



Engagement Trends in the
Middle East

Contents

1 Executive Summary

2 Aon Hewitt Employee Engagement Model

3 Employee Engagement Trends

4 Measures of Employee Engagement

5 Top Priorities to Improve Engagement in the Middle East

6 Conclusion

Executive Summary

It has been three years since the economic crisis and one thing is for sure: the road to recovery in the Middle East is much faster than in Europe or North America. The market is showing signs of improvement around productivity, profitability and overall hiring. In such environments, maintaining high-levels of an engaged workforce will become even harder as employees' expectations keep rising. Therefore, it becomes more critical than ever for employers to understand what drives the engagement of their employees.

The companies that get engagement 'right' will enjoy a source of competitive advantage in their talent strategy and business results that is hard for others to replicate. Research over the years has demonstrated that organizations with high engagement levels are up to 78% more productive and 40% more profitable.

In this paper, we reveal the state of engagement in the Middle East as of 2012. With data from over 100,000 employees across 250 organizations in the last 5 years, we have emphasized how different contexts, from macro-to micro level, can effect employee engagement. This will illustrate the levels of engagement attainable by highlighting contexts in which employee engagement is the highest.

Key Highlights:

- Only six out of ten employees are Engaged (59%) in the Middle East
- Global engagement levels are on the rise and have improved by 2% from 2011 to 2012
- Engagement levels in the Middle East are volatile and have fluctuated in the past 4 years from 2009 (68%) to 2012 (59%)
- Best Employers across Middle East are significantly Engaged at 82% compared to an average of 59%
- Males and Females are almost equally engaged across the region but disengagement with females is slightly higher in comparison to their male counterparts
- Employees with Doctorate degrees (50%) are less engaged compared to Post Graduates (64%) and Graduates (68%)
- An average of 47% employees across Middle East are thinking of leaving their organization with the highest attrition expected from the Front Line Team Members who have worked with the organization for 2 years or more
- Highest level of disengagement (19%) is with employees with over 2 years of experience
- Key Positive and Negative Perception and Satisfaction drivers are: Employees in the Middle East are happy with their Quality of Life and the Diverse People they work with but expect improvements in Total Rewards
- Improvement in Brand Alignment, creating an environment of Recognition, and increasing focus on Creating Career Opportunities are key factors that can contribute to Improving the Overall Middle East Engagement Index by over 32%

Aon Hewitt Employee Engagement Model

“...take our 20 best people and virtually overnight we become a mediocre company” - Bill Gates

The best organizations know that measuring employees’ opinion and attitude and understanding the extent of employee Engagement in the organization is only a first step. Success comes for organizations that not only measure engagement but also understand, plan and act upon those results.

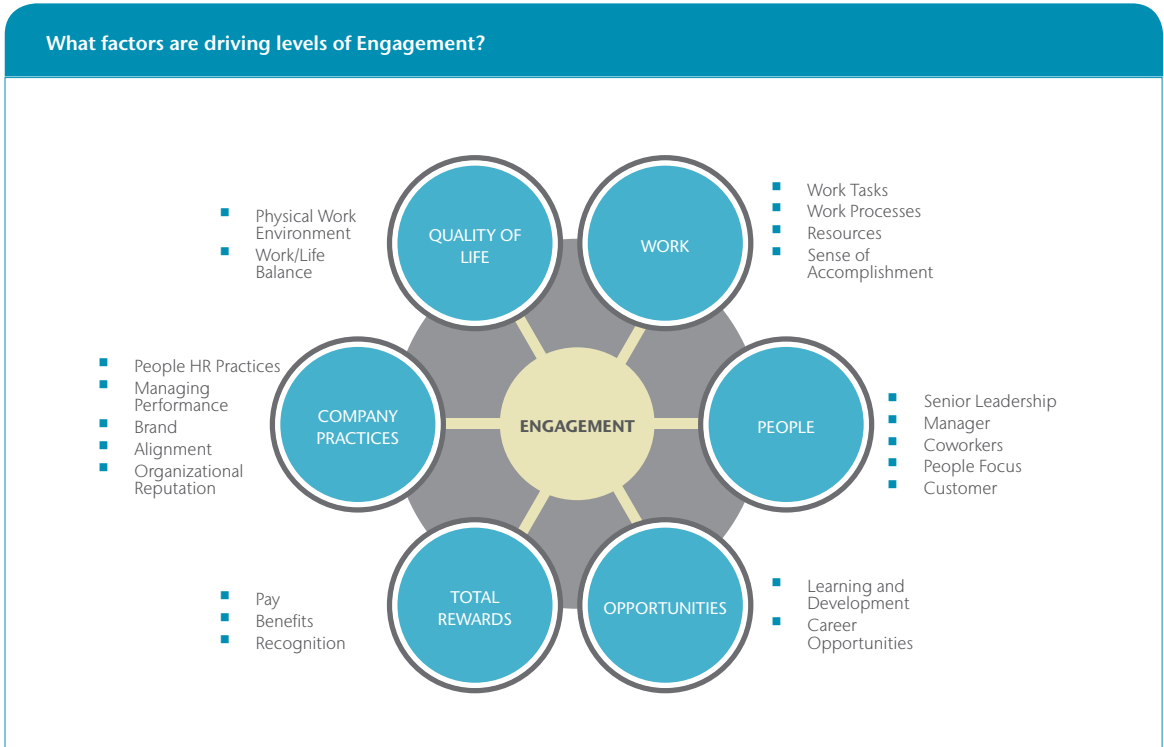
Engagement is a measure of the emotional and intellectual commitment that employees have to their organization. It goes beyond satisfaction (how much I like things here) and commitment (how much I want to be here) to engagement (how much I want to and actually do improve our business results).

