

CULTURE & ENGAGEMENT

2019 Trends in Middle East and North Africa Employee Engagement

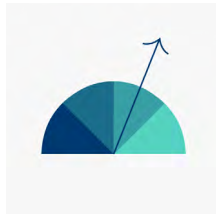
While employee engagement is at an all-time high, the broader experience points to growing pains for employees trying to get comfortable with new ways of thinking.

KINCENTRIC A Spencer Stuart Company

About the Report

This trends report contains the results of our 2018-2019 Culture and Employee Engagement surveys, where over 350 organizations participated across the Middle East and North Africa. These represent the voice of over 310,000 respondents. The results are segregated by geographies first and occasionally branched out into countries: **Gulf** (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE) including a closer look into the results of the UAE and Saudi Arabia, **Levant** (Iraq, Jordan, Lebanon), and finally **North Africa** (Algeria, Egypt, Morocco, Tunisia).

More than half of our respondents come from organizations with more than 10,000 employees. Another quarter comes from smaller organizations ranging between 100 and 9,000 employees, which brings a balance of perspective and a different level of challenges coming with the size of their organization. In terms of geographic location, the highest number of respondents come from the UAE, followed by Saudi Arabia and Egypt.



Executive Summary

Employee Engagement is Increasing

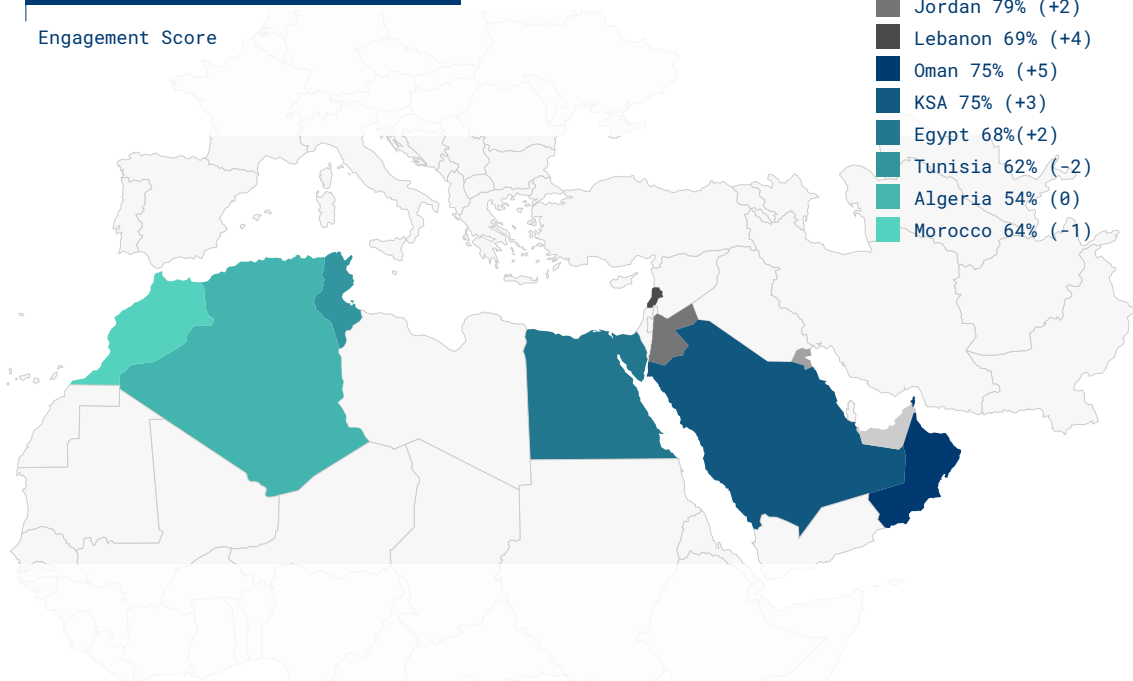
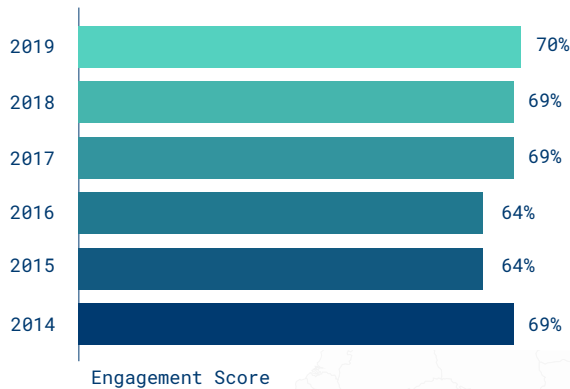
Despite volatile oil prices, geopolitical tensions, domestic vulnerabilities in some countries and the commensurate challenges of growing businesses in an increasingly competitive marketplace, more than two-thirds of our clients' employees in the MENA region are engaged – higher than at any point in our time measuring engagement. By understanding these internal and external realities, organizations seem to have identified and concentrated their efforts on areas within their control, namely, employee engagement, as an important tool to ensure long-term growth and success during turbulent times. The increase in engagement levels is yet another testament to the significance of placing employees at the center of every organization's business strategy.

