

Powering the future of work

Addressing the accelerating
demand for financial wellness

October 2023

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Executive summary

The future of work is continuing to evolve across the Middle East. As each country moves forward on their journey of growth, important changes around the world have had a critical impact.

In the volatility in 2023, a strong employee value proposition continues to be essential to remain competitive as employers. It's become more important than ever to support the workforce via various initiatives; maintaining high motivation is critical to ensure a productive workforce as well as attract and retain talent.

The government has taken proactive measures to further develop the UAE into one of the most preferred destinations for talent. This has been made possible through ongoing comprehensive reforms which include the introduction of long-term Golden visas, implementation of unemployment insurance, introduction of new leave policies in line with international markets, and the establishment of a new investment-related end-of-service benefits scheme for the private sector. From a KSA perspective, the country has streamlined its visa processes, increased women's participation in the labour force and expanded the availability of private schools, among other initiatives.

This annual study provides insights into the changed state of the work landscape in the UAE and KSA. With this research, we aim to help employers in the public and private sectors better understand how to create and communicate effective employee benefits propositions and in turn attract and retain talent in an increasingly competitive market.

About Zurich

Zurich International Life is part of Zurich Insurance Group, a leading multi-line insurer founded 150 years ago. Present in the Middle East for 35 years, we have developed a deep understanding of the needs of people and businesses in the region, providing a range of market-driven life insurance, savings and employee benefits solutions.

Zurich Workplace Solutions is helping to shape and revolutionise end-of-service benefits in the Middle East. We are proud to support companies to be an employer of choice, with flexible workplace savings solutions aligned with international standards, designed to help attract and retain the best talent. Also, we ensure employees have the confidence, transparency and control they need to manage their end-of-service benefits and create a brighter financial future.

Methodology

The research was commissioned by Zurich International Life and conducted by Radius Insights, with fieldwork taking place in the UAE and KSA during the months of July and August 2023. The objective of the research was to understand how the trends in the talent sector in terms of workforce shortage, employment benefits, workplace culture, etc. have evolved over the course of the last year. The research consisted of two phases:

Survey sample size

	Employers	Employees
	1,000	1,000
	255	252

- 1 Online surveys with employers and employees in the UAE and KSA
- 2 Online interviews with industry experts in the UAE. These included a representative from a government entity, employment benefit consultants and corporate customers of Zurich



Foreword

In today's rapidly evolving world, the foundation of talent attraction and retention is beyond simple financial remuneration. Financial literacy and employee wellbeing matter, now more than ever, as we enter an era where employee loyalty hinges on ABC – alignment, benefits and culture.

The essence of the future of work is deeply rooted in its human element. It's about fostering an environment where individuals not only flourish in their professional capacities but are also enabled to secure their financial futures. There's a growing emphasis on empowering individuals through employee benefits initiatives, including workplace savings plans and financial awareness programmes. To truly thrive, businesses must engineer a spectrum of initiatives that serve as the foundation for financial security and, in parallel, cultivate an environment characterised by trust, understanding and growth.

This comprehensive report unveils the tapestry of employee sentiment, identifies a talent shortage, navigates the challenges faced, charts emerging trends and illustrates best practices shaping the future of work. Leveraging the insights of over 1,200 full-time employees and 1,200 employers across the UAE and KSA, it serves as a conduit for employees to articulate their motivations while offering employers and business leaders a holistic overview of the current talent landscape. Crucially, it spotlights the government's pivotal role as the third pillar, showcasing its vision to attract and retain talent through readily adoptable best practices.

The insights from the study serve as a call to action, emphasising a growing demand for employee empowerment and financial wellness. As we embark on this transformative journey, we must acknowledge that the future of work isn't a distant horizon; it's a terrain we shape together.



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Acknowledgements

The overall findings of this study were supplemented by discussions with industry experts whose valuable comments have helped to add more depth to the findings. Their contributions are sincerely appreciated.



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UAE's resilience
amid global
economic
volatility

Uncertainty continues to define the global economic outlook and while there's an impact in the UAE, it seems relatively mild.

The research highlights a number of critical points which impact companies directly and indirectly. The higher cost of oil has impacted transport costs, and in turn impacted the cost of living, food supplies, etc. With reduced purchasing power, employees are under pressure to make tough decisions – staying in their current role or looking elsewhere.

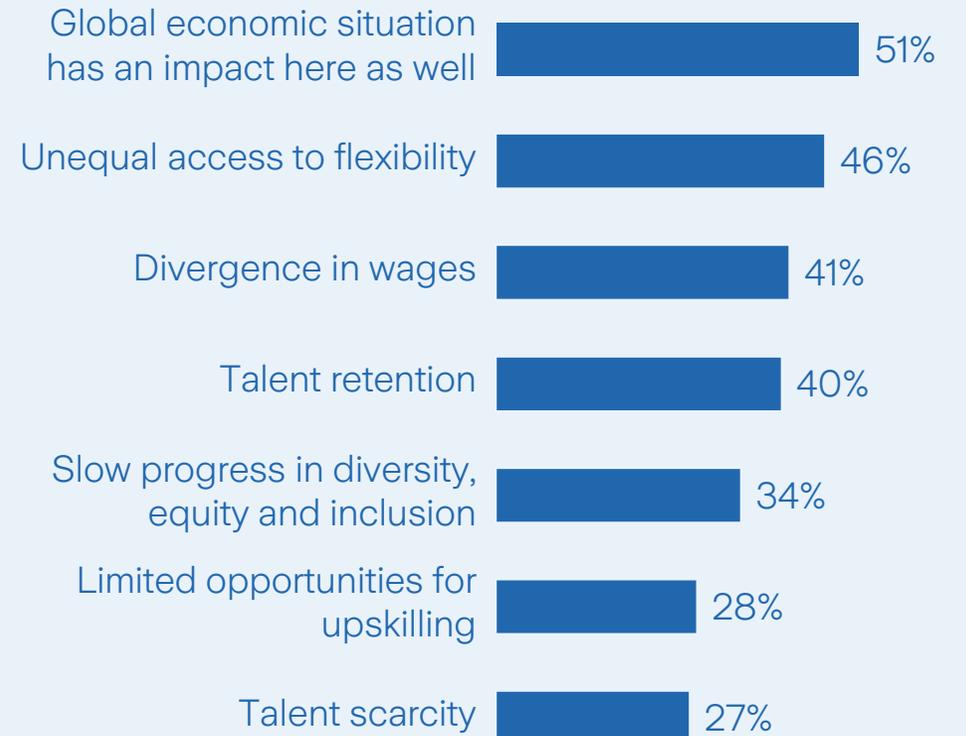
Other important topics related to employment changes highlighted in the research revolve around the importance of having a diverse workforce, addressing the pay gaps in the market and having a clear strategy in place to retain existing talent. Flexibility within employment has evolved as one of the key needs among employees, and with close to 1 in 3 employers stating that talent scarcity is a challenge, there's a need to be as flexible as possible to attract and retain staff.



