

HUMAN CAPITAL
REPORT

DECEMBER 2015

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HUMAN CAPITAL REPORT 2015

CHAPTER 1

Introduction

Low oil prices, slowing economic growth and ongoing political turmoil will dominate the discussion about the health of the Middle East business environment for the rest of 2015, and in all likelihood, well into next year. However, another major issue keeping hospitality professionals awake at night is staff retention.

According to 51% of respondents to *Hotelier Middle East's* initial *Human Resource Director Survey*, conducted between July and August 2015, staff retention will be a major determining factor on a positive performance in 2016.

Although prevailing macro-market conditions are often beyond the capability of hoteliers to influence; who they hire, and how they motivate, manage and lead them, rests in their hands and those of the associated human resource departments.

The HR question goes to the very heart of the hospitality industry; staff are the key to customer experience, smooth operations and a competitive market position. If the hospitality industry is ultimately a 'people' business, then great staff are the key to unlocking guest experience and revenue.

The *HR Director Survey* aims to shed greater light on some of the challenges and possible solutions faced by hotel operators working in the Middle East and North Africa (MENA).

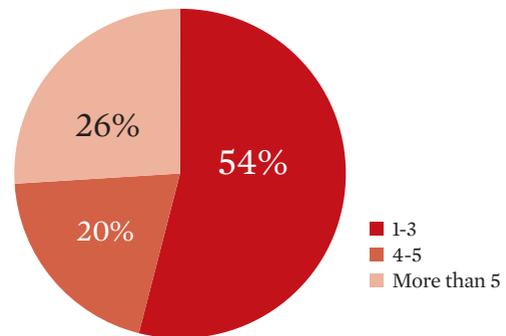
Hotelier's first *HR Director Survey* was based on a 'by invitation only' online survey, which drew responses from 50 senior human resource professionals; who between them are responsible for overseeing and implementing HR policy in more than 450 five-star properties throughout MENA. Survey participants represented a cross-section of top international hospitality groups and individual properties from around the region. The survey was further supplemented by 15 interviews with senior HR professionals.

The survey identifies, which hospitality skills are most in demand, what roles are proving the hardest to fill, the 'market rate' salaries for key positions, and what tools hoteliers are using to retain top talent. By delving into the challenges facing the region's HR professionals the report uncovers a number of key trends, from compensation and retention strategies – including salary ranges and structures – to personnel development, as well as recruitment tools. Whether those tools will be sufficient to compete for talent and retain staff in a market that retains strong long term growth indicators is a matter open to debate.

Buoyant market

Despite ongoing political turmoil throughout the Middle East and North Africa and an uncertain short term economic outlook, hospitality management companies are still bullish about market growth. Across MENA's hospitality sector there are approximately 763 hotels – a total of some 191,047 rooms – under contract according to the September 2015 STR Global Construction Pipeline Report.

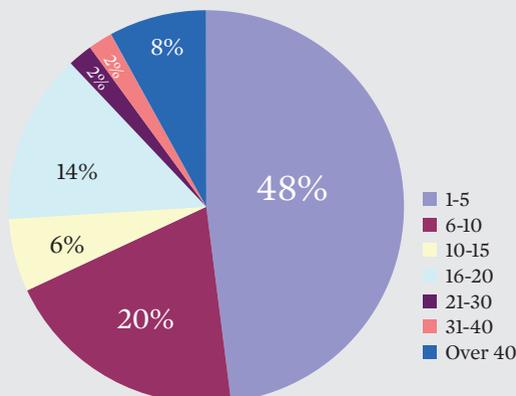
How many new properties does your organisation plan to open in the next 12 months?



SURVEY RESPONDENTS: HOW MANY HOTELS AND WHERE

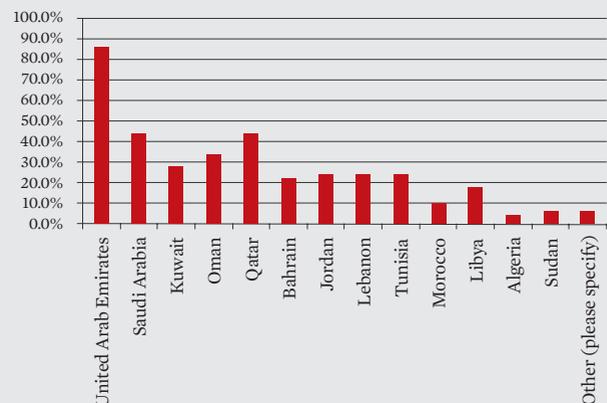
How many properties does your organisation manage in the Middle East and North Africa?

Of the respondents to the HR Director Survey, over 45% work for a hotel operator that manages between one and five properties in Middle East and North Africa (MENA). Nearly 20% of respondents are with an organisation, which manages between six and 10 properties. A further 15% of survey participants work with a firm that manages between 16 and 20 hotels. 9% of respondents work for an operator that manages over 40 properties.

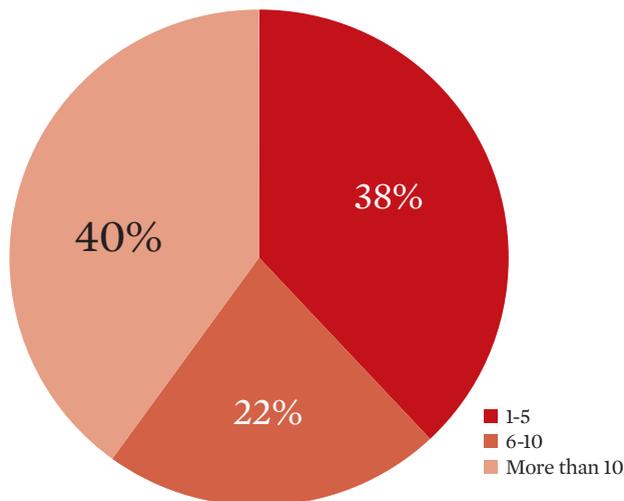


Where are your properties based? (Respondents could tick more than one option)

Regional hotels are well represented in the survey. Almost 90% of respondents work for operators that have hotels located in the UAE; followed by Saudi Arabia (nearly 48%); Qatar (over 45%); Oman (almost 35%); Kuwait, Jordan, Lebanon and Egypt (26% each); Bahrain (24%); Morocco (19.5%); Tunisia (almost 11%); Algeria and Sudan (both 6.5%); and Libya (4%). A small percentage of respondents' had properties in Djibouti, Iraq and Syria.



How many new properties does your organisation plan to open in the next two to five years?



Among the region’s key markets, Dubai is setting the pace with the most number of rooms under construction: 19,719 rooms in 67 hotels. Three other GCC destinations reported more than 5,000 rooms under construction: Makkah with 16,153 rooms in 11 properties; Doha with 7,315 rooms in 30 hotels; and Riyadh which has 6,131 rooms in 25 hotels under construction.

Regardless of recent drops in occupancy rates, the survey participants are still very bullish about the growth prospects for the industry: 54% of respondents stated that their organisation intends to open between one and three properties in the next 12 months. A further 26% said they’ll open more than five during the same period.

Looking further ahead, 40% of respondents said their firm is on track to open more than 10 properties in the next two to five years. Another 38% said they’ll open between one and five hotels by 2020.

With Expo 2020 Dubai looming large over the hospitality industry in the UAE, it is no surprise that Dubai is rapidly adding to its hotel supply. The pending completion of major entertainment attractions, such as Dubai Parks & Resorts, Mall of the World, Meydan One, the Opera District and Dubai South are all expected to fuel further demand and sustain high occupancy levels post 2020’s expo.

Meanwhile in Doha, work is well underway to boost the nation’s own hospitality infrastructure in the run-up to the 2022 FIFA World Cup.

The hotel industry is expected to continue on its growth curve supported by numerous regional government initiatives designed to diversify the economic environment and build a sustainable travel and tourism industry.

For Feras Salibi, director of HR for Rixos The Palm Dubai and Rixos Bab Al Bahr in Ras Al Khaimah, the raft of infrastructure and lifestyle investments underway in the region is a clear indication of confidence levels in the long term health of the hospitality market.

“Highly affluent investors from Gulf countries have started to grow their influence in Europe and Americas, and that generates more traffic and interest towards the Middle East and Gulf,” he says.

“The GCC’s strategic location in terms of global air routes is [driving] the footfall of passengers,” adds Heather Jacobs, senior vice president, international and corporate human resources for Four Seasons EMEA.

“The region has effectively leveraged this opportunity by investing heavily in airport expansion... The GCC’s airports are expected to handle about 250 million passengers by 2020, all of which will fuel the growth of the industry,” explains Jacobs.

Saudi Arabia also continues to invest heavily in tourism and hospitality

infrastructure to cater to the millions of religious tourists, who visit the kingdom each year. A number of hotel operators are expanding rapidly into Saudi Arabia. For instance, Rotana recently announced plans to open six hotels in Saudi Arabia by 2017; Shangri-La is set to open its initial property in Jeddah in 2018; while Hilton, Four Seasons and Carlson Rezidor all have properties scheduled for opening in the near future.

Until recently much of the market expansion in Saudi Arabia has focused on the luxury sector. However, that is set to change as international operators expand their footprint, by pushing their reach in to two and three tier cities and introducing mid-tier brands to the local market.

“There is huge expansion in Saudi Arabia,” says Christopher Hewett, associate director, TRI Consulting. “Cities like Jeddah and Riyadh are very five star orientated, but you’re now starting to see a lot more mid-market hotels come in,” he adds.

“The outlook for the region’s hospitality sector is indeed positive — occupancy is increasing,” notes Shahid Jabbar, HR manager for Dubai-based Millennium Airport Hotel.

With the GCC’s big hotel operators putting the UAE, particularly Dubai and Abu Dhabi, Saudi Arabia and Qatar at the forefront of their growth strategy, the industry is already grappling with significant staffing issues, with specific skill sets very much in demand.

Staffing requirements: sourcing talent

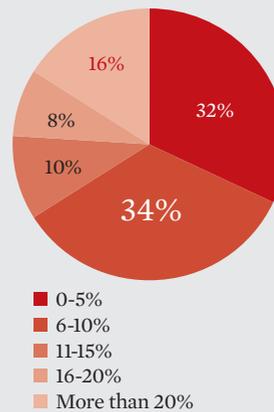
As the region’s hoteliers brace themselves for a spate of hotel openings over the next two-to-five years, the ‘war for talent’ is heating up. New hotel rooms demand new hotel staff — 42% of survey participants revealed their organisation expects more than 20% staff growth over the next five years.

“Competition for skilled staff amongst hotels in the Middle East is

RATE OF STAFF GROWTH

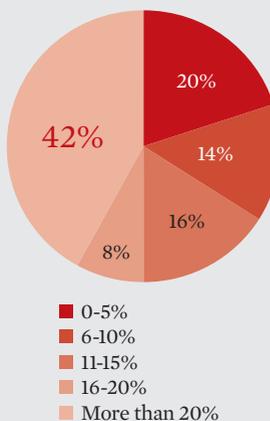
In the next 12 months...

34% of survey participants expect staff growth of between 6 and 10% over the next 12 months. 32% of respondents predict between 0 and 5% staff growth in the next year. Just over 15% claim their firm will see more than 20% staff growth. 10% of respondents anticipate between 11 and 15% staff growth; while 8.7% expect staff growth rates to be between 16 and 20% over the next year.

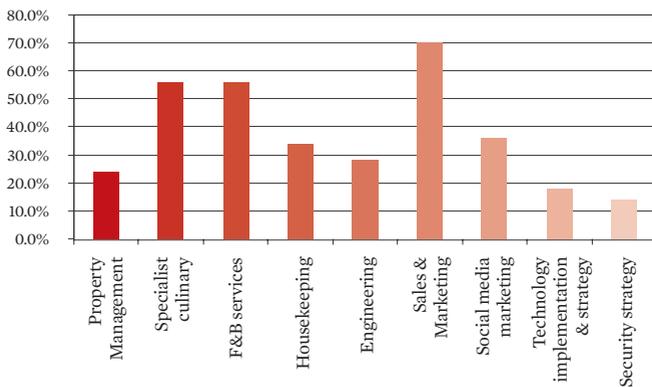


By 2020...

Looking ahead to 2020, 42% of respondents expect to see more than 20% staff growth in their organisation; 20% estimate staff growth of between 0 and 5%; 16% believe it will be between 11 and 15%; and 14% of participants estimate between 6 and 10% growth in staff numbers. Just 8.7% expect staff growth of between 16 and 20% over the next five years.



What hospitality skills are most in demand?
(Respondents could tick more than one answer)

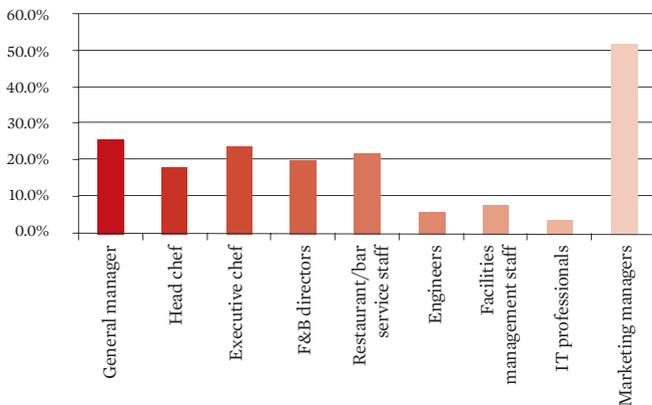


“... fierce, with demand for talent outstripping the number of candidates,” comments Anis Fares, director of human resources, Middle East & Africa, Millennium & Copthorne.

Given the increasingly cutthroat nature of the regional hospitality market, it is perhaps unsurprising that sales and marketing skills are most in demand by local hotel operators. An astonishing 70% of respondents listed this as their main recruitment focus area going forward.

Other core skills greatly in demand by the region’s HR professionals are specialist culinary expertise, F&B services and housekeeping.

Which roles are proving the hardest to fill?
(Respondents could tick more than one answer)



As to be perhaps expected sales and marketing managers are also proving to be among the hardest roles to fill for many respondents – 52% said that sales and marketing roles were the hardest to fill. “Anything revenue-generating will always be in demand. [It] is the bread and butter of any business,” says Salibi from Rixos.

“The skills levels in this segment still vary a lot in this region. Many [sales people] are still living in a world where they assume they don’t really need to make an effort to sell. Education and training are much needed here, still,” he adds.

Other roles that are proving hard to fill are executive chefs, head chefs, general managers, F&B directors and restaurant/service staff.

Nicoleta Cucos, director of human resources at Shangri-La Hotel, Dubai, echoes Salibi’s sentiment about varying skill levels available in the market. “Expertise is always in demand and difficult to find, simply because most of the top talent is passive and not actively looking, or lured by, the usual benefits offered by the majority of employers,” she says.

“The workforce in [the UAE and GCC] has the tendency to move jobs frequently as there is an easier chance to build a career in terms of designa-

tion, but not in terms of knowledge [or] expertise. Despite a high number of applicants, finding the right fit is not easy,” comments Cucos.

Another key skill, which is highly sought after is languages. As inbound tourism grows and operators target new markets, many hoteliers are searching for staff with strong European language skills. According to Pilar Collado Puerta, HR & training officer at Meliá Dubai, “finding candidates who can speak a variety of languages, including Spanish, German or French,” is not always easy.

With competition intensifying, it is vital for hotels to hire strong managers, if they intend to recruit and retain talent. “The market here can be fickle, but having a solid team of managers across our business and an HR strategy that touches upon culture and engagement is key,” says Natalie King, director of HR at Jumeirah Restaurant Group (JRG) Dubai.

Retaining top talent

Development, promotion, transfer opportunities and competitive salaries are universally accepted as key when it comes to staff retention. However, the competitive Middle East market and the transient expat population means that these tools still may not be enough to retain top talent.

“The market here is extremely competitive. Also due to the expat system and the way it’s set up, it’s difficult to retain people for long periods of time; eventually everyone likes to – or has to – go back home,” says Salibi.

The growing footprint of international hotel operators in the region is putting increasing pressure on smaller, local hotel companies. Working with bigger hotel chains, which can offer greater international exposure, promotion, and salaries, is forcing some local hotel operators on to the back foot in the war for talent.

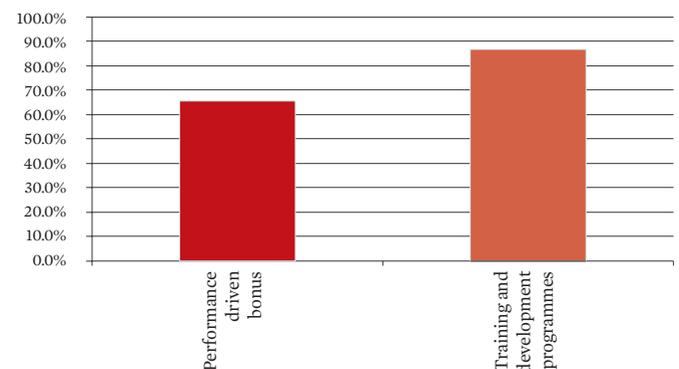
“There’s a lack of consistency in the industry which enables employees to switch jobs and it varies based upon a hotel’s category. For example, the package and benefits offered by international brands cannot be met by local hotels,” comments Azam Chiragh, HR director, Millennium Plaza Hotel Dubai.

Local operators may not be able to offer staff opportunities abroad, or at more ‘prestigious’ hotels, however, working for a local hospitality firm, particularly in the mid-range, has its advantages. “With mid-tier hotels there are probably more opportunities for growth within the company,” says Christopher Hewett, associate director, TRI Consulting. “A lot of the time the people [have] a stronger intuition when it comes to service. They have to be a lot quicker, and self sufficient,” he adds.

With so many new properties set to open in the next five years, what strategy should hoteliers adopt if they want to remain competitive in the hunt for talent? The successful HR strategy must offer a fine blend of competitive salary, exciting career road-map and relevant training.

To retain talent, a personalised and comprehensive training and development programme must go hand in hand with a competitive salary. “In essence what satisfaction boils down to is how we pay, house and feed

What other tools does the organisation use to retain talent?



our staff, and how we communicate with and to them,” says Amber Zaki, director of human resources at Taj Dubai. “Regular reviews of salaries and allowances are also essential,” she adds.

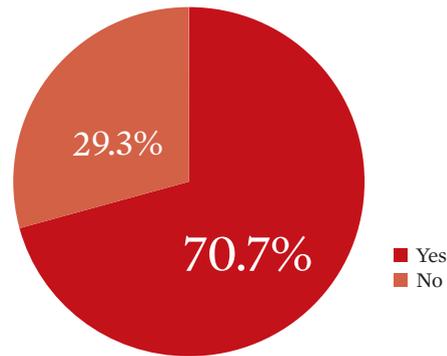
According to 86.8% of survey respondents, the most popular tool, behind salary increases, for retaining talent is training and development. Performance driven bonuses were also seen as a key retention tool.

“Hire for attitude and train for skills,” says Khin May Than, HR manager at Dusit Thani Abu Dhabi, adding “training, career development and rewards” are integral when it comes to recruiting and retaining the best staff.

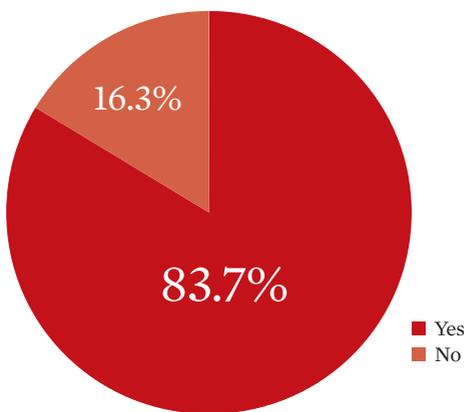
Competitive salaries matter

Training is important, but money comes first and the packages on offer must be competitive. In the last 12 months hotel operators have increased

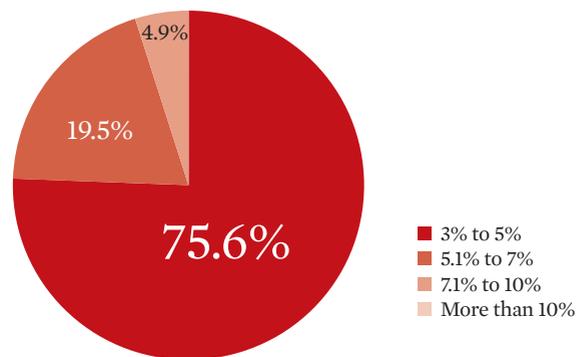
Does your organisation offer a standard salary increase to staff as part of its retention strategy?



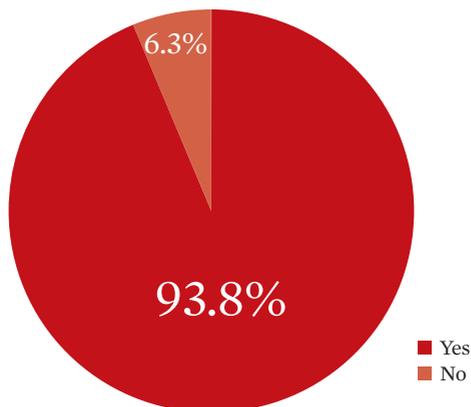
Did your organisation make salary increases in the last 12 months?



If your organisation has offered a standard pay rise as part of its staff retention strategy, what percentage pay rise did the organisation give?



Does your organisation intend to give pay rises in the next 12 months?



salaries. According to the survey, 83.7% of respondents claimed to have made salary increases in the last 12 months. Nearly 94% claimed they plan to give further raises in the next year.

Just under half of survey participants claimed that the main reason given for granting pay rises in the last year has been to keep salaries in-line with the cost of living. Employee performance was cited as a reason for an increase by 26.8% of respondents and employee retention by just 17.1%

“It is vital that we attract and retain staff by offering a competitive salary and benefits,” says Fares of Millennium & Copthorne. “Middle Eastern cities have experienced a sharp rise in the cost of living, so it’s important that salaries reflect this increase.”

