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# HR TRENDS AND PRACTICES ANNUAL REPORT 2022

Kingdom of Saudi Arabia

PROCAPITA

February 2023

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# CEO's Message



**Mohammad Abu Al Rob**  
*Chief Executive Officer - PROCAPITA*

Ladies and Gentlemen,

Since its inception, PROCAPITA Management Consulting has made a significant stride in becoming one of the leading HR consulting companies in the Middle East. Our vision remains steadfast in creating value for our partners and raising awareness through HR excellence while adhering to our core values of commitment, perseverance, and delivering high-quality services. Our continuous passion for delivering exceptional services, investing in competencies, meeting our clients' needs, and striving to satisfy them is the secret behind our continued success.

We look forward to the future and strive to excel in the region. We are committed to contributing to our partners' vision and promoting sustainable HR growth by leveraging our diverse skills and expertise in the HR field through partnerships with our strategic partners ZENITHR for HR intelligence solutions and employee experience and Thomas International, specializing in employee behavioral and professional assessment tools. Our goal is to provide the best and achieve advanced levels of competitiveness and regional leadership.

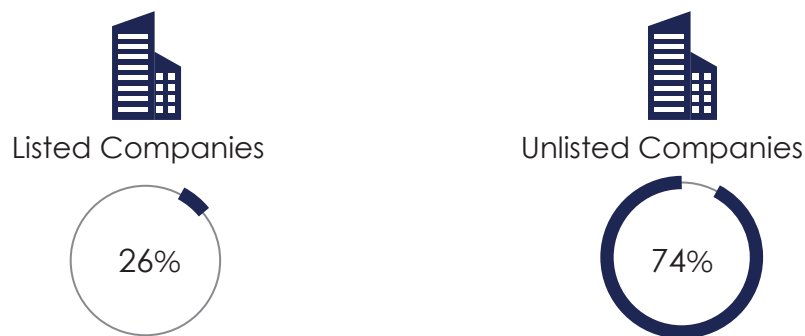
Hence, I am pleased to invite you to read the annual report for the year 2022 for the Kingdom of Saudi Arabia, including the latest HR and recruitment trends and technologies used to develop talents and organizational development. This time, the participation rate was beyond our expectations, which increases our pride in the trust of our customers, who consider it as a reference report for them, business leaders, and HR experts.

This year's report is the most comprehensive of all reports specialized in human resources and adds a distinctive value to companies at all levels. The report was specially developed to shed light on the latest human resources and employment trends, as well as the most important economic indicators and their impact on the KSA labor market. In addition, it includes an analysis of talent management trends, initiatives for digital transformation, employee engagement and happiness rates, and the latest developments in compensation and benefits in the market.

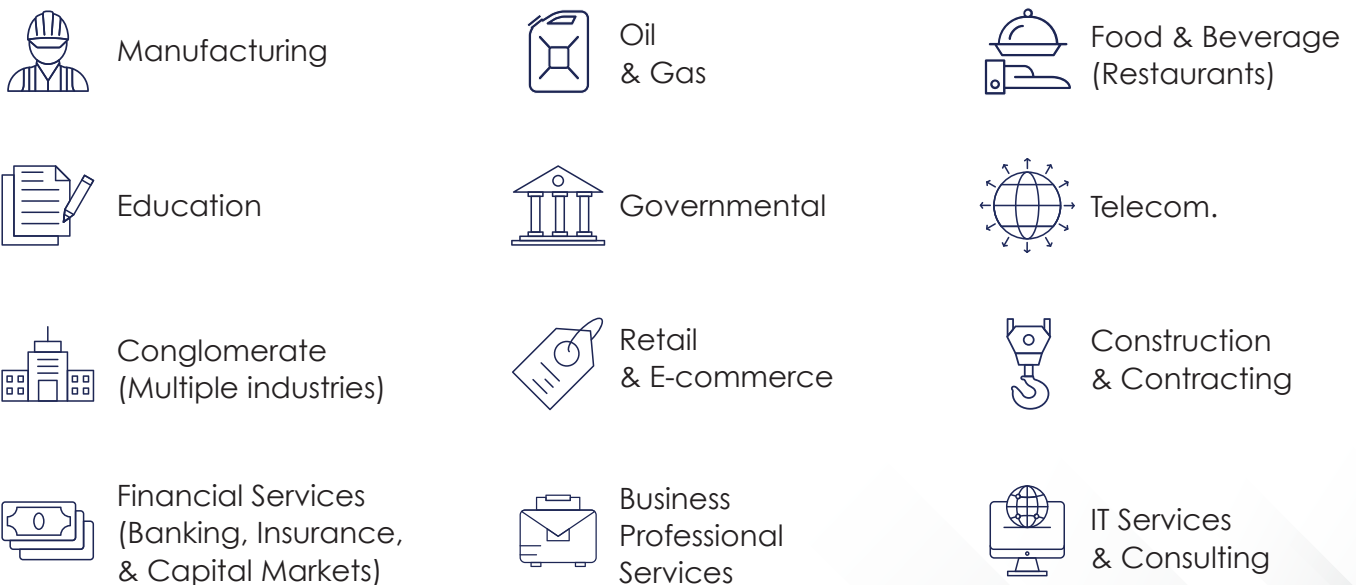
Finally, thank you for your continued support and trust, of which we are proud, and we strive to achieve the best value for you and all our partners and stakeholders. We hope that next year will witness more achievements and launch creative solutions and initiatives that will enable you to succeed in achieving the desired value for the growth and sustainability of your business.

# Report's Overview

PROCAPITA's HR Trends annual report for 2022 sheds light on the economic highlights and analyzes the changes in HR and recruitment trends in KSA and the GCC labor markets through the results of our annual survey. In addition, this report examines the remuneration for board members of publicly traded companies in the GCC, as well as the levels of employee engagement and behavioral analysis conducted by PROCAPITA's strategic partners, ZENITHR HR Intelligence Solutions that transform workforce data into real-time analytics and analyze employees' experience, and Thomas International which is a global provider of behavioral assessment tools and services.



PROCAPITA launched its annual with the participation of business leaders and HR experts across various sectors in the GCC. Over 750 organizations participated, representing the following sectors:





## Section 1: **Economic Highlights**

This section sheds light on economic metrics across the Kingdom of Saudi Arabia and the GCC, in addition to strategies and reforms taking place that affect the current and future status of its labor market.

**Sources:**

PROCAPITA's Research Center  
<https://pro-capita.com>



# Economic Highlights







## GCC insights and the impact on the labor market

The **GCC economies in 2022** have been **prosperous** despite the Ukrainian Russian war, the worldwide energy crisis, ongoing disruptions in supply chains, and volatile financial markets.

- Numerous regulations underwent **significant reforms in 2022** that **aimed at having a less oil-dependent economy** and a more **mobile labor market** through “**sustainable diversification**. Those reforms were more prominent in **KSA, the UAE, and Qatar among the GCC countries, inline with their long-term strategic visions**.
- In the coming years, the GCC should be able to **attract higher foreign investment** due to the improvements and developments taking place. This will help in **increasing foreign direct investment (FDI)** which will be advantageous for **talents seeking employment and career development opportunities** and more importantly, to **investors looking for a higher return on investments (ROI) in markets with solid consumer purchasing power**.
- As the GCC economies continue to grow and expand, **hosting successful global events such as the World Cup 2022 in Qatar and developing major tourism projects in cities like Dubai, Jeddah, and Riyadh**, have become a **showcase of their advancements in infrastructure, management, processes, agility and openness, in alignment with their long-term visions to create an optimal business environment for investment**.
- Governments in the GCC are focused on promoting **entrepreneurship** and innovation through investment funds and regulatory support. This is evidenced by **the increase in VC investments and initiatives aimed at fostering innovation**. The goal is to **empower the entrepreneurship eco-system and infrastructure, leading to the creation of new businesses and job opportunities, diversify the economy and reduce dependence on a single industry or resource**.
- As economies in the GCC continue to flourish and talent mobility increases, **the competition for top national and international talent is predicted to heat up in 2023**. Employers will face a **double challenge of not only attracting skilled talents, but also retaining them**. The ongoing war on talent is a pressing issue in the GCC and its effects are expected to escalate in the coming year.

# Economic Highlights

GCC insights and the impact on the labor market

						
<b>Real GDP Growth</b>	7.6%	5.1%	3.4%	8.7%	4.4%	3.4%
<b>Inflation</b>	2.2%	3.7%	4.5%	4.3%	3.1%	3.5%
<b>GDP Per Capita Growth</b>	18.8%	16%	29%	33%	24.1%	9.8%
<b>Stock Market Performance</b>	-7.1%	20.3%	-8.1%	3.5%	17.6%	5.5%
<b>Jobs Vacancies Created</b>	<ul style="list-style-type: none"> <li>• 1.3 million jobs created</li> <li>• 300 thousand were filled by nationals</li> </ul>	<ul style="list-style-type: none"> <li>• 200% increase in the number of vacancies</li> </ul>	<ul style="list-style-type: none"> <li>• 5,000+ jobs in the public sector</li> <li>• 1850 in the private sectors were filled by nationals.</li> </ul>	<ul style="list-style-type: none"> <li>• 13,600 job openings to nationals in the private sector</li> <li>• 12,300 in the public sector up to June 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Provided 35,000 jobs for nationals between both the private and public sectors</li> </ul>	<ul style="list-style-type: none"> <li>• National employment grew by 4.3% in the private and 3.2% in 2022's second half &amp; public sectors respectively</li> </ul>
<b>UN's Human Develop. Index D1</b>	<ul style="list-style-type: none"> <li>• 35<sup>th</sup> global rank, up 5 positions</li> <li>• 2<sup>nd</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 26<sup>th</sup> global rank, up 5 positions</li> <li>• 1<sup>st</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 42<sup>nd</sup> global rank, 3<sup>rd</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 54<sup>th</sup> global rank, fell 3 places since 2015</li> <li>• 4<sup>th</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 54<sup>th</sup> global rank, 5<sup>th</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 35<sup>th</sup> global rank, 2<sup>nd</sup> in the GCC</li> </ul>
<b>UN's E-govern. Index D2</b>	<ul style="list-style-type: none"> <li>• 31<sup>st</sup> global rank</li> <li>• 2<sup>nd</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 13<sup>th</sup> global rank</li> <li>• 1<sup>st</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 78<sup>th</sup> global rank</li> <li>• 6<sup>th</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 61<sup>st</sup> global rank</li> <li>• 5<sup>th</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 50<sup>th</sup> global rank</li> <li>• 3<sup>rd</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 54<sup>th</sup> global rank</li> <li>• 4<sup>th</sup> in the GCC</li> </ul>
<b>World Bank's Human Capital Index D3</b>	<ul style="list-style-type: none"> <li>• 0.58 score</li> <li>• 5<sup>th</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 0.67 score</li> <li>• 1<sup>st</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 0.64 score</li> <li>• 3<sup>rd</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 0.56 score</li> <li>• 6<sup>th</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 0.61 score</li> <li>• 4<sup>th</sup> in the GCC</li> </ul>	<ul style="list-style-type: none"> <li>• 0.65 score</li> <li>• 2<sup>nd</sup> in the GCC</li> </ul>

Sources: 1. IMF, 2. Kamco Invest GCC Equity Markets 2022 3. UNDP 4. World Bank 5. Mubasher (Kuwait employment)

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# Economic Highlights

GCC insights and the impact on the labor market per country



In **2022**, KSA was a beacon of economic prosperity as real **GDP** soared by **7.6%**, and the **GDP per capita** recorded **18.8% growth**. The **construction** sector were positively impressive, as it recorded a sky-high growth rate of **8.8%**, totaling a whopping **\$182.2 billion**. Meanwhile, **tourism** and **hospitality** sectors was also flourishing and seeing significant growth. However, the stock market had a negative decline of **-7.1%**. Despite this, the KSA moved up **5 spots** on the Human Development Index (**HDI**) from 40th to 35th, along with Bahrain. This economic growth and diversification brought about a plethora of **new job opportunities**, with 1.3 million new vacancies of which 300,000 were filled by Saudi nationals. The **services** sector recorded a **21% growth** in jobs. VC investments in the KSA also increased by **72%**, totaling \$987 million, with **24%** (\$239 million) allocated to fintech. The KSA government also implemented various **labor law reforms** and proposed amendments aimed at **protecting employees' rights**, making KSA a more **competitive** work-place **destination**.



UAE, recorded a meteoric rise in economic growth in **2022**, as real **GDP** grew by a staggering **5.1%**, making it the **second-highest GDP per capita** with a **growth of 16% growth**. **Remote jobs postings** skyrocketed by **27.7%**, with Dubai cementing its status as the most popular destination in the world for the second time in a row. **Tourism** revenue reached a record-breaking **\$29.42 billion**, the highest in the Dubai's history so far. The **FSI** and **banking, property, oil and gas**, and **real-estate** sectors also saw significant growth. Dubai launched the ambitious **D33 vision**, aimed at **diversifying the GDP, increasing national employment**, boosting labor market competitiveness, attracting foreign direct investment (**FDI**), and supporting the launch of **unicornstartups**. The **number of vacancies increased** by a staggering **200%**. Corporate income tax will come into effect on June 1st, 2023. Abu Dhabi's ADX stock index had the highest growth among all GCC indices at **20.3%**, while Dubai's DFM index grew by **4.4%**. The UAE moved up **5 spots** in the Human Development Index (**HDI**) from 31st to 26th to be the first in the GCC. The UAE continues to be the **biggest VC investor** in the region, amounting to **\$1,190 million**, **20%** lower than in 2021. Despite this, the country is steadfast in its pursuit of creating a more diversified economy and providing more opportunities for talent employment.



Qatar reached a peak of **3.4% real GDP** growth in 2022, the highest it had been since 2016, with the **GDP per capita 29% growth**. **National employment was at the forefront as more than 6,850 jobs were filled** by Qatari citizens, and an impressive **69% of those employed in the public sector were women**. A massive recruitment effort was made in preparation for the World Cup to meet the increased demand for labor caused by the event. **Transportation and logistics, digital services, tourism, and hospitality** were among the sectors that were thriving in 2022. The **World Cup** was expected to bring in a **revenue of \$20 billion and attract 1.4 million visitors**. Qatar ranks **42nd** on the Human Development Index (**HDI**). However, the Q20 stock index had **negative decline of 8.1%**, the lowest among GCC countries, due to an offset in **insurance, banks, and financial and real estate indices**. Despite this setback, Qatar's economy continues to shine.