Putting housing aside, cost of living in the region has not increased as much as in many other countries. There's also a less of an impact in the UAE when it comes to supply of commodities given the diverse supply chains already existing. The overall impact of global inflation seems a bit lower in this region compared to other parts of the world, where we see inflation of over 10% in many countries." – Ted Raffoul



Main challenges faced by employers



Despite global challenges, the UAE has been praised for being safe, having a growing economy and an effective leadership with a long-term vision.

According to the Arab Youth Survey 2023 edition, the UAE has been named as the most preferred country to live in for the 12th consecutive year.

“

I believe the UAE will keep attracting talent from all over the world, in addition to Emiratization, which will be a new set of skills to the private sector. A similar trend is seen in Saudi Arabia, and coupled with strong Saudization focus. Before the pandemic, decision-making was less localized, but now we have decision makers and companies relocating headquarters to both UAE and KSA." - Lea Farhat

wtw



Over the past two years, the UAE government has launched a range of initiatives to solidify its standing as a preferred destination for global talent. Some of the notable reforms introduced include an investment-related end-of-service benefit scheme to private sector employees, unemployment insurance, adoption of a condensed working week, and new categories of leave.



The UAE has introduced multiple reforms in the recent years which are applicable for employees working in the private and public sector. The golden visa has made it easy to reside and stay for a longer period within the country, the new unemployment insurance provides benefits for three months till you find another job, all these policies entice people who are living here and who are looking for opportunities to move here." – Dr. Abdulaziz Istaitieh



Various measures have been undertaken to facilitate work experiences and extended residence in the country. This includes internship programs as well as new visa categories to cater to different professional and investment needs." – Daniel Hoff



Top changes in employment market



Navigating
the talent
shortage
challenge

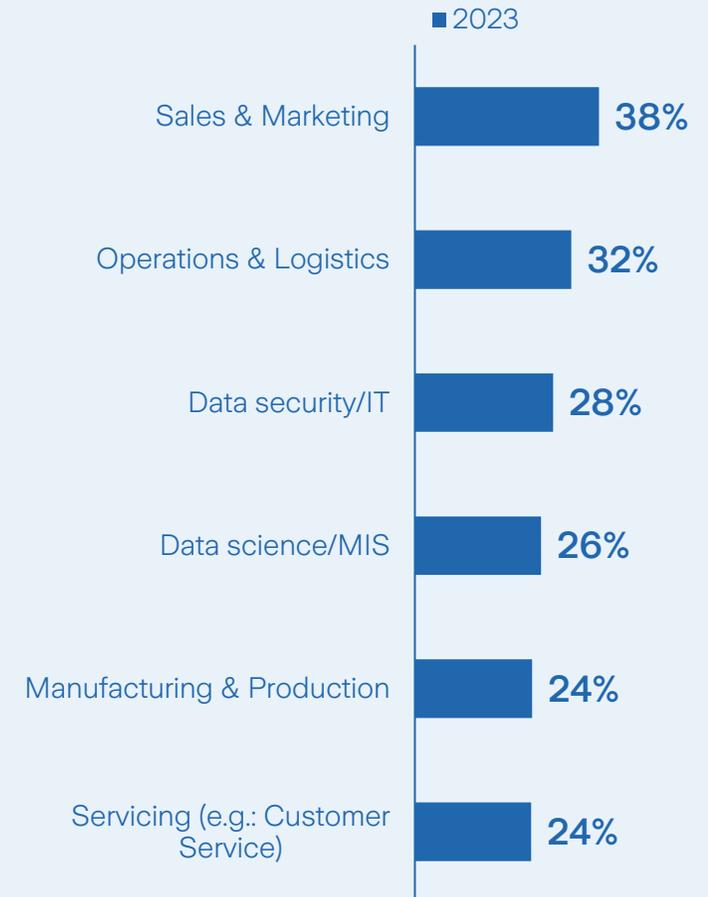


Currently, there exists a shortage of talent possessing essential skill sets required for key positions. In the UAE and KSA, talent deficits stand at approximately 24% and 30%, respectively. These scarcities are most pronounced in the Operations and Logistics sectors in both countries, with the UAE additionally facing challenges in the realm of Customer Service.

Notably, a significant majority of employers in both the UAE and KSA acknowledge the medium to substantial impact this talent shortage will have on their business operations.



Functions impacted by talent shortage





One of the biggest challenges revolves around workforce supply, trying to understand what are the skills needed for the future and trying to fill that gap. The emergence of AI and the its potential to supplant specific job roles or tasks is a complex challenge.

There's been a big rise in tourism, hospitality, travel industry since the pandemic. There's a big shortage of jobs in that space." – Ted Raffoul



A **higher impact of talent** shortage felt by the UAE SME employers (51-250 employees)



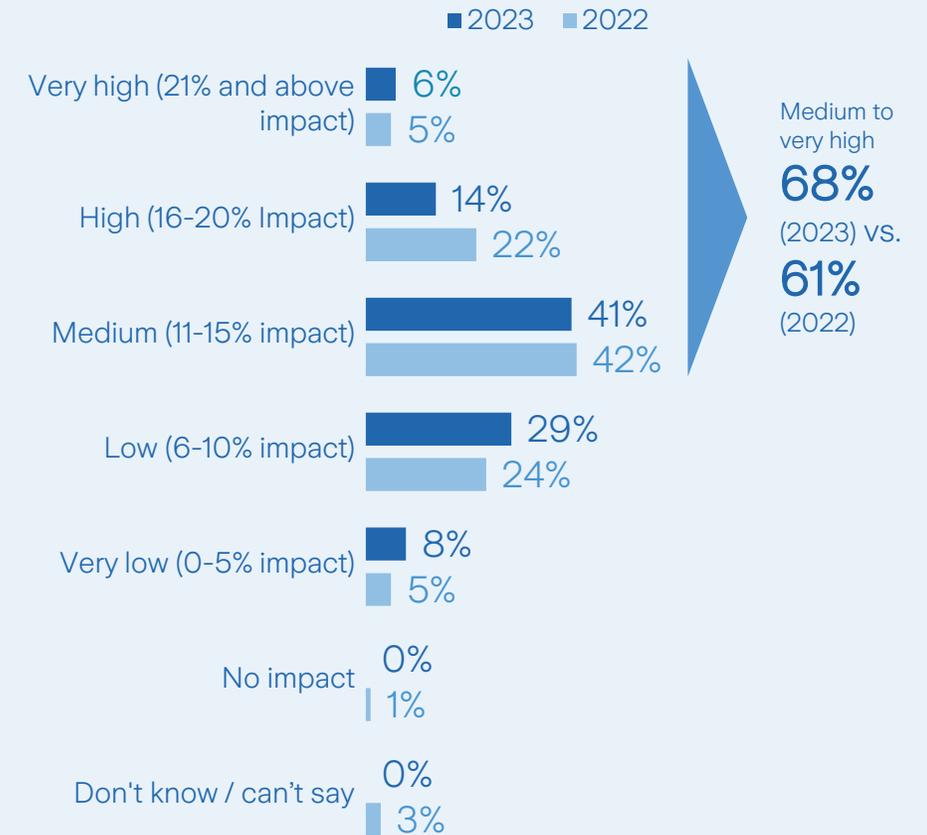
3 out of 4 employers in the UAE feel there will be an impact of talent shortage in the future, this is slightly more amongst the Finance and Tourism/Hospitality sectors