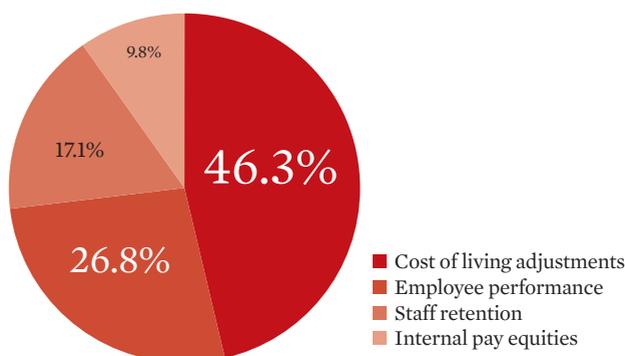
Interestingly, in both chapters 2 and 3 of this report, staff claim that standard, company-wide pay rises have failed to keep track of the rise in cost of living.

Ongoing political turmoil in some parts of MENA and Europe, the fluctuating price of oil and a slowdown in the Chinese economy have contributed to depress the short term growth forecasts for the regional hospitality market. However, many hotels are still going through with set pay increases in 2016 – 70.7% of participants said the firm offered a standard annual salary increase to staff as part of its retention strategy. However, of those pay rises 75.6% were between just 3 and 5%.

Commenting on salary increases, Fatma Al Sinawi, director of HR and training at Six Senses Zighy Bay in Oman, says: “By law we have to increase [salaries] by 3% every year, but we do have yearly bonuses for all staff.”

According to Fares, Millennium & Copthorne pay rises will be market specific and linked to performance. “It will depend on which region we operate in and where adjustments have to be made to complement inflation and price increases. We will also give pay rises to staff that have performed

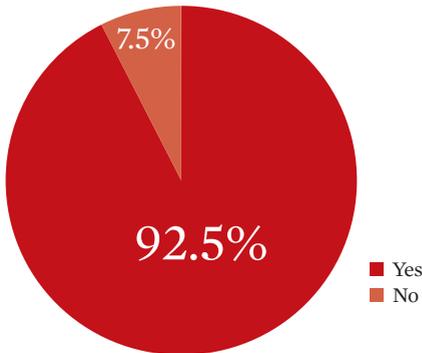
In the last year what has been the main reason for granting a pay rise?



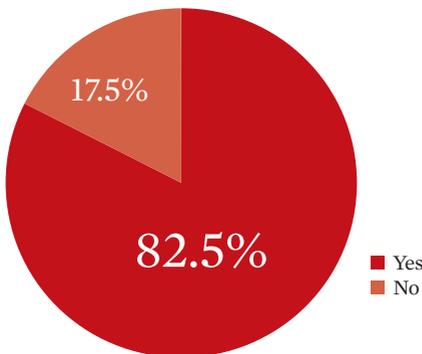
well over the past year to demonstrate our commitment and ensure they stay within the company.”

Over 90% of respondents claimed their organisation has a transparent compensation strategy, with just over 80% reporting their firm follows structured salary brackets defined by grade or individual position.

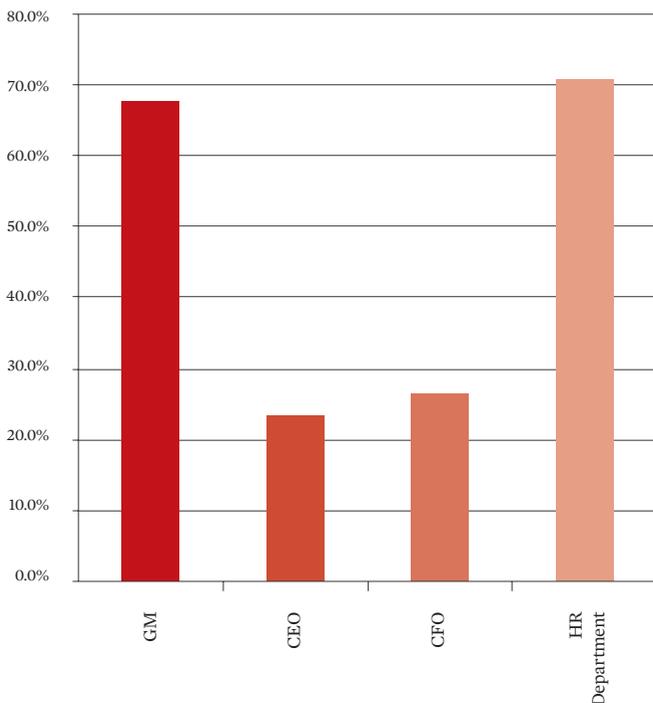
Does the organisation have a transparent compensation strategy?



Does the organisation follow structured salary brackets, defined by grade, or individual position?



Where within the organisation is salary structure decided?



Few respondents admitted to having a minimum wage structure in place. Most participants claimed that the hotels’ minimum wage was in-line with the local legislation, depending on where the property was based. However, of those that provided more detailed information, the minimum salary varied from US\$302 per month (excluding allowance and other benefits) to US\$680 per month. Several properties said they didn’t have any minimum salary bracket.

Ownership of a firm’s salary structure appears to vary from company to company; but most operators have struck a balance between the general manager and human resources department. In other cases, the chief finance officer and/or the company CEO will sign off on a salary structure.

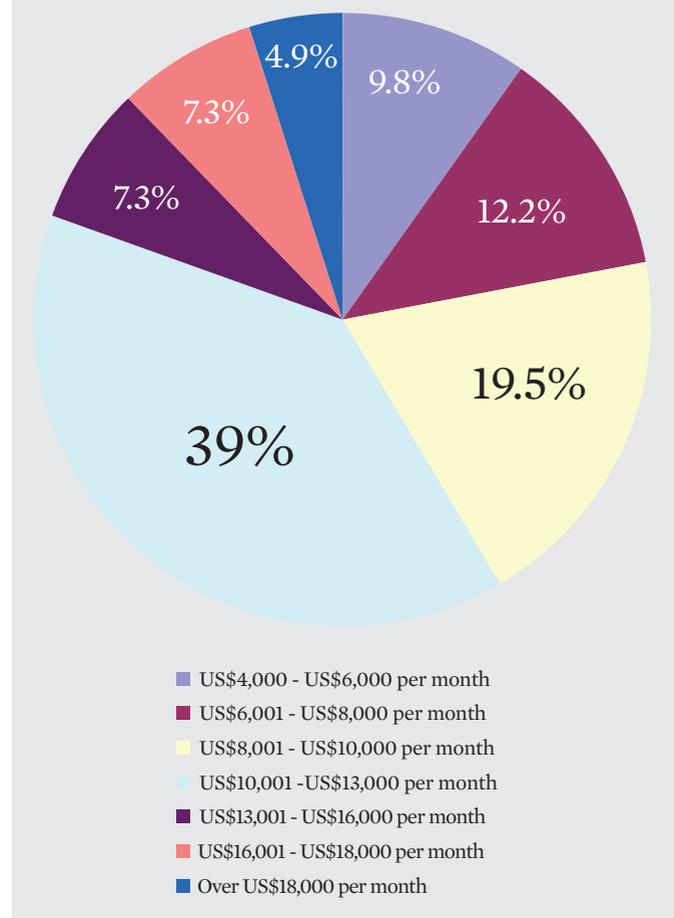
Pay scales

The majority of HR professionals interviewed for this report agree – the packages of senior positions in the region’s hospitality sector are globally competitive, both in terms of pay and career opportunities. “As of this time, salaries for some positions are higher than the market average,” says Than, of the Dusit Thani Abu Dhabi.

Karim Maataoui, HR manager at Dubai’s Media One, adds: “Dubai and UAE remain good paying locations with the potential to grow faster, the benefits provided to employees and a free-tax system.”

Meanwhile, Puerta from Meliá Dubai claims hotel industry salaries here are slightly less than in Spanish-speaking countries. “However, Middle East hotels are offering other benefits which are not offered in other countries, such as accommodation, transportation and meals, which may be attractive to a certain profile of candidates

WHAT IS THE SALARY RANGE FOR A GENERAL MANAGER POSITION?



when looking for a job overseas,” she adds.

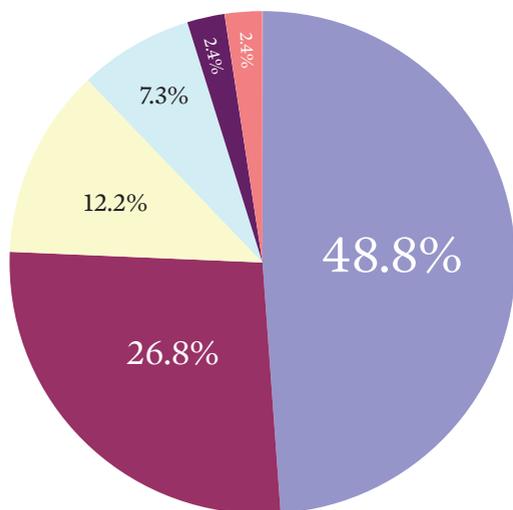
When questioned about the monthly salary range for a hotel’s general manager position, 39% of respondents said they offered between US\$10,001 and US\$13,000 per month. At the top end of the pay scale, almost 5% of HRs said general manager’s salary could exceed US\$18,000 per month.

Almost half of respondents said the salary range for a head chef

was between US\$4,000 to US\$6,000 per month. However, over a quarter of respondents (26.8%) claimed they paid more – between US\$6,001 and US\$8,000 per month. Salaries of over US\$10,000 per month are only offered by 12% of respondents.

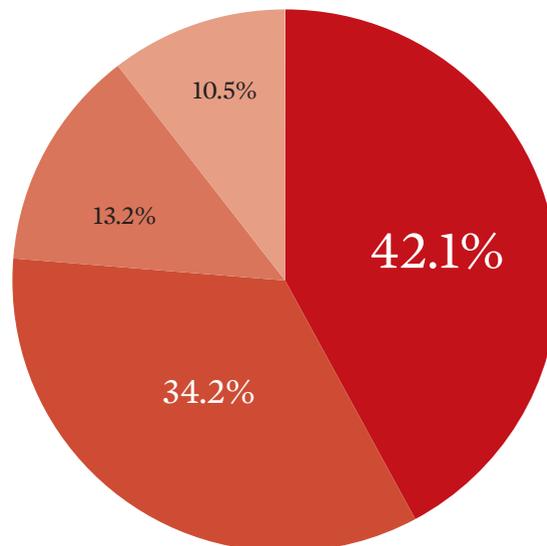
According to 60% of respondents, salaries of between US\$4,001 and \$6,000 per month for a F&B director were the most common. However, some hotel chains (23.1% of participants) offered between US\$6,001 to

What is the salary range for a head chef?



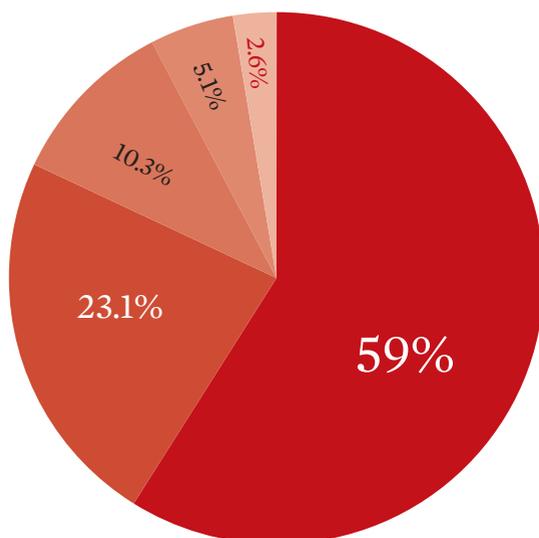
- US\$4,000 to US\$6,000 per month
- US\$6,001 to US\$8,000 per month
- US\$8,001 to US\$10,000 per month
- US\$10,001 to US\$12,000 per month
- US\$12,001 to US\$14,000 per month
- Over US\$14,000 per month

What is the salary range for a marketing director?



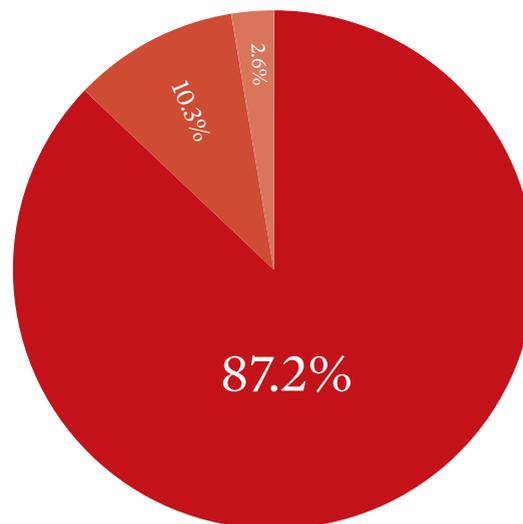
- US\$2,500 to US\$4,000 per month
- US\$4,001 to US\$6,000 per month
- US\$6,001 to US\$8,000 per month
- US\$8,001 to US\$10,000 per month

What is the salary range for a F&B director?



- US\$4,000 to US\$6,000 per month
- US\$6,001 to US\$8,000 per month
- US\$8,001 to US\$10,000 per month
- US\$10,001 to US\$12,000 per month
- US\$12,001 to US\$14,000 per month
- More than US\$14,000 per month

What is the salary range for a restaurant manager?



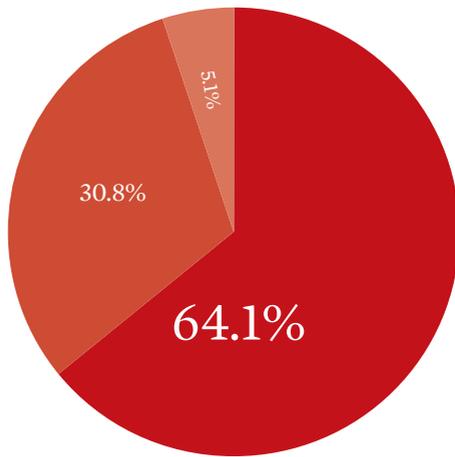
- US\$2,500 to US\$4,000 per month
- US\$4,001 to US\$6,000 per month
- US\$6,001 to US\$8,000 per month
- More than US\$8,000 per month

\$8,000 per month. The top end of the pay scale for an F&B director was over US\$14,000 per month.

Almost 45% revealed the salary range for a marketing director is between US\$2,500 and US\$4,000 per month. Nearly 35% said it fell between US\$4,001 and US\$6,000 per month. Given scarcity of sales and marketing staff highlighted earlier, its surprising to see the relatively low level salaries being offered by the majority of survey respondents.

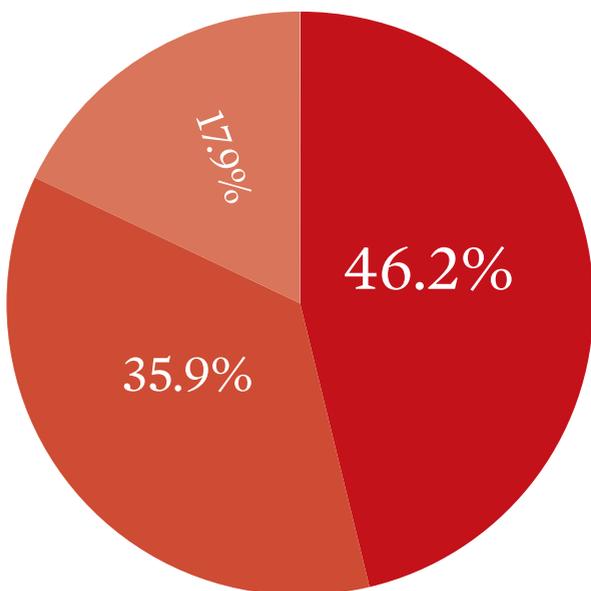
For a restaurant manager, 87.2% of respondents said the monthly salary

What is the salary range for a director of housekeeping?



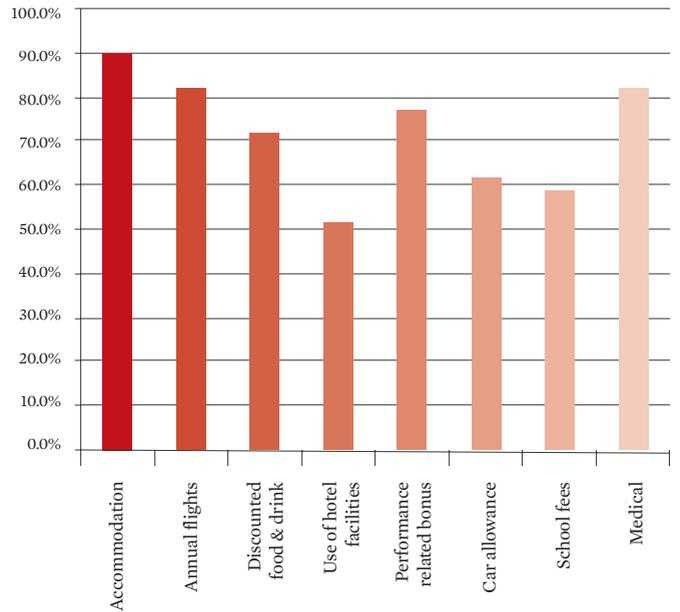
- US\$2,500 to US\$4,000 per month
- US\$4,001 to US\$6,000 per month
- US\$6,001 to US\$8,000 per month
- More than US\$8,000 per month

What is the salary range for a senior engineer?

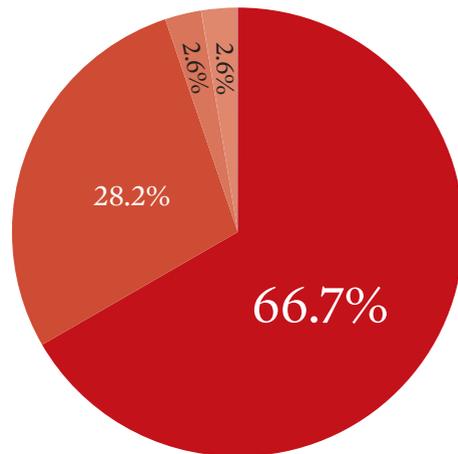


- US\$2,500 to US\$4,000 per month
- US\$4,001 to US\$6,000 per month
- US\$6,001 to US\$8,000 per month
- More than US\$8,000 per month

Aside from basic salary what other benefits does the organisation offer hospitality staff? (Respondents could tick more than one answer)



What is the salary range for a senior IT professional?



- US\$2,500 to US\$4,000 per month
- US\$4,001 to US\$6,000 per month
- US\$6,001 to US\$8,000 per month
- US\$8,001 to US\$10,000 per month
- More than US\$10,000 per month

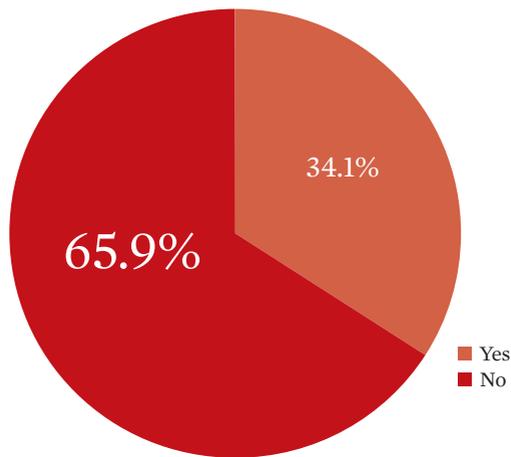
range is between US\$2,500 to US\$4,000; followed by almost 10% of respondents who said it was between US\$4,001 and US\$6,000 per month.

The most common salary bracket for a director of housekeeping, according to 65% of participants, is US\$2,500 to US\$4,000 per month; followed by US\$4,001 to US\$6,000. 5.15% claimed they a paid director of housekeeping between US\$6,001 and US\$8,000 per month.

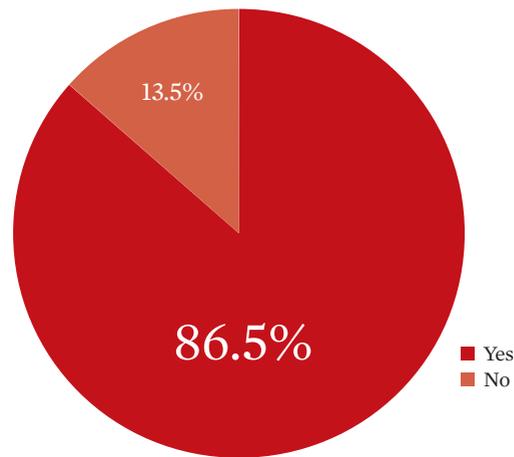
For a senior engineer role, just under 50% of respondents said the monthly salary range is between US\$2,500 to US\$4,000 per month. Around 36% claimed said they paid between US\$4,001 and US\$6,000 per month.

For senior IT professionals, almost 70% of survey respondents said the monthly salary range is between US\$2,500 to US\$4,000 per month; followed by an additional 30% who indicated it falls between US\$4,001 and

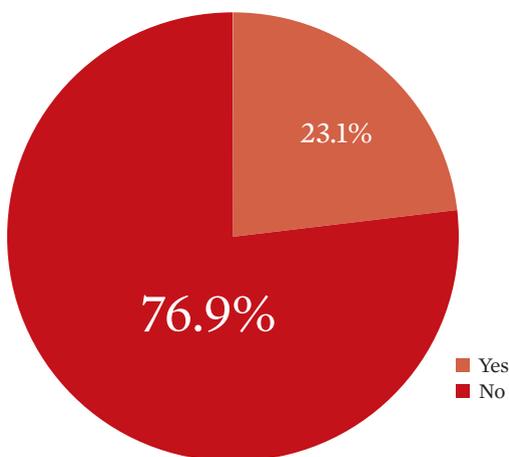
Over the last two years have bonuses increased as a percentage of the overall compensation package?



Does the organisation offer staff a structured training programme, as part of their annual assessment?



Is the organisation offering larger bonuses, as opposed to offering salary increases as a critical tool for staff retention?



US\$6,000 per month. The relatively low salaries for both senior engineers and IT staff indicates that few operators view either roles as strategically important. This is perhaps even more surprising given how critical secure, convenient internet access is for business operations and customer service, and how highly rated sustainable business practices are viewed by guests.

Perks and bonuses

Alongside the salary, most hotel operators offer staff a host of benefits including, accommodation, annual flights, medical, performance-related bonuses and discounted F&B. By far the most common are accommodation, flights and medical, closely followed by performance-related bonuses.

Over the last two years, just 34.1% of respondents reported that bonuses have increased as a percentage of the overall compensation package. This is despite bonuses being viewed as an important retention tool. Survey participants don't expect that bonuses will become a critical tool for staff retention. "Organisations have learnt to differentiate between employees and offer the top performers higher bonuses and an incentive scheme for achievements," says Cucos from Shangri-La Hotel, Dubai.