# Economic Highlights

GCC insights and the impact on the labor market per country



In 2022, Kuwait's real **GDP** recorded a significant **growth of 8.7%**, and **GDP per capita recorded 33%** growth which is the **highest among the GCC**, yet the country still faces challenges in diversifying its economy, where **91% of 2023's annual budget** is derived from oil, which poses a significant risk to price fluctuations and further emphasizes the need for diversification. Kuwait's employment has witnessed changes, driven mainly by **high demand for low-skilled overseas laborers in deficit since 2019**. National employment saw a particularly significant surge, with **12,400 and 13,000 new job opening in the public and private sectors** respectively over the past year. Kuwait ranks **54th** in the **HDI**, the **second lowest in the GCC**, and has **fallen 3 ranks since 2015**. Additionally, Kuwait ranks **61st in the global e-government development index**, **15 places down since 2021** despite these challenges, **FSI and banking, healthcare, oil and gas, retail, and e-commerce** sectors have seen growth during 2022. Kuwait is investing in various sectors like **healthcare, retail, and construction** to **reduce dependency on oil**.



In 2022, despite **real GDP growth of 4.4%**, Oman's economy still has a long way to go. The **GDP per Capita recorded 24.1% growth**. The government has been implementing strategies to shift employment towards the **private sector**, including **labor law reforms** to protect employees, increase productivity, and boost investment. The Omani stock market has been performing well, growing by **17.6%**, the **second highest among GCC countries**. Oman ranks **54th** globally in the **HDI**, the **lowest among GCC countries**. To empower the youth, Oman launched a program to **train Omani national job seekers in vocational colleges**. Revising financial securities laws to establish a digital and physical marketplace to **invest in SMEs stocks**. Additionally, they were able to provide **35,000 jobs during 2022** in the **private and public sectors**. Oman has been investing in **transportation and logistics, healthcare, technology and hospitality** sectors through the construction of new ports, airports, and transportation facilities. The government is charting a course towards **self-sustainability and national workforce development** through the Omanization initiatives. Despite the challenges, Oman is poised to vault itself into the ranks of the top economies in the GCC, paving the way for a bright future.



The Bahraini government invested in creating job opportunities for nationals, and the results were evident in 2022. The **real GDP** recorded a steady growth of **3.4%** while the **GDP per capita grew by 9.8%**. **Employment** levels of Bahraini **nationals** in both the **private and public sectors increased by 4.3% and 3.2%** respectively, and **non-national** employment levels grew by **8%**. This investment also led to an **increase in the average salaries of Bahraini nationals**, which rose by **1.6%** in the **private sector** and **5.5%** in the public sector. **FSI and banking, real estate, hospitality and manufacturing** sectors were among the sectors that recorded growth in 2022. The establishment of new labor registration centers and online portals to improve the efficiency of registrations and provided a Labor Market Regulatory Authority representative in the event of disputes between laborers and employers. New measures have been put in place to link work permits to occupation and vocational qualifications. Bahrain's **HDI** global rank stood on par with KSA at **35, advancing 7 ranks** since 2020. Bahrain's All Share Index grew by a solid **5.5%**. With its determined efforts to **create more opportunities for national employment**, Bahrain's economy is on a path to growth and stability.



## Section 2: Recruitment & Manpower Planning

This section reflects the recruitment and manpower planning trends practiced by organizations in the Kingdom of Saudi Arabia's market.

**Sources:**

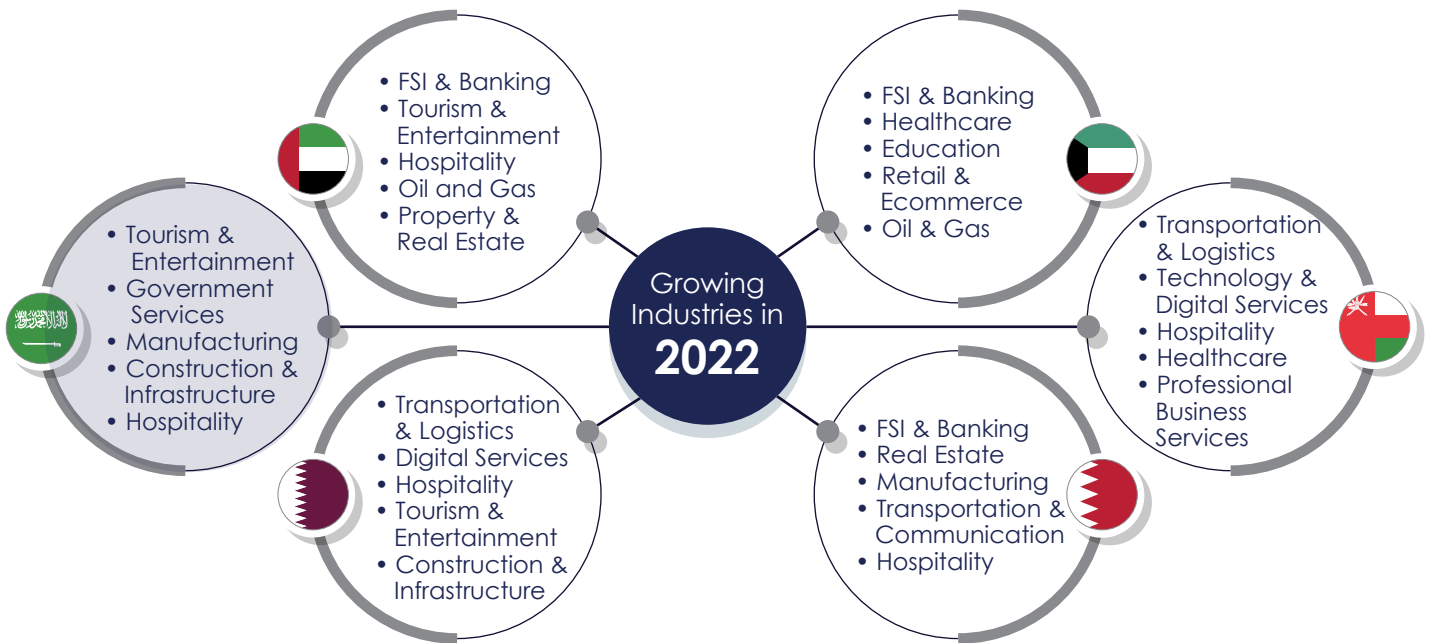
PROCAPITA's HR Advisory and Recruitment Advisory databases and PROCAPITA's Research Center

<https://pro-capita.com>

# Recruitment & Manpower Planning

## Market recruitment trends by industry

The GCC countries have been diversifying their economies by investing in sectors such as tourism, finance and technology, efforts to promote economic growth have included attracting foreign investment, establishing free trade zones, and developing infrastructure. In 2022, the following sectors have shown the most significant growth:



As we set our sights on 2023, the economic and political landscape will be shaped by the unique strategies of each country, driving growth in different sectors. Market projections suggest that certain sectors will see significant expansion, while others may encounter obstacles. Here are some of the sectors that are expected to experience growth in 2023:





# Recruitment & Manpower Planning

## Gaps in the demand and supply

The demand for various specialties has undergone adjustments in response to changes in business demand for specific skills and shifts in the overall labor market. Factors such as legislation and regulation in KSA and changes in the sectors being targeted for investment have impacted both the demand and supply of labor. Nationalization policies can affect the demand for certain specialties, while legislation regarding recruitment from abroad can impact the supply.

**The visual below illustrates the recent changes in the demand for various job positions:**

### Changes in demand per speciality

#### KSA 2022

##### Jobs in high demand

- Supply Chain and logistics specialists
- Software & Applications Developers
- Lawyers & Legal Professionals
- Mechanical Engineers
- Cybersecurity Experts
- Data & AI Scientists
- Electrical Engineers
- Project Managers
- Financial Analyst
- Civil Engineers
- Recruiters
- Doctors
- Nurses
- Teachers
- Insurance Specialists
- GRO
- Semi-skilled (drivers, technicians, blue-collar, etc.)

#### KSA 2022

##### Jobs in low demand

- Investment Bankers
- Real Estate Sales Agents
- Telemarketing
- Assembly Line Workers
- Bookkeeping Officers
- Machine Operators
- Post Office Workers
- Cashiers
- Data Entry Clerks
- Travel Agents
- Property Management

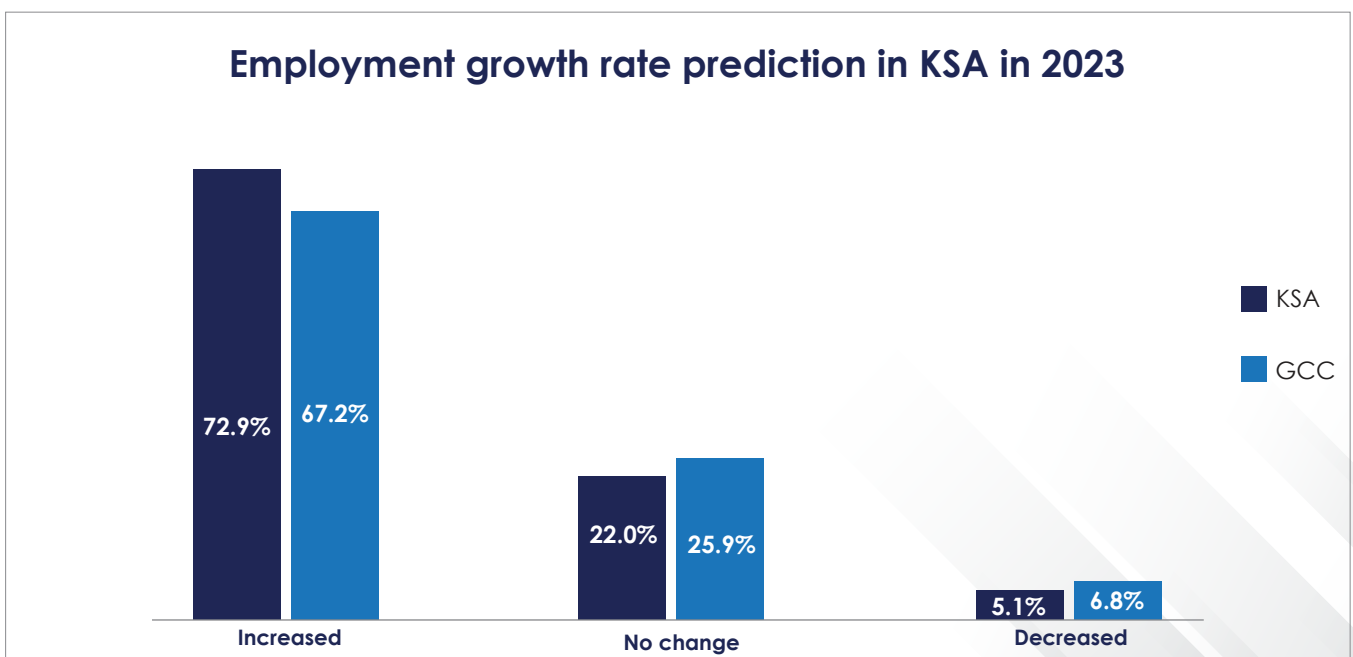
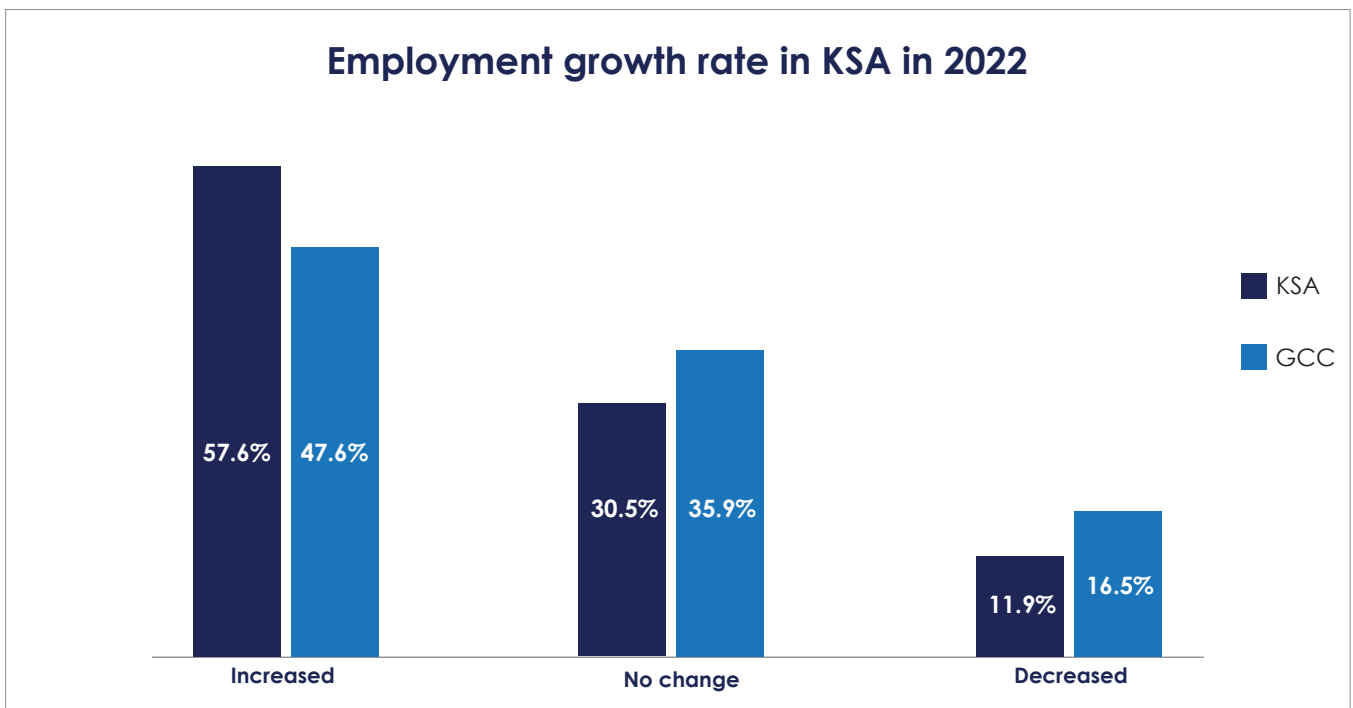
PROCAPITA notes not to use the above data as a reference for any salary reviews for current employees in any organization as many other factors and practices should be taken into consideration.

# Recruitment & Manpower Planning

## Employment growth rate

**KSA's** market indicators for **2022** were positive as **57.6%** of the Saudi participating organizations reported employment growth, with an average of **16%**. This tangibly exceeds the GCC's average employment growth rate of **47.6%**.

72.9% of the participants expect employment to grow during **2023**, by an **18%** average. It is evident that KSA's participants are optimistic about the upcoming period with relation to the country's most recent expansions across multiple industries.