The Aon Hewitt Engagement INDEX represents the percentage of highly engaged employees in your organization.

Engagement at Aon Hewitt is displayed through these three key behaviors

Engagement Behaviors		
SAY	STAY	STRIVE
Speak positively	Want to remain a member of the organization	Exert Effort
Consistently speak positively about the company to colleagues, potential employees and customers.	Have an intense desire to be part of the company.	Employees are inspired by the company to exert extra effort.

For employees to be engaged, they need to have high scores on the ‘Say-Stay-Strive’ behaviours. It is difficult to say employees are fully engaged if they strive to go above and beyond but do not really wish to stay with the organization; or worse, if employees want to stay with an organization but make no effort to go above and beyond.



The three behaviours are directly affected by the engagement drivers as shown above. These are the areas over which management has a great deal of control. Our extensive research formed the six major categories of the work experience that include the work people do, the people they work with, opportunities, total rewards, company practices and general quality of life.

Employee Engagement Trends

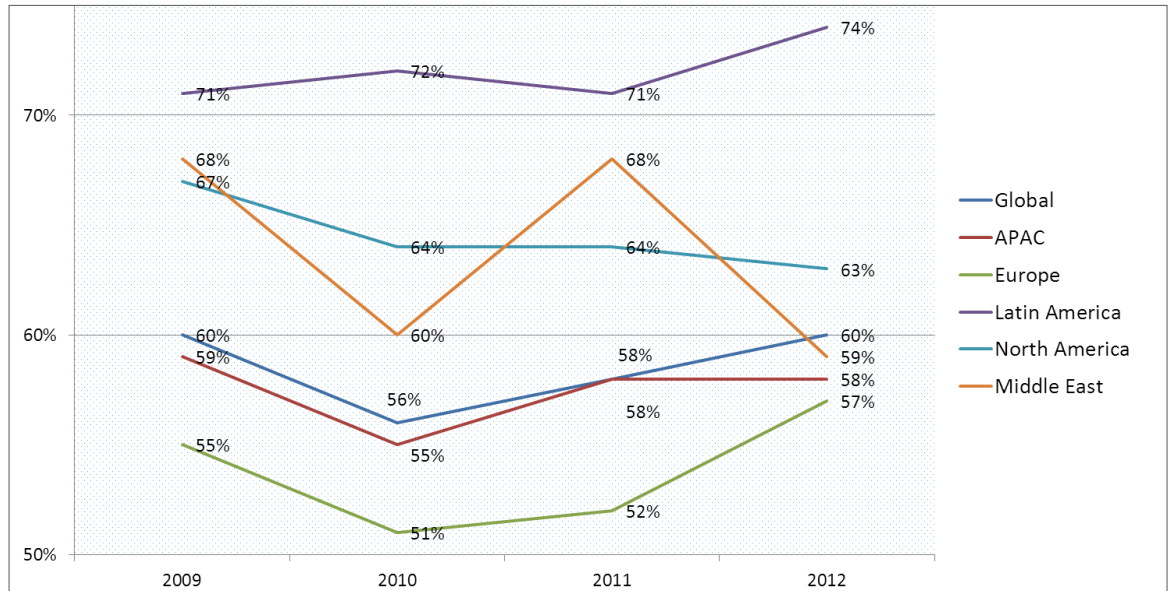


Figure 1: Employee Engagement in the Middle East vs. Global

Globally (represented by the blue line in the above graph), we see that engagement was on a downward trend from 2009-2010 but it has come up 4 points from 2010-2012 to 60%. This means that on average, 6 out of 10 employees are engaged and on the other hand 4 out of 10 employees are not engaged worldwide. The global data shows some stabilization overall, but a look across regions shows that there is still some variability and volatility.

Asia Pacific engagement scores improved by three percentage points from 55% in 2010 to 58% at the end of 2012. Europe showed a 5 percentage point upward shift from already relatively low engagement scores, while Latin America (highest regional engagement levels) experienced 3 percentage point upward shift. North American scores have remained unchanged from 2010 to 2011 and took 1 percentage point downward shift in 2012, while in the Middle East there is a significant dip in engagement levels from 68% to 59%. The variation in regional engagement levels is not a new phenomenon but it is an important one for global multi-national organizations to understand so that they are able to compare their own engagement results to the appropriate regional norms. It also indicates that a one size fits all approach for multinationals is overly simplistic and a more tailored approach is required. Let's explore more on the Middle East.