A similar level of **future impact is expected by employers in KSA**, this is more amongst the Finance sector, Oil and Gas and public sector departments

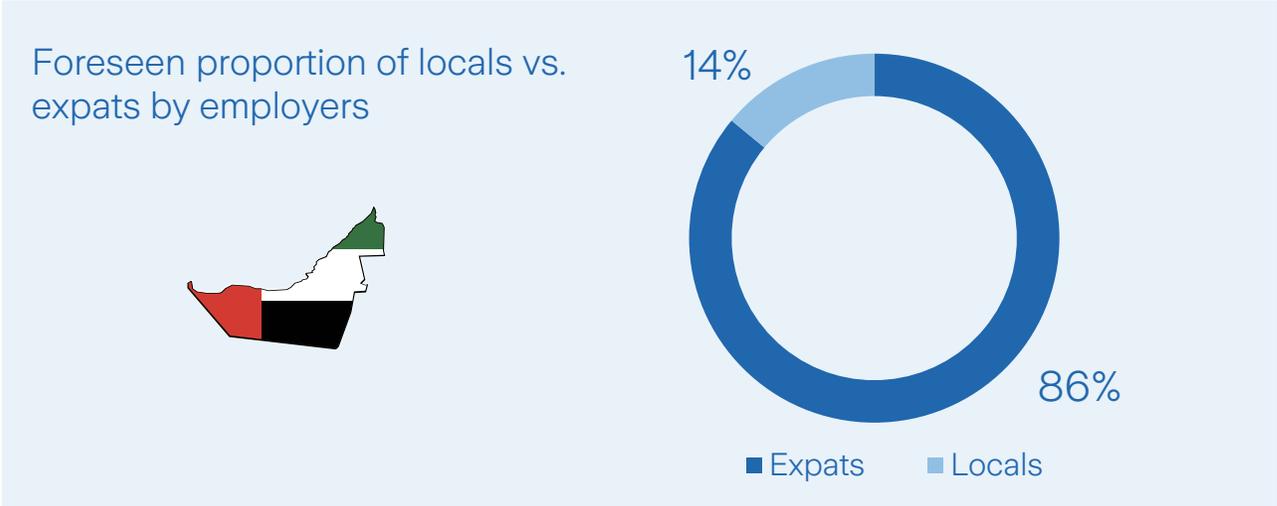


Impact of talent shortage felt by employers



The UAE Government is dedicated to increasing the participation of UAE nationals in the private sector, aiming to achieve Emiratisation targets of 10% by 2026. This presents an immediate challenge to talent and HR teams in the private sector, as they seek candidates with skill sets that match their specific requirements.

While hiring of expat talent will continue to dominate, employers foresee the proportion of UAE locals hired to be 14% this year compared to 10% in 2022.



“ We need to hire a certain percentage of UAE nationals. It creates a challenge, There’s a rush for hiring in all companies and the talent pool is very small, so we have difficulty getting available talent.” – Govind Rao

Hitachi Energy

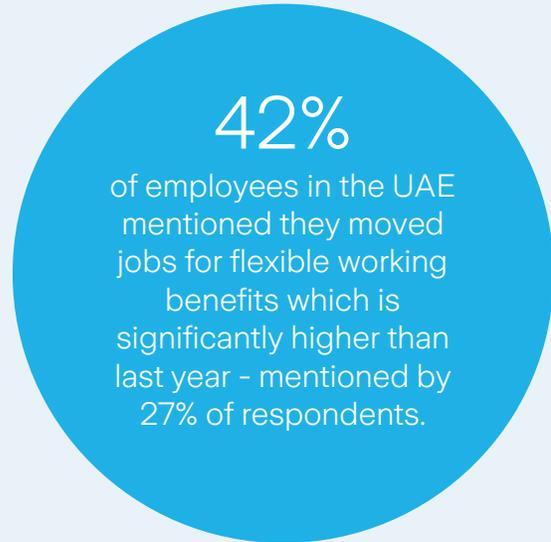


Adapting
employee benefits
for changing
needs



Better remuneration and enhanced employee benefits are primary motivators to change jobs.

In the UAE, employees prioritise the presence of a well-defined career advancement plan coupled with the option for hybrid work arrangements and flexible working hours.



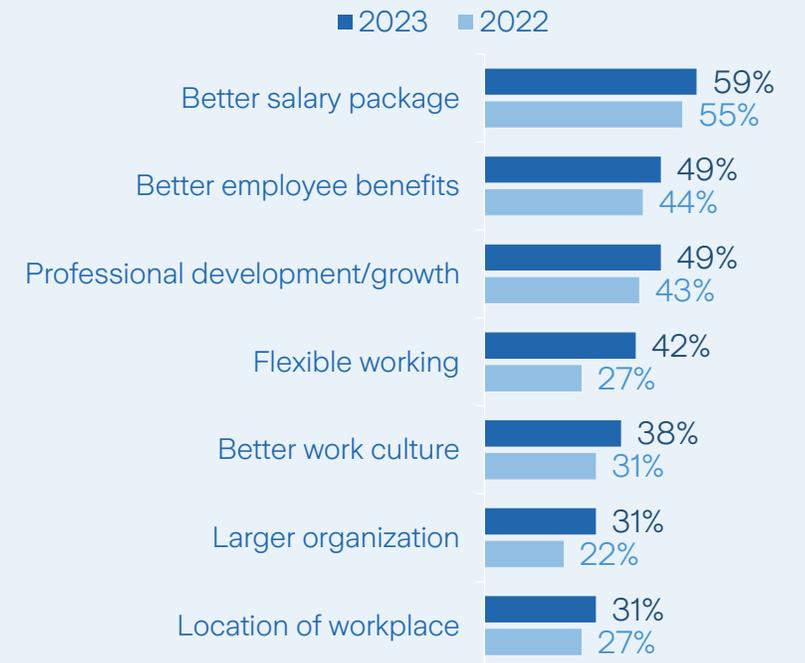
In KSA, in addition to achieving a better salary package, there's a preference to join larger firms where employees can foresee to have a clear career growth path (48%)