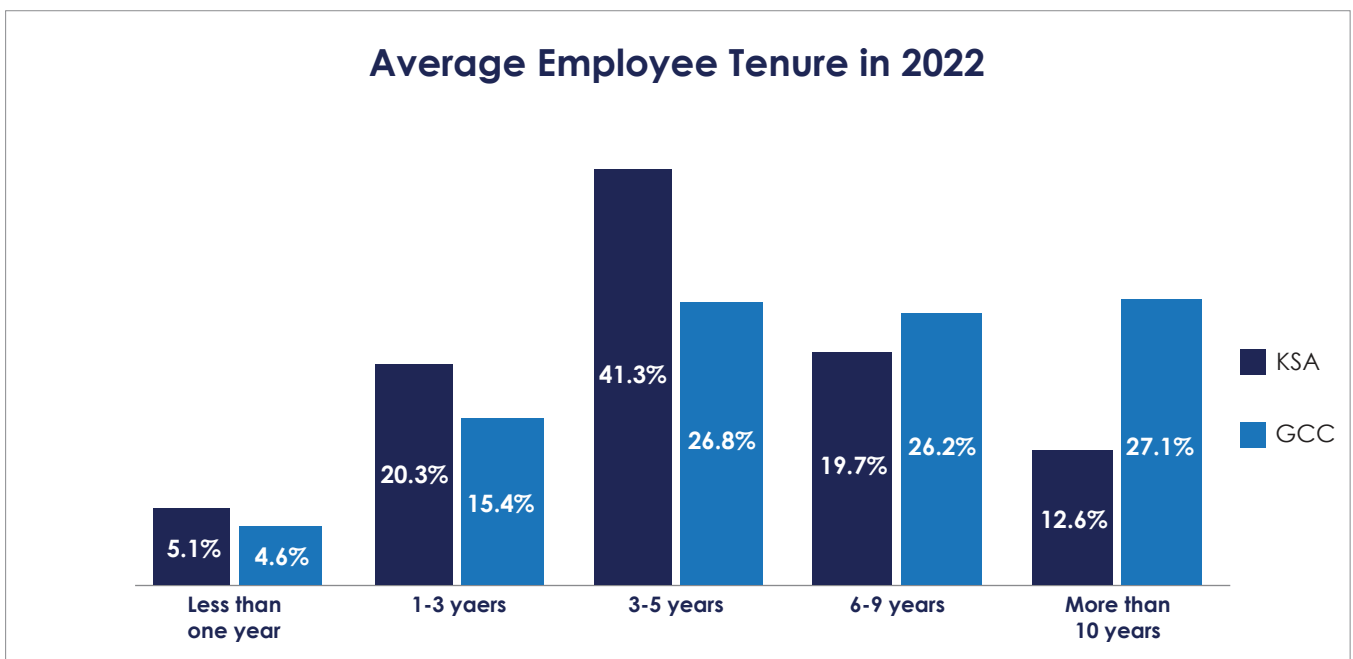


# Recruitment & Manpower Planning

## Talent in the local market

KSA's participating organizations reported that **5.1%** of employees held an employment tenure of less than a year on average, slightly higher than the GCC's average **4.6%**, while **41.3%** of employees had 3-5 years employment tenure, tangibly higher than the GCC's average of **26.8%**.

Average **employee tenure** in KSA is **evidently** lower than that of the **GCC's average**. This is possibly derived from the rapid economy expansion and the labor law reforms that are causing the war on talent, thus a lower reported employee tenure.



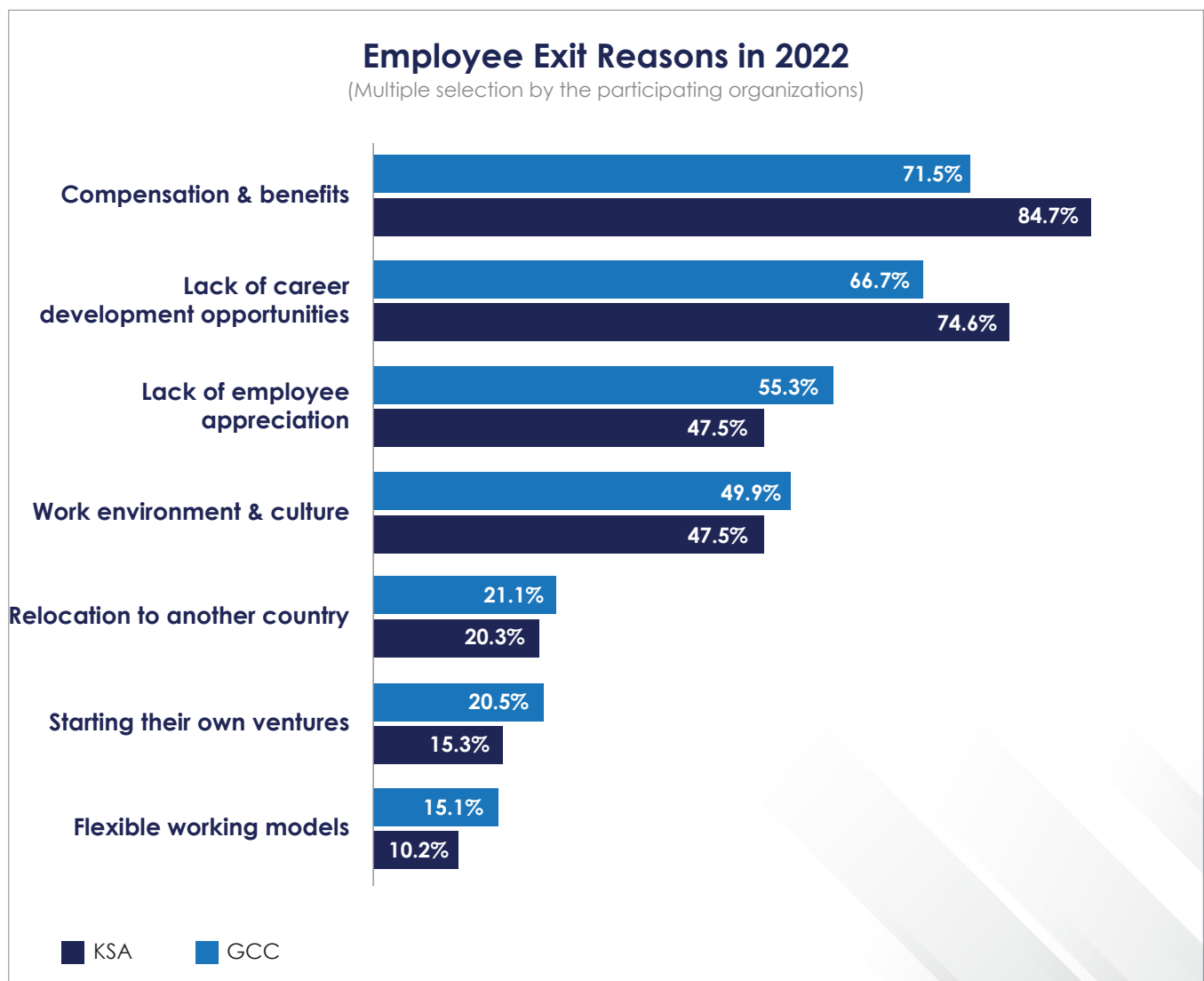
# Recruitment & Manpower Planning

## Reasons why employees voluntarily leave jobs

“**Compensation and benefits**” as a reason for employees to quit jobs were cited the most at **84.7%** by the participants. This further emphasizes the reality of KSA's labor market as it is highly driven by monetary benefits, leading to the war on talent across multiple industries.

“**Lack of career development opportunities**” stood as the second most cited reason for why employees leave their jobs at **74.6%**, exceeding the GCC's average. When employees believe that their careers are limited in their progression, seeking other employment opportunities is common practice.

Employees who quit their jobs to “start their businesses” was cited by **15.3%** of the participants, ranking significantly below the GCC's average of **20.5%**, this stands as an intriguing insight as the KSA's government has been facilitating regulations to boost entrepreneurship, innovation, and self-employment.



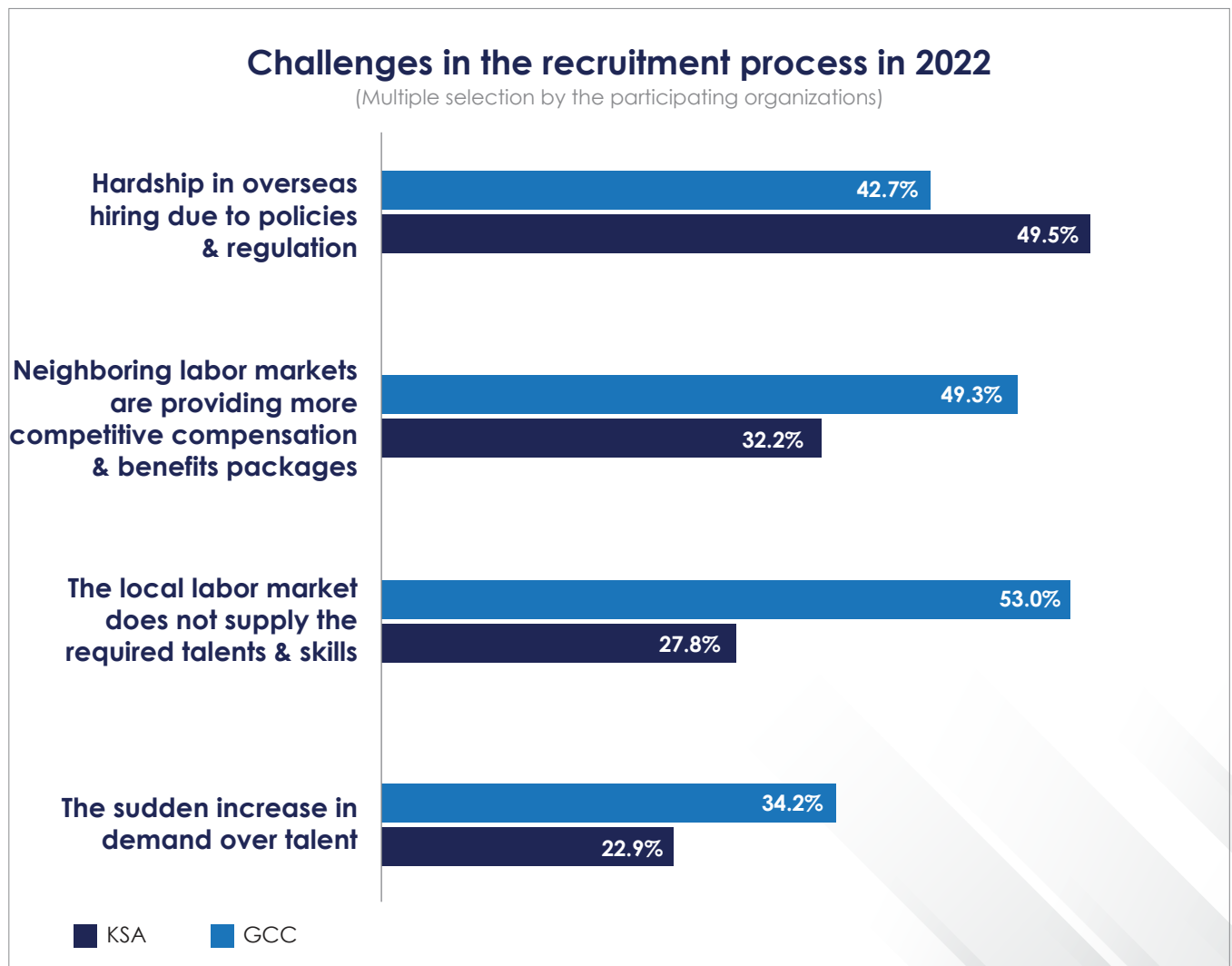
# Recruitment & Manpower Planning

## Talent in the local market

**49.5%** of the participants cited "Hardship in overseas hiring due to policies and regulation" as the most significant challenge they face when recruiting, higher than the GCC's average of **42.7%**.

Neighboring labor markets are providing more competitive compensation & benefits packages stood as the second most cited challenge by the participants at **32.2%** yet remarkably less than the GCC's average of **49.3%**. An indication of strong compensation and benefits packages provided by KSA's participating organizations. **(detailed analysis on this topic further in the report)**

The rate of change in business requirements is unprecedented, and the labor market is potentially lagging in catering to those changing requirements. This raises the question of how well educational institutes are supplying the market with the necessary skills, and how adequate the L&D plans are set for workforces by their employers. Reforms are taking place to better enable employees with the required skills, and we expect increased reforms and new legislations to take place in the upcoming period.



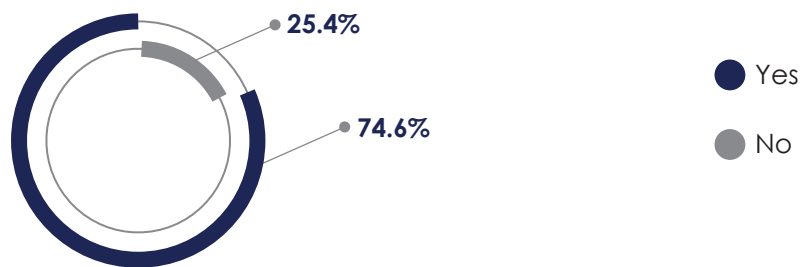
# Recruitment & Manpower Planning

## Out-sourcing

**74.6%** of the participants relied on outsource manpower and services due to the lack of certain skillsets. Outsourcing is gaining popularity even among large organizations as it ensures business continuity as a possible response to “Nationalizing Jobs” and an approach to mitigate operational cost (**Applicable to jobs that are not a core function of the organization in which employers cannot attain economies of scale of full-time employment for those roles**).