The Middle East is a diverse region with majority of its working population from across the world. Most companies identify this as a unique region within their organizational structures and hence the engagement in this region is no less unique. With companies becoming more aware of the return on investment of an engaged employee, they have started evaluating options to create and raise awareness of its importance amongst leaders and HR professionals. We foresee the next 5 years as an era of radical change in this space for employers in the Middle East, in order for them to be able to retrieve maximum benefits from implementing Employee Engagement as a perennial part of their HR Strategy.

In comparison, companies that are identified as Best Employers in the region score a high 82% on their engagement score against an average of 59%. Best Employers know the secret to attracting and retaining top employees around the world. We've found that while many companies offer monetary rewards and innovative perquisites, in hopes of acquiring top employees; this isn't enough to keep these great people. Best Employers have a commitment to people that is more substantial than the latest fad in employee benefits.

Age	
55 and above	61%
45 - 55	56%
35 - 44	51%
25 - 34	50%
Under 25	49%

Level of Education	
Others	50%
Doctorate degree	50%
Postgraduate degree/additional qualification	64%
University degree	61%
College/CEGEP/Polytechnical/ Technical degree	60%
Graduated High School	68%
Elementary/Some High School	66%

Gender	
Male	54%
Female	50%

Years of Experience	
26 years or longer	62%
21 to 25 years	57%
16 to 20 years	55%
11 to 15 years	54%
6 to 10 years	50%
2 to 5 years	49%
1 to less than 2 year	56%

Type of Job	
Team Member/Front-Line	53%
Professional Employee	55%
Team Leader/Supervisor	57%
Middle Management	53%
Senior Management	54%
Executives	68%

Table 1: Engagement by Demographics

Engagement in the Middle East has not shown much variability when you look at data by different demographics. Males and Females are almost equally engaged across the region but disengagement with females is slightly higher in comparison to their male counterparts. This is not surprising in this part of the world considering that most organizations have not yet upgraded their HR policies to accommodate properly for working mothers entering the workforce.

Certain types of employees may simply be more engaged than others, however from an age demographic perspective, a great deal of speculation surrounds the millennial generation, as their engagement levels are below Gen Xers and Baby boomers. Interestingly, this data also resonates in senior management and executive level employees with higher engagement than team member or front line staff, which is natural.

As for engagement levels by Level of Education, we can see that post masters or the doctorate qualified employees are lower than graduates and post graduates which is an expected result due to their high expectations from the organizations they are part of.