Reasons why employees changed jobs

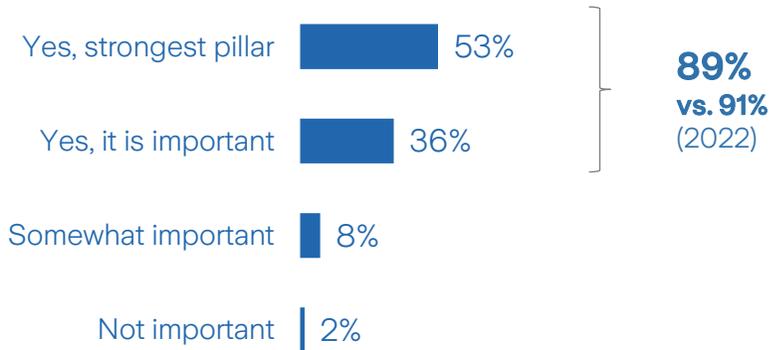


Reasons why employees changed jobs





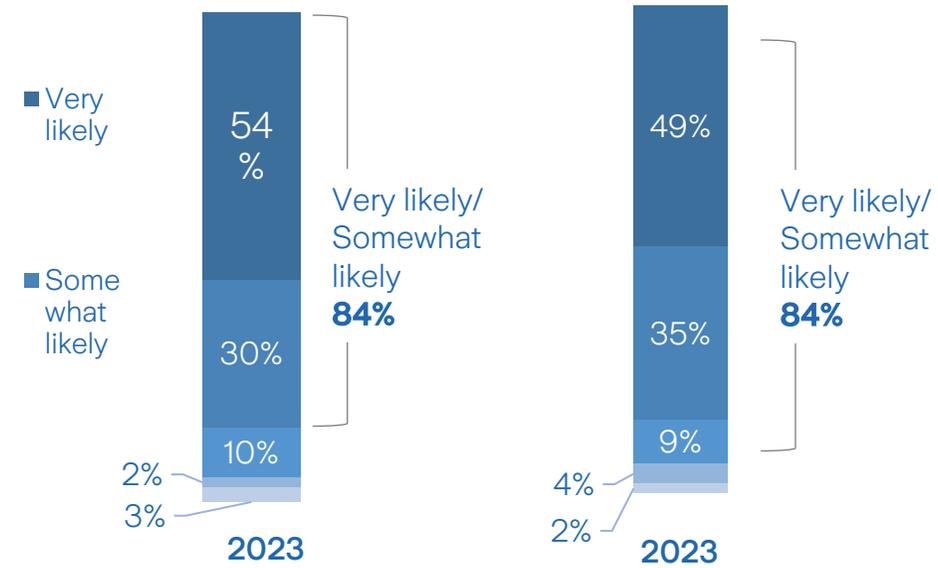
Consideration of employee benefits as a key pillar by employees (over and above salary)



Employee benefits remain central to establishing a long-term relationship between employers and employees, with almost 9 out of 10 employees considering employee benefits an extremely important pillar over and above salary.



Likelihood employees would switch to a job which pays the same as current employer but with better employee benefits



Employees today are much more informed and focused on benefits than they used to be a few years ago. They do not necessarily decide solely based on the organisation, they carefully evaluate overall rewards package and are willing to negotiate on the benefits." – Ted Raffoul



84%

of those surveyed in both the UAE and KSA stated they would change jobs for a new role with the same pay but a better employee benefits package.

The needs and wants of employees vary based on their current life stage. Noticeable distinctions in preferences emerge based on age and gender.

Millennials and emerging talent often prioritise competitive salaries and flexibility as they embark on their careers, whereas mid-career professionals tend to consider a broader spectrum of benefits, including provisions like child education allowances and life insurance. 88% of employees above 45 years of age mentioned a higher likelihood of switching jobs which pay the same but with a better employee benefits package.

Male employees tend to look for cash-related incentives while women usually look out for training and development opportunities at their workplace.



“

It really varies depending on the life stage of the person. For young graduates - it's money, flexible working and development. This includes remote working and having the opportunity to learn and upskill." – Daniel Hoff



“

When you are in the early stage of your career, salary is a dominating factor. The more you advance in your career, other factors become more important, and employees generally are open to leaving for similar salary but better benefits." – Dr. Abdulaziz Istitieh

“

Traditionally men were providers in their families, so they tend to focus more on variable pay and annual bonus. Women are more concerned about flexibility and training and development opportunities at their workplace." – Ted Raffoul