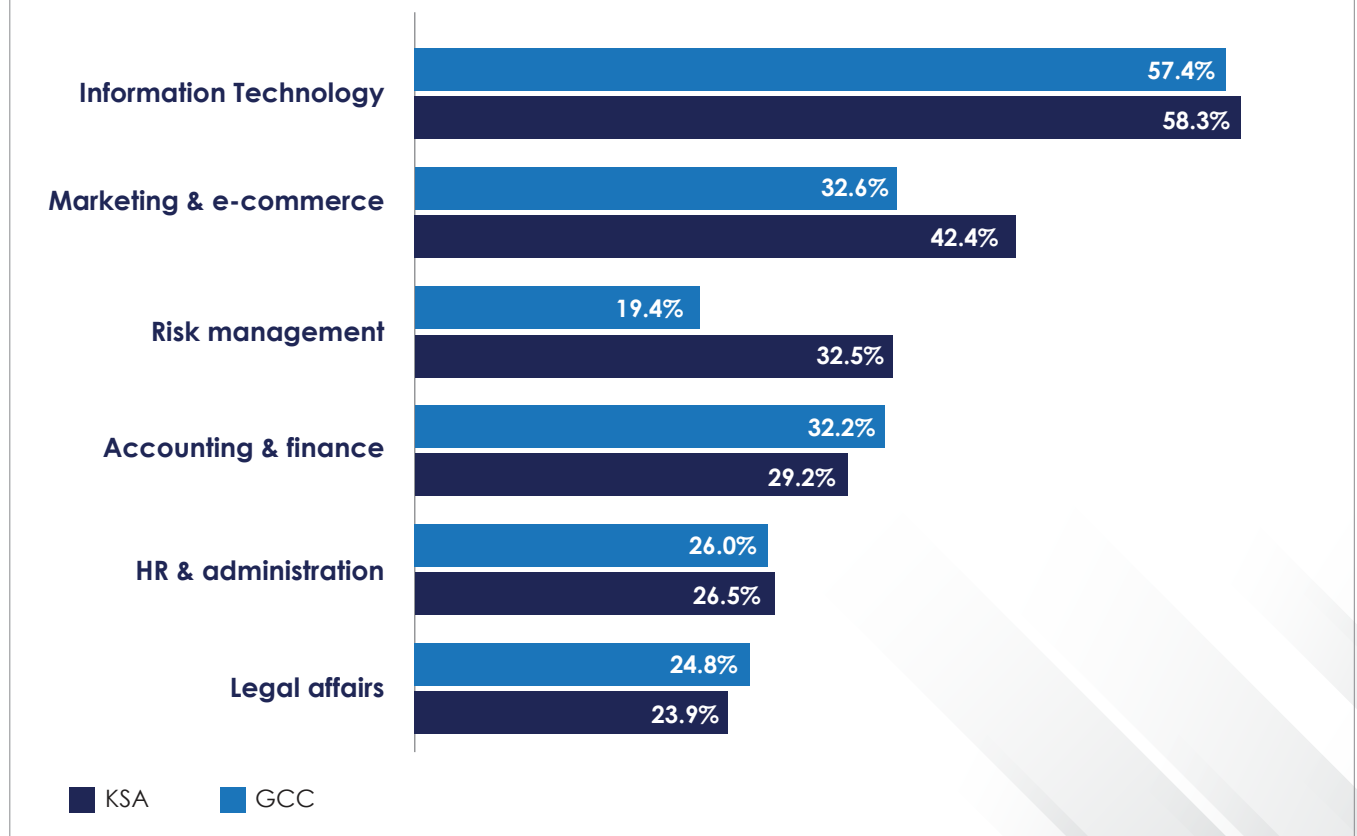
Most of the jobs outsourced revolved around information technology at **58.3%**, followed by marketing and e-commerce at **42.4%**. While out-sourcing information and technology jobs was similar to the GCC’s average, marketing and e-commerce jobs outsourcing was remarkably higher than the GCC’s average of 32.6%.

### Organizations relying on out-sourcing in 2022



### Functions out-sourced in 2022

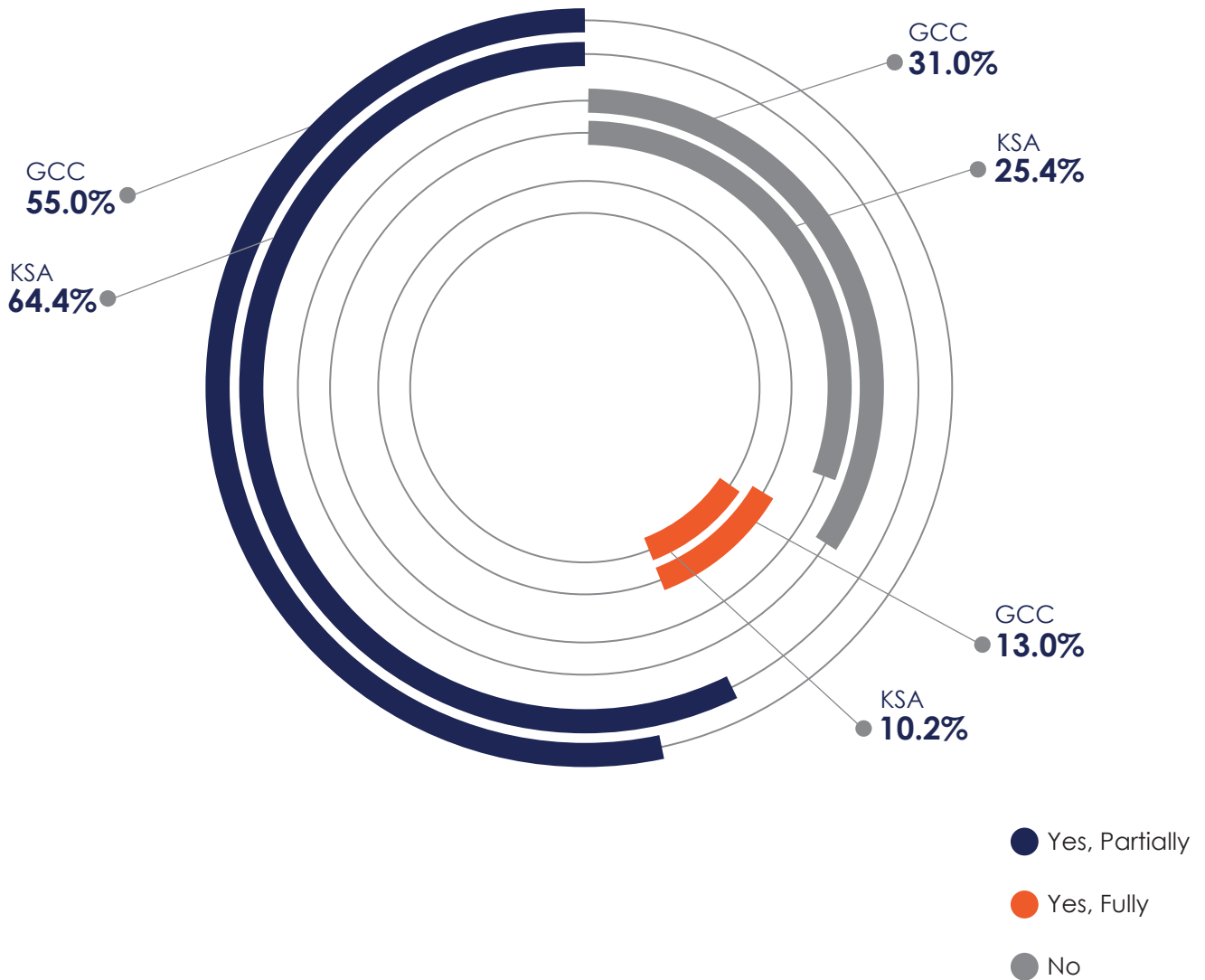
(Multiple selection by the participating organizations)



# Recruitment & Manpower Planning

## Remote-work policies

### Organizations implementing remote-work policies in 2022



**74.6%** of the Saudi participating organizations stated that their organizations are adopting remote-work policies either fully or partially, which comes in alignment with the Saudi government's efforts of digital transformation.

The government of Saudi Arabia has promoted and supported the adoption of remote work as a mean of boosting the competitiveness of the economy and enhancing the quality of life for its residents. In addition, Remote work can facilitate attracting and retaining talents for firms and it enables them to hire from any place.





## Section 3: Digital Transformation

This section provides insight into the technology investments made by organizations in the Kingdom of Saudi Arabia.

**Sources:**

PROCAPITA Research Center  
<https://pro-capita.com>

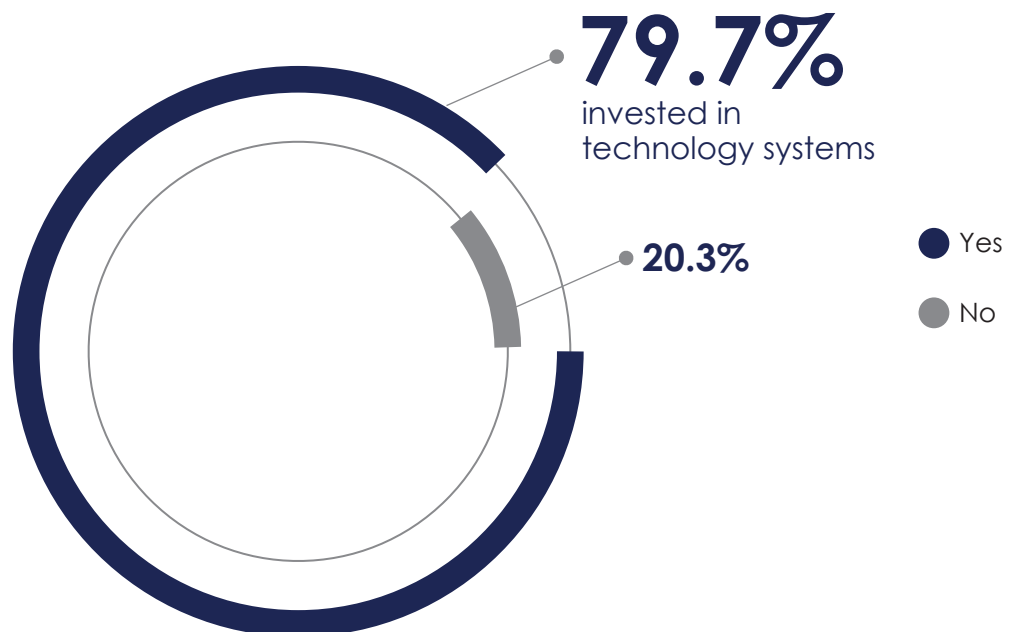
# Digital Transformation

## Digital transformation initiatives

Digital transformation has been a top priority in KSA and across GCC countries, and more specifically, efforts are being made to improve e-government services. The impact of digital transformation on the labor market is significant. The initiatives being implemented are expected to create new job opportunities in e-commerce, digital payments, and data analysis fields but also cause redundancy of jobs in traditional sectors. The rapid adoption of technology necessitates employees to acquire the needed skills, thus the need for the GCC countries to prioritize upskilling and reskilling of workforces through designated L&D plans.

**79.7%** of the participants allocate a specific technology-related budget to improve efficiency and productivity across multiple functions and departments. This is in response to the increasing business needs and the mass shift towards digital adoption for its role in reducing operational costs.

### Organizations invested in technology systems in 2022



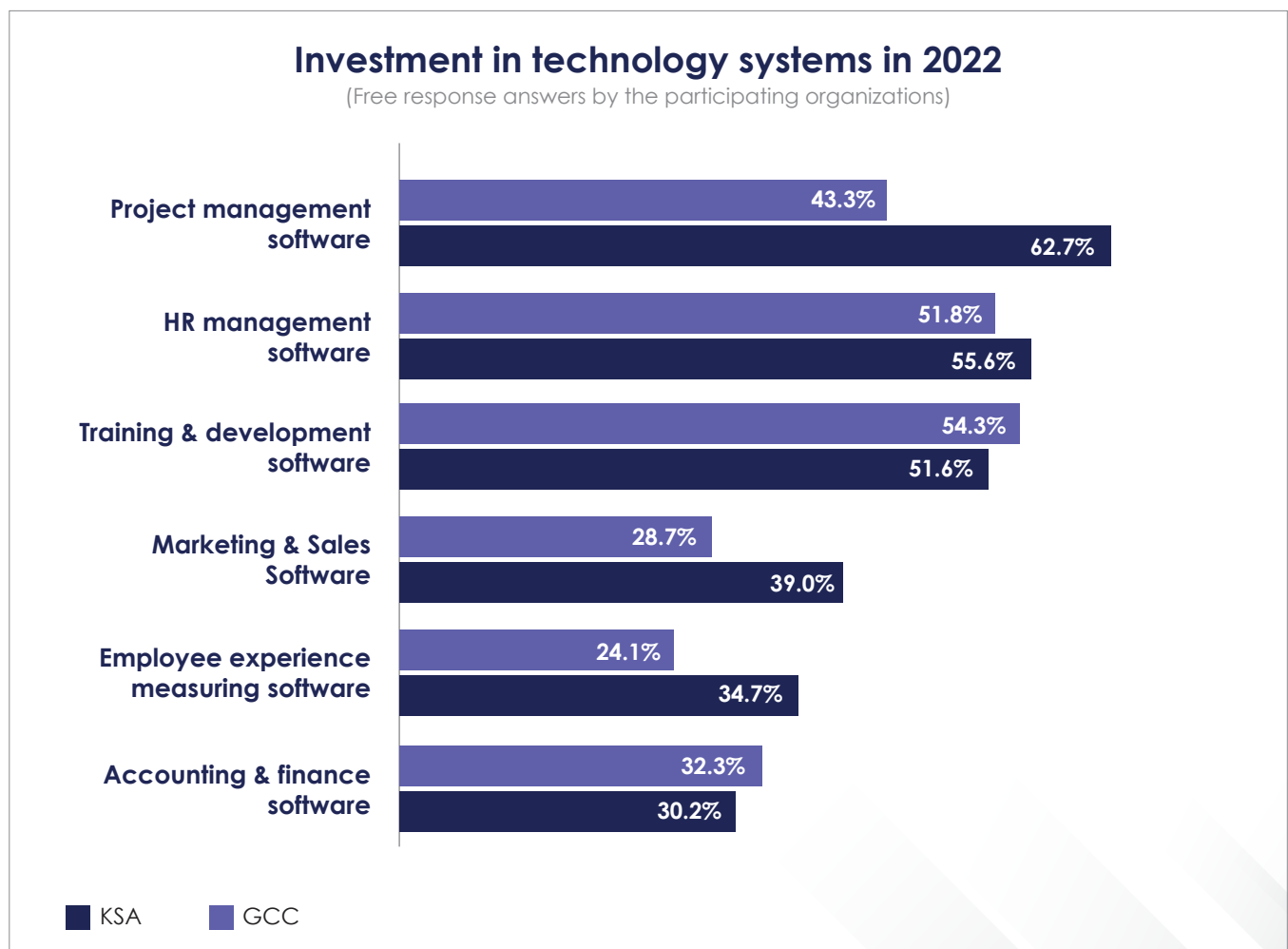
# Digital Transformation

## Investment in digital transformation

KSA has been actively pursuing digital transformation and initiatives to promote it across various sectors, such as e-government services, smart cities, and digital education as a response to changing and increasing business needs are increasing alongside the mass shift towards digital adoption for its role in reducing operational costs and increasing efficiency.