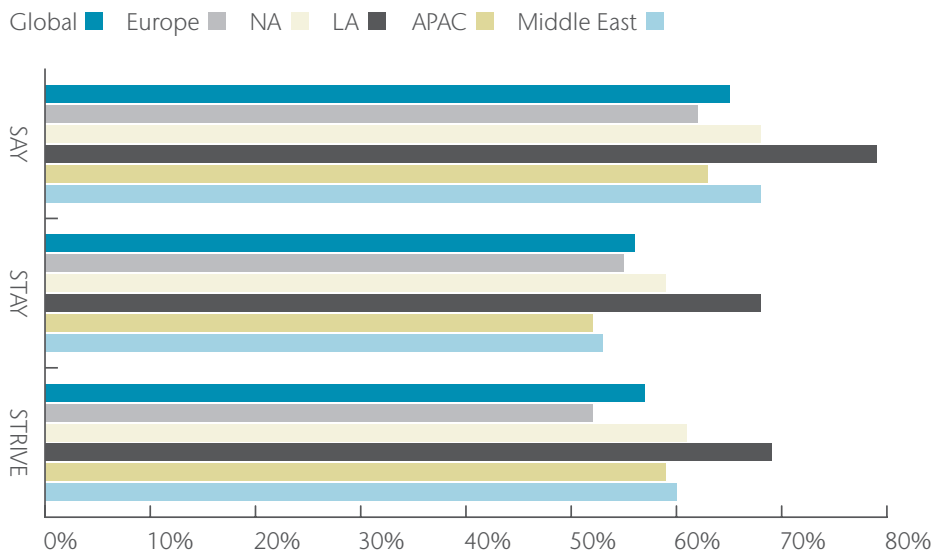


Figure 2: Behaviors of Engagement

Aon Hewitt also critically looks at the 3 behaviors of engagement to come up with an engagement composite. Looking at the above figure, globally employees have not changed their view on leaving companies, but are a bit more likely to work harder and stay longer with the organization. This could be due to fewer employment opportunities in market following the current weak recovery we are witnessing globally, causing employees to stay focused on their current job and employer.

Interestingly the Say-Stay-Strive picture in the Middle East is similar to all other regions even though the Middle East economy's recovery was more robust. We are more likely to be strong advocates for our employers or even recommend that others come to join our organizations. Most employees across the Middle East region 'Say' positive things about their organizations within their community and are inspired and motivated to contribute more than is normally required. But average 47% employees across Middle East are thinking of leaving their organization with the highest attrition expected from the Front Line Team Members who have worked with the organization for 2 years or more.

Measures of Employee Engagement

What makes a company more distinct than another? Excellent services, products, technologies or, perhaps, an evolved financial structure? Certainly, all of these contribute to higher performance, but all of them can be copied over time. The one thing that creates sustainable competitive advantage and therefore long term return on investment and company value – is the employees of the company.

Companies worldwide and not only in the Middle East are becoming aware of how important employee engagement is to their businesses. However, understanding an organization's engagement level is of little value without knowing what actions will be most effective in increasing engagement. In the previous section, we have identified the *behaviors* of engagement on which the engagement index is derived. In the table below, we will now examine the different satisfaction scores against the engagement *drivers* in the Middle East and see how they differ from the rest of the world.

	Global	APAC	LA	NA	Europe	Middle East
Company practices						
Managing Performance	55%	54%	63%	55%	53%	57%
People/HR Practices	56%	50%	59%	67%	54%	52%
Brand Alignment	55%	52%	62%	59%	55%	57%
Organization Reputation	52%	52%	61%	59%	48%	45%
Work						
Sense of Accomplishment	64%	63%	69%	73%	59%	64%
Work Tasks	66%	62%	79%	69%	64%	66%
Work Processes	52%	53%	65%	55%	47%	57%
Opportunities						
Career Opportunities	47%	46%	60%	53%	44%	50%
Learning and Development	57%	56%	66%	64%	54%	57%
Quality of life						
Diversity	65%	61%	69%	70%	64%	54%
Work/Life Balance	58%	56%	65%	65%	56%	57%
Resources	55%	52%	64%	58%	53%	56%
People						
Senior Leadership	54%	53%	62%	62%	51%	52%
Manager	64%	64%	71%	67%	63%	65%
Coworkers	73%	70%	77%	79%	71%	70%
Customer Focus	66%	69%	74%	64%	64%	80%
Total rewards						
Pay	44%	44%	51%	50%	41%	45%
Benefits	51%	45%	58%	65%	49%	49%
Recognition	48%	45%	54%	50%	48%	47%