"Generally speaking, bonus percentage did not increase due to a decline in some market segments. There was higher revenue, but not significantly [enough] to increase bonuses," he adds.

At the Six Senses Hotels Resorts & Spas, whether staff receive bonuses as opposed to an increase in basic pay, depends on the overall company performance. "If we achieve the gross operating profit then we will give more than one month; otherwise regardless all staff will receive one month's salary," says Fatma Al Sinawi, director of HR and training for the Omani-resort.

Training for the top

Given the importance of training schemes to retaining valued employees, it is no surprise that hotels are investing heavily in training. A healthy 86.5% of participants revealed their organisation offer staff a structured training programme as part of their annual assessment. According to survey respondents, training covers a wide remit; from service basics, soft skills, brand standards, team leadership, health and safety standards and customer service. "Staff of today not only expects training - they demand it," says Amber Zaki, of Taj Dubai.

"They know that their development is important and they don't wait around for it to happen. There is a sense of urgency in staff nowadays, which makes it imperative for training and development to start early and continue in a relevant, consistent manner," she adds.

Hotel operators are loosening the purse strings to fund training programmes, partly designed to retain talent. The amount committed varies from operator to operator, and it is impossible to offer a 'like for like' comparison. However, depending on the hotel, some are putting 0.5% to 2% of total revenue towards training programmes, while others are ear-marking between US\$50 to US\$100 per employee for staff development.

Salibi from Rixos believes investment in hospitality training in the Middle East is higher up the priorities' list than elsewhere in the world.

"Hospitality organisations spend considerable money on entire learning and development functions, sometimes even independent from HR. What the MENA region could do better is to provide more funds for supporting 'high potential' colleagues with educational assistance towards degrees and certifications that will benefit their careers and employers," he adds.

With hotel management firms looking for smarter ways to train staff, there is a growing trend to adopt online learning courses. However, as Natalie King, director of human resources at Jumeirah Restaurant Group (JRG) Dubai, was keen to point out, there must also be room for human-led training and personnel development plans. "It is important to ensure that the hospitality industry does not rely on e-learning as the primary method of training, but rather supports this type of learning with practical applications in real time," says King. "For example, you can't practice performance management, or smell a corked grape through a computer; this comes with personal experiences in real time," she adds.

Four Seasons has invested in dedicated learning & development managers, who lead training efforts, alongside hotel managers. The hotel operator’s development strategy mixes online, class-room based and ‘hands on’ training sessions. “Four Seasons has developed a wide range of in-house training programmes that are deployed locally, across all levels. These include line-level circuit training on service delivery, personality typing, supervisory development programmes, and one-on-one executive coaching,” explains Jacobs.

In a people-centric industry, such as hospitality, training programmes must consist of both practical training and class-room based learning say HR directors.

“So much of what we do in the hospitality sector is based on the different situations we encounter — the ‘live learning’ that classroom-based studies never prepare you for, and on getting your hands dirty and learning by doing,” says Zaki. “The higher up the ladder you go the more your classroom-based education will help, but nothing can replace the practical experience gained everyday, by actually doing the job,” she adds.

According to Le Gray Beirut’s HR manager, Marie Licha, on-the-job training programmes must be designed to instil the ability to think creatively. “The main focus should be on a proper on-the-job training to maintain

the highest standards, in addition to training to develop creative thinking and enhance their problem-solving techniques,” she explains.

Ramping up recruitment

Hoteliere’s recruitment strategies will accelerate as opening dates approach. This is being reflected in the recruitment budgets for 2016. In the survey, hoteliers’ recruitment budgets ranged from between US\$4,000 and US\$10,000 through to US\$40-50,000, and even up to US\$2.4 million.

In order to fulfil the anticipated skills deficit, human resource teams are assessing a wide range of possible options, including social media, tie-ups with hospitality schools for fresh graduates, industry-related job fairs and organising recruitment open days within the hotel property.

The hospitality industry’s growing enthusiasm for social media and the internet is also reflected in the HR professionals approach to recruiting staff. Online advertising and social media are the preferred platforms for promoting vacancies. These were supplemented by use of recruitment agencies, industry referrals, and lastly, print advertising.

“Brand exposure plays a crucial role on social media and is a top priority at the moment, along with having good talent development [and] training programmes in place,” comments one Dubai-based HR manager who responded to the HR Director Survey.

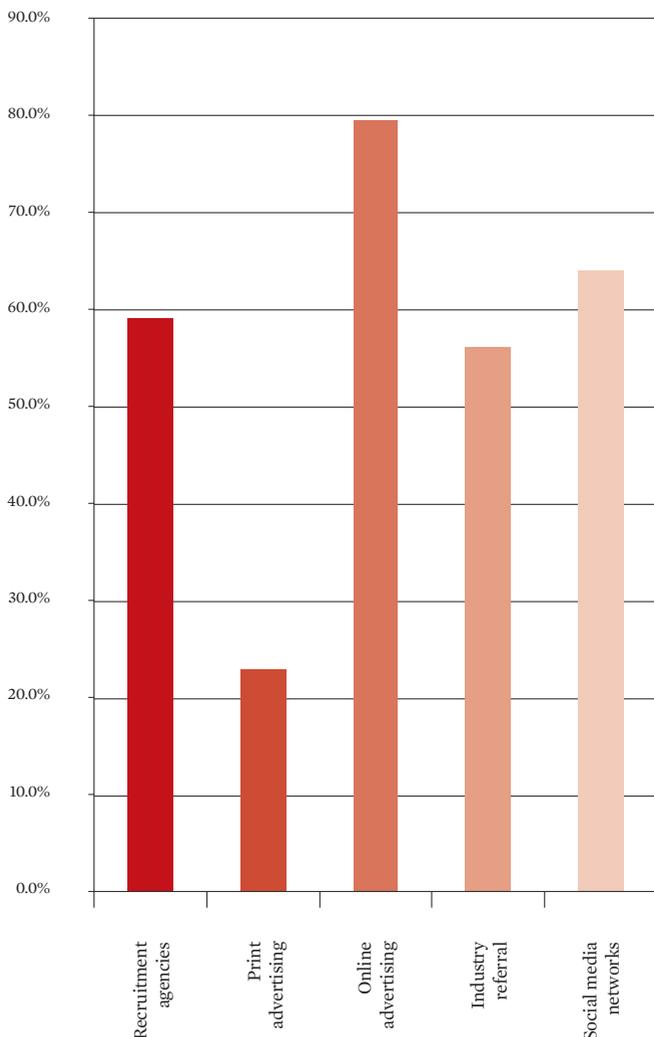
“The use of a dedicated recruitment system that can manage a large volume of CVs and correspondence,” was the response from the Dubai-based director of a hotel’s group HR department.

One Abu Dhabi-based HR manager revealed that “visa restrictions on certain nationalities are making it difficult to escalate our recruitment process.”

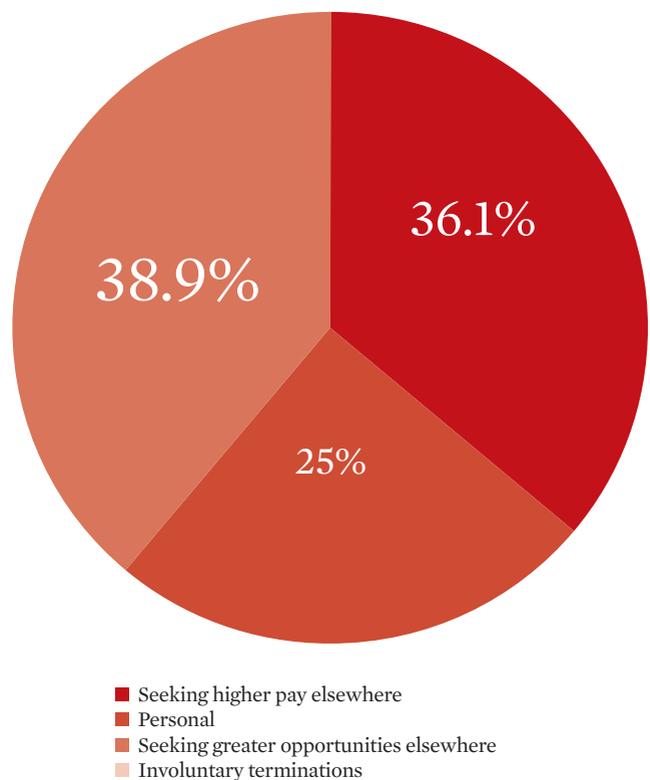
Only one respondent mentioned that it planned to put together a competitive salary and service packages as a recruitment tool.

When searching for methods to retain staff; it’s useful to examine why

**What tools does the organisation use to hire staff?
(Respondents could tick more than one answer)**



What is the most common reason for people leaving the company?



staff are looking to leave in the first place. The most common reasons cited by survey respondents for staff leaving the company was; higher pay, greater opportunities elsewhere and ‘personal’. Involuntary terminations came in at 0%. “The Middle East and UAE in particular offer great career opportunities and most employees, regardless of employer type [or] industry, take advantage of it,” comments Cucos from Shangri-La Hotel, Dubai.

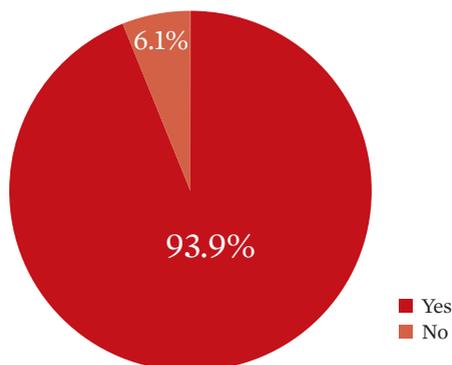
“Most expats seek opportunities to enhance their pay and benefits and move employer [and] industry frequently, regardless of a concrete reason. They are ‘seeking higher pay elsewhere’ or a promotion that the current employer cannot provide at the time, as the employee may not be ready for a bigger role.”

For Media One’s Maataoui, a standalone business hotel, one of the main issues of staff retention is “the competition from large organisations offering higher salaries and much better exposure for some employees who want to grow faster, and from small organisations offering higher salary for those looking for better savings.”

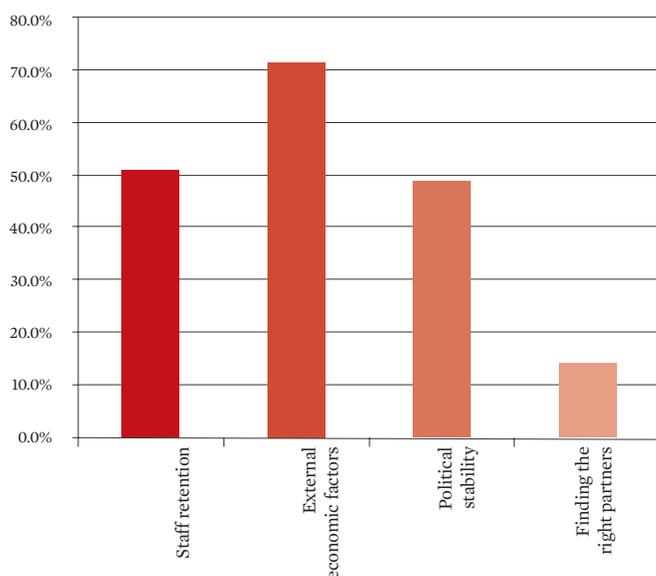
Eye on the future

Although the majority of HR professionals who responded to the survey remain optimistic about the future business performance, there is no denying the reality of the challenges ahead; whether they are dealing with

Is your organisation positive about the business outlook over the next 12 months?



What factors could impact on a positive financial performance over the next 12 months? (Respondents could tick more than one answer)



the fallout of broader macroeconomic factors, or ongoing political unrest. However, staff retention ranked as a major factor that is likely to impact on that positive performance, just behind of external economic factors and ahead of political instability. “The challenges facing the region’s economy include the effect of the higher dollar versus European and Asian currencies. Plus from a political point of view, there are the areas within the region which are not stable, such as Syria, Iraq, Lebanon and Yemen,” says Maataoui from Media One.

Although the region has in recent months witnessed a market downturn due to a combination of political and economic factors, the region still boasts impressive occupancy levels. “The industry had seen a slight decline due to the political and economic factors affecting rates, but not volume,” says Cucos.

“Staff retention is vital for employers and the same factors – political and economic – play a role in the retention strategy. As Dubai is recognised as being one of the safest and most attractive cities for employment, job hunters tend to think twice before moving to other GCC countries or Europe,” he adds.

The GCC’s muted introduction of value-added tax (VAT) possibly as soon as 2017, could complicate matters further. It will be interesting to see what impact this factor has on the hotel sector’s expat workforce, which might be put off from living and working in the Gulf due to higher living costs.

In a similar vein, a GCC-wide introduction of VAT on luxury goods, for example, has the potential to deter Russian, Chinese and European ‘retail tourists’ which travel to the region and chose to stay in luxury hotels.

However, the market is changing. Luxury hotel development has dominated until now, but that is all set to change. The next wave of hotel development in the region will focus around mid-tier properties as the hospitality market matures.

Unsurprisingly, Dubai is already leading the way. In 2013 it was announced that new three- and four-star hotels that began operating by June 2017 would be exempt from Dubai’s standard 10% municipality fee. Furthermore, government land could be allocated and additional incentives provided for the development of three- and four-star properties to meet the emirate’s goal of hosting of 20 million visitors per year by 2020.

Action Hotels, the owner, developer and asset manager of branded three- and four-star hotels in the Middle East and Australia, is on track to achieve its target of 5,000 economy and mid-scale rooms by 2020. According to CEO Alain Debare, the region’s oil price volatility presents Action Hotels with opportunities as more business travellers are looking for budget hotel accommodation without skimping on quality.

“We’re in a period of continued solid growth, improved operational performance and significant investment into hotel developments.”

What impact mid-range properties will have upon Dubai’s five-star sector as yet remains to be seen, however Chiragh from Millennium Plaza Dubai forecasts “a price war between 5-star, 4-star and 3-star hotels, and vice versa.”

(See appendix for additional interviews with senior human resource professionals.)

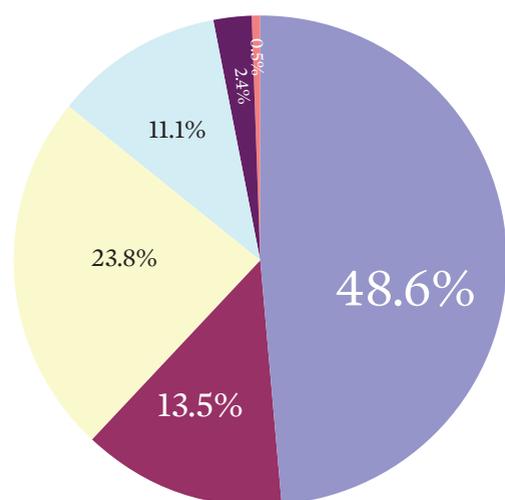
HUMAN CAPITAL REPORT 2015

CHAPTER 2

The *Hotelier Middle East Salary Survey 2015*, conducted between May and June 2015, generated more responses than ever before, with 527 hoteliers completing it, compared to 489 last year. In 2014, the region's positive performance, and Dubai's Expo 2020 win led hoteliers to question why the seeming success wasn't being reflected in pay packets, and we concluded that a war for talent was set to begin as staff looked over the fence for better opportunities, while managers would have to invest to keep their best staff.

In 2015, however, both employees and employers are feeling less secure in light of the current market uncertainty caused by a decline in Russian visitors since quarter four 2014, coupled with the instability of the euro impacting inbound visitor numbers to the dollar-driven GCC, and political unrest in neighbouring countries repelling visitors, who are opting for more peaceful locations.

Which of the following statements is true?



- I look forward to the future with complete confidence
- I feel more secure than I felt 12 months ago
- I feel less secure than I felt 12 months ago
- I am anxious about keeping my job
- I believe I will be made redundant in the next 6 months
- I have already been told I will be made redundant

“Hotels were performing very well in the first half of 2014, however the geopolitical issues in Eastern Europe and the falling euro has had an impact on performance levels. As a result, hoteliers are now looking at their expenses, while uncertainty remains on how long this will continue,” says Chris Hewett, associate director, TRI Consulting.

The pressure on occupancy and ADR may be felt in staff pay packets, and on the whole, confidence levels are down. Just 13.5% of survey respondents said they feel more secure than they did 12 months ago, compared to 20.7% of respondents who said this last year. Similarly, 23.8% of participants this year said they feel less secure than they did 12 months ago compared to 18.8% last year, and the number of hoteliers that are anxious to keep their jobs has increased to 11.1% compared to last year's 4.6%.

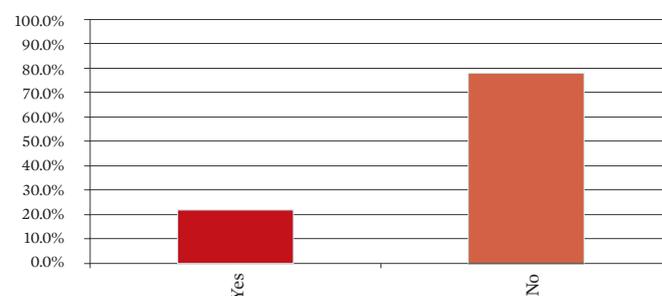
Furthermore, in 2014 2.3% said they had already been told they would be made redundant compared to just 0.5% this year, indicating that employees are aware of the boarder business situation and employers are looking to keep staff disruption to a minimum.

Even hotels that have been faring well over the past few years are taking a conservative approach in 2015. Atlantis, The Palm for example, laid off 27 employees as a result of changes to staffing structure and ‘market dynamics’, *Gulf News* reported in July. A spokesperson from Atlantis, The Palm said at the time that none of the front desk staff or those in direct contact with the guests, like waiters, bellhops, bartenders and the rest of the front-office personnel, were affected.

Streamlining staff costs in response to poor performance is a trend that has been picked up on by many of the survey respondents, one of whom comments: “If owners get greedy for more money and the market is not strong enough, cost reduction measures are forced onto hotels. This reduces training, demotivates staff and stops recruitment of talented people, who could potentially generate more revenue. There are a lot of potential revenue opportunities, however these are long term, not immediate. I believe owners require quick returns within the year.”

The outlook for the region's hotel performance for the remainder of 2015 is bleak, with Dubai in particular taking a hit, according to Alison Grinnell, director – hospitality and leisure, PwC. “In Dubai we're forecasting negative growth in occupancy and ADRs – some of that is a knock-on effect of the Russian market and the euro depreciation and also with the amount of supply coming onto the market,” she says.

Has the decline in the Russian market had an impact on your salary?

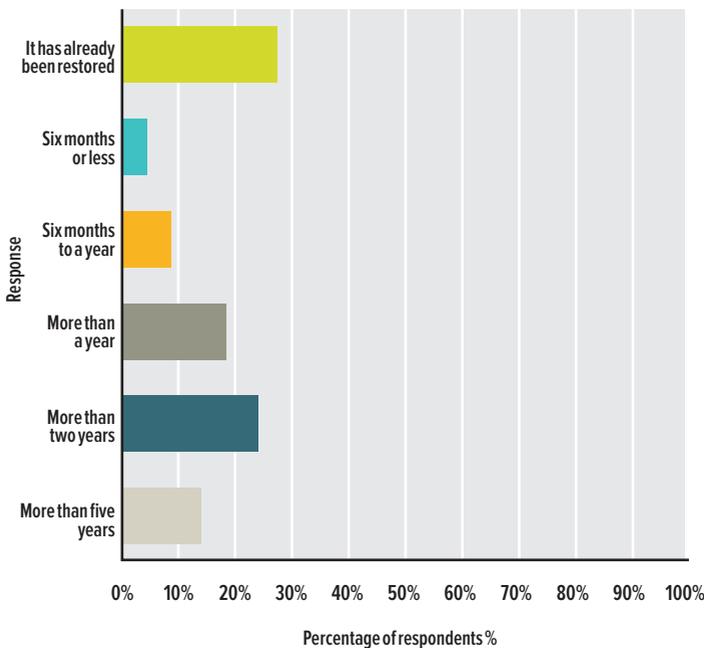


Of those surveyed, 21.5% said the decline of Russian visitors as a result of the falling rouble at the end of last year, has impacted pay packets, particularly when it comes to service charge decreases. The Dubai Annual Visitor Report, released in May 2015 revealed that Russian visitor numbers to Dubai fell by 23.5% in 2014 when compared to 2013. “I think the only way it could have an impact is through lower service charge distribution,” says Hewett. “With the Russian market drying up, that has an impact. Direct salaries no, but indirect benefits, I think so.”

However, some respondents directly blamed pinched pay packets on falling profits caused by a declining Russian market. One respondent says: “Less revenue means prices have been cut to attract other markets.” Another stated: “I don't expect an increase due to decreased revenues”, and one more said: “The domino effect of market conditions has led to a change in strategy of the hotels dealing with the Russian market”.

“I think the only way it could have an impact is through lower service charge distribution. With the Russian market drying up, that has an impact. Direct salaries no, but indirect benefits, I think so” Chris Hewett, TRI Consulting

Following recent geopolitical unrest in neighbouring countries, and the impact of economic instability in feeder markets, how long do you think it will take for confidence to be fully restored to Middle East Hoteliers?



Another economic issue impacting hotel performance in the region has been the dramatic fall in the oil price in the past year and the impact this has had on tourism numbers, as well as the dropping exchange rate of the euro versus the dollar, which has led to a fall in the number of visitors from the Eurozone. “Whereas before Saudi tourists came to Dubai for shopping, because things are so much cheaper than in Europe, now a lot of the shopping tourists we would see from [Saudi Arabia] are moving into Europe,” explains PwC’s Grinnell.

“The new visa process in the UK [makes] it easier for GCC visitors to go to the UK than before. Certainly, we’ve seen more of that outflow with the weak euro, so a lot of it will depend on when that starts to recover,” she adds.

Samir Arora, general manager, Ramada Downtown Dubai adds: “The euro is playing a little havoc, and there are a lot of outbound visitors from UAE and Saudi Arabia going towards Europe. The visa-free entry to 15 countries after the Schengen waiver for UAE nationals is going to make an impact,” he predicts.