Investments in technology systems among participants were mostly directed towards software for Project management at 62.7% substantially exceeding the GCC's 43.3% average, HR management at 55.6%, and training and development at 51.6%.

Providing training and development opportunities will help employees acquire new skills and knowledge, leading to improvement in performance and productivity. This can be particularly important in the GCC region, where there is a high demand for talents, and a competitive job market.







## Section 4: Talent Management

This section highlights the different tools adopted by organizations in the Kingdom of Saudi Arabia to measure and analyze employees' experience and behavioral assessment to enhance the organization's culture and work environment.

**Sources:**

PROCAPITA HR Advisory database and Research Center, ZENITHR for Employee Experience, Thomas International.

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

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

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

# Talent Management

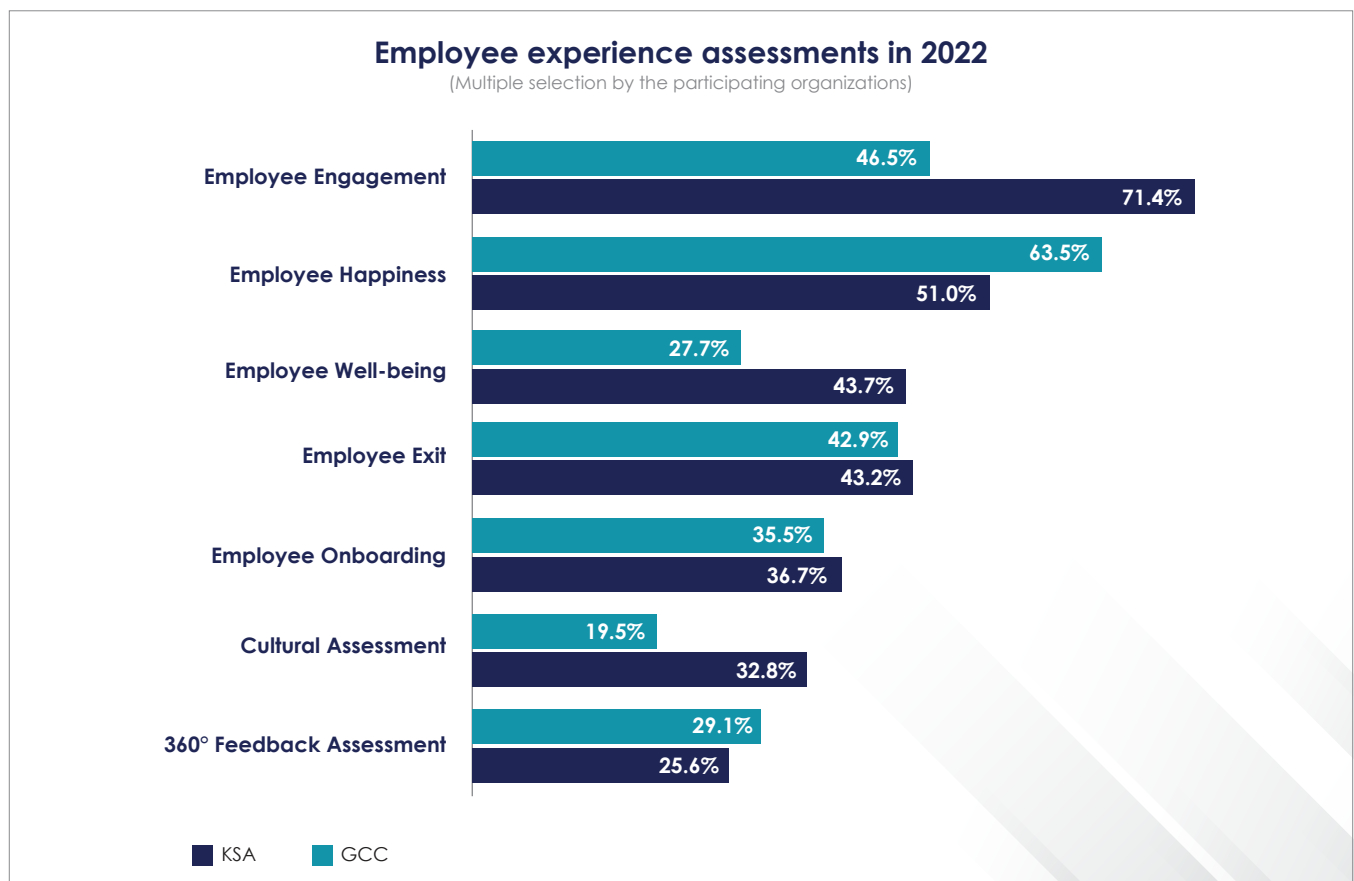
## Employee experience

**83.1%** of the participants are aware of the importance of measuring employee experience and conduct at least one method to assess it, enabling them **to maintain a healthy environment that retains valuable talent.**

**Employee engagement** is the **most common** method for assessing overall experience, as reported by **71.4%** of the participants.

KSA's participating organizations fall behind the GCC in measuring employee satisfaction at **51%** in comparison to **63.5%**, and by a huge gap, exceeds the GCC's average of **27.7%** at **43.7%** in measuring employee well-being.

### Organizations measuring employee experience in 2022





# Talent Management

## Employee Experience

**47.5%** of employees, as per PROCAPITA's survey participants, are considering leaving their current employer. Rather than simply acquiring talent, organizations must ensure that talented people are retained and have a comfortable workplace to do their jobs.

With rapid advancements in technology and its adoption by businesses, specifically during the pandemic and work-from-home enforcement, employers are looking for ways to unlock a sense of involvement, connection, and proactiveness in their workforce. The dynamics of employment have shifted substantially over the last decade, with employees' productivity, loyalty, and work ethic not being primarily generated from and depending on how satisfying their jobs are. It requires a deeper understanding of how committed and engaged they are with their job and the workplace, their interpretation of what and how their leaders communicate, and by what level they evolve through learning as individuals; that is where employee experience enters.

Many factors influence the employees' experience and willingness to work for an organization. Still, employee engagement and happiness are considered the most crucial factors in retaining talents and promoting the workplace by the participants in the GCC.

Lately, employee well-being and culture assessments are the topics of interest in the market. Employers are incorporating initiatives to enhance workplace culture and employees' experience.

**“Happiness represents the employees' stepping-stone towards engagement.”**

# Talent Management

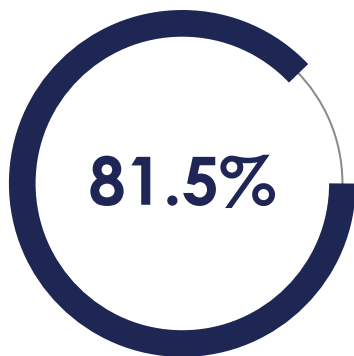
## Employee Experience

### Employee Engagement

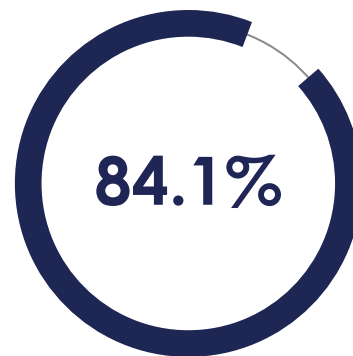
Employee Engagement looks at the intensity with which employees are inspired, motivated, and dedicated to working toward achieving the organization's mission and goals. Organizations depend on Employee Engagement to drive several crucial outcomes like productivity, innovation, customer satisfaction, and employee retention.

According to ZENITHR, a leading employee experience provider, the average scores across sectors in the MENA region for Employee Engagement recorded **81.5%**; at the same time, the top 90th percentile recorded an average of **84.1%**. Hence, most employees across the MENA Region are engaged with their workplace and show a high level of commitment toward their work.

MENA Region Score



Top Performer Score





# Talent Management

## Employee Experience

### Employee Engagement

#### High scoring per Industry



Retail



Investment & Financial Services

#### High scoring per Driver

### Transformational Leadership

**84%**

The common reasons for such a high score is having an effective management style, and clear company goals.

The employee engagement scores were also compared to the organization's eNPS (Employee Net Promoter Score). The Employee Net Promoter Score is a method to calculate employees' experience based on a single survey question. eNPS measures employee loyalty by identifying them as promoters, passives, or detractors of your brand.

#### Low scoring per Industry



Real Estate



Manufacturing

#### Low scoring per Driver

### Motivation

**77.6%**

The common reasons for such a low score are poor motivation and recognition programs, low compensation & benefits, and poor incentive plans.

## +26.7% in eNPS

Most employees are more likely to promote their work as an employer of choice, and employers have the scope to improve loyalty among their employees.

# Talent Management

## Employee Experience

### Employee Happiness

Employee Happiness indicates if employees are satisfied with their current job and the employer.

As reported by ZENITHR, the Employee Happiness average across sectors in the MENA region is **78.3%**; at the same time, the top 90th percentile recorded an average of **80.8%**. Hence, most employees across the MENA Region show high satisfaction and happiness in their workplace.



Top Performer Score



MENA Region Score

### High scoring per Industry



Investment & Financial Services

High scoring for **continuity & culture** with **79.5%**

The common reasons for such a high score are granting employees stability and security, a promising career path, and motivating them to be more productive.

### Low scoring per Industry



Business Professional Services

High scoring for **compensation** with **66.6%**

The common reasons for such a low score are poor compensation & benefits, and poor incentive plans.



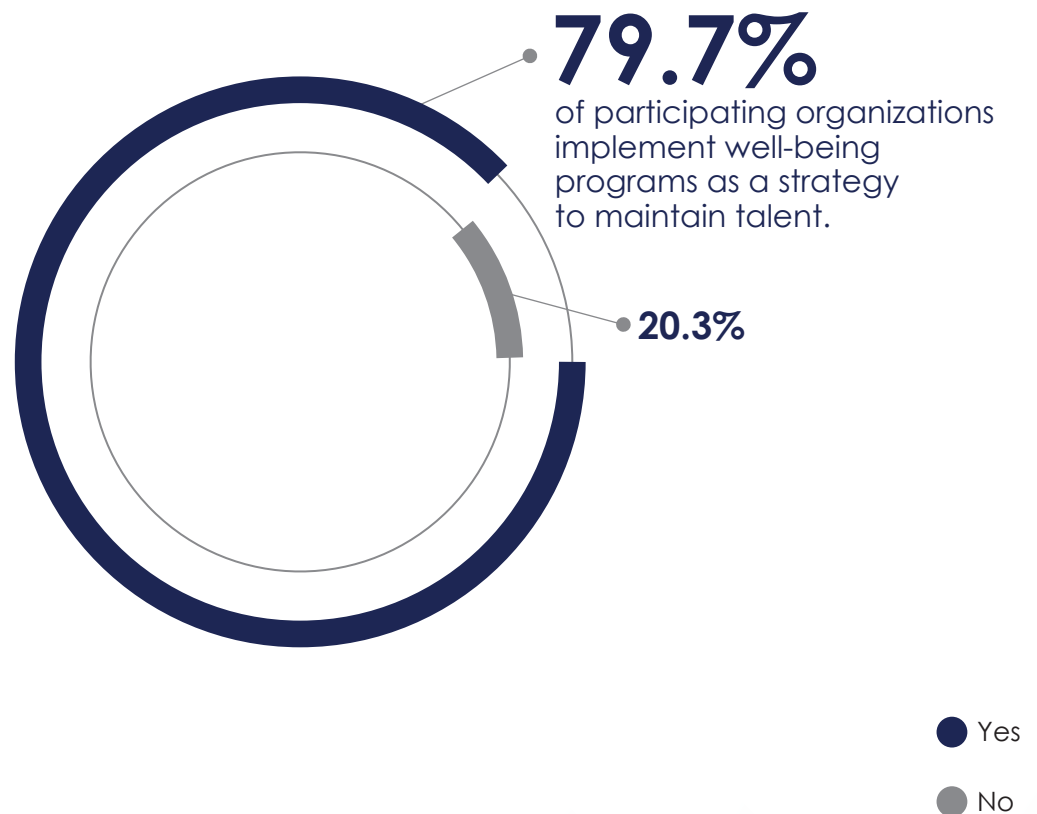
# Talent Management

## Employee well-being

Employee burnout is a global issue that has a direct impact on organizations. Many of today's HR challenges, such as employee disengagement, the great resignation phenomenon, and quiet quitting, are caused by burnout. These factors hinder business operations, quality control, costs, employee productivity, and loyalty.

The shift in power from employers to employees prompted organizations to reconsider employee well-being retention strategies. While many organizations are implementing flexible working policies to meet the preferences of their employees, others are going a step further by implementing comprehensive well-being programs that cater to their psychological, physical, and financial needs.