Engagement by Geography

We continue to see regional, geographical and and country level differences that inform the overall movement.

- Gulf: Positive movement in the two largest markets of Saudi Arabia (+3) and UAE (+2) are the primary drivers for the positive movement.
- Levant: Despite having the highest engagement score in the MENA, Levant is the sole geography experiencing a decline in engagement levels. A drop of 2 points is a likely reflection of the economic and political tensions.
- North Africa: An increase of 1-point results from the biggest country in this geography, Egypt (+2), while the rest of the countries either stagnate or decline.

ENGAGEMENT



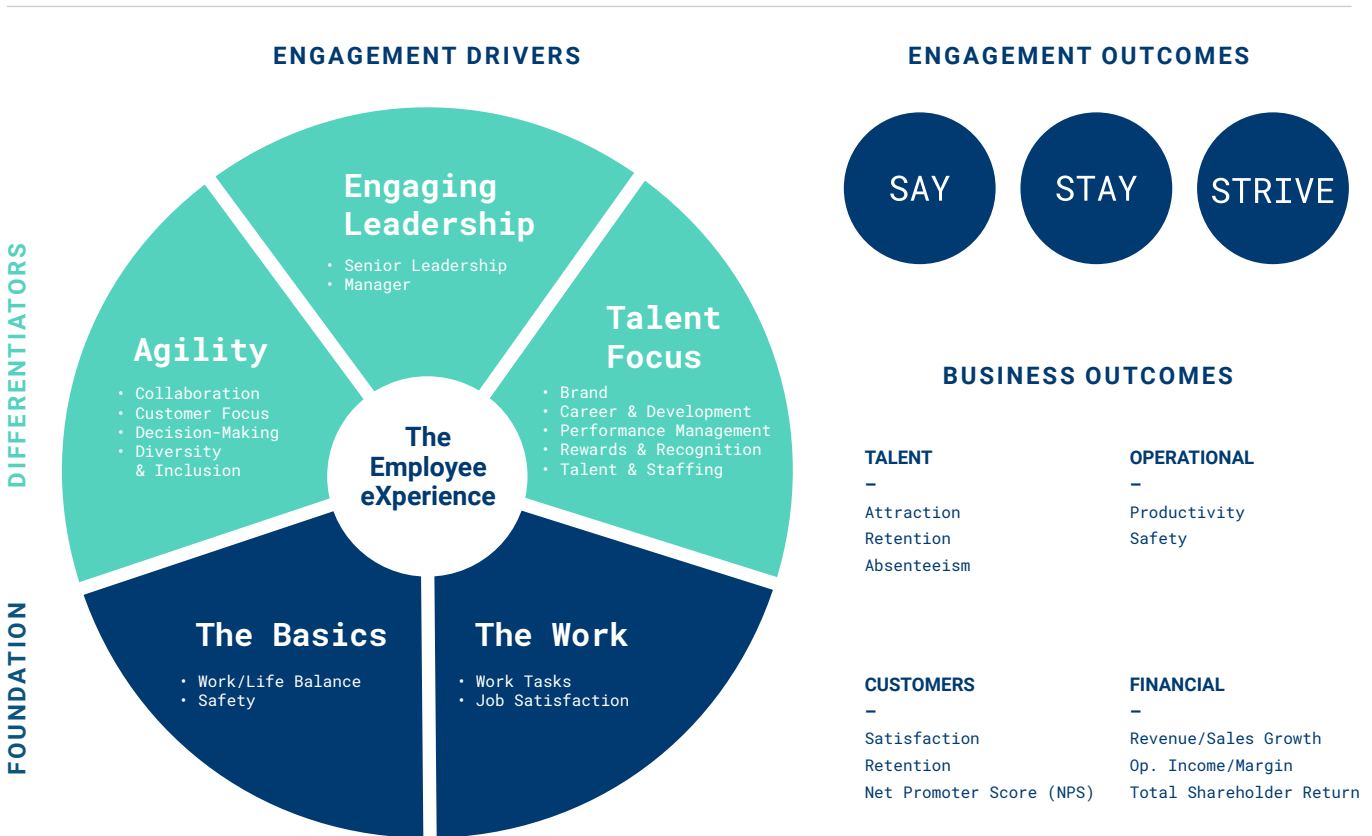
Kincentric’s Employee Engagement Model

The vast majority of HR practitioners state that having more engaged employees is one of their primary talent strategy objectives. Use of the term “employee engagement” seems ubiquitous, and most organizations use a general definition of engagement as something beyond satisfaction that describes an employee’s discretionary effort.

Measurement reliability and validity are important prerequisites of an effective engagement survey. The below is Kincentric’s employee engagement model and will provide empirical evidence for the validity of our engagement measure from our extensive global employee research database of over 15 million employees.

The MENA Employee Engagement Study measures employee engagement with a Say, Stay, Strive model. Employees are asked:

- If they “Say” positive things about their organization and act as advocates
- If they intend to “Stay” at their organization for a long time
- If they “Strive” to give their best efforts to help the organization succeed



Key Findings

Even though engagement scores vary by geography, the top five engagement opportunities are somewhat similar. To identify engagement opportunities, Kincentric utilizes an analysis to understand what really makes a difference to employees. This information identifies and prioritizes factors that drive engagement. The tables below show: (a) the top engagement drivers i.e. top opportunity areas, (b) the largest increases since the previous year and (c) how each cluster and country is faring on key focus areas critical for differentiated success.

MENA	
70% (+1)	
Top Engagement Opportunities	
Rewards & Recognition	
Talent & Staffing	
Decision Making	
Enabling Infrastructure	
Empowerment/Autonomy	
Largest Positive Dimension Increases	
Talent & Staffing +5	