Arora made reference to the continuation of the talent war, which accelerated last year as a huge amount of supply was announced for the Middle East market. “There is a little depression as supply and demand are not matching and things have gone haywire,” adds Arora.

This year, hoteliers are still bracing themselves for the 654 new hotels totalling 150,762 rooms that are due to come onto the market over the next few years, and finding the talent to fill this pipeline will continue to pose a challenge, said Arora.

“They are poaching your staff, rates are coming down and your margins are shrinking. In order for you to hold onto your quality talent, you have to make sure that you are on par with the market in terms of salaries. And all these new five-star hotels poach your staff, offering 10-15% more,” comments Arora.

“In a couple of years, salaries will continue to inflate and there will be a huge shortfall of quality talent. So in order to tackle that, we have a programme that shows a clear career path to our stars,” he adds.

SURVEY RESPONDENT DEMOGRAPHICS

The demographics of respondents were similar to the previous year, however there were some distinctions. Almost a third (32.83%) of respondents to the 2015 survey were in management positions, compared to 2014, when 29.65% were management level. The majority of the other respondents were directors (20.87%) and executives (16.51%), while just 6.07% were line staff. This year 144 respondents were in management roles, while 76 were in the sales & marketing field and 66 were housekeepers — triple the number of housekeepers that responded last year. On the flip side, this year, we saw completions from chefs decrease from 34 to 24.

In terms of country of origin, these were similar to last year, with the majority of respondents coming from Western Europe (15.75%), compared to 17.18% last year. Central Asia also made up a large proportion of our respondents, with 13.28% this year hailing from the region, while the next biggest groups of respondents came from Egypt, Lebanon and the Far East, each representing 3.98% of participants.

This year the vast majority of survey respondents said they work in the UAE (77.61%) compared to last year’s 71.57%. However, the percentage of Qatar-based respondents also increased, with 56 out of 527 respondents working there (10.63%), compared to just 7.77% of respondents last year. Those located in Saudi Arabia, Bahrain, Oman, Kuwait, Egypt, Jordan made up the rest, while one respondent said they worked in Ethiopia.

This year the respondents were a more mature age group. The majority were still between the ages of 31 and 40, however there were more respondents this year in the 41–50 age category (26.2%) compared to the 21–30 age group (23%). Last year on the other hand, only 19.4% of respondents were aged 41–50, while 31.3% were aged 21–30. This year, there was also an increase in participants from the 51–60 age group, with 10.6% of respondents in this category compared to just 4.3% last year.

In 2015 we asked the question about what gender respondents were. Only 28.5% (150) of them were female.

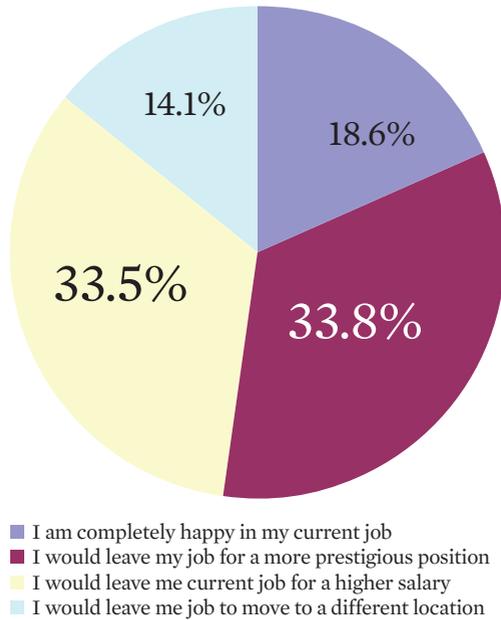
As with last year, the majority of respondents said they work for an international company (68.4%), while 17% worked for regional companies, and 14.6% for local companies.

Most respondents (39.1%) work for a company that employs 0–500 people, while 12.8% work for a company that has between 501–1,000 employees and 13.8% of respondents said they work for a company that employs more than 100,000 staff.

264 of participants work for a city hotel, while 123 are employed within a resort hotel. Meanwhile, 61 are staff at a hotel apartment property. The vast majority of the 493 respondents that answered this question, work in a five-star hotel (61.26%) compared to 67.05% last year. 152 (30.83%) work in a four-star property and just 24 (4.87%) work in a three-star. So the number of respondents working in a four-star hotel has increased by almost 9% over last year’s results, which showed just 21.58% were working in a four-star and the percentage working in a five-star reduced. Meanwhile, more three-star staff responded to the survey last year, with 7.42% reporting their hotel had three stars.

In light of the importance employers are now placing on talent retention, it is worrying to note that less hoteliers this year (18.6%) are claiming to be completely happy in their current jobs compared to last year (21.7%).

Which of the following statements is true?



Respondents reported feeling underpaid, under promoted, and over-worked, with 64.8% clocking up more than 50 hours a week, which is slightly more than last year (63.2%). To hold onto staff it will be crucial for employers to really get to grips with what motivates them to move elsewhere – and what makes them stay. When it comes to accepting a new job, the number one deal-breaker this year, as with last year, was financial incentives, with 37.03% of respondents saying this was the most important factor for any role – however the percentage was lower than last year (40.46%).

Similarly, the next most important issue last year – the reputation of the company, which garnered 22.7% of votes in 2014 – was selected by 21.62% of respondents this year, and likewise, a more prestigious position was less important this year (19.46%) than last year (22.37%).

One major driver, however, which was much less prominent last year, was location. In our 2015 survey, 14.1% of hoteliers have said they would leave their current job to move to a different location, while last year this percentage was much lower at 8.2%.

One respondent, voicing concerns about the job market in Bahrain, highlighted some of the challenges of working in a smaller market. “Our HR manager resigned, our marketing manager resigned, our housekeeping manager retired, and we have 5% of total staff from Bahrain and the others are all from India. Nobody wants to work for 10 hours a day when you give them BD 250 (US \$663) as a salary. You have to get at least BD 500 (\$1326.26) monthly to cover your expenses in Bahrain if you are single; if you are married, you will need more than that.

“So in total we are disappointed with the current situation and hopefully my voice will represent any Bahraini who works in a hotel and has a 0% salary rise, no health insurance, no bonus, no incentives and nothing at all. There’s no transport allowance, no social allowance, no telephone allowance – we are in Middle Ages here!”

Low pay and long hours are not problems exclusive to the Bahrain

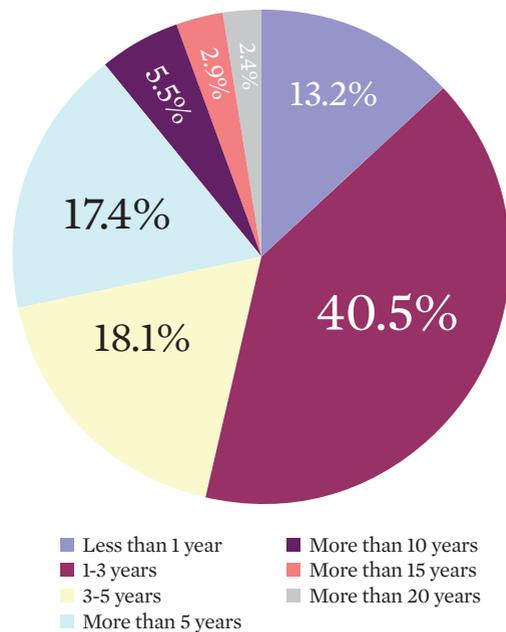
market. “Hotels exploit their employees. They pay low salaries relative to the market and offer close to nothing in benefits. Furthermore, they force their employees to do more than the required hours per week by the Ministry of Labour, and no one is held accountable,” comments one UAE-based survey respondent.

“We have people working at our hotel since its opening in 2013, and they don’t have their Emirates IDs yet! You can’t even complain, because the company isn’t registered with the Ministry of Labour – it’s a joke!”

Keeping the best staff

A positive result from this year’s survey is that more staff seem to have been with their employers for longer. In 2015 only 13.2% have been with their employer for less than a year, while last year the figure was higher, at 21.6%.

How long have you worked for your current employer?



The majority of this year’s respondents (40.5%) said that they have been with their employer between one and three years, while 18.1% have been in the same company for three to five years. An impressive 17.4% have been with their current employer for more than five years, an increase of 2% on last year’s results, when 15.1% participants said this.

Commenting on Rosewood Jeddah’s staff retention figures, managing director Hans-Peter Leitzke, said: “We’re in our eighth year of existence and we have about 250-plus employees, out of which, close to 100 will complete their fifth year of service with us this year, so that’s a very high ratio of stability.”

He added that key to retention is hiring for the future in the first place.

“I’m hiring now for the long-term, so three, four, five years. I need time to get to know people, to analyse them and put together a development plan so that there’s a strategic approach to creating a career path, but that is only possible if you have from the other side this commitment. By providing development opportunities we have also become as a hotel, one that exports talent. If you’re able to do this, it speaks for itself louder than a thousand words,” comments Leitzke.

Southern Sun Abu Dhabi general manager Pierre Delfau agrees that training and development is at the core of staff retention.

“In terms of all the development and training we can do on the premises, it is focused on the employees and the associates. I always tell them: ‘I spend 10% of my time with a customer, you spend 90% of your time with a customer’. So who is more important? They are,” he says.

Le Méridien Al Aqah GM Patrick Antaki adds: “Some places reduce their training when the hotel is not too busy, but we don’t. The hotel is a business and it’s important to have sharp people, and our staff need to see that we are committed to their development and improvement, whatever the case.”

Another comment supporting this view came from Shangri-La Hotel Doha general manager Coen Masslink. “At the end it’s not always about the basic pay, we spend a lot of money on developing our people, training, giving them opportunities to grow. That is, for many young people nowadays, very important.”

However, the survey respondents said that staff development is less important this year, with just 16.49% citing this as a driving factor, compared to last year’s 20.07%. Interestingly, more important for respondents in this year’s survey was employer loyalty (18.11%) whereas last year, only 15.13% of respondents marked this as a deal-breaker.

“I strongly believe that people are here for money and they need to earn, and they need to support their families back home. However, people work for people – if people have a good boss, if people are looked after, and they feel looked after, they will only move when they absolutely have to,” says Antaki. “Some people move for AED 100 (US \$27.22) and on a salary of AED1,200 (\$326.70), you’re talking nearly a 10% increase. If they are happy, comfortable, and well looked after, they will not move for 10% – it will have to be a lot more substantial than that,” he adds.

Madinat Jumeirah area general manager Margaret Paul, who currently looks after around 2,800 employees says: “I’m very positive. We really spend a lot of time and resources on ensuring our colleagues are happy at work. We have a lot of programmes to help them develop and grow their skills and we recruit with a vision for the future. So when we recruit someone we can say that we see them going somewhere in the culture of Jumeirah and grow within the family. It keeps people motivated.”

This year, the level of loyalty from employees to their company was rated as a one (the lowest level) by around the same number of respondents as last year (2015 – 6.37% / 2014 – 6%). The company’s loyalty to the employee was rated as a one by 12.19% this year compared to 16.67% last year, however.

Loyalty to the company was rated as a five (the highest level) by

41.27% of respondents this year compared to 44.67% last year. Company’s loyalty to the employee was rated as a five by 16.9% of respondents this year compared to 15.33% last year.

So generally, while employees are feeling slightly less loyal to their companies, the sentiment among hoteliers is that employers are a bit more loyal towards them than last year – perhaps signalling that employers are more anxious to retain staff than before.

Robert Richter, compensation survey manager, Aon Hewitt Middle East says: “The employees in the GCC, especially the UAE are largely expats, who typically don’t have a big identification with the employer and would often change employer even for a slightly better salary package. On the other hand, the sector forms a big part of the economy in most of the GCC countries and there are new hotels opening up and established ones need to be able to stay competitive, so the need for talent leads to more attractive salary packages, which leads to movement within the workforce.

MOVING ON

When those respondents who currently work in a booming market were asked whether they would move to another country for opportunities, 57.6% said they would, compared to just 43% who would not. However, sentiment among those that commented was that they would prefer to stay with their current company while moving abroad. One participant comments: “If the management is good and they have care to the employee I would not leave the company.”

In terms of location, the UAE was the most popular destination for most of those considering a move (50.7%). “I have been in Dubai and UAE for the past 14 years and I believe that we are in a very mature and stable market. We have all the requirements of a futuristic city and destination and it will continue to grow and I am sure there are plenty of opportunities in this market,” says one survey respondent.

Qatar achieved 37.9% of the votes, and Bahrain came next with 20.9% of respondents claiming that if they moved abroad, that is where they would go. Oman followed closely, with 19.4% of the votes, and in terms of the GCC, Saudi Arabia and Kuwait lagged behind with 12.3% and 9% of the votes respectively.

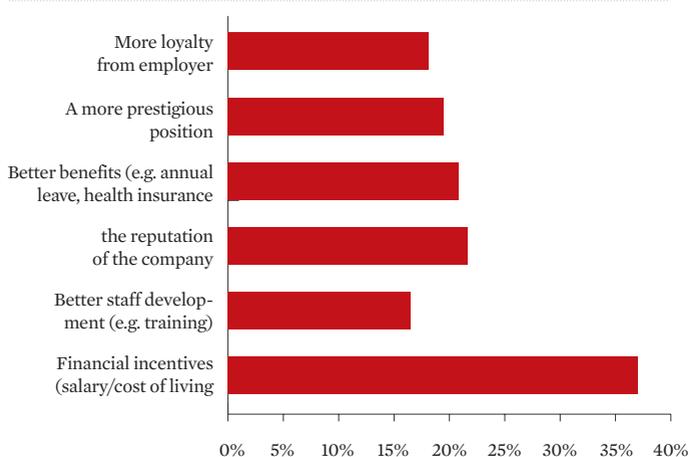
“Qatar is expensive and it is almost impossible for hoteliers to move among companies, which means you go there and you are stuck with the hotel you work at,” said one respondent. “I see Oman as the second place to be following UAE, possibly Bahrain as well.”

Interestingly, 19.9% of respondents claimed they would actually leave the Middle East, with some saying they’d go back to the Far East or India.

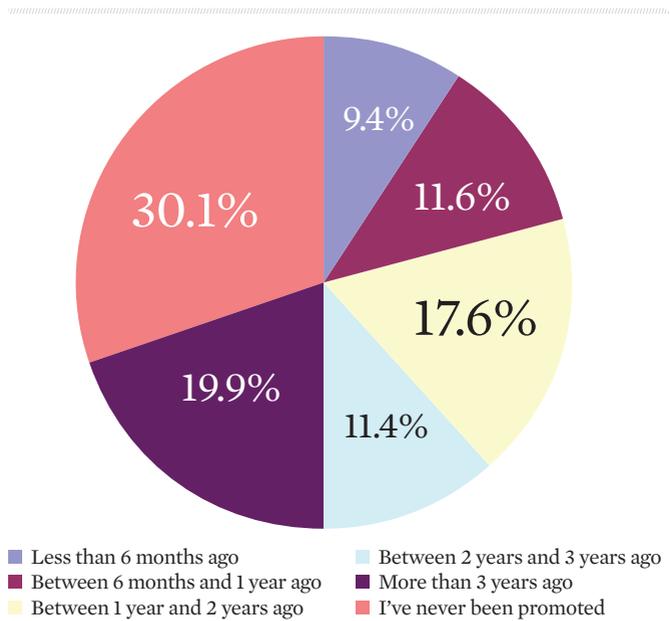
One respondent said: “The cost of living is a major issue. It is not as beneficial to stay in the UAE like it was some years ago. I’m considering leaving the UAE and moving to South East Asia with better opportunities and lower cost of living.”

Political and economic uncertainty in the Middle East was alluded to as a reason to leave for one respondent, who said: “My next career prospect is to move to a peaceful region away from danger of regional political unrest.”

What are the major driving factors in accepting a new job with a different company?



When were you last promoted?



The chances of promotion?

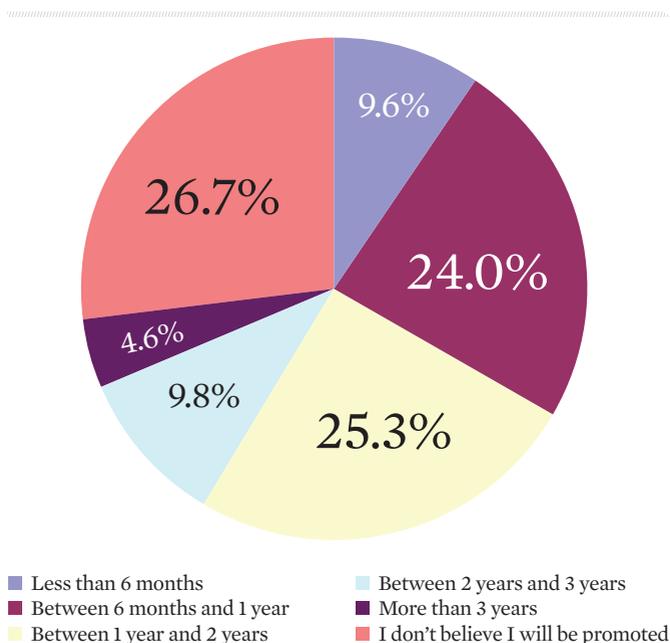
Despite employers claiming that development is their main tool for retaining staff, a majority of respondents say they have never been promoted (30.1%), while 19.9% said they were promoted, but more than three years ago.

Just 9.4% were promoted within the last six months, whereas last year's survey showed that 19.6% were promoted in the prior six months.

This perhaps indicates that following the Dubai Expo 2020 win, coupled with positive performance throughout the region, employers were offering promotions, while this year, in the face of falling RevPAR in some markets and political and economic unrest, employers are being more cautious.

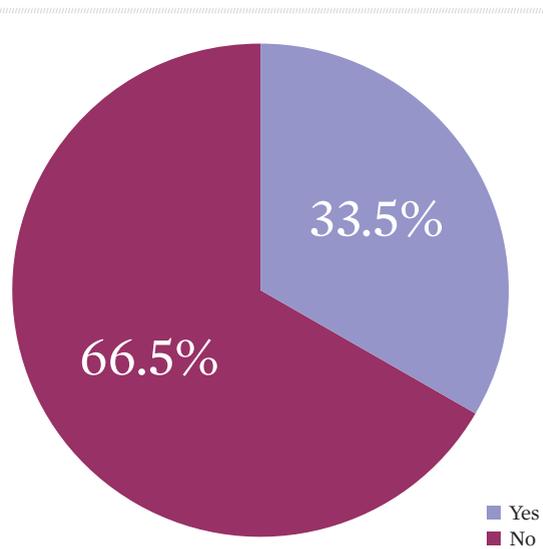
This year, a negative response was also revealed when hoteliers were asked when they expect to be next promoted. 26.7% said they don't expect to be promoted in the future.

How long do you expect it to be until you are next promoted?

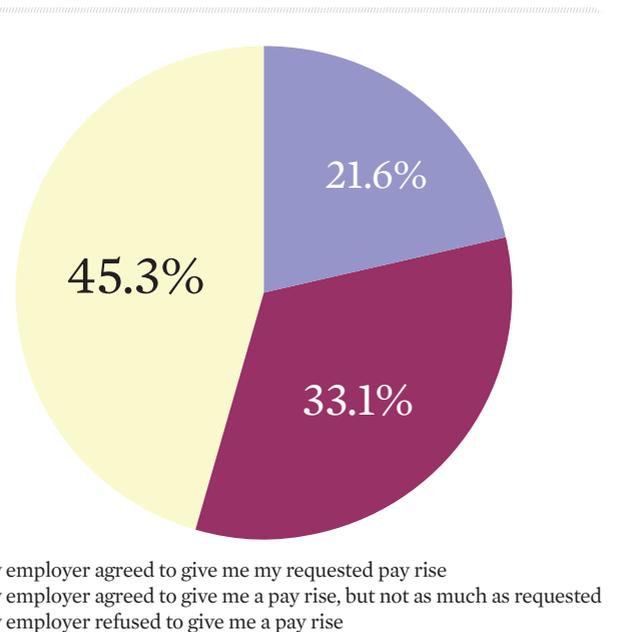


The next most common response was 'between one year and two years', with 25.3% selecting this option. Last year the outlook was more positive however, with 34.1% choosing this. In 2015, just 9.6% of respondents expect a pay rise within the next six months, while last year that percentage was 16.9%. "There is a common theme that the reduction in performance levels due to wider market dynamics are having an impact on hotelier sentiment in the market," says Hewett.

Have you asked for a pay rise this year?



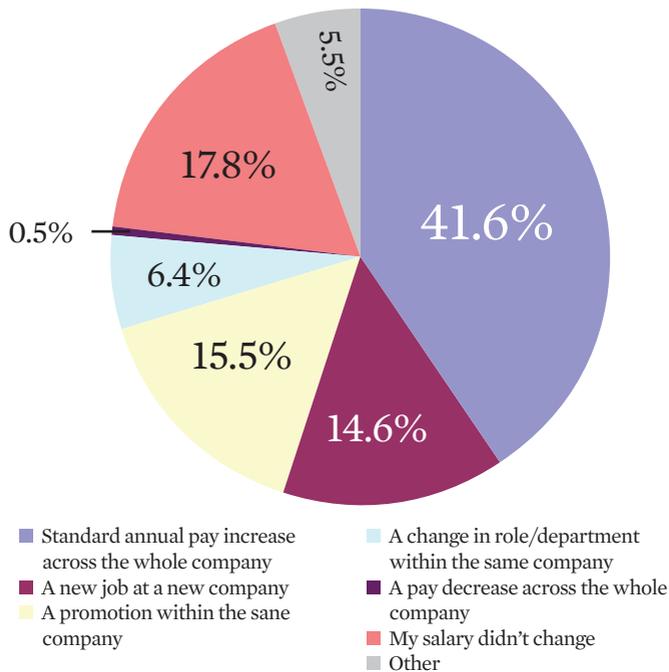
If your answer to the previous question is yes, what was your employer's response?



How about a pay rise?

This year, expectations with regards to pay rises followed a similar trend to promotions, with less respondents expecting dramatic increases. Just 28.3% said they expected a pay rise of more than 10% within the next year, compared to 33.7% of respondents who said this in 2014. This year, more people have said they do not expect a pay rise within the next year (25.8% compared to 20.3% in 2014). In 2015 more respondents also said that their company has announced a pay freeze (4.2% of respondents compared to 2% last year).

Why did your salary change?