### Organizations implementing employee well-being programs in 2022



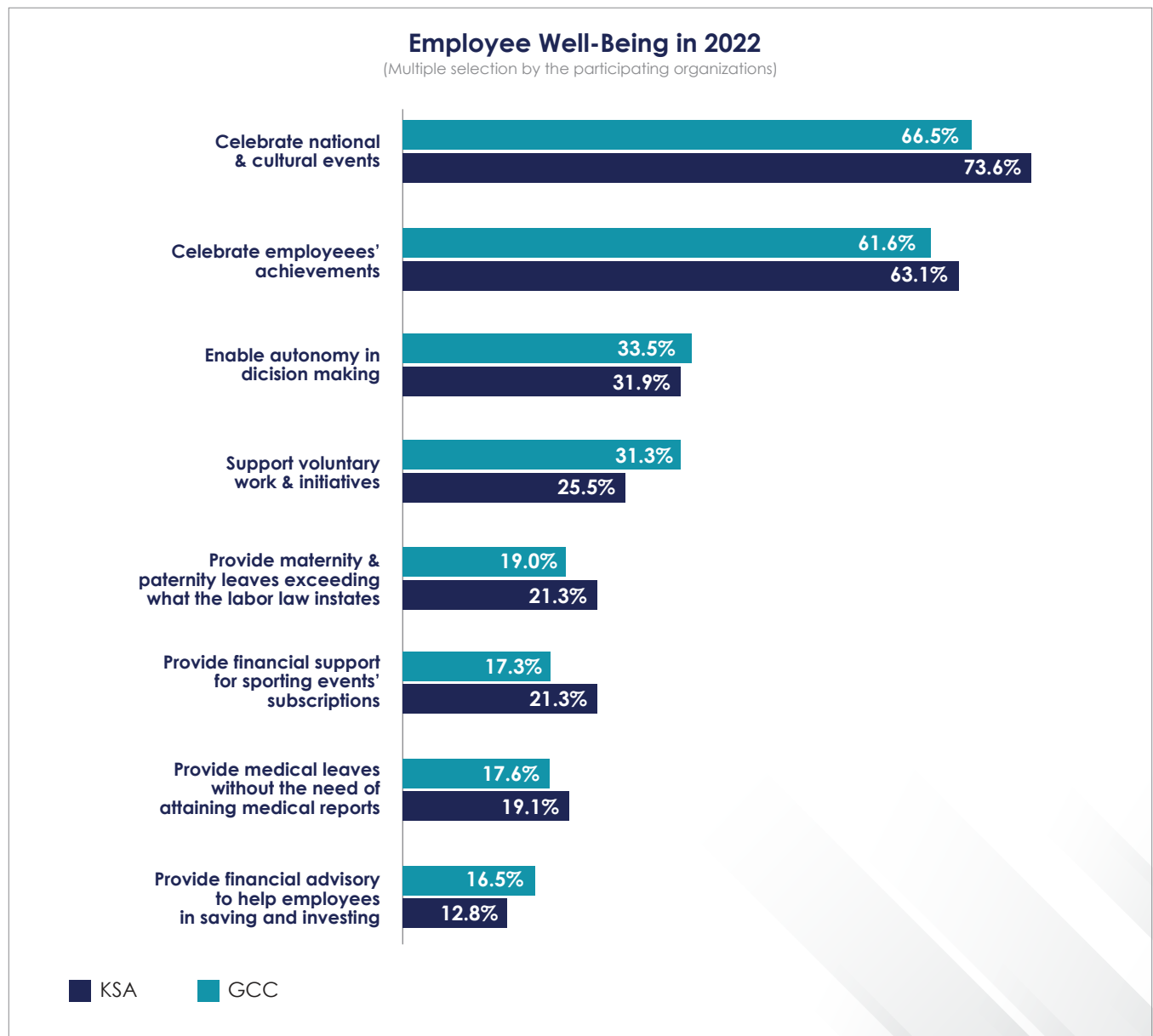
# Talent Management

## Employee experience & well-being

Celebrating national and cultural events is the most cited form of initiatives by the participants to improve well-being, followed by celebrating employees' achievements at **73.6%** and **63.1%**, respectively.

Organizations, however, should cater to other methods of improving the workforce's overall well-being by enabling autonomy in decision-making, which was recorded at a low rate of **31.9%**, below GCC's **33.5%** average. Other methods remain extremely low in their implementation across not only KSA, but across the GCC as well.

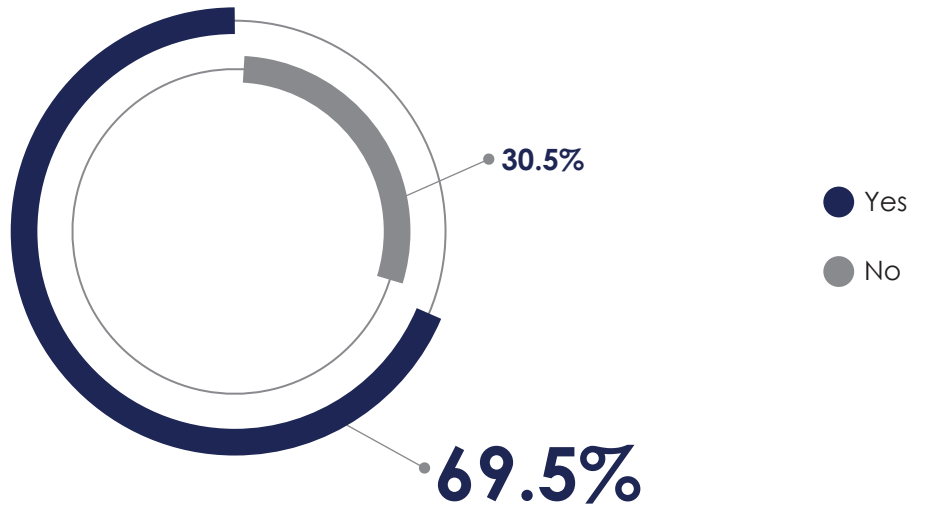
Employee well being programs in KSA are more traditional and employers should focus on newer ways such as enabling employees with autonomy in decision making among others, as their implementation remains lower than the best practice.



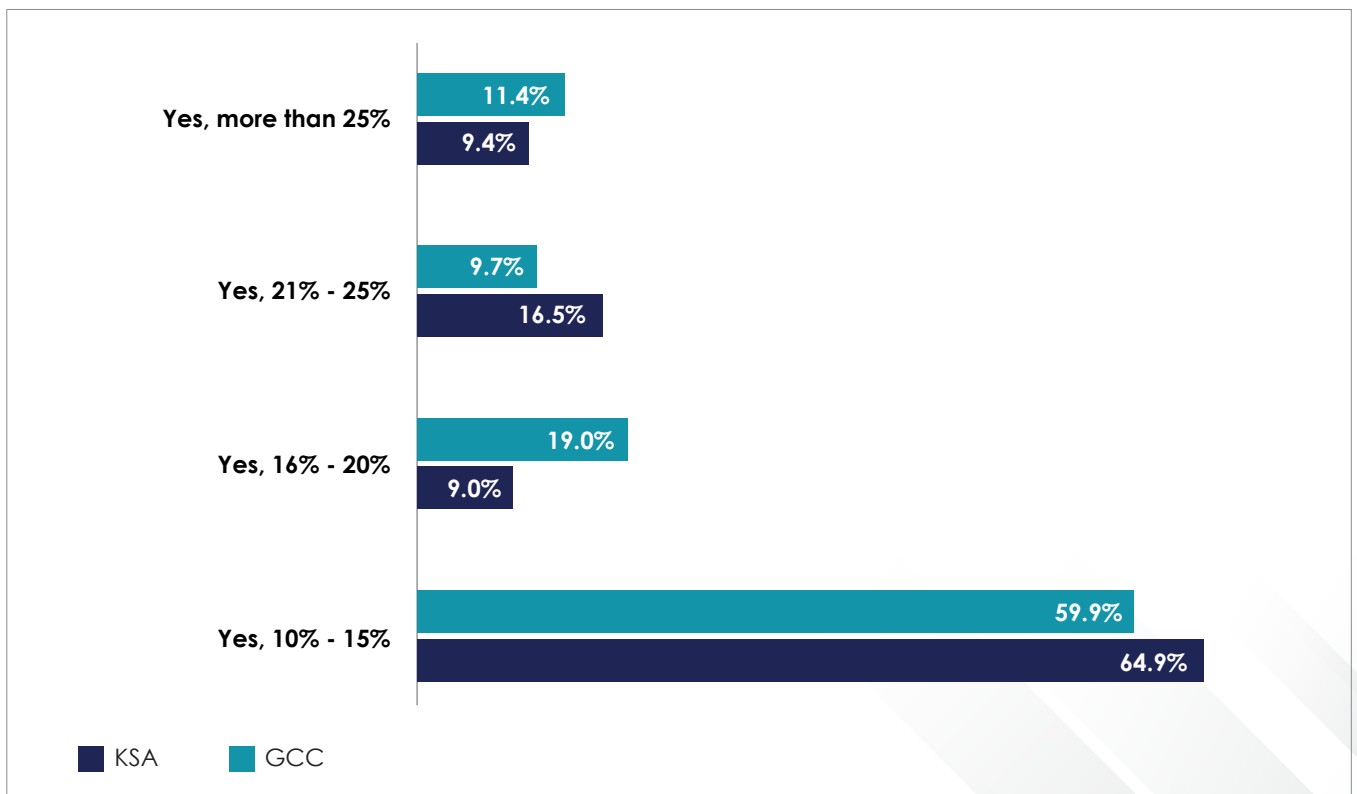
# Talent Management

## Learning & development

### Organizations invested Learning and Development



of KSA's participating organizations increased their L&D budget for 2023, **25.9%** of them increased their training and development budgets by more than **20%**.



# Talent Management

## Behavioral Profiling - PPA by Thomas International

The Personal Profile Analysis "PPA" is a behavioral assessment that assesses a candidate's ability to fit into your organization and match their behavioral profile to a suitable job.

PROCAPITA's research center in collaboration with Thomas International profiled 100,000 + employees and job seekers in the GCC across multiple sectors. This collaboration is represented by our exclusive partnership with Thomas International as their sole distributor in the MENA region.

The PPA allows organizations to empower their existing employees by pinpointing their key strengths, potential areas for development, understand what engages them, and improve their overall communication with their colleagues. The PPA shows the behavior of employees through a DISC Graph which represents 4 behavioral characteristics an individual can possess:

**D:** The D of the DISC Graph illustrates how much Dominance an individual possesses expressed in characteristics such as drive, competitiveness, assertion, directness and independency. An individual who scores lower in the D Range will be more reserved, conservative, cautious or hesitant.

**I:** The I of the DISC Graph illustrates how much Influence an individual possesses expressed in characteristics such as empathy, charm, persuasiveness and communication. An individual who scores lower in the I Range will be more logical, quiet, reflective and impassive.

**S:** The S of the DISC Graph illustrates how much Steadiness an individual possesses expressed in characteristics such as patience, self-control, deliberation, calmness and stability. An individual who scores lower in the S Range will be more animated, vigorous, energetic and restless.

**C:** The C of the DISC Graph illustrates how much Compliance an individual possesses expressed in characteristics such as logical thinking, being systematic, perfectionism, conformity and self-discipline. An individual who scores lower in the C Range will be more adventurous, courageous, bold, independent or strong willed.





# Talent Management

## Behavioral Profiling – PPA by Thomas International

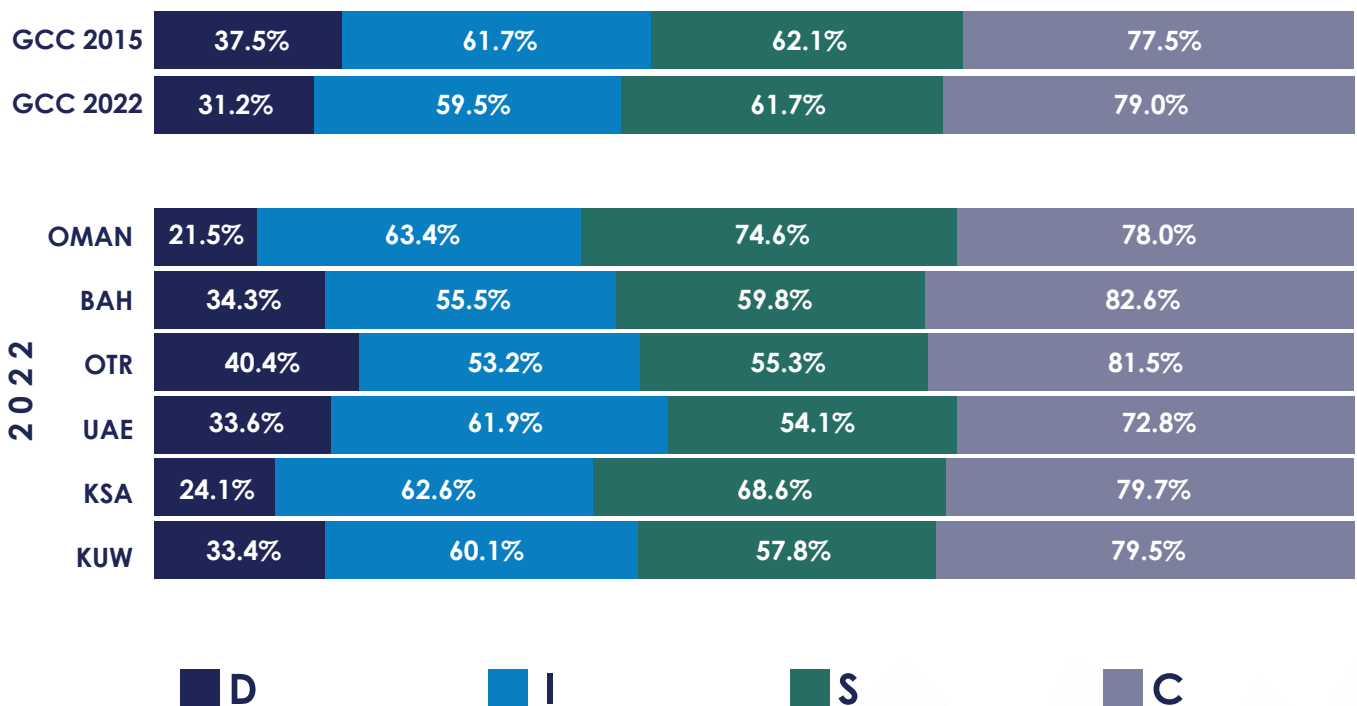
The list below clarifies the results obtained from profiling **100,000 +** employees and job seekers across the GCC

The highest factor was Compliance, with an average of **79%** followed by Steadiness at **61.7%**, while Dominance is the least at **31.2%**.

However, the results of higher levels of Compliance & Steadiness would suggest that individuals demonstrate more adaptability, composure, persistence and precision in their approach to work.

These specific regional outcomes could potentially be challenging to some countries that empower and encourage entrepreneurship. Also, the result might show some challenges in the future for companies that encourage leadership and ownership as both requires high dominance.

### % of employees who have a certain DISC factor PPA



# Talent Management

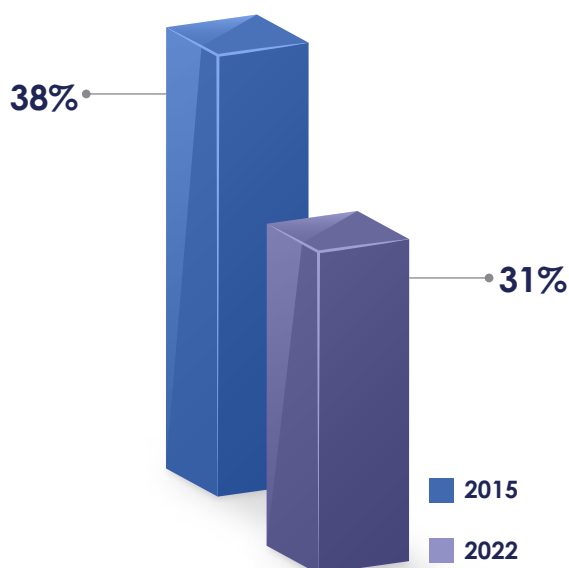
## Behavioral Profiling – PPA by Thomas International Key Insights

A worrying indicator, is the measurable decrease in the dominance factor combined with a slight increase in the compliance factor when benchmarked against 2015. This acts against the GCC's visions, thus emphasizing about the necessity for decision makers to consider the below.

