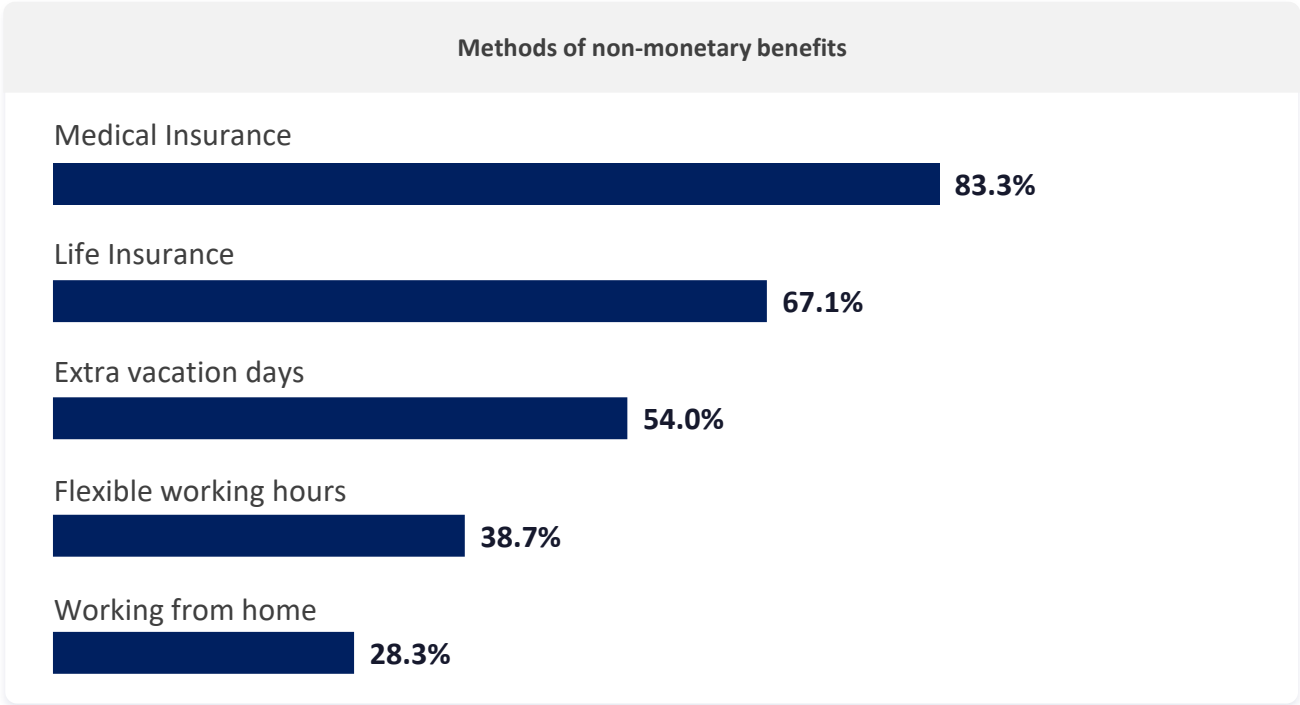


Figure: 3.12

i For an industry specific compensation reports, [click here](#)

Compensation & Benefits

LONG-TERM INCENTIVE PLANS (LTIP)

- According to the survey's results, 31.9% of the participating organizations provide long-term incentive plans for their employees.
- The following chart demonstrates the types of long-term incentives provided, 32.2% of the organizations provide deferred bonus/cash, 28.7% provide stock options.