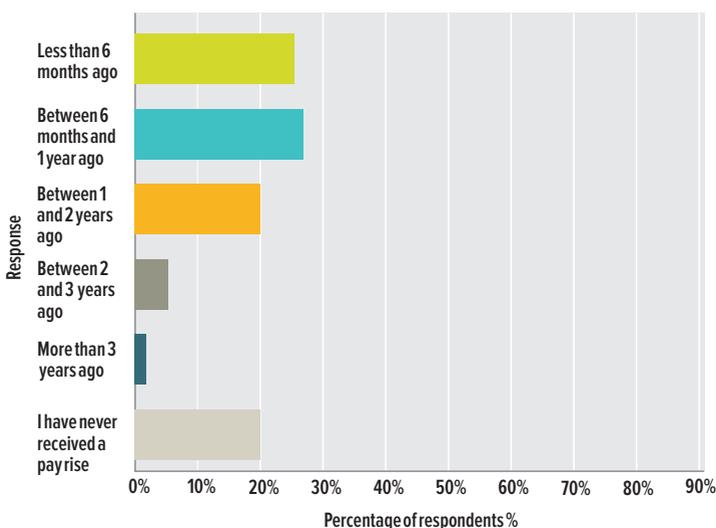


PAY SCALES

Most respondents (24.7%) claimed they earn US\$1,500-US\$3,000, similar to 2014 (25.4%). Fewer respondents this year (11.2%) are earning less than US\$1,500, while last year the percentage was 19.6%. This year, 16.5% claimed they are earning US\$3,001-US\$4,500, compared to just 14.6% last year. The majority (24.2%) this year said that their monthly remuneration 12 months ago was US\$1,501-US\$3,000, however in the 2014 survey, the majority of respondents (24.1%) said their monthly remuneration 12 months previously had been less than \$1,500, while 22.4% said it was US\$1,500-US\$3,000.

This year, 18.1% (3.5% more than 2014) reported that their salary 12 months prior to taking the survey was US\$3,000-US\$4,500.

When did you last receive a pay rise?



“Where is Dubai going? The cost of living is getting ridiculous; there’s a salary freeze – what about all those hotels and new restaurants after 2020?,” comments one survey participant.

“Forget about getting a pay rise; Dubai is becoming single-package paradise! Allowances for schooling are putting families in trouble all the time as companies support less and less these costs. I am afraid the future is not that bright,” he continues.

Other participants said that they only received their annual increment based on government policy, which generally is low. Some put their lack of a pay rise down to oversupply. “I do not expect any changes will happen with my salary increase or other benefits because of the competition in the market and the company’s budget targets are very difficult to achieve – it’s not like 10 years ago,” says one response.

However, Richter believes that an increase in hotel supply is more likely to have a positive impact on pay packets, as employment opportunities increase. “It’s a very competitive industry with a lot of new hotel openings, which does not pay overly well on a fixed basis, and the vast majority of the workforce are expats. These factors will lead employees to be attracted to the best ‘deal’ they can get. In addition, across the GCC, theme parks opening up would typically recruit their employees from hotels, so more than ever hotels need to stay abreast of compensation trends in order to attract and retain talent.”

More than a third of participants (33.5%) have asked for a pay rise this year, and of those that didn’t, their reasoning was “I should not ask, my supervisor should understand” and “It feels like begging”.

Of those that answered the question, 45.3% said their employer refused them a pay rise, while 33.1% said they were given a pay rise but not as much as requested, and 21.6% received what they wanted. Overall, the majority (54.7%) was granted a pay rise upon request, however. For those whose salaries did change, the majority (41.6%) said this was due to a standard annual pay increase across the whole company, while 15.5% said it was the result of a promotion within the same company, and 14.6% said it was because of a new job at a new company. However, the vast majority (72.01%) said their salary did not increase in line with the cost of living.

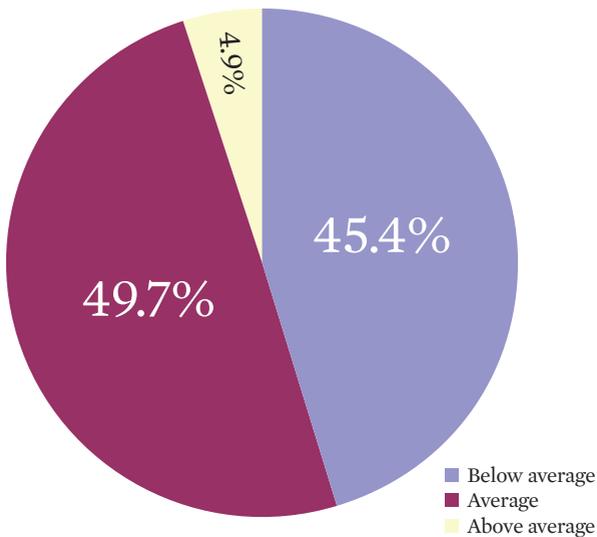
The disparity between cost of living and pay packets is not unique to the hotel industry according to the experts. “The sharp rise in housing costs has had a knock-on effect throughout the supply chain, increasing overall cost of consumer goods,” comments Hewett. “The lag in salaries behind the rise in living costs is being experienced across all industries,” he adds.

Richter also comments; “Rents have risen at a two-digit percentage increase, as have school fees and transportation costs, while organisations have not increased allowances and salaries in the same manner.”

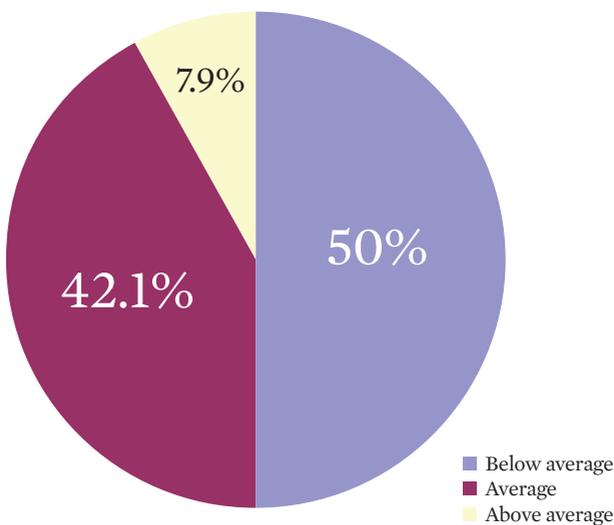
One participant says that their salary was increased due to the removal of service charges, while many complained that they had worked two, three, five and six years without a pay increase, and the only way to encourage employers to offer pay rises is to look for another job. “I have been working more than three years, but there is no salary increment. Due to this reason I have to look for another job,” one respondent says.

This negative sentiment is apparent when hoteliers consider their wages compared to other parts of the region, and the world. Similarly to last year, the majority believe that their salary is average (49.7%) for the market. Those who think they earn less than the market average came in close, with 45.4% claiming this. Only 4.9% said they thought their salary was above average for the region, while last year this percentage was higher (7.5%). In 2014, 10% believed their salary was above average on a global scale, while this year that figure was 7.9%.

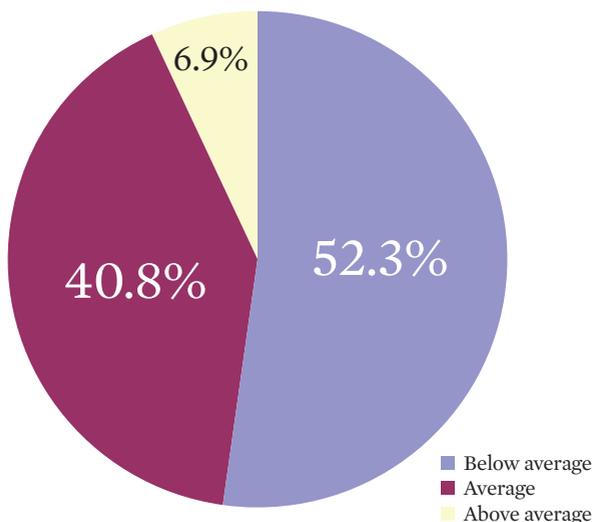
Regionally, do you consider your salary to be competitive?



Globally, do you consider your salary to be competitive?



When compared to your peers, working in a similar role, do you think your salary is competitive?

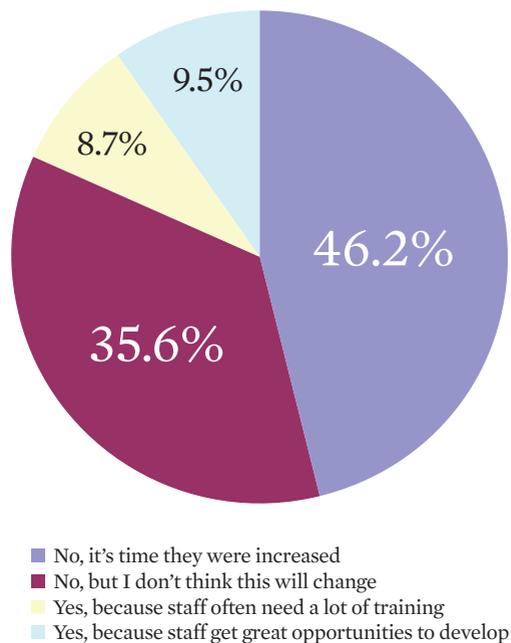


HIGHEST/ LOWEST PAYING COUNTRIES IN THE REGION

Pay scales are still by far and away rated highest in the UAE — where this year, 43.1% of respondents claimed the country paid the highest wages. However, this represents a 2.4% decrease on last year when 45.5% said UAE paid the highest. Last year Saudi Arabia and Qatar were split more or less evenly in terms of pay scale ratings (with 18.2% and 18.5% of respondents respectively claiming they paid highest). This year, Saudi Arabia was rated higher in terms of pay packets than Qatar (21% vs 18.5%).

Wages in Oman were rated lower this year (1.8%) than last (2.2%), while in Bahrain, more respondents this year rated Bahrain as having the highest pay scales in the region (2.6% compared to last year's 1.3%).

Do you think wages for line staff in the Middle East are adequate?



Do you get paid enough?

In 2015 the percentage of respondents who said that wages for line staff in the Middle East are not adequate was slightly higher than last year, with 81.8% saying hoteliers don't get paid enough, compared to 79% saying this in the 2014 survey.

However, what changed more was the percentage of respondents this year claiming that it's time wages were adequate (35.6% compared to 30.4% last year).

A smaller percentage of respondents in the 2015 survey (46.2%) claimed that inadequate salaries is an issue that won't change — 48.6% of participants said this last year. This year, a smaller percentage of respondents claimed that wages are adequate (18.2%) compared to 2014's 21%.

“The upward push is there, but it will be, I think, to the detriment of the profitability of enterprises, because you cannot pass on the expenses to the consumer,” says Hans-Peter Leitzke of Rosewood. “So profitability... will go down while the demand for salaries goes up, and

as an operator you have to find a healthy balance, because the owner side obviously doesn't want to hear about less profits. You have to become innovative and creative about how you control expenses."

This year, 68.5% of respondents said that wages for management positions are not adequate, which is just a slight increase on last year's 67.4%. The main difference is that this year, 38.2% said it's time they were increased, compared to 41.1% last year. In 2015, 30.3% said they don't think this will change, while last year this figure was slightly lower at 26.3%.

So it seems that while more people this year think that line staff wages must be increased, less respondents are calling for management wages to go up. Likewise, there is more optimism about the possibility of line staff wages increasing, while fewer people believe that management wages will change compared to last year.

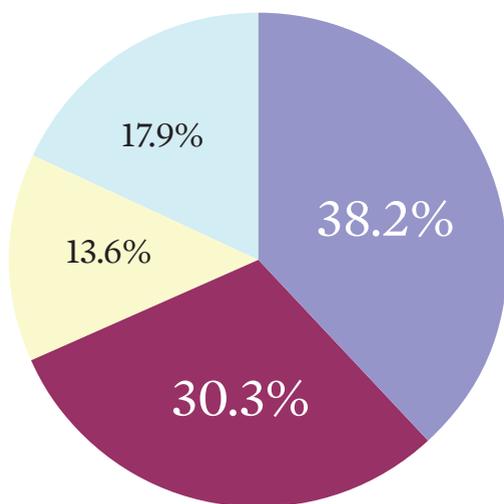
HIGHEST/ LOWEST PAYING COMPANIES

As with last year, the best pay packets for hoteliers in the industry were rewarded by Jumeirah Group, according to 41.3% of respondents, and this is an increase from last year's 37.9%.

Second in line was Four Seasons, which pipped Emaar to the post in terms of better pay with 30.3% claiming the former pays the most, while 29.7% opted for the latter. Last year, this situation was inverted.

In 2014, Accor was rated the company that offered the least competitive pay packets in the region — with 18.5% (59) of the 319 respondents who answered this question, claiming this. This year however, the company fared slightly better, with 17.7% of the 390 respondents that answered the question saying the group pays the lowest wages, meaning the firm was third rather than first on the list. Citymax offers the lowest pay packets according to 22.8% of survey respondents, while Golden Tulip is the lowest payer in the eyes of 21.8%.

Do you think wages for hoteliers in management positions in the Middle East are adequate?



- No, it's time they were increased
- No, but i don't think this will change
- Yes, because staff often need a lot of training
- Yes, because staff get great opportunities to develop

Is it really a bouns?

While salaries were reportedly not increasing fast enough, a higher percentage of remuneration was reported to come from bonuses, allowances and commissions this year, with 13.4% of respondents claiming these things made up more than 40% of their remuneration compared to just 9.3% of respondents last year.

"The rise in allowances can be attributed to the overall increase in payroll costs outside of the basic salary. With housing costs rising in Dubai over the past 18 months, hotels have been trying to keep up with these costs by increasing allowances," says Hewett.

One respondent to the survey commented: "While my salary was not increased, my housing allowance went up 5%."

The majority of respondents (23.6%) said that bonuses, allowances and commissions made up 0% of their remuneration however, and 19.2% said these elements made up 1-5% of their wages, while a further 20.3% said they made up 6-20% of their remuneration.

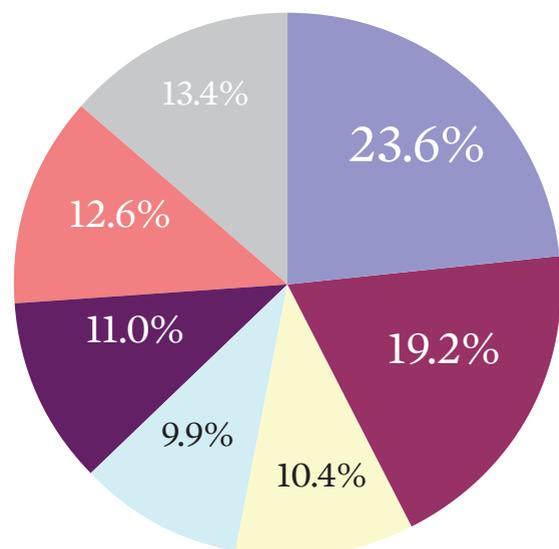
"One thing we need to bear in mind, when your are looking at cost of living in this part of the world, particularly in Doha, is that it is very much influenced by housing," says Shangri-La Doha's Masslink.

"So if you only look at that, it's distortive, because we offer housing for our staff; you would need to look at expenses. Generally we try to follow true inflation, but you need to eliminate the housing part, which brings inflation up. We are very strongly focused on taking care of our staff. We have brand new villas, furniture, Wi-Fi in the rooms. In terms of social activities... all these people are away from their families. They live together, work together, that's a different dimension," he adds.

Anantara Qasr Al Sarab GM Patrick Both comments: "Salary is obviously one thing. The other advantage is that for rank and file staff, we have very good staff accommodation — it's more like a four-star hotel than anything else. We have a gym, a pool, basketball court and these are the kinds of things that are important for the staff as well."

Jumeirah Zabeel Saray GM Fernando Gibaja asserts that pay is of course important, but Jumeirah Group, which was voted as offering the best pay packets in the region, also puts a strong emphasis on staff development to supplement the financial benefits.

Typically, what percentage do allowances, bonuses and commissions make up of your monthly remuneration?



- None
- 1 - 5%
- 6 - 10%
- 11 - 20%
- 21 - 30%
- 31 - 40%
- More than 40%

“Jumeirah is a company that has a genuine care of our colleagues and yes I agree people in general are suffering more on the health of their accommodation and their benefits than their salaries,” he said.

The Dubai-based company is also currently working with a third-party firm to improve staff packages. “They have been working with us for the last year, monitoring how other hotels and companies are treating colleagues, to see the overall packages. They are doing it in stages and I know that it’s going to impact in a positive way,” says Gibaja.

On another positive note, this year more people said they work for the employer they consider to be the best (42.1%), than those that said they don’t (41.5%), representing a shift in sentiment from last year, when the majority of respondents said they didn’t work for the employer they considered to be the best (46.1%), and only 38.6% said they did.

Taking into consideration salary, development, reputation and career development, Four Seasons Hotels & Resorts was this year voted as being the best hotel company to work for, with a marginal increase in the percentage of votes it received this year over last year by 0.5%. In 2015, 25.9% of respondents said Four Seasons was the best company to work for, while last year Marriott International took the lead with 26.6% of the votes.

This year however, Marriott dropped down to third place with 23.1% of participants saying it was the best company to work for, while Jumeirah Group moved up this year, taking 23.6% of the votes compared to 22.9% last year.

Looking ahead

As discussed earlier the market forecast for 2016 remains murky. The green roots of recovery hoteliers had hoped to see before December have yet to materialise. The deteriorating situation in Iraq, Syria and Yemen compound the depressed nature of the market. The good news is that the forecast in terms of regional hotel performance for 2016 is more positive than it has been for 2015, meaning that the pressure may be taken off of staff pay packets by the start of next year. “In 2016 that story becomes much more positive... the New Year is going to be more of an indicator of whether that is really back to the levels predicted,” says Grinnell. She advises hoteliers that positive performance going forward “is going to have to be about diversification”.

“It’s understanding which demographics are coming and how to adapt. Obviously your visitors coming in from China are going to have different needs and consumer spend to those coming from the CIS. So it’s adapting to changing demographics that are coming in, understanding where the supply is coming [from] and working out a difficult balance between occupancy and ADR.”

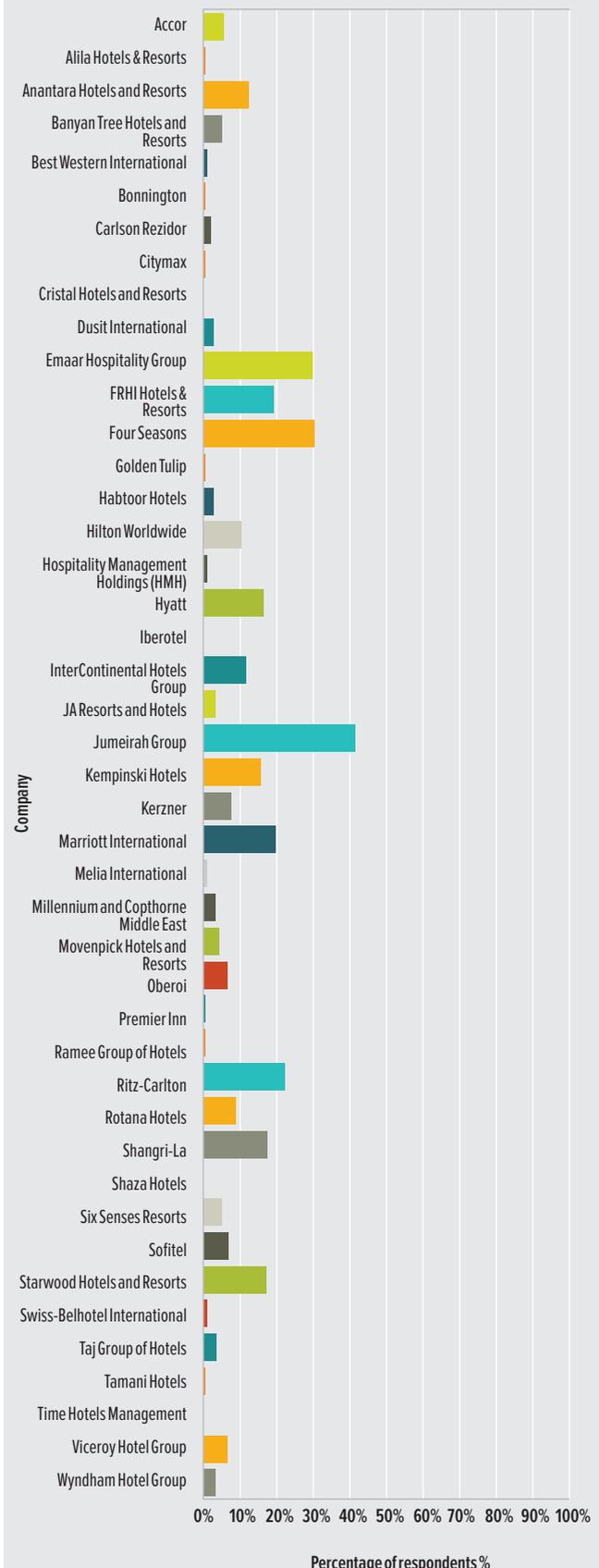
Wael El Behi, general manager, Hawthorn Suites by Wyndham, Dubai asserts: “Everything is proportionate and there will be adjustments, and the owners will understand.

“We are complaining because of the cost of living, cost of transportation, education, but as the volume [of hotels] is increasing, there will be adjustments and the end user is going to benefit.

“We will have lots of options in hotels and in restaurants and as it becomes more competitive, it will adjust so I see it from a positive perspective. Good and professional people will always find their way in this market, because this region recognises talent.”

This article has been edited since originally published in Hotelier Middle East August 2015

Which hotel company do you believe offers the most competitive pay packages in the region?



HUMAN CAPITAL REPORT 2015

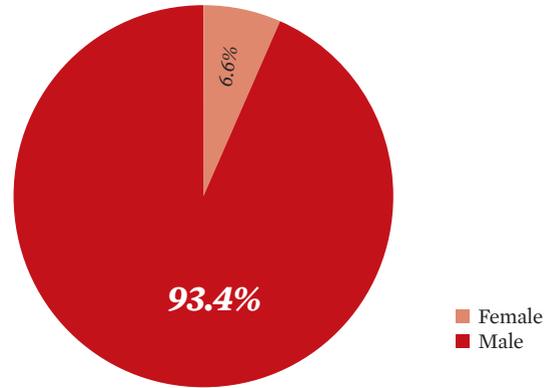
CHAPTER 3

Hotelier Middle East's Saudi Arabian Salary Survey drew 77 responses from a broad spectrum of the Saudi-based hospitality sector; from front-of-house staff to senior management executives. The inaugural survey is an addendum to Hotelier's annual Middle East Salary Survey and is designed to assist individuals and companies in the hospitality industry compare remuneration and employee perception.