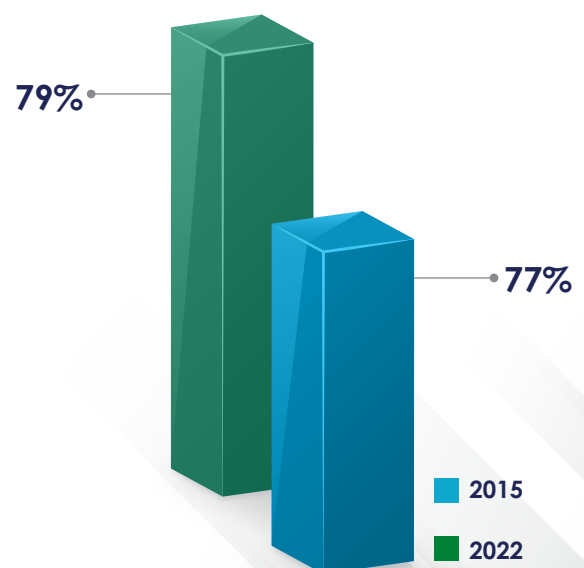
- Employees should have a competitive edge in their personality by accepting ambiguity and develop their abilities to lead.
- Increase dominance and lower compliance traits among the labor force through:
  - Educational institutes should prioritize empowering dominance among students at an early age through specific learning methodologies and modules.
  - Employers should focus on implement L&D plans that contribute to developing the employees' dominance by providing trainings related to: Decision making, problem solving, delegating, strategic planning, critical thinking.
  - Employers should enable autonomy, by delegating which channels responsibility and accountability, this will drive change and innovation among the workforce.

When an economy possesses communities with higher levels of dominance traits and lower one's of compliance, entrepreneurship flourish. This drives people's innovation towards starting their ventures thus increasing the number of SME's that is essential to the economy's growth, development, and sustainability. It drives employees' innovation within their organizations by improving upon existing products, services, and processes. Governments of the GCC's countries are supporting the SME's and the entrepreneurship eco-system as they realize their importance in improving employment levels and its role in pivoting the economy away from oil as a source of income.

**Dominance Factor in the GCC over the years**



**Compliance Factor in the GCC over the years**



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## Section 5: Compensation & Benefits

In this section, we shed light on the latest trends in the Compensation and Benefits across the Saudi labor market by reviewing the methods deployed to attract and retain talent.

**Sources:**

PROCAPITA's Research Center  
<https://pro-capita.com/>

# Compensation and Benefits

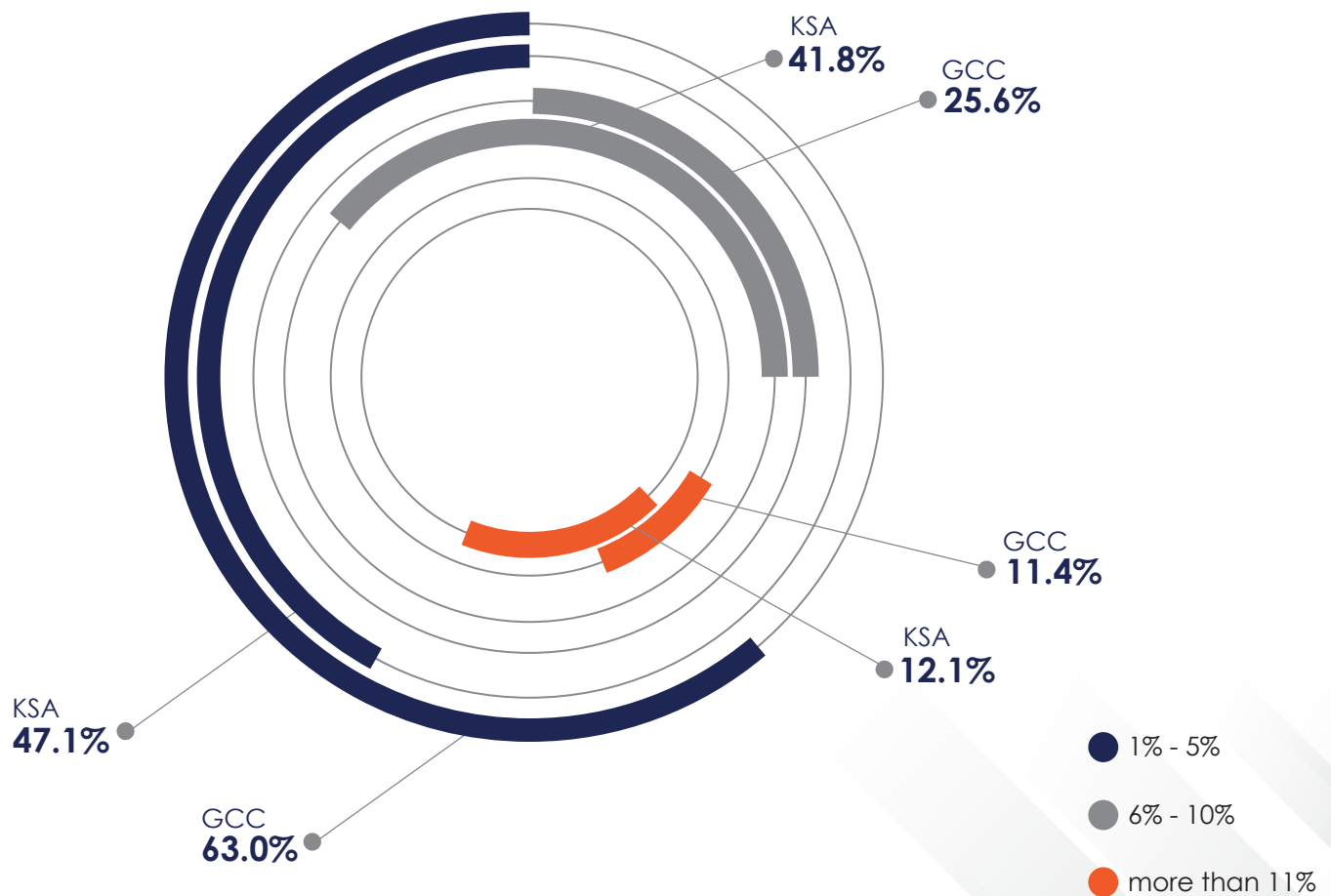
## Increments and bonuses for 2022

**88.1%** of the Saudi participating organizations provided salary increments to their employees for **2022**. The increments are derived from multiple factors; the sudden surge in business activity in a post-pandemic economy, the enlarging war on talent, and global inflation.

### Organizations provided annual increments for 2022



### Average salaries' increments for 2022

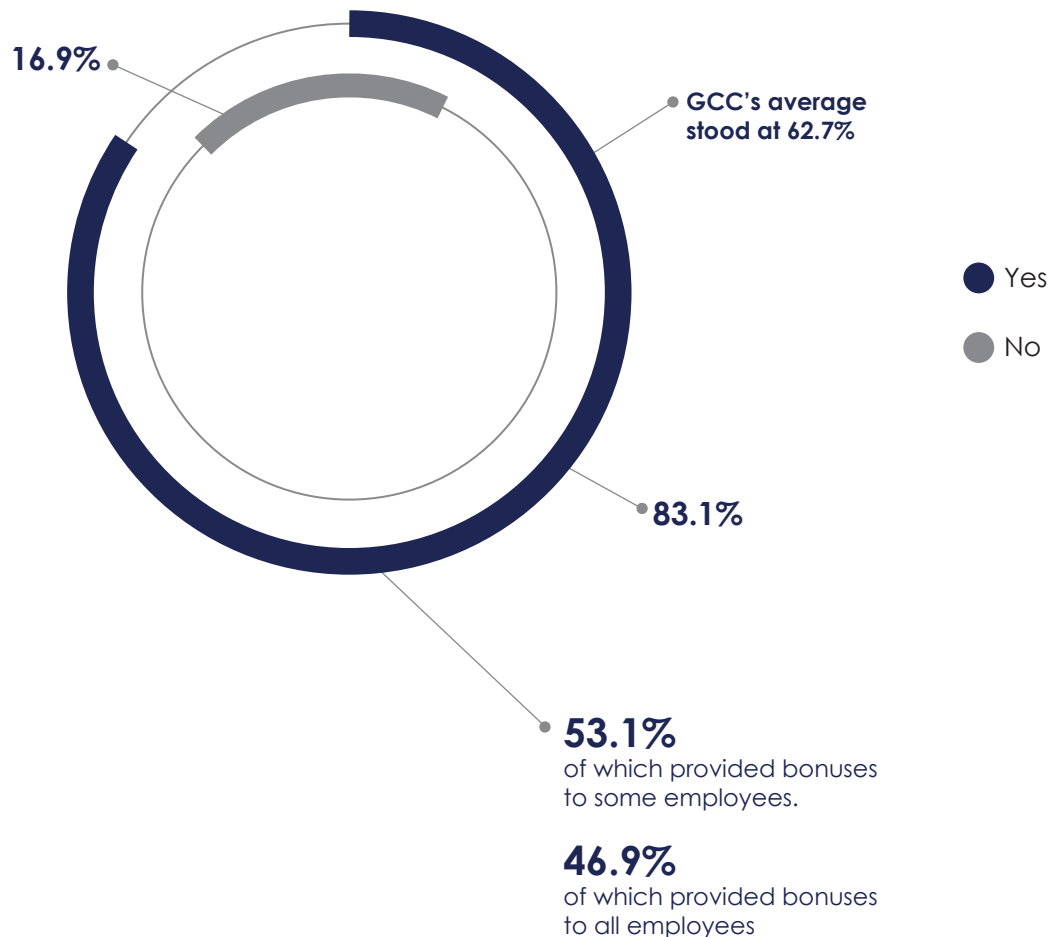


# Compensation and Benefits

## Increments and bonuses for 2022

**83.1%** of the participants provided annual bonuses to their employees for 2022, significantly higher than the GCC's average of **62.7%**. Employers in KSA are realizing the impact of the ongoing war on talent and are acting accordingly. With expectations for the war on talent to incline during 2023 and 2024, providing bonuses should aid in attracting and retaining talent as employees are highly driven by compensation and benefits packages as a reason to quit jobs, which was most evident in KSA apart from all other GCC countries.

### Organizations that provided annual bonus for 2022





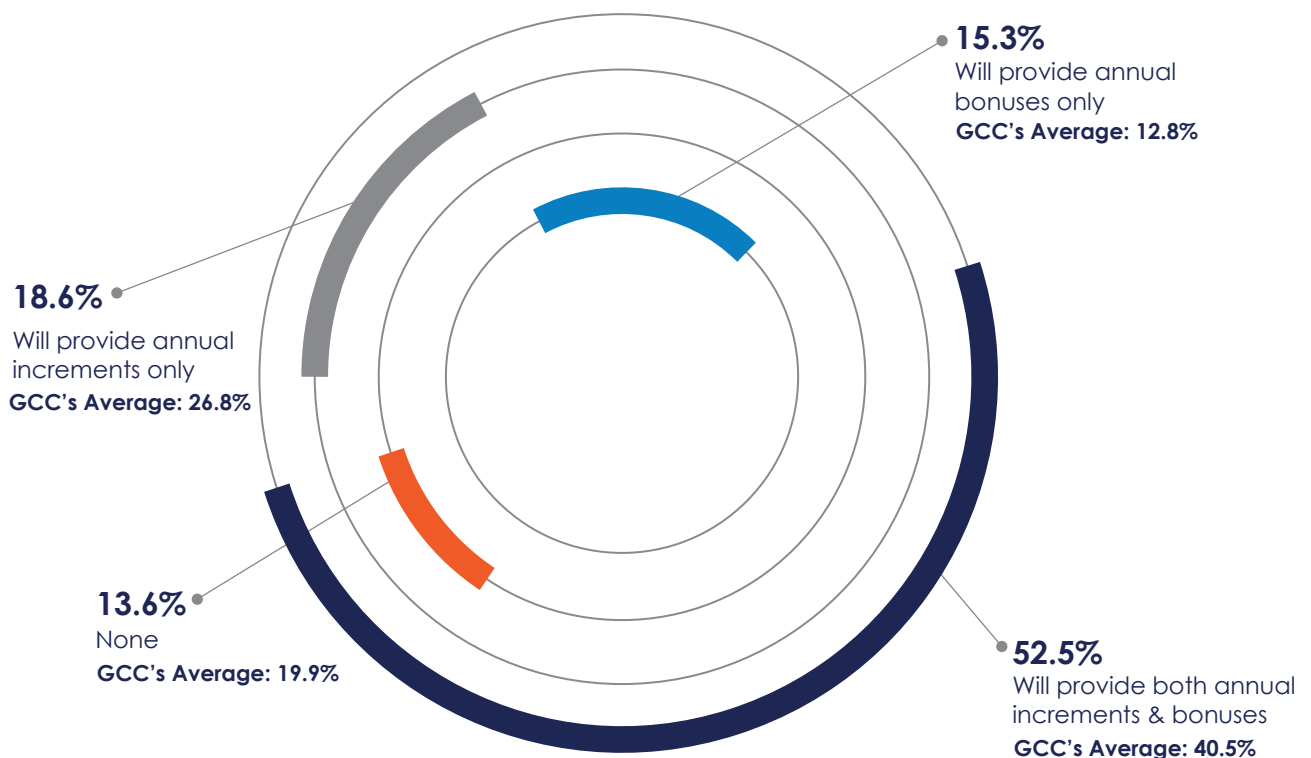
# Compensation and Benefits

## Projected Increments and bonuses for 2023(Projection)

**33.9%** of the participants will provide either a salary increment or a bonus, while **52.5%** will provide both to their employees.

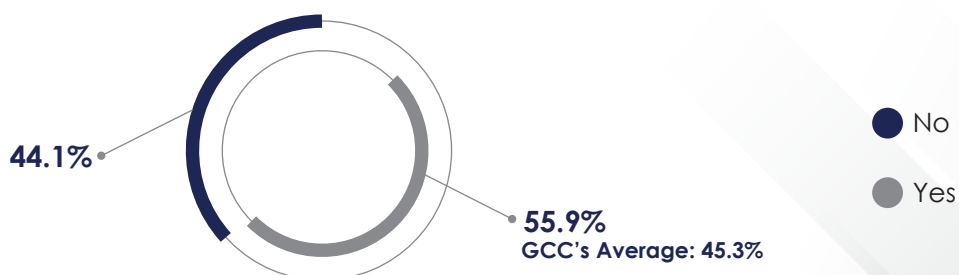
Only **13.6%** will not provide neither a salary increment or a bonus for **2023** as organizations are realizing that the war on talents requires them to provide improved overall financial compensation and benefits packages.