Empowerment & Autonomy +4	
Decision Making +4	
Work Tasks +2	
Customer Focus +1	
Focus areas for driving engagement	
Agility 69% (+3)	
Engaging Leadership 72% (+2)	
Talent Focus 66% (+3)	

GULF	
74% (+3)	
Top Engagement Opportunities	
Rewards & Recognition	
Manager	
Enabling Infrastructure	
Career & Development	
Senior Leadership	
Largest Positive Dimension Increases	
Decision Making +8	
Talent & Staffing +5	
Work Tasks +4	
Customer Focus +2	
Collaboration +2	
Focus areas for driving engagement	
Agility 73% (+5)	
Engaging Leadership 76% (+4)	
Talent Focus 72% (+5)	

UAE	
70% (+1)	
Top Engagement Opportunities	
Rewards & Recognition	
Career & Development	
Talent & Staffing	
Decision Making	
Enabling Infrastructure	
Largest Positive Dimension Increases	
Talent & Staffing +3	
Empowerment & Autonomy +3	
Career & Development +2	
Work Tasks +2	
Customer Focus +1	
Focus areas for driving engagement	
Agility 68% (+3)	
Engaging Leadership 72% (+2)	
Talent Focus 67% (+2)	

Saudi	
75% (+3)	
Top Engagement Opportunities	
Rewards & Recognition	
Career & Development	
Talent & Staffing	
Performance Management	
Decision Making	
Largest Positive Dimension Increases	
Talent & Staffing +9	
Empowerment & Autonomy +7	
Performance Management +5	
Rewards & Recognition +5	
Manager +4	
Focus areas for driving engagement	
Agility 74% (+6)	
Engaging Leadership 78% (+5)	
Talent Focus 71% (+6)	

Levant	
77% (-2)	
Top Engagement Opportunities	
Rewards & Recognition	
Empowerment/Autonomy	
Talent & Staffing	
Enabling Infrastructure	
Performance Management	
Largest Positive Dimension Increases	
Decision Making +3	
Rewards & Recognition +3	
Diversity & Inclusion +2	
Customer Focus +2	
Enabling Infrastructure +2	
Focus areas for driving engagement	
Agility 76% (+1)	
Engaging Leadership 78% (+1)	
Talent Focus 72% (-)	

North Africa	
64% (+1)	
Top Engagement Opportunities	
Rewards & Recognition	
Empowerment/Autonomy	
Talent & Staffing	
Enabling Infrastructure	
Career & Development	
Largest Positive Dimension Increases	
Talent & Staffing +5	
Decision Making +3	
Empowerment & Autonomy +2	
Work Tasks +2	
Collaboration +2	
Focus areas for driving engagement	
Agility 63% (+3)	
Engaging Leadership 67% (+2)	
Talent Focus 57% (+2)	

Employee Engagement in the Middle East and North Africa

Engagement in the MENA region is at its all-time high of 70%. While a 1-point increase may not seem significant, the positive multi-year trend is important and shows that employees, now more than ever, are brining their whole selves to work.