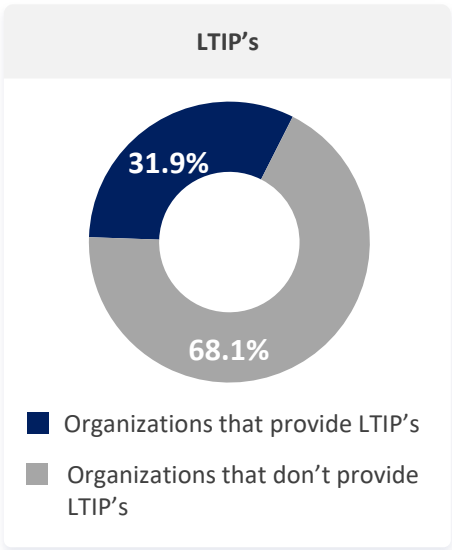


Figure: 3.13

LTIP methods

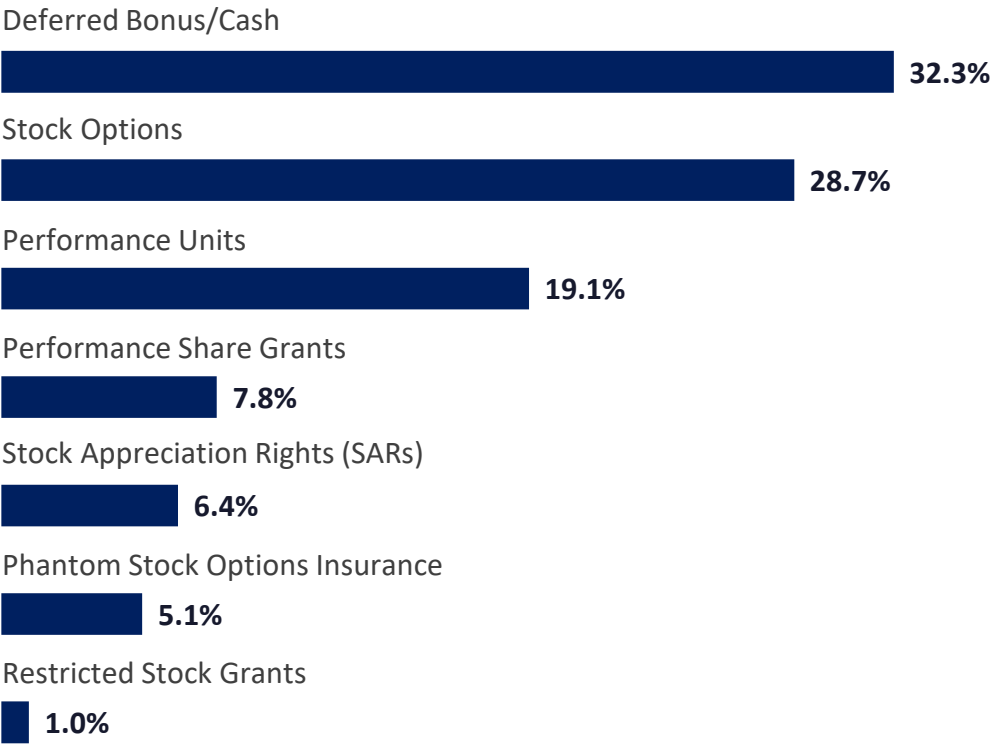


Figure: 3.14

Compensation & Benefits

DEPLOYED STRATEGIES TO RETAIN AND ENCOURAGE TALENTS

- According to the survey's results, **61.4%** of the participating organizations provide **monetary compensation** (i.e.: annual bonus, merit increments, and benefits) as part of talent motivation and retention plans. While **42%** provide **non-monetary compensation** (i.e.: Medical insurance, flexible working, etc.).
- Offering **profit sharing** to talents and leaders was the **least strategy** implemented to retain talent, as it is adopted by **7.7% only**.