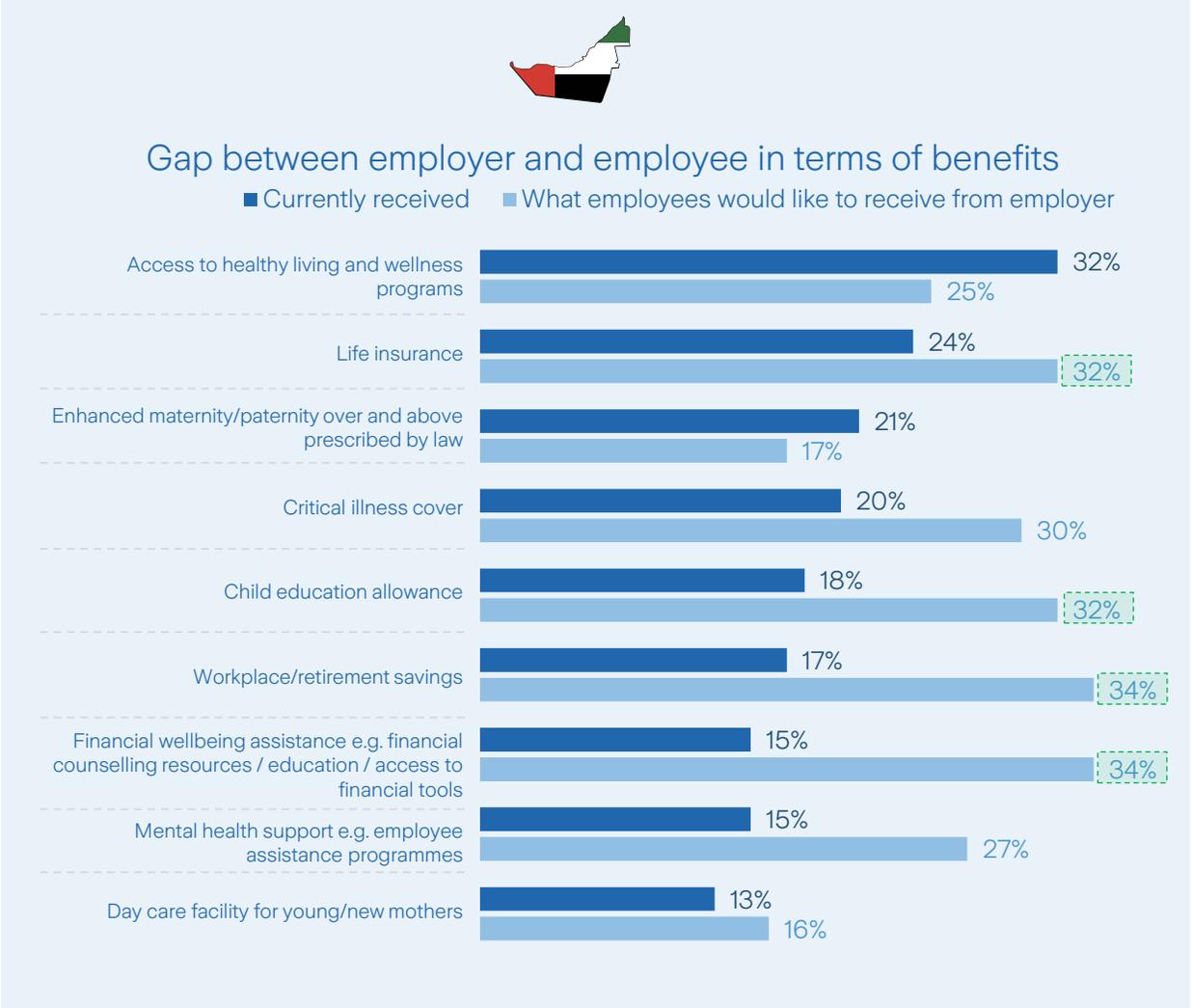


More than one-third of employees in the UAE and KSA seem discontent with the current employee benefits package.

There's a clear gap observed between what employers currently offer and what employees wish to receive especially on the benefits of workplace savings, life insurance, critical illness cover, child education allowance and education on financial wellbeing. These are currently perceived as being underused by the employers with experts emphasising the need for alignment.

In the UAE, there's a significant drop in number of employees who mentioned they receive workplace savings and life insurance as a benefit vs. 2022 (-10% and -8% respectively).

“
Employers normally tend to implement a total rewards package without fully understanding employee needs. By recognizing employee needs, they could potentially be saving costs and devising an optimized rewards package for their employees.” –
Lea Farhat
wtw



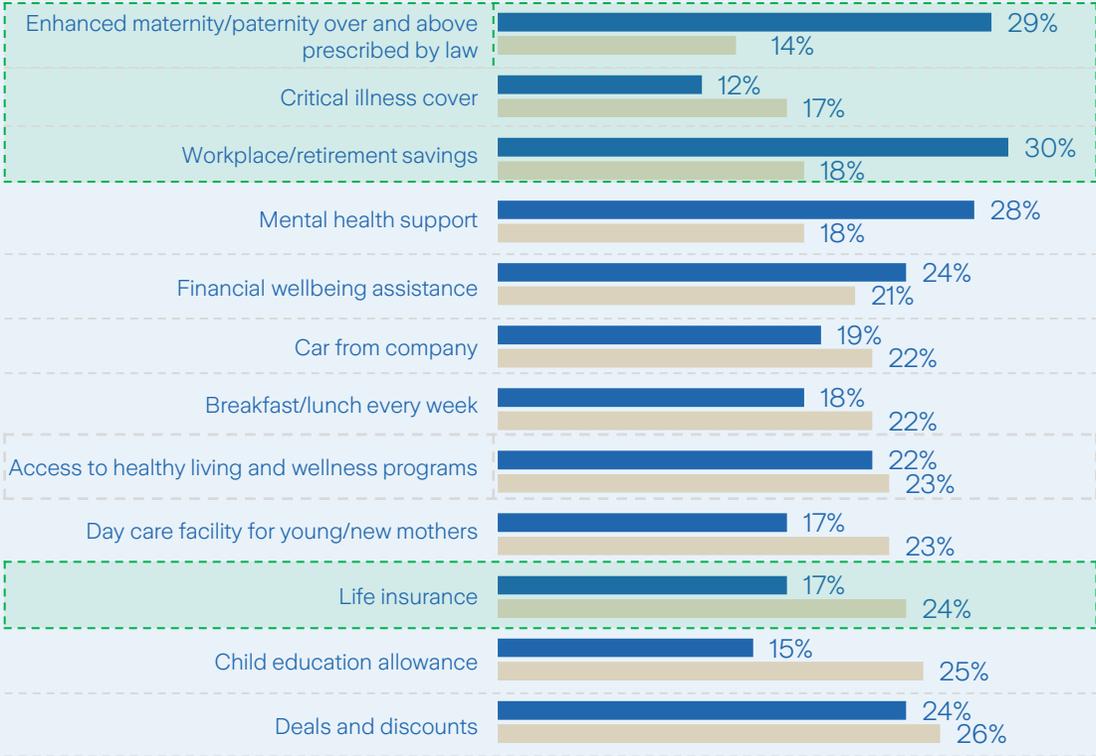
A similar trend is observed in KSA between what employers currently offer and what employees wish to receive, especially on the benefits of life insurance, critical illness cover and child education allowance.

In KSA, workplace/retirement savings benefits are fairly common, however, this is primarily driven by the GOSI social security pension scheme for Saudi nationals which make up majority of the workforce population in the kingdom. The provision of supplementary workplace savings plans for foreign workers remains low.



Gap between employer and employee in terms of benefits

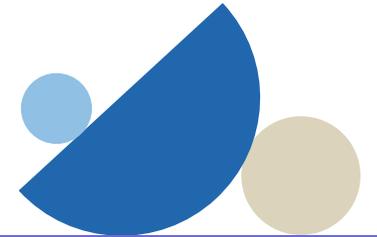
■ Currently received ■ What employees would like to receive from employer



The employee benefits landscape has been rapidly evolving across the UAE and KSA in recent years.

Workplace savings have also been repeatedly called out by industry experts as a critical area that's gaining demand among employees in the region. More than one-third of the employees stated that they wish to receive this as a benefit from their employers.