### Organizations planning to provide bonus for 2023



**55.9%** of KSA's participating organizations plan to adjust the salary scales to inflation in 2023, the highest across the GCC countries, knowing that its economy recorded the lowest inflation levels among other GCC countries at **2.2%**.

### Organizations planning to adjust salary scales for 2023



# Compensation and Benefits

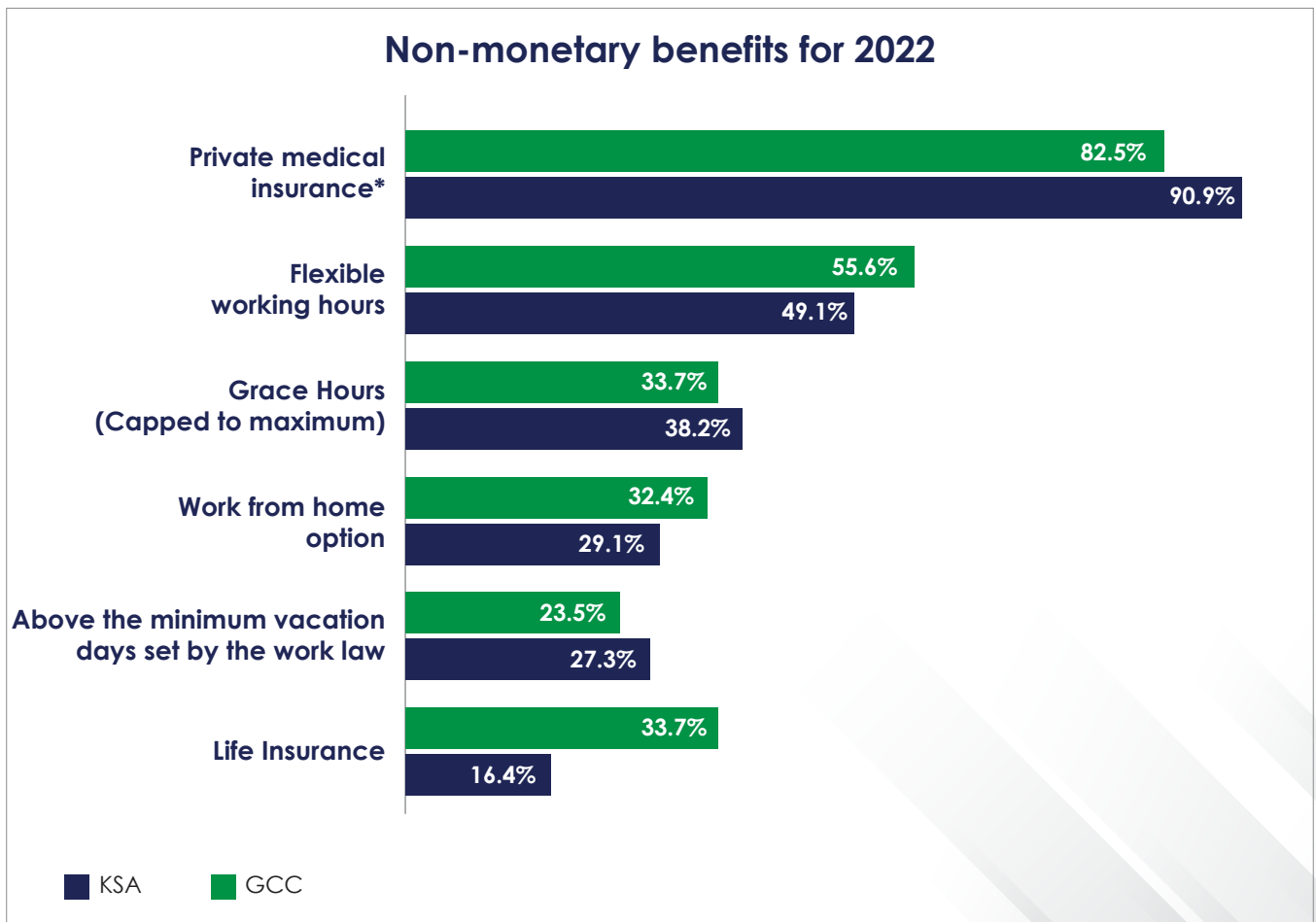
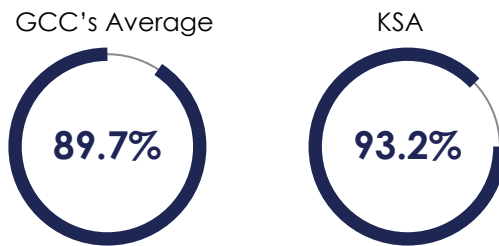
## Non-monetary benefits

Non-monetary benefits such as health insurance, retirement plans, and vacation time are becoming increasingly prevalent. As a strategy to retain and attain talent, **93.2%** of the KSA's participating organizations are providing at least one type of non-monetary benefits, slightly higher than the GCC's 89.7% average.

**Medical insurance** is the most common form of non-monetary benefits provided to employees at **90.9%**, followed by **flexible working hours at 49.1%**.

Flexibility provided to employees in the form of flexible working hours and work-from-home option are lower than that of the GCC's while providing additional vacation days is tangibly higher than that of the GCC.

### Organizations provided non-monetary benefits for 2022



\* Private medical insurance is a benefit offered by organizations to cover medical expenses, this coverage is in addition to any national health insurance the employees may be entitled to, and provides the employees with access to private healthcare facilities and specialists and offers more comprehensive coverage than that provided by public health insurance programs

# Compensation and Benefits

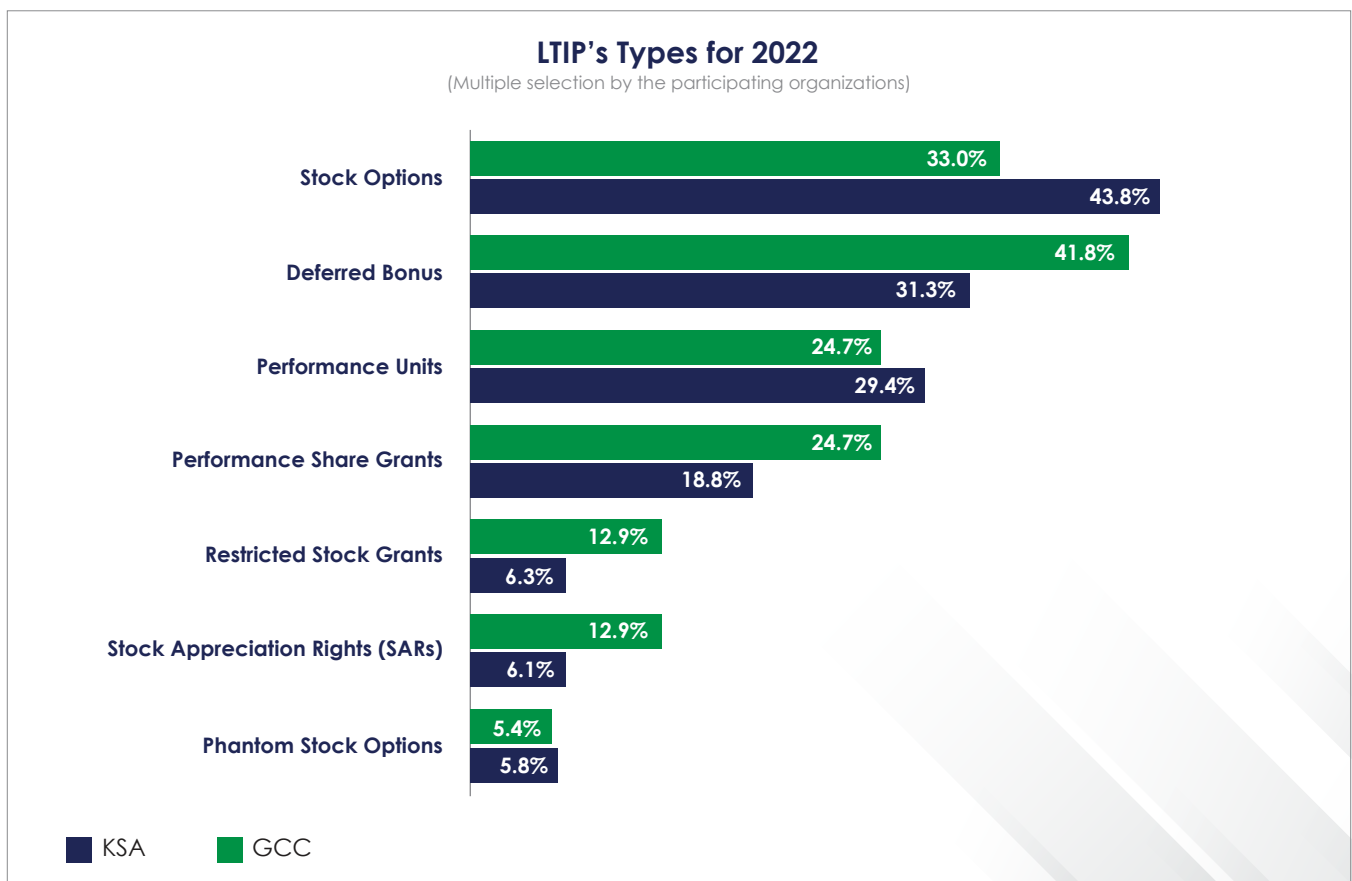
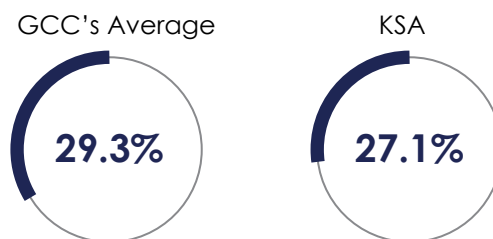
## Long term incentive plans

**27.1%** of the KSA's participating organizations provide long-term incentive plans to their employees. The most frequent type is the **“Stock options” at 43.8%, significantly higher than the GCC’s average of 33%, followed by “Deferred bonus/cash” at 31.3% which is significantly lower than the GCC’s average of 41.8%.**

Long-term incentive schemes are intended to match the interests of employees with those of the organization over a period of at least three years. These programs may include, restricted stock and performance-based plans among other incentives.

Larger international firms and businesses in specific industries, such as oil and gas, banking, and finance, are **more likely to implement** long-term incentive programs. These programs are **less prevalent** in small and medium-sized organizations and specific industries, such as retail.

### Organizations provided LTIPs for 2022





## Section 6: **BOD Remuneration**

In this section, we examine the Board of Directors (BOD) compensation in the GCC in 2021.

**Sources:**

PROCAPITA's Research Center  
<https://pro-capita.com/>

# BOD Remuneration

Board of Directors (BOD) remuneration in the GCC refers to the compensation paid to the members of an Organization's board of directors for their services. This compensation can include fees for attending meetings and performance bonuses. The specific practices for BOD remuneration in the GCC may vary by country and by sector, but overall, the BOD remuneration in GCC is generally high compared to other countries, where the **global average** stood at **\$292,863**.

The average number of **board members** in the GCC for 2021 are **10**, and their total compensation averaged **\$3,168,000**. Listed companies distribute on average of **1.45%** of their profits as BOD compensation, sustaining an **average member cost of \$337,000**.

## Total Board Remuneration for the GCC 2021

	Average Board Members	Average Total Remuneration	Average Net Profit (Loss) 2021 (Thousands USD)	Average BOD Remuneration Percentage of Net P/L	Average Remuneration per Board Member
<b>GCC Average</b>	<b>10</b>	<b>3,168,000</b>	<b>2,048,653</b>	<b>1.45%</b>	<b>337,000</b>

- The above figures are the net remuneration paid for members excluding any other expenses such as (accommodation, travel, etc.).
- All figures above represent the average of top 100 public limited companies by net profit for 2021 in accordance with data availability.
- Remuneration includes committees' members' sitting fees and other benefits provided.
- Remuneration excludes remuneration/compensation/benefits disbursed to executive directors.
- All values are exchanged from domestic currency to USD using Xe Currency Converter on 21/12/2022.

For more detailed information regarding BOD remuneration, please contact PROCAPITA HR Advisory team: [Surveys@pro-capita.com](mailto:Surveys@pro-capita.com)



# BOD Remuneration

Bahrain has the highest remuneration as a percentage of total profits at **4.42%**. However, Qatar has the highest board remuneration at **\$633,000** due to high profit margins and lower average number of board members.

## Total Board Remuneration per GCC's Countries 2021

Country	Board Members	Total Remuneration	Average Net Profit (Loss) 2021 (Thousands USD)	Average BOD Remuneration Percentage of Net P/L	Average Remuneration per Board Member
QTR	8	5,539,000	862,496	0.84%	633,000
UAE	10	5,770,000	792,166	0.93%	593,000
KSA	10	2,757,000	10,052,100	0.37%	301,000
BAH	11	2,698,000	152,321	4.42%	248,000
KUW	9	1,631,000	316,355	0.81%	180,000
OMAN	9	613,000	116,000	1.33%	67,000

- The above figures are the net remuneration paid for members excluding any other expenses such as (accommodation, travel, etc.).
- All figures above represent the average of top 100 public limited companies by net profit for 2021 in accordance with data availability.
- Remuneration includes committees' members' sitting fees and other benefits provided.
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# Definitions

**D1.** The Human Development Index (HDI) is a composite statistic that assesses the level of human development in a country by taking into account three dimensions: health, education, and standard of living including the gross national income per capita. The HDI ranking is used to classify countries into four categories of human development: very high, high, medium and low with ranges between 0 and 1, with higher scores indicating higher levels of human development. The ranking can be used to evaluate the human development status of different countries, compare them, and assess the progress over time.

**D2.** The UN E-Government Index evaluates the utilization of technology by governments for service delivery and citizen engagement. UNDESA developed the Index to provide a thorough evaluation of a country's e-government development level and track its progress. The Index is based on three aspects: online services, telecom infrastructure, and human capital. It ranges from 0 to 1, with higher scores indicating a more sophisticated e-government development and greater technology utilization by governments. The Index is based on a survey of 193 countries and is updated biannually.

**D3.** The World Bank's Human Capital Index (HCI) assesses a country's human capital productivity, which encompasses the knowledge, skills, and abilities of its population. Moreover, the labor force participation rate which is the proportion of adults who are working or seeking work. The HCI gauges the amount of human capital a child born today can expect to achieve by age 18, considering the potential risks of poor health and insufficient education in the child's country. The HCI scores range from 0 to 1, with higher scores reflecting greater human capital and improved prospects for economic growth and sustainable development. The World Bank updates the HCI annually, making it a widely used tool for comparing human capital progress between countries.

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