One-third of all employees fall into the Highly Engaged category and another third are categorized as Moderately Engaged giving a total MENA region engagement score of 70%. The Say, Stay and Strive elements of the engagement index also improved by one percentage point each.



Of the 15 dimensions measured, there were no declines - 11 increased and 4 stayed the same, including the top engagement opportunities. The region's top engagement opportunities are Rewards & Recognition (no change), Talent & Staffing (+5 pts), Decision Making (+4 pts), Enabling Infrastructure (+1 pt.) and Empowerment/Autonomy (+4 pts).

Despite the palpable improvements, volatility still abounds (both political and economic) and it will be paramount for organizations to be agile and able to successfully manage change in order to grow and succeed further.

a Employee Engagement in the Gulf

Anchored by the two major economies of the UAE and Saudi, employee engagement over the last year has risen the most in the Gulf. Employees are more likely to Stay, Stay and Strive than at any previous point in time. The Say dimension rose by 2 points, Stay rose by 2 points and most remarkably, Strive dimension rose by 3 points. That means that organizations in the Gulf will have an easier time attracting, retaining and getting the best efforts from their employees.



That isn't the only good news. Of the 15 different workplace dimensions tracked in the study, the Gulf did not have a single dimension that trended negatively. The dimensions with the greatest improvement are Decision Making and Talent & Staffing at 66%, averaging an improvement of eight and five points respectively. Another critical dimension with positive movement is Work Tasks, which suggests a heightened sense of accomplishment that accompanies employees from their work specific tasks – this rose from 78% to 82%.

Despite a 1-point improvement in employees' perceptions, the Gulf is the only geography where Senior Leadership ranked among the top five engagement influencers. Currently at 73%, this remain a unique opportunity area for improvement, underpinning a strong indication that employees value having an open, transparent, visible and accessible cohort of leaders, guiding them forward towards a clearly communicated future direction. This will help employees elevate their own engagement.

b Employee Engagement in the UAE

The UAE has slowly but surely been improving its level of employee engagement year-on-year. Since 2016, the country has managed to increase engagement by one point each year, reaching its peak this year at 70%. One-third of UAE employees fall into the Highly Engaged category and another third are categorized as Moderately Engaged giving a total MENA region engagement score of 70%. The three elements of the engagement index, namely, Say, Stay and Strive, all improved.



With this increase in engagement, we are also witnessing an increase in employee expectations. Expectations of expanded career opportunities and salary increases are also growing as evident from the top two engagement opportunities of Rewards & Recognition (55%) and Career & Development (65%). The third opportunity is Talent & Staffing (60%) which measures how well organizations attract, retain and develop their people, indicating further the need for continued focus on talent strategies to sustain engagement or elevate it further. Our research shows that these three areas deserve the most attention.

Of the 15 dimensions measured, the UAE has seen ten improve, four remain the same and one decline. Three of the improvements signal investments in innovation and more agile practices. Another improvement, notwithstanding its position as the second top engagement opportunity, is Talent & Staffing (+5). Specifically, this is with regards to the levels of staffing required to get work done. The decline was seen across the dimension of Performance Management (-3) where employees voiced concern over the difficulty of performance management systems doing a good job of identifying individual strengths and improvement areas.

c Employee Engagement in the Saudi Arabia

The largest increase for a country belongs to Saudi Arabia, where engagement shot up from 72% of employees to 75%. Each of the three components of the engagement index improved. Say went from 79% to 81%, while Stay went from 66% to 68% and Strive went from 73% to 76%. Most notable is the Strive component of 76%, making Saudi Arabia the country with the highest level of employees who are willing to put in discretionary effort at work. Saudi also has the highest level of Highly Engaged employees at 41% (+4).