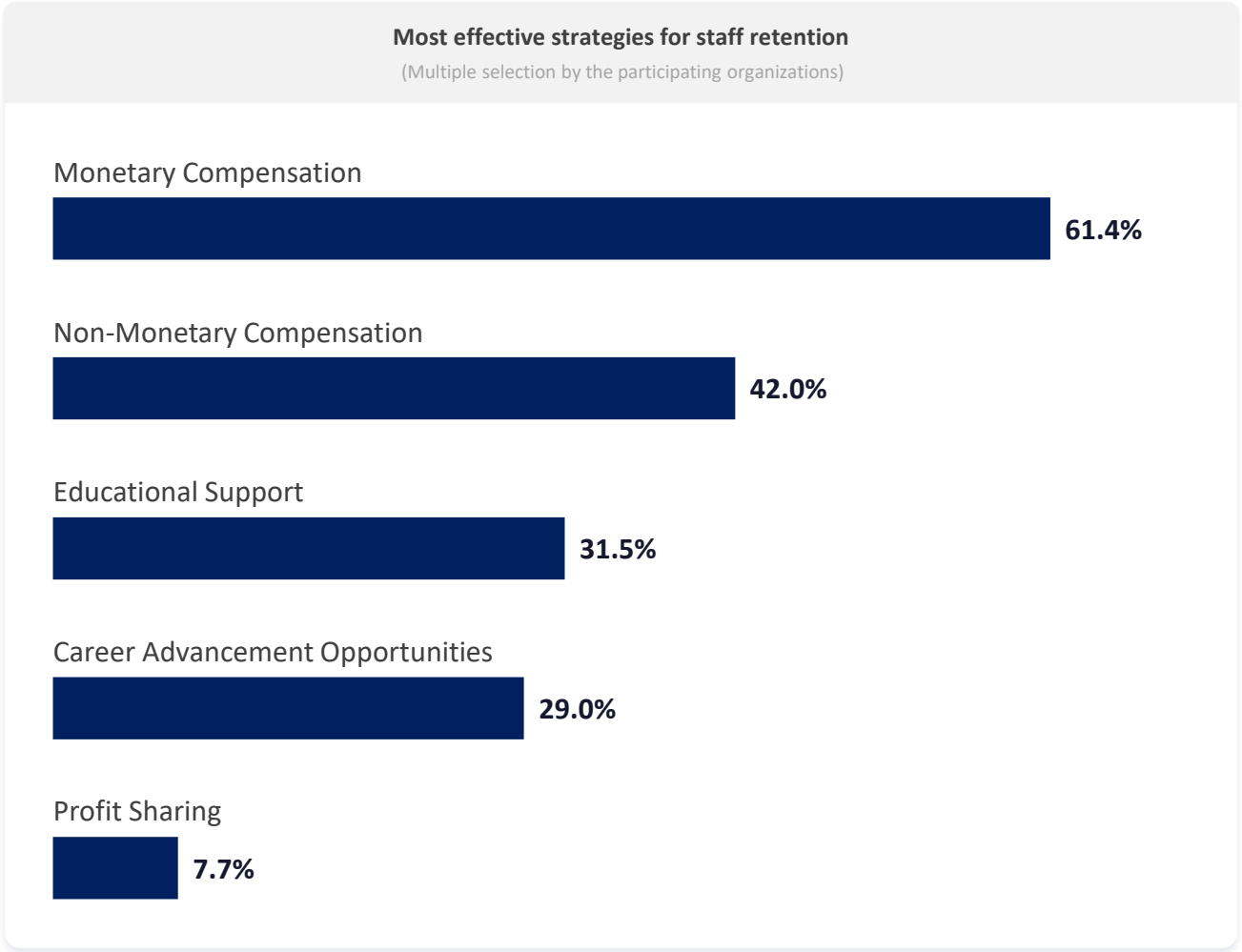


Figure: 3.15

Copyright and Confidentiality

All rights reserved to PROCAPITA Management Consulting © 2021

PROCAPITA is a leading consulting firm in the middle east that provides exceptional professional services and innovative solutions for the private and public sectors in a wide spectrum of industries & NGOs.

This report contains information that is proprietary and confidential to PROCAPITA. As such, the addressee should not disclose this document or any attachments thereof in whole, or in part to any third party without the prior written consent of PROCAPITA.

The addressee also acknowledges that information shared herein, is the intellectual property of PROCAPITA and is subject to a non-disclosure agreement as recognized by the copyright and intellectual property regulations.

PROCAPITA



www.pro-capita.com | info@pro-capita.com

Kuwait

Sharq, Ahmad Al Jaber St.
Arzan Tower - 8th Floor
(+965) 222 03100

Dubai

Jumeirah Lakes Towers,
Laguna Tower
Unit No: 2001 - 20th Floor
(+971) 4874 8168

Amman

Mecca Al Mukarramah St.
Building 164 – 2nd Floor
(+962) 6553 3877



pro-capita



procapita.me