

EXECUTIVE Insights



Hiring trends affecting the Middle East

Executive Summary

Boardroom confidence has returned, and businesses are understandably eager to exploit growth opportunities as the economic recovery maintains its momentum.

In this more positive post-recession environment, we are witnessing a resurgence of the war for talent as employers compete to attract high-quality candidates – both locally and abroad – for vital positions that will allow them to deliver against ambitious corporate objectives.

According to the latest *Professional Hiring Index* from Robert Half Middle East, based on independent research among HR directors, there continues to be a rise in hiring for professional-level occupations. More than four in 10 (44%) executives plan to expand their teams by adding new positions over the second half of 2014. This is seven points higher than during the same period in 2013, where 37% anticipated increases to permanent headcount. Another 45% plan to maintain their headcount levels, making replacement hires for departing employees.

So how are businesses coping?

Demand outweighs supply

What's driving hiring? ▶

Executive confidence

UAE executives are positive ▶

Employment influencers

Markets and investment driving hiring ▶

Retention woes

Keeping employees proving challenging ▶

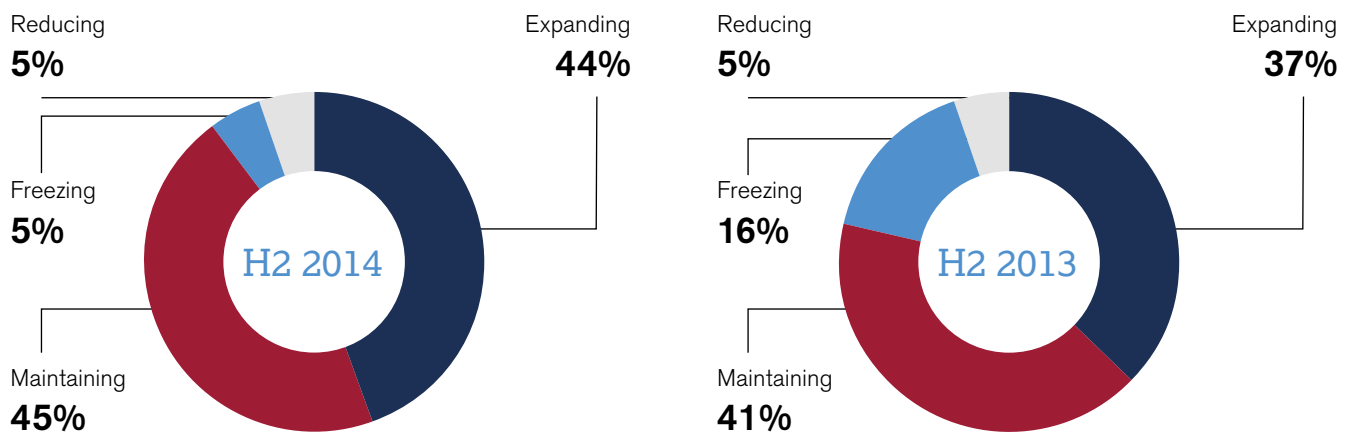


Demand outweighs supply

In light of such an uplift in demand, there is the real worry that a talent shortage may put a brake on growth. Nearly nine in 10 (89%) HR directors now say it is either 'somewhat' or 'very challenging' to find the required talent.

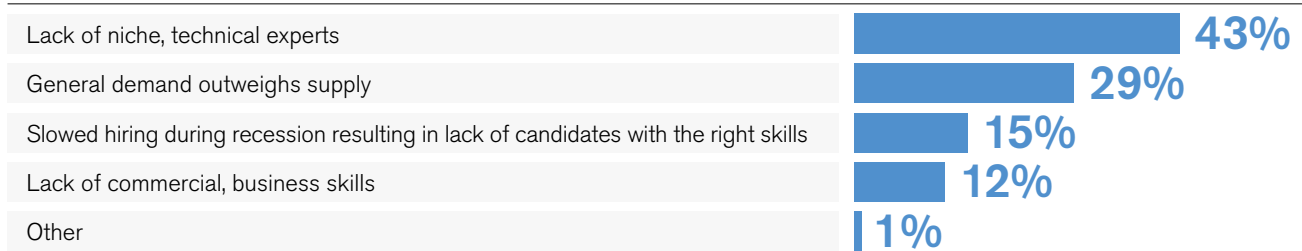
This has been largely attributed to a lack of niche, technical experts (43%), general demand outweighing supply (29%) and slowed hiring during the recession, resulting in a lack of candidates with the right skills (15%).

Hiring projections



Source: UAE survey of 75 HR directors. Does not equal 100 due to rounding

Reasons it's challenging to find talent



Source: UAE survey of 75 HR directors



Executive confidence

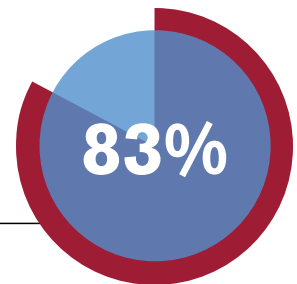
Confidence across the region is high, with improved global market stability coupled with further investment into the region and the awarding of Expo 2020 to Dubai fuelling positivity among business leaders.

More than eight in 10 (83%) HR directors are confident in the UAE's economic prospects compared with one year ago, a full 10 points higher than when surveyed 12 months earlier. This is mirrored in their business confidence, where an equal number of executives cited assuredness in their own company's prospects for the latter half of the year.

These findings align with other indices that demonstrate that business leaders are confident in the economy. In March, the UAE scored the highest in the HSBC Trade Confidence Index, which analyses trade volumes, supplier risk, access to trade finance and the impact of exchange rates and regulation.