The pandemic has triggered a change in the way people think. Employees are increasingly focusing on their overall wellbeing, be it physical, mental or financial, and this is an opportunity for employers to stand out.



In the absence of social security for expatriates in the UAE, many people have concerns around retirement planning and may not have a pension scheme to fall back on in their home countries." – Ted Raffoul



Financial wellness in the UAE and KSA is a crucial yet overlooked issue with limited corporate investment. One of the biggest trends we are seeing is the pension/workplace savings, it's one of the things that the pandemic drove employees to think about.

Companies are trying to be innovative to address growing employee needs around wellness programs. In the recent years, we have witnessed a rising demand for plans around mental, financial and overall wellbeing." – Lea Farhat

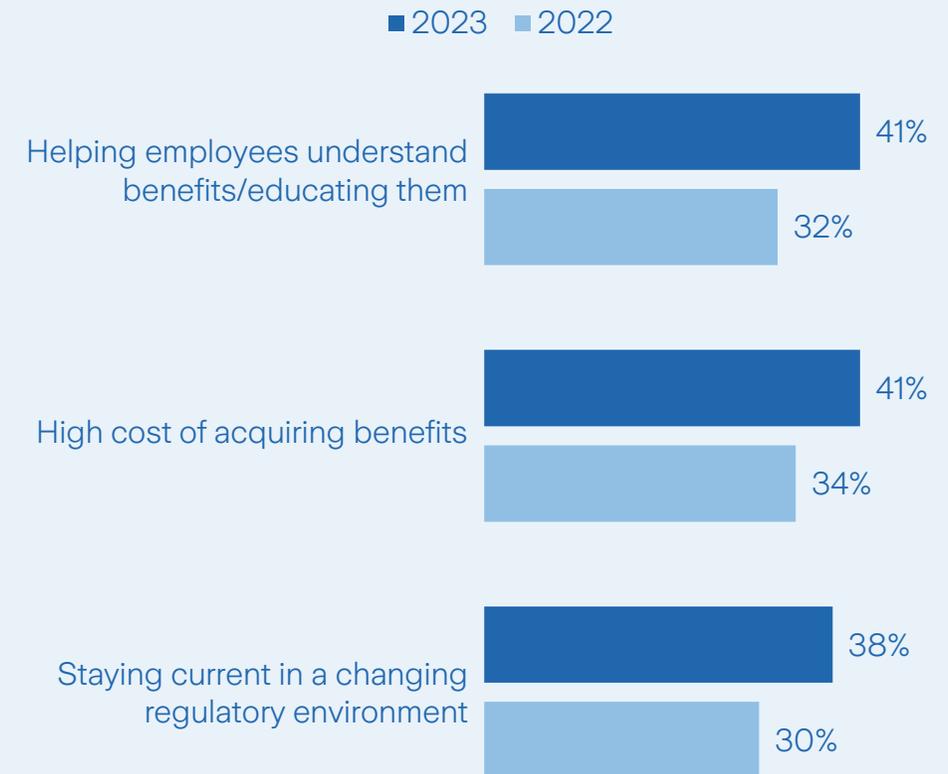


Employers in the UAE have shown positive inclination towards introducing enhanced employee benefits packages with **9 out of 10 employers** in favour of implementing these within a relatively short span of six months.

In terms of employee benefits management, employers cited several key challenges, including educating employees on benefits packages, managing high costs of acquiring these benefits and staying current with regulations.



Challenges faced by employers in employee benefits administration



Talent's quest
for new
opportunities



1 in 4 employees in the UAE and KSA have changed jobs in the last year.

This is primarily driven by enhanced remuneration, improved employee benefits packages, and prospects for professional advancement. Similar reasons are given by the majority of employees who intend to switch jobs over the next 12 to 18 months.



49%

of Western expats surveyed changed jobs in the last 12 months



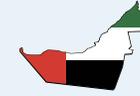
35%

Higher proportion of women have changed jobs compared to men in the last 12 months



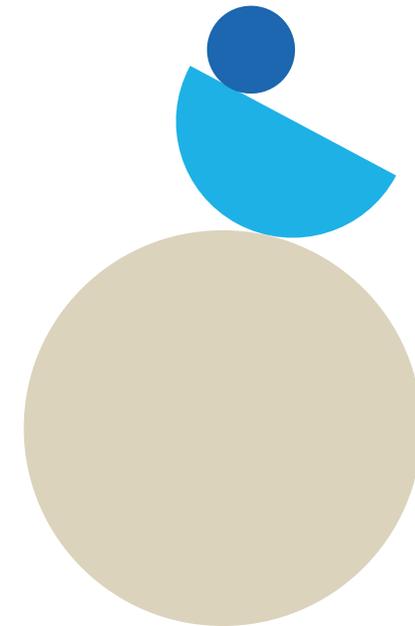
31%

Higher proportion of employees working in small firms (with 11-50 employees) have changed jobs in the last 12 months



In KSA, 50% of employees intend to "continue in the same role but feel stuck", with 38% stating this in the UAE.

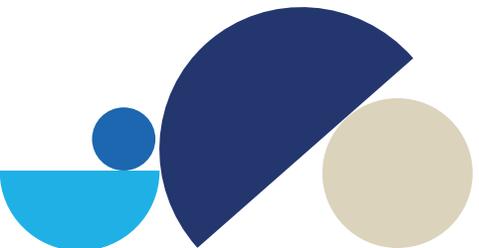
They are continuously looking for new opportunities with better financial remuneration which will help them mitigate escalating expenses.



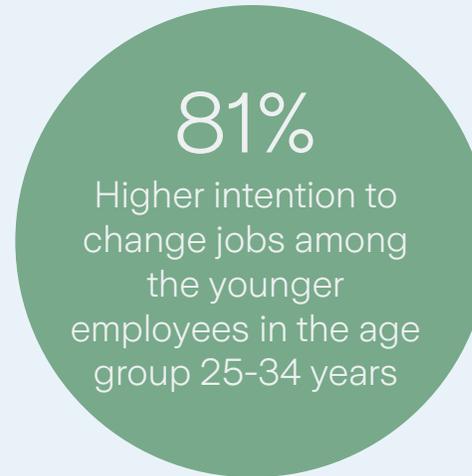
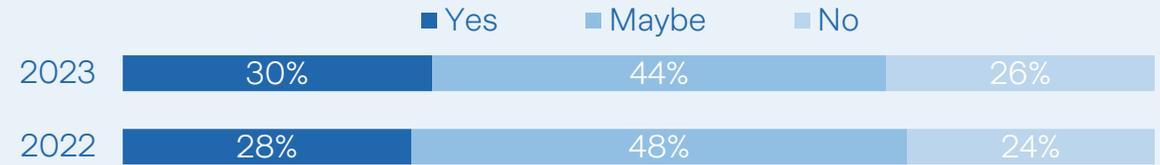
In the UAE, a similar trend is observed in terms of employees who intend to change jobs in the next 12-18 months for 2022 and 2023.