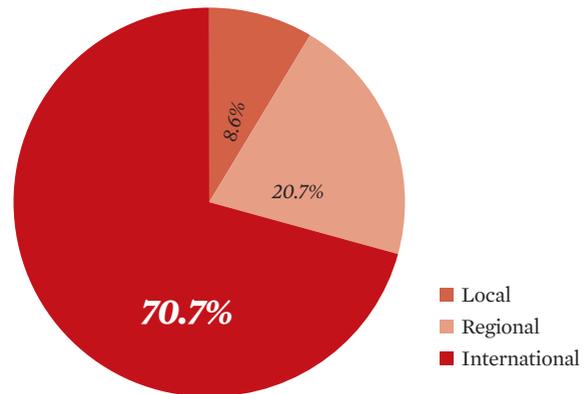
In terms of seniority of respondents to the Saudi Arabian Salary Survey; 9.86% were either senior or general managers. The rest of the audience consisted of executives (15.49%), directors (12.68%) and line staff (11.27%).

The largest number of respondents (more than 22%) were Saudi nationals and 18% of respondents were evenly split between Western Europeans and Central Asians. Egyptians and Jordanians were also well represented among survey respondents.

What is your gender?



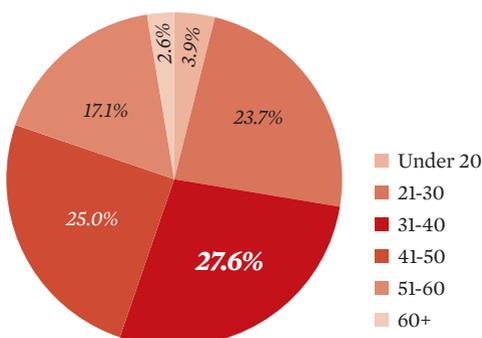
What term best describes the hospitality firm you work for?



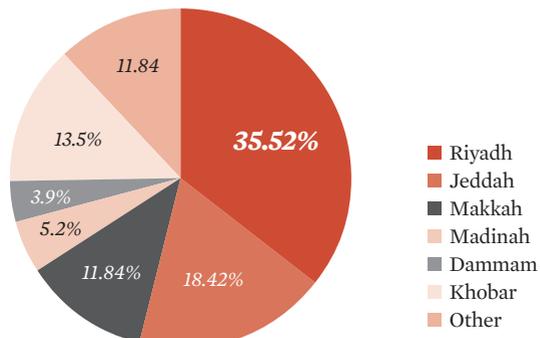
HOTELIER MIDDLE EAST SAUDI ARABIAN SALARY SURVEY 2015 PLEASE TELL US ABOUT YOUR JOB										
Level										
Answer Options	Director	Senior Manager	Executive Manager	Regional Manager	General Manager	Manager	Executive	Line staff	Part-time employee	Trainee/ Apprentice
Select the most appropriate response.	9	7	5	4	8	20	12	9	1	1

SAUDI ARABIAN SALARY SURVEY 2015 WHICH COUNTRY/REGION ARE YOU FROM ORIGINALLY?																			
Level																			
Answer Options	Algeria	Bahrain	Egypt	Jordan	Lebanon	Morocco	Oman	Qatar	Saudi Arabia	Tunisia	United Arab Emirates	Yemen	North America	Western Europe	Eastern Europe	Rest of Africa	Central Asia	Far East	Other
Select the most appropriate response.	1	2	6	4	3	1	1	0	18	1	2	1	3	7	0	3	7	1	15

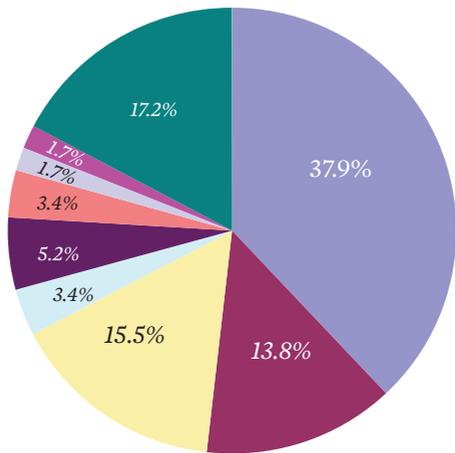
How old are you?



Where in Saudi Arabia are you working?

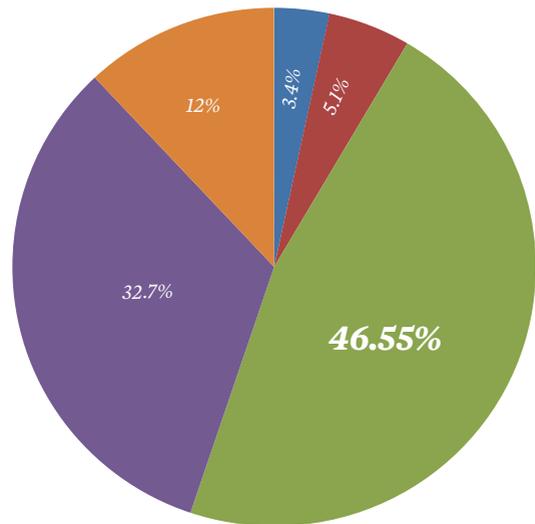


How many people does the company you work for employ?



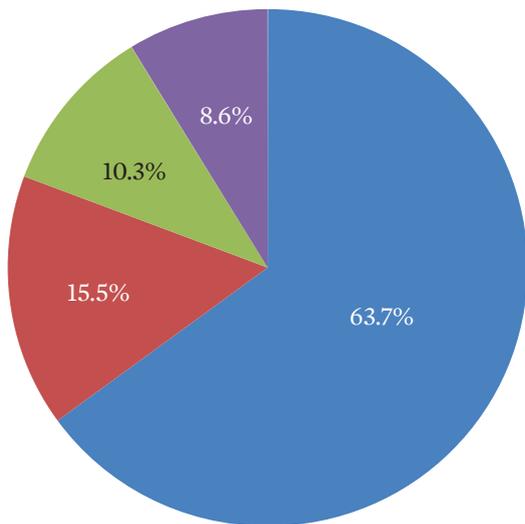
- A company of less than 500 people
- A company that employs between 501 and 1000 people
- A company that employs between 1001 and 5000 people
- A company that employs between 5001 and 10,000
- A company that employs between 10,001 and 15,000
- A company that employs between 15,001 and 20,000
- A company that employs between 30,001 and 40,000
- A company that employs between 50,001 and 60,000
- A company that employs more than 100,000

How large is the property you're working in?



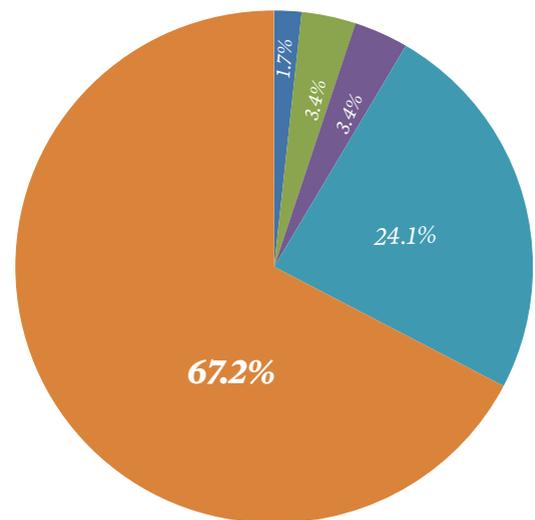
- 0 to 50 rooms
- 50 to 100
- 100 to 300
- 300 to 500
- 500 to 1000
- 1000 plus

What type of property are you working in?



- Employed in a city hotel
- Employed in a resort
- Employed in mid-range or budget property
- Employed in hotel apartments

What star rating in your hotel



- No rating
- One star
- Two star
- Three star
- Four star
- Five star

Booming market

Regardless of oil price volatility and mounting budget deficit, Saudi Arabia's hospitality industry is thriving. The rapid development of five star resorts in Riyadh, Jeddah, Makkah and Madinah promises to be the beginning of a hospitality evolution, particularly as international operators eye up Saudi Arabia's under served, two and three tier cities.

According to the May 2015 STR Global Construction Pipeline Report, Saudi Arabia and the UAE have a combined pipeline of more than 50,000 hotel rooms under construction. Saudi Arabia alone has 28,050 rooms under construction on 64 properties.

With this in mind it's perhaps no surprise that a significant percentage (see Job Security boxout overleaf) of *Hotelier's Saudi Arabian Salary Survey* respondents said they are looking forward to the future with complete confidence. However, 19.4% stated they felt less secure than they did 12 months ago and a further 6.4% said they felt anxious about keeping their jobs. "Confidence levels remain high amongst employees in Saudi Arabia, however, there does seem to be an increasing sentiment for employees to look for new jobs and career growth in other regional markets," comments Christopher Hewett, associate director at Dubai-based TRI Consulting.

Money matters

The majority of respondents — just over one-quarter — claimed to have a typical monthly remuneration (including basic salary, accommodation value, allowances, commissions and bonuses) of between US\$1,500 and US\$3,000. This correlated with the findings of the main salary survey outlined in chapter 2.

A sizeable 13% of those that participated in the survey earned less than US\$1,500 per month. “Given that fewer than one-fifth of respondents get less than US\$1,500, I’d say this is very good pay for entry level and early-career hoteliers, when compared to international standards, taking into account that reaching higher pay levels in the hospitality industry mostly depends on the number of years spent in the industry,” says Dr. Erdogan Ekiz, associate professor of tourism and hospitality at King Abdulaziz University’s Tourism Institute in Jeddah, Saudi Arabia.

Over 30% of respondents were paid between US\$3,001 and US\$6,000 per month — 15.2% claimed to earn, inclusive of allowances, between US\$3,001 and US\$4,500. An additional 15.2% earned between US\$4,501 and US\$6,000 per month.

According to industry experts, the improving salary situation is possibly the result of growing pool of local talent that boasts some form of hospitality qualifications.

“Results revealed that an overwhelming percentage of the employees earn more than SAR5,000 [US\$1,300] which is a good pay for entry level when compared to the majority of the industry worldwide,” says Dr. Ibrahim Alsini, dean of King Abdulaziz University’s Tourism Institute.

“Four years ago the average salary for a graduate was around SAR3,000

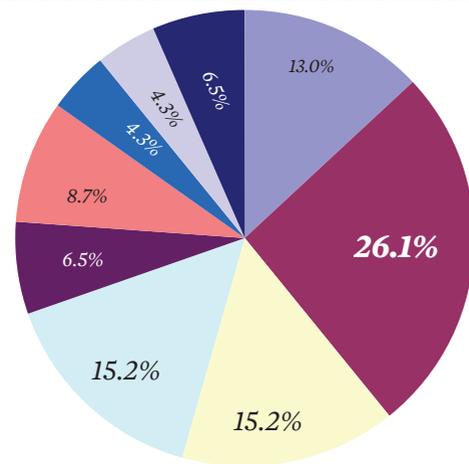
[US\$800], but now this figure ranges between SAR5,000 to SAR8,500 [US\$2,100]. This is the result of having a specialised [hospitality] degree,” he adds.

For the majority of respondents, allowances don’t appear to make-up a substantial portion of their pay packages. In numbers very similar to the main survey, 21.7% of respondents said they didn’t have any monthly allowances or bonuses. A further 21% said between 1 and 5% of their monthly remuneration was made up of allowances, while 13% claimed bonus’ constituted between 6 and 10% of their salary.

A slightly smaller segment of respondents, 17.4%, claimed that allowances or bonus accounted for between 11 and 20% of their monthly salary. A further 13% claimed that between 31 and 40% of their monthly remuneration was made up of allowances, bonuses and commissions.

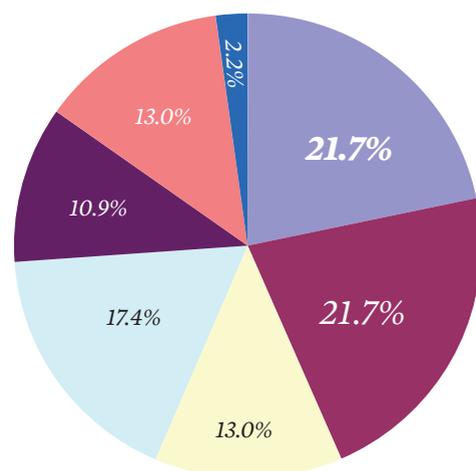
Despite expert opinion that the entry level salaries in the kingdom are fair, many of those working in Saudi Arabia’s hospitality industry don’t appear to agree. Asked whether they thought wages for line staff in Saudi

What is your typical monthly remuneration including salary, allowances and bonuses?



■ Less than US\$1,500 ■ US\$1,500 - 3,000 ■ US\$3,001 - 4,500
 ■ US\$4,501 - 6,000 ■ US\$6,001 - 7,500 ■ US\$7,501 - 10,500
 ■ US\$10,501 - 13,500 ■ US\$13,501 - 15,000
 ■ US\$15,001 - 30,000 ■ US\$30,000+

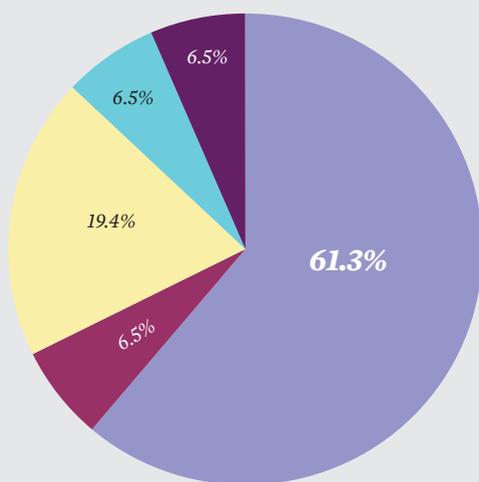
What percentage do allowances, bonuses and commissions make up of your monthly remuneration?



■ None ■ 1 - 5% ■ 6% - 10% ■ 11% - 20% ■ 21% - 30%
 ■ 31% - 40% ■ More than 40%

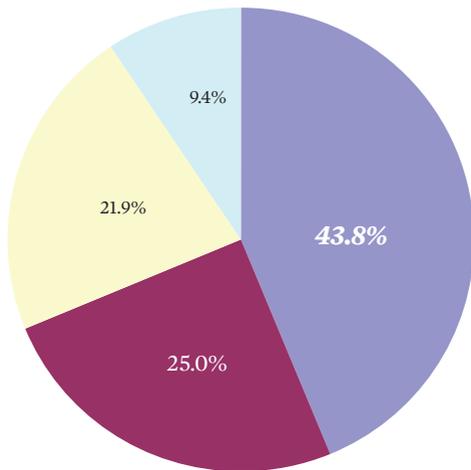
JOB SECURITY

A healthy 61.3% of participants reported looking forward to the future with complete confidence; however a significant 19.4% said they feel less secure than they did 12 months ago. 6.5% admitted being anxious about keeping their job, with another 6.5% believing they would be made redundant within the next six months.



■ I look forward to the future with complete confidence
 ■ I feel more secure than I felt 12 months ago
 ■ I feel less secure than I felt 12 months ago
 ■ I am anxious about keeping my job
 ■ I believe I will be made redundant within the next 6 months
 ■ I have already been told I will be made redundant

Do you think salaries for line staff are adequate?



- No, it's time they were increased
- No, but I don't think this will change
- Yes, because staff often need a lot of training
- Yes, because staff get great opportunities to develop their careers

Arabia are adequate, a resounding 68.8% answered no. Although 43.8% believed it was time they were increased, 25% did not believe that the situation will improve any time soon.

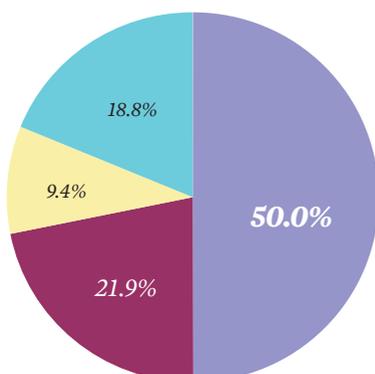
Despite the overwhelming negative response, some were positive. 21.9% felt the salaries were fair because staff often need a lot of training; and 9.4% said the salaries were fair because staff get great opportunities to develop their careers'.

These figures are slightly more positive than the figures from the main survey outlined in chapter 2, where 81.8% said that salaries for line staff were inadequate. Although some line managers clearly felt the current compensation strategy would be enough to retain employee loyalty, some experts warn that a low sum game leads to 'job hopping' for relatively low sums of money. "If we look specifically at front office staff, a competitive compensation and benefits package needs to be put in place and properly maintained to reduce 'job hopping'. We see employees leaving for relatively low amounts from one hotel to the other," warns Robert Richter, compensation survey manager at Aon Hewitt Middle East.

Compensation strategies for management positions in Saudi Arabia were also felt to be poor — 71.9% of respondents said salaries were inadequate. Of these, 50% said it was time they were increased, but 21.9% felt the situation was unlikely to change in the near future.

However, 18.8% believed management packages were good, noting that

Do you think salaries for management staff are adequate?



- No, it's time they were increased
- No, but I don't think this will change
- Yes, because large workforces provide managers with a lot of support
- Yes, because managers get great opportunities to develop their careers

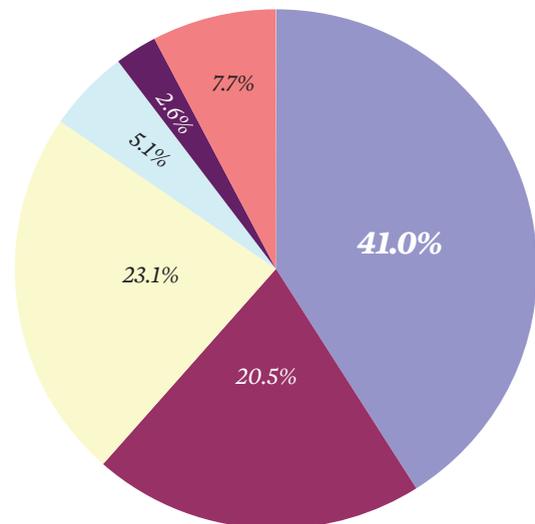
working in the kingdom presented managers with an opportunity to rapidly progress their careers. A further 9.4% said salaries that the large workforces provide managers 'with a lot of support' to fulfil their role.

Salary increases

Despite grumbling about being under paid, over 41% of respondents reported having received a pay rise less than six months ago. An additional 20.5% said they enjoyed a salary increase within the last year. 23.1% said they got a raise between 1 and 2 years ago, while 7.7% of respondents claimed they'd never had a pay rise. Interestingly, staff in Saudi Arabia appear to be doing better than their colleagues elsewhere in the Gulf. According to respondents of the main survey, only 25% had a pay rise in the last six months. This had dropped from the 2014 figure. Of those who received a recent pay rise, over 53.8% said it was part of a standard annual pay increase across the whole company, while 17.9% linked it to a promotion within the same company. 7.7% said their raise was due to a change in role or department. Just 2.6% said the pay rise was the result of taking up a different role at a new company.

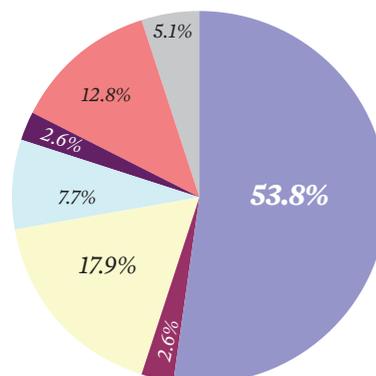
However, tellingly, 59% of those who received a pay rise, said it failed to match the increase in the cost of living. The conservative approach to

When did you last receive a pay rise?



- Less than 6 months ago
- Between 6 months and 1 year ago
- Between 1 year and 2 years ago
- Between 2 years and 3 years ago
- More than 3 years ago
- I have never received a pay rise

Why did your salary change?



- Standard annual pay increase across the whole company
- A new job at a new company
- A promotion within the same company
- A change in role/department within the same company
- A pay decrease across the whole company
- My salary didn't change
- Other

salaries, mirrors the findings outlined in Chapter 2 of this report.

Comparing Saudi Arabia hospitality industry salaries to the international hospitality sector, Richter from Aon Hewitt underlines the importance of differentiating between front office staff and more senior roles. “If we look at a room attendant, for example, their salary alone is well behind international markets (especially for foreigners). However, additional benefits such as accommodation, food and transportation are provided by the respective property,” he says.

On the other hand, according to Richter, the salaries of a hotel manager or general manager were usually in-line or higher than, international standards. The lower cost of living is often taken into account when calculating senior management salaries in Saudi Arabia. “Regionally, Saudi Arabia has the lowest cost of living within the GCC and while this is increasing, it does allow for relatively low salary packages compared to other GCC countries, such as the UAE and Qatar. But it’s still above other Middle East locations in Northern Africa or the Levant region,” explains Richter.

Just how compelling the lower cost of living argument will be when the rest of the region’s hospitality sector is continuing to grow, is open to debate. Increasingly, hotel operators in the kingdom have to compete with their neighbouring countries if they are to obtain the best talent.

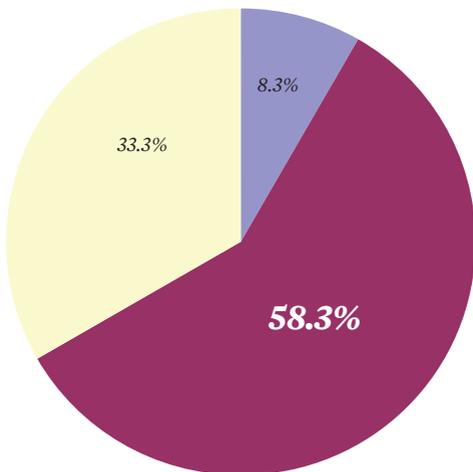
“If Saudi Arabia wants to attract and retain quality talent, the salaries need to be in-line with other regional markets” says Hewett. “With an increasingly competitive market for talent, the issue of disparity of salary between countries or markets will need to be addressed,” he adds.