Table 2: Drivers Satisfaction

In the following section, we will examine each of the six engagement driver categories in more detail:

Company Practices

Company practices lay the foundation for most measures of engagement. Not all organizations are run the same way, and not all practices are uniformly implemented. Just as organizations are influenced by the country in which they operate, employee engagement is influenced by the organization in which they work. Many “Best Practices” have been observed through Best Employers studies by Aon Hewitt globally and in the Middle East. They are:

- Have a mission and vision statement
- Conduct regular performance appraisals
- Seek feedback from customers at regular intervals
- Seek feedback from employees to take their opinion
- Have a focused strategy on training and development
- Have clearly defined career paths and a defined total rewards strategy

We found employees are more engaged when their organizations implement these best practices, especially when there is focus on training. Further, when all of these practices have been implemented, employee engagement is at an astounding 82 percent.

In the Middle East, more focus is needed on reviewing the existing HR practices. There is also a need to have better tools for a transparent performance cycle. When we compare HR Practices to the rest of the world, we can clearly see that the Middle East needs to catch up. Interestingly however, the results show that employers in the Middle East are progressing well on one company practice in particular which is managing their employees’ performance (57% of employees are satisfied with the way performance evaluation is run).

Work

In the Middle East, the work processes are not as evolved as those found in the West, so employees do not feel they are as productive as they can be. Although employees strongly agree that they make a significant contribution to an organization’s success, they do not feel that they can influence issues that are outside their scope of authority. Employees will have a greater sense of accomplishment when their personal goals are strongly aligned with the organizational goals. The satisfaction on availability of People Resources seems to be another challenge that exists across the region.

Opportunities

Opportunities could mean different things to different people. There's no doubt that there are plenty of opportunities within an organization. Companies in the Middle East need to now find tools that enable and empower employees to find opportunities that meet their objectives and goals. Such organizations invest time in shaping career opportunities by laying clear goals, building their learning and development function and developing clearer career paths. Looking at the results, employees across the region are dissatisfied with the training opportunities available to them within the organization and 50% of employees across the Middle East see no path for internal career opportunities within their organization. There is also a strong perception that the performance environment is not meritocracy based, and organizations are required to have more transparent practices around appraisal and performance evaluation (despite organizations having made good progress on performance management in the past few years as we have already seen).

Quality of Life

Work life balance across Middle East is manageable by the majority of the population. Over 57% employees feel that workload is fairly distributed and assigned within the team and there is balance between work and personal commitments. Employees are also highly satisfied with organizations that support diverse workforce from different age, gender, ethnicity, language, education, and perspectives. However one would have expected to see Diversity satisfaction at a higher score in the Middle East (it is only 54% which is the lowest compared to the rest of the world) because of the diverse workforce that exists. But this is an indication that even though employees enjoy working in a multicultural environment, organizations have still some work to do around implementing practices that make employees equally respected and accepted.

People

People who we work with have a significant influence on an employee's engagement. This influence can come from Senior Leaders, Managers, Coworkers, and Customers. Senior leaders are the commanders of your organizational army. Employees look to their organization's leaders for guidance and reassurance. But for senior leaders to effectively guide and reassure, their employees must trust them. Trust is created through Earnest Communication, Teamwork, and Collaboration. Another important aspect that drives engagement in employees is the Accountability that senior leaders are driving through their managers.

It is imperative that Managers in any organization are held accountable for both poor and good performance. We see that Managerial Effectiveness is a key driver in driving low employee engagement and often the most influential person in our work life is our direct manager.

In the Middle East, employees have good confidence in the integrity and effectiveness of the Senior Leadership. They see trust and respect in the workplace and hence enjoy working with their coworkers. However, employees emphasize that there is a strong need for leaders to communicate more frequently with employees at regular intervals and to create more accountable managers. Employees across the region also seek more autonomy in decision making from their managers. Another key satisfaction area for employees who work in the region is that they strongly agree that they work hard here to exceed the expectations of customers and are always responsive to the changing needs of customers (80% of employees are happy with their customer relationships). Furthermore, a significant area where organization in the Middle East are doing really well is being customer centric and most employees across the region are highly satisfied with their organization's customer centric focus.