With the increasing opportunities available in the market, we see that talent is considering changing roles. As many as 78% in KSA and 74% in the UAE are happy to change roles in the next 12-18 months. While this intention to change is not definite, it does clearly suggest that there are factors that can sway employees to move roles.

There's a trend of reduced interest in changing jobs as professionals gain more experience in the Middle East. Interestingly, individuals working in the IT and Oil, Gas and Petrochemicals sectors appear to be the most open to considering job switches, given the increasing opportunities available in the region.

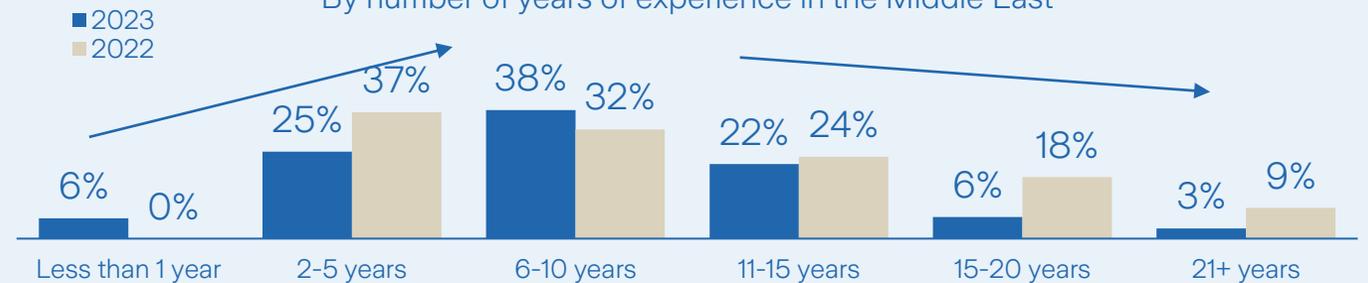


Employees who intend to change jobs in the next 12-18 months



UAE employees who intend to change jobs

By number of years of experience in the Middle East



When asked where they would move for a new job, employees are most likely to look for new opportunities within the UAE.

The inclination to move to Western countries is notably higher among Asian and Western expats.

Recently, there's a growing interest among employees in the UAE to potentially relocate to other GCC countries including KSA, due to the opportunities linked to the Vision 2030 initiatives such as NEOM, Red Sea project, Qiddiya, etc.

For KSA, though many showed willingness to changing jobs, almost all was contained within the country, especially among Saudis.

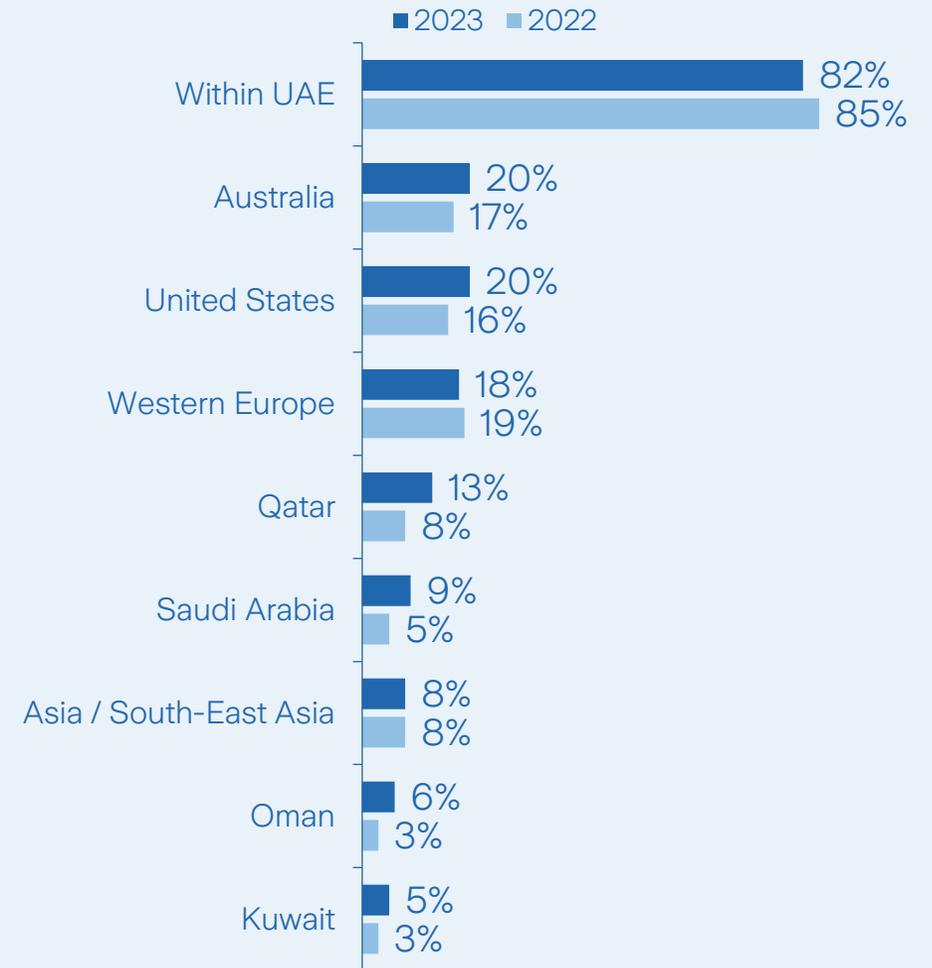


Saudi Arabia is taking proactive measures to position itself for a prosperous future. The nation is enticing talent from the UAE and other markets with more lucrative compensation packages and benefits. Many are now accepting these offers and subsequently relocating."