Pay rises

Given the untapped potential of Saudi Arabia’s hospitality market and the volume of hospitality development underway, many survey respondents are buoyant about their salary expectations – regardless of the slump in oil prices and political turmoil. A bold 25.8% of respondents have asked for a pay rise this year and of these, 58.3% said their employer agreed to a pay rise, although not as much as requested. 33.3% said they had been refused a pay rise.

Of those respondents who had either not asked for a pay rise, or had not yet been given one, 35.5% said they expected a pay rise of more than 10% in the next year. A healthy 22.6% expected a raise of between 5 and 10% within the next 12 months, a further 19.4% anticipated a 5% pay rise in the next 12 months. A discontented 22.6% admitted they do not expect to receive a pay rise within the next year.

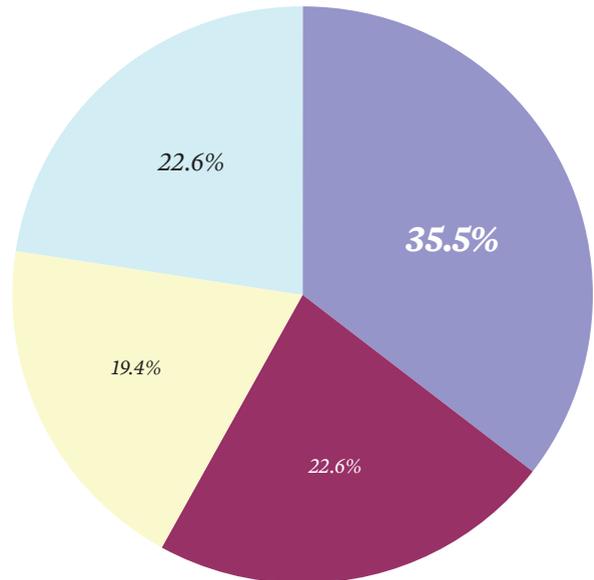
Have you asked your employer for a pay rise?



- My employer agreed to give me my requested pay rise
- My employer agreed to give me a pay rise, but not as much as requested
- My employer refused to give me a pay rise

Which of the following statements is true?

- I expect a pay rise of more than 10% within the next year
- I expect a pay rise of between 5% and 10% within the next year
- I expect a pay rise of less than 5% within the next year
- I do not expect a pay rise within the next year
- My company has announced a pay freeze
- I believe my salary will decrease over the next year



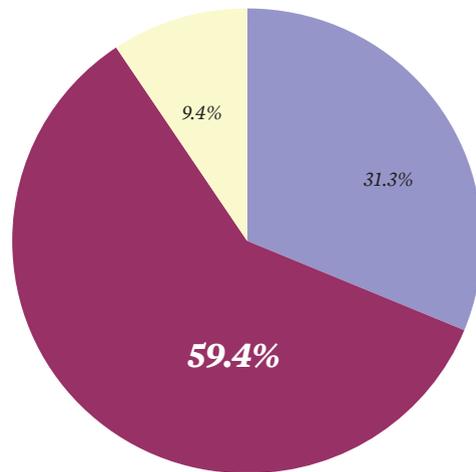
Sizing up the competition

When questioned about how salaries in Saudi Arabia compared to the rest of the region, just 9.4% of respondents said they felt they were ‘above average’, while 59.4% answered ‘average’. 31.3% felt they were ‘below’ the regional average.

When asked to make a global comparison, less than 10% felt their salaries were ‘above average’, 46.9% considered their salary to be ‘average’ and a sizeable segment; 43.8% said salaries were below the international ‘average’.

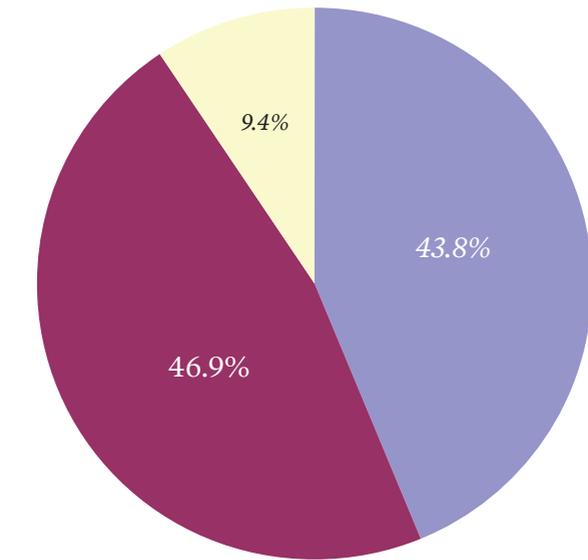
A contented 19.4% of respondents said they were completely happy in

Regionally, do you consider your salary to be competitive?



- Below average
- Average
- Above average

Globally, do you consider your salary to be competitive?

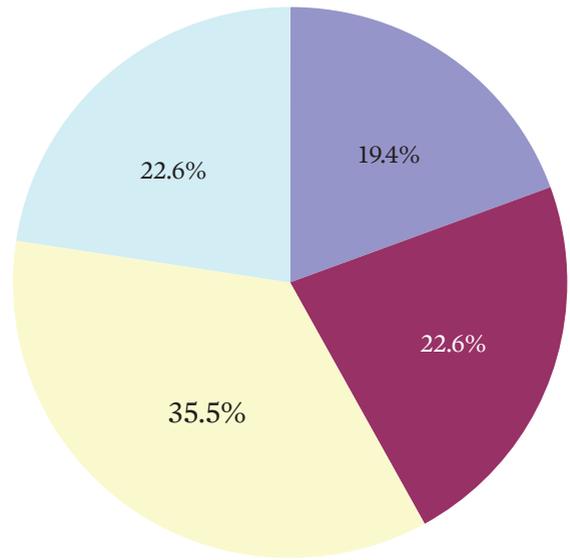


■ Below average ■ Average ■ Above average

their current jobs, however, the survey stats revealed that most people were ‘assessing’ their options. 35.5% claimed they would change jobs if they were offered a higher salary and just under half – 45.2% – of respondents said they would move on if either a more prestigious position (22.6%), or if a different location became available (22.6%).

The main drivers behind staff looking for, and accepting new positions with a different company were financial incentives, reputation of the

Which of the following statements is true?



■ I am completely happy in my current job
 ■ I would leave my current job for a more prestigious position
 ■ I would leave my current job for a higher salary
 ■ I would leave my current job to move to a different location

company, greater loyalty from the employer, better staff development, including training; moving to a more prestigious position; and finally, better benefits, such as annual leave and health insurance. Given the overwhelmingly negative feedback on salaries, it was surprising that better benefits, (such as annual leave and medical), and a more prestigious position both ranked higher than financial incentives when respondents were asked to list the driving factors behind searching for a new position.

With the hotel pipeline in the kingdom strong, despite budget deficits and the lost cost of oil, it is perhaps not surprising that most employees will look for a promotion internally before exploring other options.

According to the survey, 45.2% of respondents will look for a promotion within the same company. However, a sizeable 32.3% are still considering changing employers to improve their situation.

A further 19.4% said they will stay put in their current role for the next 12 months, but consider changing their role in mid-2016.

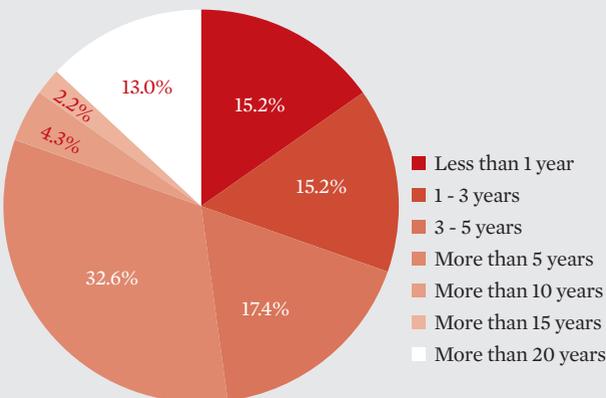
With just over 6.5% saying that they are looking to stay in their current role for the foreseeable future, it appears HR executives in the kingdom

IN IT FOR THE LONG HAUL

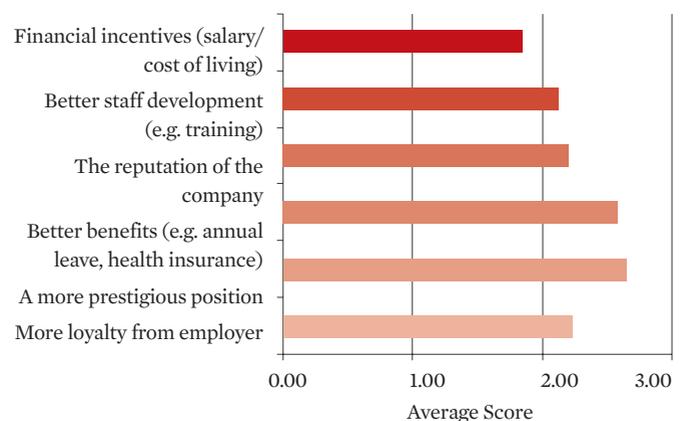
An impressive 32.6% of *Saudi Arabian Salary Survey* respondents said they had worked for their current employer for more than five years, compared to 17.4% of respondents in the latest *Hotelier Middle East Salary Survey*. (See chapter 2).

17.4% of Saudi Arabian survey respondents said they had spent between three and five years with their current employer.

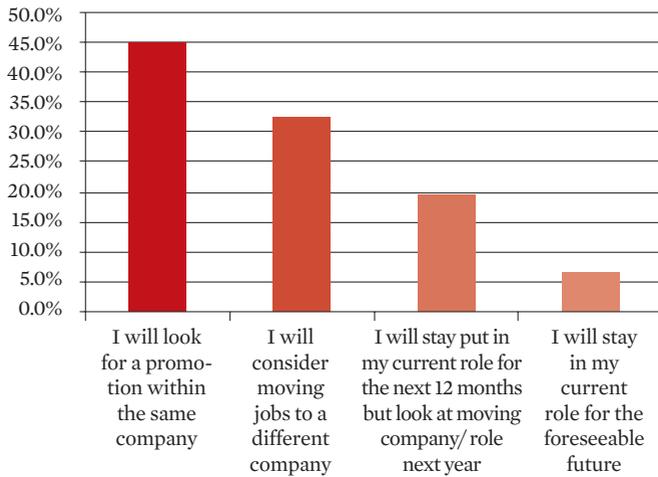
Almost 13% of participants reported they had been with their current employer for over 20 years. These figures suggest an impressive degree of job commitment and stability within the kingdom’s hospitality sector.



What would be the driving factors in accepting a new job with a different company? (Respondents could choose more than one option)



How will the influx in hotel supply to the region over the next 12 months impact your career outlook?

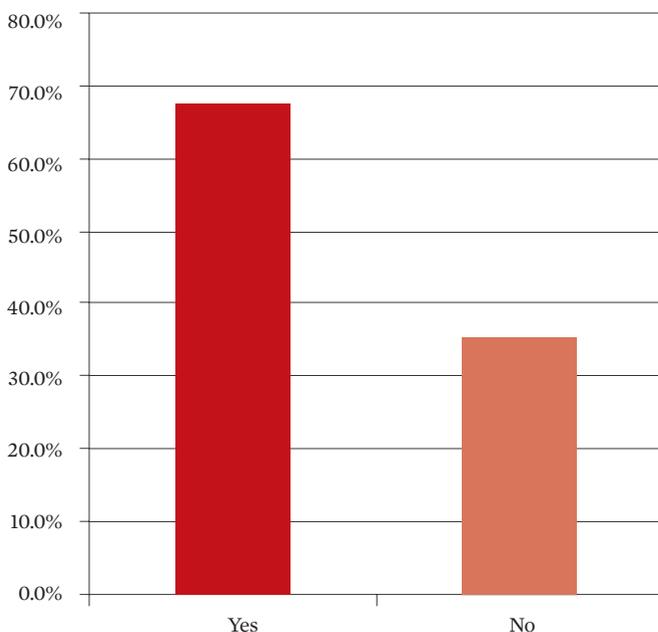


have to prepare themselves for staff churn in the immediate future. “The ‘war’ has already started between employers to attract professionals,” says King Abdulaziz University’s Dr. Alsini. “I believe that recruiting young, talented Saudis who are getting formal hospitality education and offering them attractive packages and treating them well, will help to retain them and secure their loyalty. Decent packages and professional development plans must be offered by Saudi hoteliers,” adds Dr. Alsini.

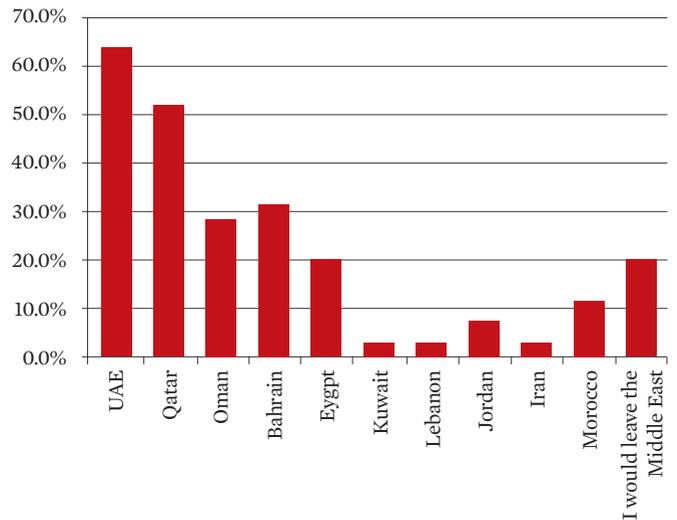
Overseas opportunities

It’s clear from the survey that foreign workers in particular are looking at other options. Whether its lifestyle restrictions, nationalisation policies, inability to change jobs or uncompetitive pay is unclear, but many foreign workers are looking for employment outside of Saudi Arabia – 67.7% of participants said they would consider moving from the kingdom to another country within the Middle East to pursue career opportunities.

Would you consider moving to another country within the Middle East to pursue career opportunities?



Where would you be most likely to move to?



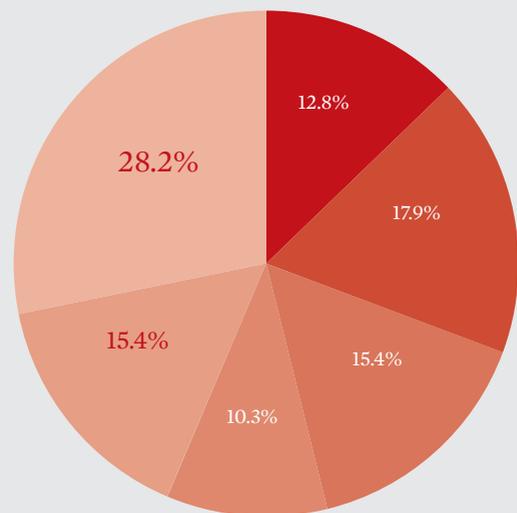
Of this group the vast majority indicated the UAE would be their preferred destination, followed by Qatar, Bahrain, Oman and then Kuwait. 20% said they would look to leave the region all together. “One of the key challenges is the growing popularity of neighbouring countries, which is likely to put increasing pressure on retaining quality talent,” says Hewett.

“Although Saudi Arabia has an extensive pipeline of future hotels, neighbouring countries, such as the UAE, Bahrain, Qatar and Oman offer a less conservative environment, which is appealing for a majority of expatriate employees.”

CLIMBING THE CAREER LADDER

When asked when they were last promoted, 28.2% of respondents said they’d never been promoted.

However, almost 17.9% said they last received a promotion between 6 months and 1 year ago; 13.89% said between 1 and 2 years ago and 15.4% answered more than 3 years ago.



- Less than 6 months ago
- Between 6 months and 1 year ago
- Between 1 year and 2 years ago
- Between 2 years and 3 years ago
- More than 3 years ago
- I've never been promoted

The road ahead: External factors

The social and political aftermath of 2011's Arab Spring is still being felt in much of the region. With continuing unrest in Syria, Iraq and Yemen, tumbling oil prices and the global economy suffering various setbacks, it is unsurprising that views varied on how these factors will impact market confidence.

Although an optimistic 25.8% believed confidence has already been restored, the balance of respondents took a more pessimistic view. Almost one-third (32.3%) felt it would take more than a year before local markets settled, and a further 12.9% saying the market would take two years to bounce back. A more conservative 19.4% of respondents didn't expect to see a full market recovery for another five years.

"When looking ahead we need to be mindful of external economic factors, such as the low oil price, which has a direct impact on the sector," comments Aon Hewitt's Richter.

"Fewer projects in the oil and gas sector, along with the impact on government spending ultimately means less business travel and smaller travel budgets. We can already see some effects of this as larger hotel brands have cut bonus payments roughly by 50% and decreased the annual salary increase budget roughly by 50% overall. Within the industry the salary increase budget was around 2.6%-3% in [Saudi Arabia], whereas the overall salary increase has been 5%-5.5%," adds Richter.

Richter's views are shared by Dr Ekiz from King Abdulaziz University. "Based on the research findings and my own personal experience, I feel confidence levels are below the desired level."

Summary

The outlook for Saudi Arabia's hospitality sector is overall positive with a strong pipeline of luxury and mid-market hotels expanding their existing footprint in the market. However, the recent drop in oil prices and escalating budget deficit will pose a challenge for immediate growth.

Richter from Aon Hewitt sees the biggest challenge ahead – not just in Saudi Arabia, but in the wider GCC – as being an oversupply of hotels: "If the oil price doesn't return or come close to previous levels then this will have direct effects on travel and tourism," he says.

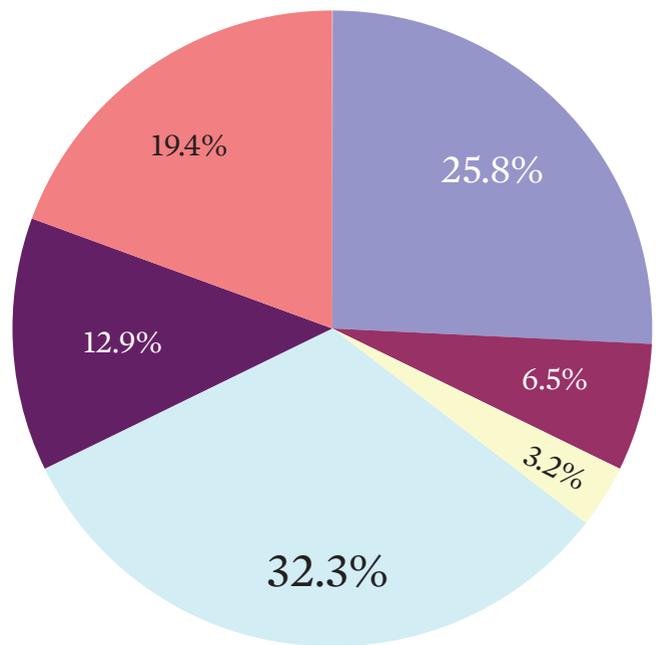
"This, alongside regional security concerns and the impact of large economies in trouble [such as] Russia and China, may result in lower occupancy rates especially for luxury hotels, [which] may then struggle to charge their standard higher rates."

Just as well then that Ravalona Cleiren from UAE-based Executives for Hospitality predicts an increasing diversity in the types of hotels that will be built in Saudi Arabia. "Until now the main focus has been on the luxury market segment, while in the coming years I believe there will be more budget and mid-range hotels along with long term stay apartments."

Finally, there is the question of how regional events, such as Dubai's Expo 2020 and the 2022 FIFA World Cup in Qatar, along with Saudi Arabia's own tourism infrastructure investment and new hotel openings – will impact the salary and career prospects of Saudi Arabia's hotel staff in the next five to 10 years. According to Dr. Alsini, the kingdom should be looking to its own native pool of talent.

"In the future there will be more Saudis graduating from universities with a hospitality specialisation, so there will be an elite pool of qualified, prospective employees. This workforce and infrastructure developments will successfully merge, and in doing so will elevate the Saudi hospitality industry, where members will be rewarded substantially."

Following on from a period of political unrest and disappointing economic performance, how long do you think it will take for confidence to be fully restored to Middle East Hoteliers?

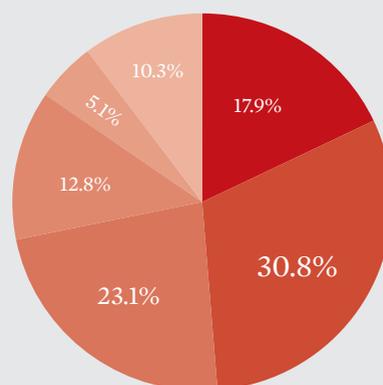


■ It has already been restored ■ Six months or less
 ■ Six months to a year ■ More than a year
 ■ More than two years ■ More than five years

WHEN IS YOUR NEXT PROMOTION?

In response to being questioned about how long they expected it would be until their next promotion, an optimistic 17.9% expected to be promoted in less than six months; 30.8% of participants answered between 6 months and 1 year; 23.1% said between 1 year and 2 years. 12.8% said between 2 and 3 years.

A disgruntled 10.3% didn't feel they would be promoted while they worked with their current employer.



■ Less than 6 months ago ■ Between 6 months and 1 year ago
 ■ Between 1 year and 2 years ago ■ Between 2 years and 3 years ago
 ■ More than 3 years ago ■ I've never been promoted

HUMAN CAPITAL APPENDIX

Interview excerpts: August and September 2015

Amber Zaki

*Director of human resources,
Taj Dubai*

- HME:** *Do you think the outlook for the region's hospitality sector is positive? What could affect this?*
- Zaki:** It is hard to say right now in view of the general political situation in the world, in particular the issues in the Middle East. We are hoping for the best, but nobody can predict as we are so dependent on traffic into our hotels. As of now, the forecast is lower than it generally would be at this time of year.
- HME:** *What do you regard as the main challenges currently facing your industry in the region?*
- Zaki:** Externally, the instability in the region and around the world and in the industry itself, the turnover caused by so many new openings.
- HME:** *What are some of the key issues when it comes to staff retention strategy?*
- Zaki:** The benefits in hotels are generally the same. In essence what satisfaction boils down to is how we pay, house and feed our staff, how we communicate with and to them and how much we train them. The staff of today not only expect training, they demand it. They need to know that their development is important and they don't wait around for it to happen. There is a sense of urgency in staff nowadays which makes it imperative for training and development to start early and continue in a relevant, consistent manner. Regular reviews of salaries and allowances are also essential.
- HME:** *How can hotels' HR teams be sure of recruiting and retaining the best staff?*
- Zaki:** Ask the right questions at the interview. Try and use as many recruitment channels as possible (job boards, advertisements, LinkedIn [and other] social media). Do not over-promise. Keep it realistic but always whatever you do promise. Talk to your people.
- HME:** *How important is practical, on-the-job training in the hospitality sector, compared with classroom-based studies?*
- Zaki:** In my opinion a 70:30 ratio is ideal. So much of what we do in the hospitality sector is based on the differ-

ent situations we encounter — the 'live learning' that classroom based studies never prepare you for — and on getting your hands dirty and learning by doing. However, depending on the role, the background of the area you are working in, requires a certain amount of pre-knowledge. The higher up the ladder you go, the more your classroom-based education will help, but nothing can replace the practical experience gained everyday actually doing the job.