Total Rewards

A well rounded rewards package is important to all employees, 54% of employees across Middle East believe that if their organizations do well, they will appropriately share their financial success with them and 48% agree that performance has a significant impact on their pay. However, while 45% of employees agree that they are paid fairly for the contributions they make to the organization's success, in relative comparison only 39% agree that they are paid *fairly* when compared with *other* employees in similar roles in the organization..

It is no surprise to see that pay and benefits, in general, is below 50% in the Middle East. This is consistent with global trends in this area as we believe that employees always think that they could be paid more for the jobs they are performing. In the past, pay and benefits were considered to be “hygienic factors”, but as per the latest data released globally in April 2013, pay has climbed to number 3 worldwide as a direct impact on employees' engagement. This is mainly due to the fact that young generations are entering the workforce and their reward expectations are clearly higher than the previous generations. It is predicted that the young generation entering the workforce is going to double in the Middle East in the years to come, and it will be interesting to watch out for pay and benefits as a key impact driver on employee engagement.

Finally, the Middle East is still behind on implementing the right practices around recognition. Only 47% of employees don't think that they receive appropriate recognition (beyond their pay and benefits) for their contributions and accomplishments. Only 47% of employees think that they receive appropriate recognition (beyond their pay and benefits) for their contributions and accomplishments.

TOP Priorities to Improve Engagement in the Middle East

In today's economy, companies face some very tough questions:

- What engages my employees and makes them more productive?
- Why do some employees exhibit high levels of Engagement while others do not?
- Where is the best place to focus my efforts to create an engaged and productive workforce?

To address these questions we integrate the results from a variety of statistical techniques to:

- Clarify 'Improve' and 'Sustain' areas
- Help management focus on areas that will provide the greatest leverage
- Provide targeted recommendation to engage employees and enhance business results

The Engagement Analysis consists of two steps:

1. Identify Areas that Have the Greatest Impact on Employee Engagement (IMPROVE)
2. Identify Specific Areas of Focus Within Impactful Engagement Areas that companies need to maintain (SUSTAIN)

The table below shows the top 5 drivers that will have the greatest impact on employee engagement by each region, including the Middle East.

	2012 Top 5 Regional Drivers					
	Global 2012	APAC	LA	NA	Europe	Middle East
Career Opportunities	1	1	1	1	1	1
Organization Reputation	2		2		4	
Recognition	3	3	4	2	5	4
People/HR Practices	4	2	3			3
Brand Alignment	5	4		5		2
Pay		5		3		5
Communication			5			
Career Aspiration				4	3	
Managing Performance					2	

For the fifth consecutive year— in the Middle East and across each region—career opportunities has remained the top driver to positively impact overall engagement levels. This means that engagement continues to be first and foremost about employees’ career paths. Companies have significant opportunity to communicate a clear career path, prepare employees for the next role, and provide lateral growth opportunities for key employees. It is important to note that the line manager is typically the owner of this critical engagement driver.

For the Middle East, the second top driver is brand alignment which is the consistency between the promise an organization makes to its employees about working at that organization and the employee work experience. This means that organizations need to ensure that their practices and policies are aligned directly to the employees’ promises prior to joining the organization.

People / HR Practices came in third. In order for organizations to create a positive environment for their employees, they need to ensure that they implement HR best practices and policies that are customized to the organization culture and values.

Recognition is in fourth place. Employees need feedback and positive reinforcement to consistently go above and beyond. Our data shows that the “Strive” component of engagement is increasing slightly despite the strain many organizations have been under as they manage cost and growth pressures. Recognizing this extra effort that employees have given in a tough business climate will pay dividends—and it often comes at no cost to the organization.

Pay is coming fifth for the Middle East. Although pay does not show up as the top three engagement driver yet in the Middle East, its prevalence indicates that many organizations are struggling with getting this fundamental component of the employment right. With pay freezes and a tightening economic environment, employees may be increasingly engaged by securing basic pay needs in addition to showing decreased appetite for pay at risk.