In this survey, 83% of respondents expect trade volumes to increase. In May, A.T. Kearney's Global Foreign Direct Investment (FDI) Index, which measures present and future prospects for FDI flows, ranked the UAE 11th worldwide, with four in 10 (39%) investors indicating a more favourable outlook than one-year earlier. With more companies capitalising on initiatives to further enable growth, demand for skilled professionals will continue to increase.

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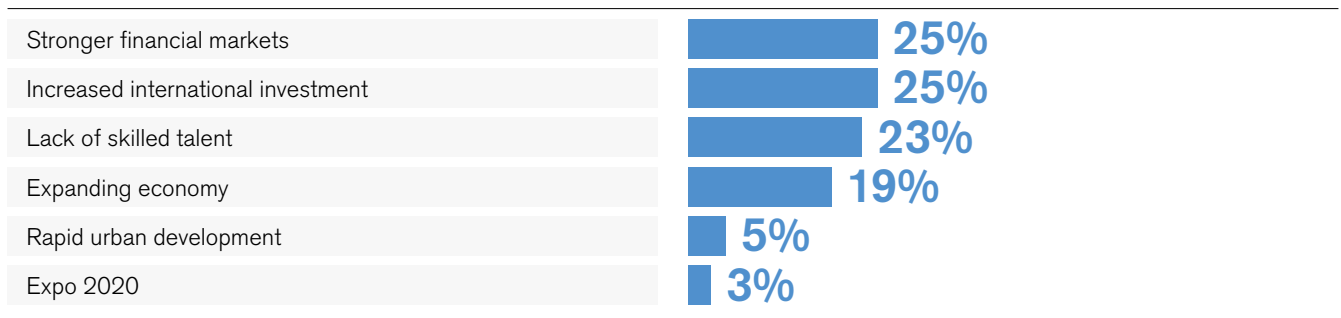
Employment influencers

While the awarding of Expo 2020 has brought the promise of international attention, investment and pride to the region, it is not considered to have a heavy influence on executives' hiring intentions in the coming year. According to HR directors surveyed, only 3% felt it would have a significant impact on their recruitment efforts over the next 12 months.

In contrast, executives cited the improvement of financial markets and international investment (both 25%) as the number one factor that would affect hiring. Lack of skilled talent, cited by 23% of respondents, has consistently plagued the region for several years, with companies continuing to look towards foreign markets to access the skilled employees they require.

This talent shortage may prove harmful to the UAE in the longer term. More than two-thirds (68%) of HR directors are concerned that the shortage of skilled professionals will affect the country's economic growth prospects, and more than half (57%) think this will negatively affect the ability to compete on an international scale.

Factors affecting hiring



Source: UAE survey of 75 HR directors

'The skills shortage shows no sign of subsiding, and with increased business activity and investment in the region, hiring will continue to increase, presenting a widening gap between supply and demand,' said Gareth El Mettouri, Associate Director, Robert Half. "Companies want to pay competitively to attract the best talent, but with rising living costs, many are finding it challenging to attract the requisite talent, particularly to meet often inflated compensation expectations of expatriates to the region.'

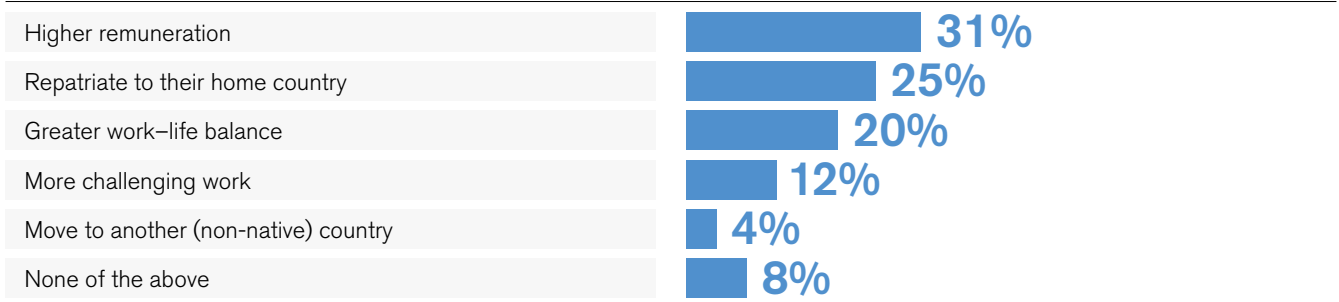


Retention woes

While finding great people is proving to be a challenge, it can be just as hard to keep them. According to a separate survey of finance executives, nearly six in 10 (57%) said that expatriates typically stay with their companies for three years or less.

While monetary incentives were the number one reason employees left, cited by 31% of executives, another one in four (25%) said that the employee would typically return to their home country. While expatriate recruitment will continue to fuel the job market, it will need to be sustained to fill the country's attrition rate. Or alternative measures – like the training and development of Emiratis – will need to be enhanced to meet the ongoing demands of the region. What is clear, however, is that attracting and retaining talent is challenging – and getting harder.

Reasons expatriate employees leave/resign



Source: UAE survey of 75 CFOs

About Robert Half

Robert Half is the world's first and largest specialised recruitment consultancy and member of the S&P 500. Founded in 1948, the company has over 340 offices worldwide, including Dubai, Abu Dhabi and Doha providing recruitment solutions for accounting and finance, financial services, technology, human resources and legal professionals. Robert Half offers workplace and recruitment related resources, available at roberthalf.ae.

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