Across the 15 dimensions in the study, 14 improved except for Senior Leadership which dropped by one point. The biggest improvement came from Talent & Staffing (+9), particularly on employees' perceptions of having the required staffing levels to get their work done (+16) and the promotion of the people with the skills needed to achieve business objectives (+13). Empowerment & Autonomy also improved by a remarkable 7 points indicating employees' positive reactions to being given more freedom to try new things, even if they lead to occasional mistakes, as well as having an appropriate level of influence and decision-making authority in their job.

Similar to the UAE, Saudi Arabia's top three engagement improvement opportunities for the past three years have been Reward & Recognition (64%), followed by Career & Development (69%) and Talent & Staffing (64%). This is resulting in talent job hopping their way to better career opportunities and higher pay, while simultaneously increasing attrition of key talent. Fairness in rewards programs and success in employee recognition are also increasingly critical to achieving a highly engaged and high performing workforce. Career & Development and Talent & Staffing dimensions illustrate the importance of career advancement and support, respectively, in a strong culture of engagement. Without these ingredients, talent stagnates, is frustrated, and eventually leaves or becomes complacent.

d Employee Engagement in the Levant

While the Levant maintains the highest employee engagement scores across the MENA at 77%, it is struggling to maintain progress. A drop of 2 points might be the result of organizations looking to employees to help them reduce costs, identify areas for growth, streamline processes, and innovate faster than their competitors, yet employees in many organizations are showing fatigue in response to the lengthy period of stress, uncertainty, and confusion of the economic and political downturn. This is also translated into the decrease in 2 points for the Stay dimension, while the Say and Strive dimension remain unchanged.



In light of the above-mentioned challenges, the importance of motivating people for high performance is getting more and more important. As such, we have seen aspects of Decision Making and Rewards & Recognition make the biggest improvements to 81% and 56% respectively, despite having Rewards & Recognition remain a top priority area for the Levant at 56%, followed by the second priority area of Empowerment and Autonomy at 64%.

Of the 15 dimensions measured, only two decreased, namely, Work-Life Balance (70%) and Empowerment/Autonomy (64%) that decreased by 2 and 3 points respectively. Career & Development, Performance Management and Senior Leadership stayed flat.

e Employee Engagement in North Africa

The narrative in North Africa is that engagement improved by one point, despite declines in two markets, namely Morocco (64%) and Tunisia (62%) and stagnation in Algeria (54%). However, these individual results were largely offset by a 3-point gain in Egypt (68%). The Say and Stay elements comprising the engagement index decreased by 1 point to 72% and 61% respectively, while the Strive element increased by 1 point to 63%.



With the lone exception of the Senior Leadership dimension (which stayed flat), all of the other 14 dimensions improved across North Africa. Talent & Staffing improved by 5 points and that is noteworthy for two reasons. That dimension has made the largest increases consecutively for four years now, which made the degree of difficulty for a 5-points improvement this year much higher. The other reason is that Talent & Staffing was the top engagement opportunity last year and it is the third this year. This is a clear indication that organizations have improved their capabilities for attracting, promoting and retaining the right talent.

As for North Africa's top engagement priority, this mirrors the MENA region's priority area, where Rewards & Recognition was followed by Empowerment/Autonomy. Employees are also asking for more rewards (financial and non-financial), as well as, more empowerment, rather than letting themselves be passively led by leadership.

Focus Areas for Driving Employee Engagement

Be More Agile

We have all heard about how organizations need to be more agile, yet we see agility scores are dropping globally. Does this mean that organizations are getting less agile?

Probably not. It is more likely that organizations are trying new tactics to unwind historical, linear thinking and employees are in the middle of a potentially painful re-learning curve. It is one thing to read about agile principles – but it is an entirely different thing to implement and practice them in day-to-day work.

Lead the Way

Leaders’ personal engagement influences the likelihood that their team will be engaged, but it is perhaps even more important to demonstrate engaging behaviors.

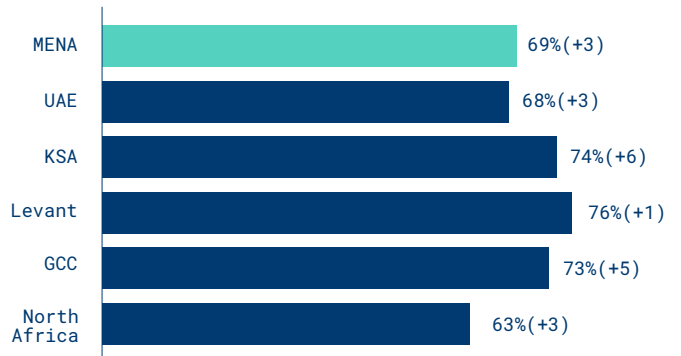
For example, a consistent top driver of engagement is senior leaders’ ability to create excitement for the future of the organization. However, excitement for the future cannot be entirely led by senior leaders. Frontline managers need to help inspire and coach their teams to engage in behaviors that align with cultural priorities.