Azam Chiragh

*Human resources director,
Millennium Plaza Hotel Dubai*

- HME:** *Do you think the outlook for the region's hospitality sector is positive? What could affect this?*
- Chiragh:** The hospitality sector is growing and it looks positive. However, due to instability in the Middle East region may restrict people to travel.
- HME:** *What do you regard as the main challenges currently facing your industry in the region?*
- Chiragh:** Price war between 5 star, 4 star and 3 star hotels.
- HME:** *What are some of the key issues when it comes to staff retention strategy?*
- Chiragh:** Salaries and incentives. Within the industry the consistency is lacking, which allows employees to switch jobs. It varies based on [a] hotel's category, [for example] the package and benefits offered by international brands cannot be met by local hotels.
- HME:** *How can hotels' HR teams be sure of recruiting and retaining the best staff?*
- Chiragh:** By hiring the right people for the right job. Success in hospitality is dependent of positive attitude.
- HME:** *How important is practical, on-the-job training in hospitality, compared with classroom-based studies?*
- Chiragh:** On-the-job training improves the confidence and professionalism which an employee is require[d] to deliver at workplace. Classroom-based studies only teaches the brand standards.
- HME:** *What do you see as the most important focus areas for human resource-led training and personnel develop-*

ment plans within the region's hospitality industry?

Chiragh: HR create[s] a pool of potential employees who are willing to grow, and invest in them. Investing in employees will improve their loyalty and will also spread word of mouth and encourage others to join the establishment. Also, allowing cross-training to different departments.

Fatma Al Sinawi

Director of human resources & training,
Six Senses Zighy Bay

HME: How do you recruit and retain the best hotel staff?

Al Sinawi: Recruit the right attitudes and train them skills [and] brand awareness... Retain them by training and developing their talents, praising and recognising their efforts, competitive recreation facilities or activities, and [they] should have room for career and opportunity growth.

HME: How important is on-the-job training in the hospitality sector, compared with classroom-based studies?

Al Sinawi: Very important because on-the-job training will make the staff understand better how to do things as he/she is given the opportunity to do it by himself/herself. Whereas, [with] classroom training their attention span will be short and the chances are they will not remember everything they learnt as they have very less involvement in the training.

HME: In our survey around 80% of senior HR respondents said they made salary increases in the last 12 months. Did your hotel make hotel staff salary increases in the last year, or do you plan to in 2016?

Al Sinawi: By law [in Oman], we have to increase 3% every year, but we do have yearly bonuses for all staff.

HME: Is your organisation offering larger bonuses, as opposed to offering salary increases, as a critical tool for staff retention?

Al Sinawi: It depends. If we achieved the gross operating profit then will give more than one month, otherwise regardless all staff will receive one month salary.

HME: Aside from basic salary, what other benefits does your company offer staff?

Al Sinawi: While on duty, regular bus trips to the city (as we are situated in a location far from the city) transportation from and to resort, five complimentary nights in our sister properties yearly, 50% discount on F&B and other recreation and sports facilities on the resort such as gym, TV room and WiFi at the resort.

HME: What percentage staff growth are you expecting over the next 5 years?

Al Sinawi: 40% globally

Feras Salibi,

Director of human resources,
Rixos The Palm Dubai & Rixos Bab Al Bahr Ras Al Khaimah

HME: Is your firm positive about the business outlook over the next 12 months? What do you think are some of the factors behind this overwhelming market confidence?

Salibi: The number of investments and projects that are underway to improve infrastructure and lifestyle in the region. [For example], growing importance of the region as a travel market, build up towards Expo and other events that will take place medium to long term.

HME: How many properties does your firm plan to open in the next two to five years? What has prompted this sign of confidence in the region's hospitality market?

Salibi: Very affluent investors from Gulf countries also have started to grow their influence in Europe and Americas that in return generates more traffic and interest towards the Middle East and Gulf.

HME: What percentage staff growth is the organisation expecting over the next two to five years?

Salibi: Global comparisons in this sense are obsolete, as most organisations are operating globally or at least internationally beyond MENA. Due to the aforementioned investment power of [the] region, things tend to happen faster [here] than anywhere else, hence the growth rate in itself is stronger. Economic Downturn is still going on in parts of the world and that always has an effect everywhere else. But I think perspectives have changed and dealing with such realities became easier. There will always be a downturn somewhere and the next "big" one is going to come. As an industry we are learning to accept these facts and try to be prepared as much as possible.

HME: What hospitality skills are most in demand?

Salibi: Anything revenue generating will always be in demand and is the 'bread and butter' of any business. The skill levels in this segment still vary a lot in this region and many 'sellers' are still living in a world where they assume they don't really need to make an effort to sell. Education, training are very [much] needed here, still.

HME: Do you think the bid to retain top talent faces different challenges here in the region?

Salibi: Yes, as the market here is extremely competitive. Also, due to the expat system and the way it is set up, it is difficult to retain people for long periods of time. Eventually everyone likes to, or has to go back home.

HME: Is the firm offering larger bonuses, as opposed to offering salary increases as a staff retention tool?

Salibi: Organisations will try to let more employees benefit from profit rather than only few.

HME: *Do you think investment in hospitality training is further down HR's list of priorities in the region?*

Salibi: In [the] Middle East it's probably a lot higher up the priorities list than anywhere else in the world. Hospitality sector organisations spend considerable money on having entire L&D functions, sometimes even independent from HR. You won't see that a lot anywhere else. In Europe and North America, almost all training is the responsibility of the operational management and online learning programmes are the standard for managerial development. What the MENA could do better is to provide more funds for supporting high potential colleagues with educational assistance towards degrees and certifications that will benefit their careers and employers.

Heather Jacobs

Senior VP, international and corporate human resources, Four Seasons corporate office, EMEA

HME: *90% of survey respondents said they're confident about the future. What do you think has prompted this clear sign of confidence?*

Jacobs: The GCC hospitality industry is poised to grow at an annual rate of 9.5% to US\$ 35.9 billion by 2018 and events such as the Dubai World Expo 2020 are expected to further drive demand, which will manifest itself in capacity expansion, as well as, increasing investment in tourism infrastructure. The industry is expected to sustain this growth momentum supported by regional governments' initiatives to grow the sector, international tourist arrivals — especially those from Asia — and growth in the MICE segment. The GCC region's strategic location with respect to global air routes is also driving the footfall of short-stay passengers. The region has effectively leveraged this opportunity with increasing investment in airport expansion. GCC airports are expected to handle about 250 million passengers by 2020 — according to a study published for the Airport Show 2013, all of which will fuel the further growth of the industry. In every country we enter, the emphasis is on creating a genuinely authentic experience and we believe no one can create a better culture than the local people. From an HR perspective this presents an exciting opportunity. For Four Seasons Hotels and Resorts, the Middle East is one of our strongest growth markets with a very active pipeline of development across the entire GCC and wider Middle East region. Today we have more than 10 properties in the region, including four in the GCC, in Riyadh, Doha, Dubai and Bahrain. We currently have four properties expected to come online in the GCC in the next four years.

HME: *When we asked which skills were most in demand, sales and marketing topped the list. Revenue management was also another in-demand skill that was highlighted. Any comments here?*

Jacobs: At Four Seasons we believe in hiring for attitude and training for skill.

The beauty of the hotel business is that it presents new challenges every day as we are dealing with people who have very high and evolving expectations.

A good employee is one who anticipates the challenges and is able to think of solutions, develop a new service, a more efficient system or an original amenity tailored to a guest's unique interests. We look for this agility and ability to think of service delivery from multiple perspectives.

Four Seasons has close to 60 projects at various stages of development across the world. We offer local talent in every market, in which we operate the chance to work with a truly global luxury brand. The opportunity to work for a leader and innovator within the hospitality industry also presents many opportunities for employees to move up to positions of increasing responsibility.

Change is a constant in this industry and the most valuable employees are the ones that can evolve and develop their skills in step with the market.

HME: *Does the organisation offer staff a structured training programme, as part of their annual assessment? What are the organisation's training priorities?*

Jacobs: Our training philosophy focuses on encouraging every employee across the organisation to be empowered to think creatively and elevate the experience for each and every guest at every point in their experience.

We have a very strong internal training and development structure with many initiatives in place that promote staff development. Four Seasons has dedicated learning and development managers who lead training efforts along with hotel managers, which ensures that staff at all levels have access to senior level support.

Four Seasons has developed a wide range of in-house training programmes that are deployed locally across all levels. These include line-level circuit training on service delivery, personality typing, supervisory development programmes, and one-on-one executive coaching. Employees also have access to a full service online learning platform called Ugenius and regular training sessions with managers.

Karim Maataoui

Human resources manager, Media One Hotel.

HME: *What are some of the key issues when it comes to staff retention strategy?*

Maataoui: The main issue of staff retention is the competition from large organisations offering higher salaries and much better [international] exposure...

HME: *What are the most important recruitment tools and methods that HRs need to use to win the hotel industry's 'war for talent'?*

Maataoui: Reputation with current and past employees, reputation for growth and development, open proactive management style, fun work environment.

HME: *How do you think the region's hotel salaries compare with the international hospitality market?*

Maataoui: Dubai and UAE remain a good paying location[s] for the expatriates with the potential to grow faster, benefits provided to employees and [its] free tax.

HME: *What do you see as the most important focus areas for HR-led training and personnel development plans within the region's hospitality industry?*

Maataoui: Mystery shopper and guest satisfaction system. EES and all the tools to measure and train the staff. Micro-learning and leadership development programmes.

Marie Licha

Human resource manager,
Le Gray, Beirut, Lebanon

HME: *Do you think the outlook for the MENA region's hospitality sector is positive?*

Licha: The outlook is positive, and the political stability could affect this.

HME: *What are some of the key issues when it comes to staff retention strategy?*

Licha: Development, promotion and transfer opportunities, in addition to competitive salaries.

HME: *What are the most important recruitment tools and methods that HRs need to be using to win the hotel industry's 'war for talent'?*

Licha: Our hotel strives hard to be the employer of choice through creating career opportunities for fresh graduates and providing them with training and development, performance management, and opportunities for promotions.

HME: *How do you think the region's hotel salary brackets compare with the international hospitality market?*

Licha: I think that the region salary brackets are competitive with the international hospitality market.

HME: *What do you see as the most important focus areas for HR-led training and personnel development plans within the region's hospitality industry?*

Licha: The main focus should be on a proper on-the-job training to maintain the high standards, in addition to trainings tackling creative and innovative topics,

which develop the creative thinking and help employees generate ideas and in enhance their problem solving techniques. By that, we would be developing creative teams that are highly needed nowadays.

Anis Fares

Director of human resources,
Middle East & Africa,
Millennium & Copthorne

HME: *We asked in our HR survey if your hotel made salary increases in the last 12 months. Around 80% answered 'yes'. Any comment you can provide on the above?*

Fares: Competition for skilled staff amongst hotels in the Middle East is fierce, with demand for talent outstripping the number of candidates. This means it is vital that we attract and retain staff by offering a competitive salary and benefits. Middle Eastern cities have experienced a sharp rise in the cost of living so it is important that salaries reflect this increase.

HME: *Does your organisation plan to give rises in the next 12 months? Around 90% answered 'yes'. Any comment you can provide on the above?*

Fares: Pay rises will continue in 2016 depending on which regions we operate in and where adjustments have to be made to complement inflation and price increases, for example fuel prices in Dubai and accommodation in Qatar. We will also give pay rises to staff who have performed well over the past year to demonstrate our commitment and ensure they stay within the company.

HME: *How many new properties does your organisation plan to open in the next two to five years?*

Fares: Millennium & Copthorne has extensive expansion plans, with an aim to operate 50 hotels within the next three years and a long-term goal to open 100 hotels by 2020, making us one of the fastest growing hospitality companies in the region and signifying our confidence in the market. We believe there is immense scope for development in the region and are optimistic about the future.

HME: *What hospitality skills are most in demand?*

Fares: We've found that hospitality skills across all departments are in demand. In the majority of cities within the Middle East, locals tend to eschew hospitality roles preferring to choose the finance or government sectors so we have to recruit from other countries. We tackle this problem by ensuring we find the right staff and offering effective on-going training programmes and career development plans, which not only encourages them to stay and grow within the company, but also attracts talent.

HME: *Does your organisation have a transparent compensation strategy?*

Fares: Yes, we do. It is based on job levels where basic salaries, allowances and benefits are clearly defined and communicated to everyone

HME: *What is the salary range for general manager position? Do you think this risen compared to last year? How does this salary compare?*

Fares: It [general manager salary range] has risen slightly in the past year. Salaries in the Middle East are still very competitive with the rest of the world. We need to offer attractive salaries and benefits in order to lure talented staff away from their home countries. Of course tax free living means the average take-home pay is significantly higher.

HME: *What do you regard as the main challenges facing your industry in the region?*

Fares: Our biggest problem is finding and retaining skilled staff. There is fierce competition for staff as hotels continue to open and we are constantly searching for talented and loyal people who are committed to their development as well as the group's vision.

HME: *What are some of the key issues facing HRs in the hospitality sector when it comes to staff retention?*

Fares: Retaining staff is a constant struggle in the hospitality sector, particularly when it comes to 'generation y'. We find that 'generation y' has high mobility, are more goal orientated and look for a workplace that cultivates their skills and provides the right working environment. Losing talent to other industries is often a problem. People are looking for roles with shorter hours, more flexibility and more money.

HME: *What are the most important recruitment tools that HRs need to win the hotel industry's 'war for talent'?*

Fares: A strong brand presence on social media is key to attracting talent, particularly 'generation y'. In order to retain staff it is important that we create an environment in which they can grow by offering training and mentoring programmes as well as setting out a clear career path with targets so they [stay] motivated. We also provide perks that go beyond salary increases, such as a good work/life balance and a positive working environment that makes them feel included and part of the company.

HME: *How do you think the region's hotel salary brackets compare with the international hospitality market?*

Fares: The Middle East offers a high salary bracket compared with the international hospitality market, especially given that it is tax free. We have to offer a highly competitive salary in order to attract talent from other countries and to take into account the high cost of living.

HME: *What do you see as the most important focus areas for HR-led training and personnel development plans within the region's hospitality industry?*

Fares: It is important that we focus on creating comprehensive training programmes, focusing on developing leadership skills and creating career maps so talent can grow. This is what people are looking for and will definitely help attract and retain talent.

HME: *What systems, tool and structures need to be in place to ensure the maximum efficiency of HR departments within the region's hotels?*

Fares: A dedicated HRIS system, an ATS to support resourcing, a strong presence on social media, and leveraging the HR team capabilities to be more strategic with a focus on the people and the business rather than on administration.

Natalie King

Director of human resources,
Jumeirah Restaurant Group, Dubai

HME: *Do you think the outlook for the MENA region's hospitality sector is positive?*

King: The outlook for the MENA region's hospitality sector is extremely positive, especially in the lead up to Expo 2020 and the vast number of exciting tourism projects planned. Equally, with new outlets in the pipeline, oversupply of hotels and F&B outlets could be challenging, but there are certainly some exciting new concepts in the restaurant arena.

HME: *What do you regard as the main challenges currently facing your industry in the region?*

King: One of the main challenges facing restaurants is the attraction and retention of talent. In addition to attracting talent from overseas to join JRG Dubai, we are heavily focused on working with UAE nationals in various parts of our business, from marketing and human resources to sales and operations. As a company, JRG Dubai has fantastic benefits to offer – we work with great restaurants and chefs, and after all, everyone loves great food!

HME: *What are the key issues for staff retention strategy?*

King: The market here can be fickle, but having a great team of managers across our business and an HR Strategy that touches upon culture and engagement is our key. Restaurants are hard work, but the fun and opportunities that are available to grow make it very worthwhile.

HME: *What are the most important recruitment tools and methods that HRs need to be using to win the hotel industry's 'war for talent'?*

King: The recruitment tools and methods we use work, but I also believe that casting a wide net is vital. Candidates from outside the hospitality industry have wonderful talent to offer when they have the personality that fits our industry. We also look abroad considering the volume of numbers we need

to recruit for the new ventures we have planned. There are potential candidates that don't yet know the opportunities that Dubai offers, both career and lifestyle wise, and as a result it is important for HR teams communicate with prospective candidates on an international level.

- HME:** *What are the most important focus areas for HR-led training and personnel development plans?*
- King:** It is important to ensure that the hospitality industry as a whole does not rely on e-learning as the primary method of training, but rather supports this type of learning with practical applications in real time. For example, you can't practice performance management, or smell a corked grape through a computer, this comes with personal experiences in real time.

Niall McLoughlin

*Senior vice president,
Damac Properties*

- HME:** *Many survey respondents are maintaining a positive market outlook, is that the same for Damac?*
- McLoughlin:** The tourism industry in Dubai is on a continued rise and has a positive outlook, with increasing numbers of arrivals coming from all over the world. Visitor numbers reached 11.6 million in 2014 according to DTCM and the number is set to reach over 12 [million] this year with expected new record of 20 million by 2020.

- HME:** *How are you retaining your key staff?*
- McLoughlin:** Retaining staff means keeping them satisfied on several fronts. They must also have room for development and be motivated - we have a number of training programmes in place to develop our top staff for senior roles.

- HME:** *What is the company's plan for new properties?*
- McLoughlin:** DamacHotels & Resorts currently has five properties operational in Dubai, with several other projects set to open between 2016 and 2018 reaching a total capacity of around 13,000 keys. A number of hospitality projects will be completed in the coming years, starting with the inauguration of two luxury hotel apartment projects in Dubai during the first half of 2016.

Nicoleta Cucos

*Director of human resources,
Shangri-La Hotel, Dubai*

- HME:** *What factors could impact a positive financial performance over the next 12 months?*
- Cucos:** The industry had seen a slight decline due to political and economic factors, affecting rates, but not volume.

Staff retention is vital for employers and the same factors, political and economic, play a role in the retention strategy of the company. As Dubai is recognised as being one of the safest and most attractive cities for employment, job hunters tend to think twice before moving to other GCC countries or Europe.

- HME:** *What hospitality skills are most in demand?*
- Cucos:** Expertise is always in demand and difficult to find simply because most of the top talent is passive and not actively looking, or allured by the usual benefits offered by the majority of employers. Indeed, culinary-speciality and sales and marketing professionals with a very good insight in the market are in demand. The workforce in Dubai [the UAE and wider GCC], generally speaking has the tendency to move jobs frequently, as there is an easier chance to build a career in terms of designation, but not in terms of knowledge [or] expertise. Despite a high number of applicants, finding the right fit is not easy.

- HME:** *In the last two years have bonuses increased as a percentage of the overall compensation package?*
- Cucos:** Generally speaking, bonus percentage did not increase due to decline in some market segments... there was higher revenue but not significantly to increase bonuses. External economic and political factors did not impact the bonus of colleagues but there was no increase. Bonus is performance-driven and not having a performance to considerably overtake the previous revenue, then most likely the bonus was similar to previous years.

- HME:** *Is the firm offering larger bonuses, as opposed to offering salary increases as a staff retention tool?*
- Cucos:** The organisation has learnt to differentiate between employees, and offer the top performers higher bonuses and an incentive scheme for achievements.

- HME:** *How will the recruitment strategy escalate over the coming year to cope with the number of people that the organisation needs to hire?*
- Cucos:** Brand exposure plays a crucial role on social media and is a top priority at the moment along with good talent development [and] training programmes.

- HME:** *What is the most common reason for leaving?*
- Cucos:** The Middle East and UAE in particular, offer great career opportunities and most employees regardless of employer type [or] industry take advantage of it. Most expats seek opportunities to enhance their pay and benefits and move employer [or] industry frequently regardless of a concrete reason. They are 'seeking higher pay elsewhere' or a promotion that the current employer cannot provide at the time as the employee may not be ready for a bigger role.

Pilar ColladoPuerta

Human resources & training officer,
Meliá Dubai

- HME:** *How many Melia hotels do you currently have in the Middle East region, and how many do you plan to open in the region over the next five years?*
- Puerta:** We have two hotels in Middle East, one in Dubai and another in Doha. Over the next five years, the company is planning to open at least two more hotels in the region.
- HME:** *As the first five star Spanish hotel in the Middle East, do you employ a certain number of Spanish or Spanish-speaking staff in your hotels here in the Middle East region?*
- Puerta:** Currently, we have four Spanish-speaking staff in the hotel and we are looking into employing more Spanish speaking employees.
- HME:** *How do hotel industry salaries here in the Middle East compare with overseas?*
- Puerta:** Comparing with other countries overseas, hotel industry salaries are slightly less than in other Spanish speaking countries. However, Middle East hotels offer other benefits which are not offered in other countries, such as accommodation, transportation and meals, which may be attractive to a certain profile of candidates when looking for a job overseas.
- HME:** *What are your biggest recruitment challenges when it comes to finding the right staff?*
- Puerta:** Finding candidates speaking a variety of languages, including Spanish, German or French.

Shahid Jabbar

Human resource manager,
Millennium Airport Hotel Dubai

- HME:** *How can hotels' HR teams be sure of recruiting and retaining the best staff?*
- Jabbar:** The best way to recruit... [you] shouldn't go for five to 10 year experience – recruit the right candidate for position and care about them. We put always our self in their shoes.
- HME:** *How do you think the region's hotel salary brackets compare with the international hospitality market?*
- Jabbar:** UAE or Middle East still paying higher salar[ies].