– Ted Raffoul



Where UAE employees would move for a new job



Finding 5

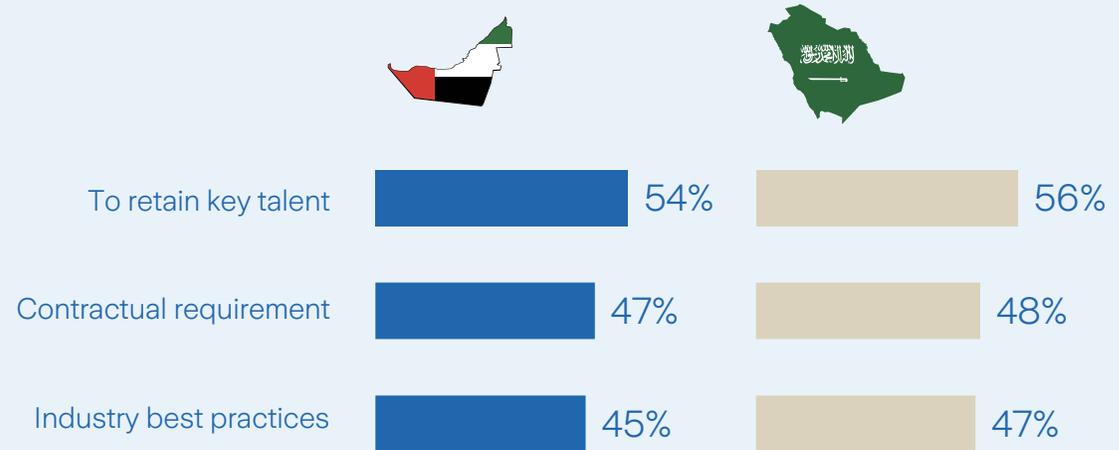
Act today
to secure
tomorrow

1 in 2 employers in the UAE and KSA says that retaining talent is the main factor pushing them to offer better employee benefits.

It's worth noting that beyond benefits, there are other factors that impact the morale and attitude of employees. In the UAE, a higher proportion of employees mentioned that their "ideas were not accepted easily" (+15%) and a "lack of inclusive work culture" (+9%) in 2023 vs. 2022.



Factors pushing companies to offer employee benefits



Current challenges faced by UAE employees



Training and feeling valued by the employer is important for employees to feel empowered within their workplace.

Feeling valued at work is linked to overall health, as well as higher levels of engagement, satisfaction and motivation, all the things that lead to a healthy and productive relationship between employer and employee.

In the UAE, 67% of the surveyed employees stated that they “feel their employer supports them in professional development to acquire new skills” - and this trend was more prevalent among larger organisations (with >250 employees) (73%). Similar findings were observed in KSA (62%).



Everyone needs to have an entrepreneurial mindset because of the nature of the region. If there are any new skills required for a job, employers should work closely with employees, train them and support them in developing the required skillset. This is a part of the upskilling process; such employer initiatives also build a level of satisfaction within the employees." – Lea Farhat

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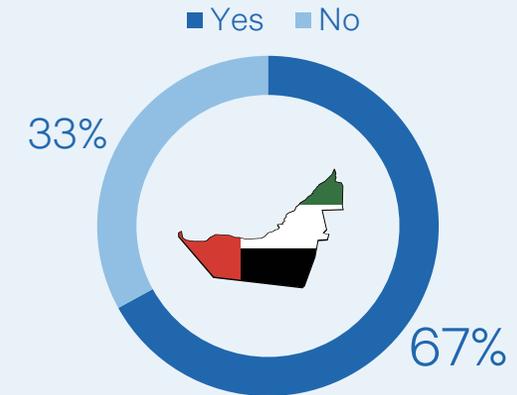
Upskilling is always a key topic in the organisation. There's a process in place to identify the right talent and upskill them to prepare them for the task ahead, this is normally achieved via training programs, workshops and short courses relevant to their tasks and responsibilities." – Govind Rao

 **Hitachi Energy**



Investing in employees is and has always been crucial for employees' loyalty and companies' progress. Slashing training budgets to save costs has always had detrimental effect on outcomes." – Dr. Abdulaziz Istaitieh

Employees who feel their employer supports them in professional development to acquire new skills



In comparison to last year, a higher proportion of employees and employers find merit across different initiatives to promote a positive workplace culture.

Beyond skills training, it's pertinent to recognise and reward employee achievements. It helps foster a positive workplace environment, ensures that the employees feel a clear sense of their worth, and demonstrates that the company pays close attention to employee wellbeing.

“It is very important to strengthen the work culture, address employee value proposition, have sustainability initiatives – all of these with a long-term vision.” – Lea Farhat



“There's a big focus around diversity and inclusion. Given how diverse the UAE population is, organisations should promote an environment where different viewpoints are encouraged and accepted, which should lead to innovation to the business and a sense of belonging to employees.” – Ted Raffoul



These types of recognition should also clearly align to and reinforce the overarching company values reflected in the mission and vision of the company.



How UAE employers establish a positive workplace culture



Initiatives which UAE employees feel have most impact on promoting a positive workplace culture



Prioritising employee wellbeing is pivotal for an organisation's enduring success, as it directly contributes to its overall growth. This commitment not only benefits employees individually but also nurtures an environment of heightened productivity and fosters a cohesive work culture.

One of the benefits of prioritising employee wellbeing is also directed towards attraction and retention strategies that are becoming more and more important from an employer point of view.



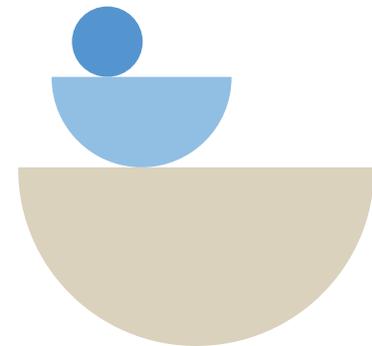
In order to retain individuals with specific and unique skill sets, organisations are implementing long-term incentives plans. These plans tie up an employee's compensation with the long-term success of an organisation and can serve as a very powerful attraction and retention tool." – Ted Raffoul



In KSA, the challenge is to retain Saudi talent, the premium needed to pay to retain such talent is almost 100% and sometimes even more depending on the skill set required. A lot of organisations here in the UAE are also looking at short-term and long-term incentive plans in an effort to retain talent." – Lea Farhat



Benefits of employee wellbeing in people strategy



Conclusion

The study reveals that employees today are increasingly motivated by factors other than competitive pay, with enhanced employee benefits emerging as a primary motivator to change jobs, as well as a key factor in establishing a long-term relationship between employers and employees.

It's imperative for employers to prioritise and continuously evaluate their employee benefits offering, with a focus on key areas such as workplace savings, financial wellbeing education, life insurance, child education allowance and critical illness cover. Regrettably, these employee benefits are currently underutilised by employers, highlighting the pressing need for alignment and action, as emphasised by experts.



While somewhat shielded from global challenges, both the UAE and KSA face a persistent talent shortage. Simultaneously, talent is actively seeking new opportunities. Evolving regulatory reforms, a diversified talent pool, and a growing emphasis on upskilling local talent underscore the need for flexible and tailored employee benefits packages.

The shift in employee benefits priorities calls for employers to take action. In order to attract and retain talent, employers must make it a priority to put employee wellbeing front and centre, to foster a positive and cohesive work culture, establishing themselves as an employer of choice.





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