Double Down on Talent Focus

Our data tell us that employee experience is getting more difficult at the beginning and end points of the employee lifecycle.

At the beginning, it is more difficult to attract the right people and have a mission that provides a meaningful direction. At the end, it is difficult to retain the people needed to achieve business goals. Some of this is due to tight labor markets that give employees freedom to consider other opportunities, but all three of these areas speak to a broader necessity to manage your value proposition and talent pipeline to attract and retain the talent that is critical to your future success.

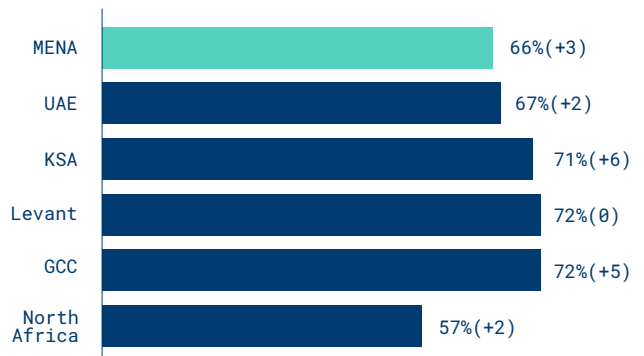
AGILITY



ENGAGING LEADERSHIP



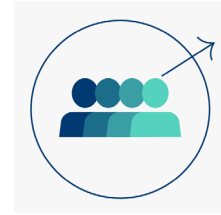
TALENT FOCUS



Looking Forward: Trends to Track

Aside from the trends in employee feedback discussed, it is important to keep a pulse on current trends in the space of employee engagement and experience as changes continue to accelerate. We are asking less about “what is this?” and more about “what should I do about this?”

An alignment of leadership, culture and engagement to business performance remains the key challenge facing organizations in general and HR professionals in particular.



Keep an eye on these trends:

- **Employee experience is here, but what is the higher-level goal you are trying to achieve?** Beware of over-rotating on a fully bottom-up view without consideration of what the business needs to drive value. Balance is key.
- **Culture, engagement and employee experience are converging.** Within the employee experience, culture is both a driver of engagement and an outcome of the collective, normative behaviors employees engage in. Understanding these intersections will illuminate hidden strengths and weaknesses.
- **HR will need to advance its own capability and capacity** in the areas of research and data analytics, design thinking and agile techniques to fully meet the demand for more frequent measurement in search of a better employee experience. With every process being “reimagined”, HR professionals will need these additional skills to enable organizational success.
- **Technology and data techniques are overshadowing the real talent problem.** Techniques like machine learning and AI are advancing rapidly, but organizations need to get more focused on defining business and talent problems, and ensure they have capacity to solve them rather than simply implementing technology and techniques in search of a problem.

Organizations Struggle to Execute

After reaching these points, you may be thinking “of course – I already know these are important.” However, as our Global Employee Experience Research highlights, very few organizations are able to successfully execute on the employee experience they seek to deliver.

In fact, across more than 1,300 respondents in 43 countries, only one third of organizations have a good definition of what they mean by employee experience and even fewer (28%) feel equipped to create a differentiated employee experience. Add the finding that over 70% say that measurement objectives have not progressed as quickly as planned, it illustrates that getting clear on strategy, governance and objectives will be a requirement before realizing any success on accelerating employee engagement and the culture required for future success.

We can help. Our consultants specialize in Culture and Engagement, Leadership Development and HR Advisory to help you and your organization deliver an employee experience that is not only engaging to your employees, but also helps you achieve your cultural and strategic goals.

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About Kincentric

Kincentric, a Spencer Stuart company, approaches human capital differently – we help you identify what drives your people, so they can drive your business. Our decades of expertise in culture and engagement, leadership assessment and development, and HR and talent advisory services enable us to help organizations change from the inside. Our global network, proven insights and intuitive technologies give us new ways to help organizations unlock the power of people and teams. For more information, visit [Kincentric.com](https://www.kincentric.com).

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