Conclusion

2012 was a challenging year for employers and employees worldwide, and 2013 shows continued challenges. But, the evidence is clear, higher engagement leads to better business performance. If engagement is low, business performance is sub-optimized. In uncertain times, organizations need to focus on harnessing the discretionary effort that engaged employees deliver.

Aon Hewitt's research and experience point to clear, practical actions that employers can take to deliver increased and sustainable employee engagement. First, organizations should focus on drivers that have the most impact on engagement. According to employees in the Middle East, the engagement drivers needing immediate attention are career opportunities, recognition, brand alignment, HR / People practices and pay. To improve and drive a holistic engagement strategy, consider the following:

- Create a culture of engagement through leadership: Before focusing on interventions associated with key drivers, it is worth noting something we see Best Employers doing that other organizations are not. Their leaders are serious about employee engagement—not a survey, but about having a positive impact on employees' motivation to say great things about their company, to stay involved, and to go above and beyond. There is a "culture of engagement" that is created through multiple levers, including leadership ownership and sponsorship, engaging many stakeholders in the process, communication programs, ongoing engagement measurement and pulse checks, holistic processes around improving engagement, and holding people accountable for engagement results.
- Focus on what matters most and where there is greatest opportunity for improvement. In a constrained environment, organizations will get the highest ROI in employee engagement efforts by focusing on the drivers that have the highest impact, opportunity for improvement, and likelihood of movement. Our analysis also indicates that a one-size-fits-all strategy likely will not work across the globe, so focus on employee segment will also be critical.
- Recognize people's efforts and performance: In today's environment, where organizations are hamstrung by sluggish sales and the continued need for efficiency gains, employees appreciate and are motivated by recognition, often simple feedback from the manager for doing a good job. Employees are motivated by nonmonetary recognition—an important factor for employers to keep in mind. This type of recognition doesn't carry a cost, and it is very important to employees.
- Connect with your employees: Communicate and promote organizational reputation at every opportunity. Employees continue to be engaged when their organizations remain focused on strategies to be successful in the current environment, and in particular when organizations link employees' everyday activities to the strategic imperatives of their organizations—even better, when they link to missions that give meaning and purpose (e.g., a hospital that saves lives, a consulting firm that improves the workplace of the future). Employees want to work for companies that manage performance in a strategically aligned way, and that are known as good organizations to work for. This represents a significant opportunity for organizations to improve the frequency, effectiveness, and relevance of their communications to employees.

- Create employee growth opportunities: With a contracted job market, employees are increasingly looking to their current employers for job enrichment opportunities. However, in developed economies, cutbacks on everything from training budgets to reductions in force have left employees frustrated, disillusioned, and less engaged. Employees around the world understand that career opportunities in the traditional sense may be more difficult to secure during a sluggish economy, but that does not change how important this driver is to them. Employers should develop more creative or less traditional growth opportunities and help employees re-navigate expectations around development that supports business needs—lateral moves, special assignments, cross-functional training, etc.
- Select employees predisposed to engagement: There is a growing body of research at Aon Hewitt identifying the personal traits and characteristics of engaged employees. These are personality traits and natural dispositions that organizations have little control over. For example, traits such as positive affect and conscientiousness can be strong indicators of engagement behaviours. Further, managerial skills and competencies that promote team engagement can be assessed and used for selection during the employment recruitment process. Assessing potential employees for the traits that will most likely lead to engagement, in addition to the requisite knowledge, skills and ability, will likely be a trend we see more of in the future.
- Going forward, the pressure to improve business performance couldn't be more intense than it is today. Middle Eastern organizations will be forced to make tough choices and prioritize challenging goals in order to survive, recover, and grow.
- This will create more opportunities for both employers and employees as the dynamics of a constantly changing and stressed environment become the "new norm." Fortunately, by examining employee engagement data, organizations can develop a sustainable engagement model to combat the crisis-led approach of recent years, find new ways to motivate employees, and continue to adjust to the current environment.
- Developing a sustainable employee engagement plan is more critical than ever, given employee experiences in recent years. This represents a terrific opportunity for forward-looking organizations to utilize employees' views; provide the opportunities, feedback and communication they desire; and pave the way for improved business performance. Organizations that rise to this challenge, and focus on the key drivers that matter most to their employee populations, will ride out the storm and sustain business performance in the future. So are you one of those organizations?



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About Aon Hewitt

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