

HUMAN CAPITAL REPORT 2015

Executive summary

The regional skills deficit goes to the heart of the GCC's aggressive growth strategy for travel and tourism. Whether it is an emerging destination, such as Iran or Dubai's rampant hotel development; these projects rely on hotel management firms being able to find, recruit, train and retain key staff – from the kitchen busboy to the hotel general manager.

Hotelier Middle East has run a salary survey every 12 months for the past seven years. The latest edition, which published its results in June 2015, was completed by over 500 members of the local hotel industry. The online survey was completed by employees from all areas of a hotel – from front of house staff to senior management executives – based in the region.

While the survey generated a detailed 'snap shot' of the views of hotel staff, it does not capture information on the HR strategy of a hotel operators based in the region.

To address the knowledge gap, *Hotelier Middle East* has designed and commissioned the Human Capital Report 2015. The research is in three parts; firstly a survey and interviews with senior HR professionals working at region's leading five star operators. Secondly, *Hotelier Middle East's* Salary Survey and lastly, a localised salary survey for Saudi Arabia.

The combined report based on our surveys and interviews provides a unique view of hospitality's human resource challenges and strategies in the Middle East.

PART 1: Survey and interviews with HR professionals

Hotelier Middle East's HR Director Survey was conducted over the course Q2 and Q3 2015. Research data was gathered via online surveys from a select number of senior human resource professionals that are responsible for overseeing and implementing HR policy in over 450 five star properties throughout Middle East and North Africa.

Audience breakdown

Of the respondents to the HR Director Survey, 45.65% said they worked for an organisation that managed between one and five hotel properties in the MENA region. 19.57% were from firms that managed between six and 10 hotel properties in the region; 15.22% managed between 16 and 20 properties. 8.7% of respondents were working for an organisation which manages over 40 properties across the region. The vast amount of respondents hotels were based in the UAE. Other major markets include Saudi Arabia, Qatar, Oman, Kuwait, Jordan, Lebanon and Egypt.

Market growth

The Middle East market is expecting rapid growth in the number of five star properties. In the next 12 months over 50% of respondents indicated their firm will open between one and three properties.

Almost 20% of respondents said they plan to open between four and five new properties in the next year, and 28% said their firm will open more than five hotels within the same time-frame.

The forecast over the next two to five years is even more robust. 43.48% of survey respondents said their business had plans to open more than 10 properties in the next two to five years. 34.78% of participants expected their firm to open between one and five properties during the same time period.

A further 21.74% reported they plan to open between six and 10 new properties in the same time period.

Strategy and staffing

New hotels means hiring new staff. Within the next 12 months, 32.62% of survey respondents expected modest growth of less than 5% of staff numbers. The same number forecast 6 to 10% staff growth. However, a more aggressive 23.92% of respondents predicted staff growth of between 16-20% plus in the next year.

The shift over the next two to three years is more aggressive, with 43.48% of respondents predicting staff growth in excess of 20%. A further 8.7% of respondents forecast staff growth of between 16-20% over the same period. A further 15.22% believe it will be between 11 and 15%.

There is also little doubt which skills are in demand. Sales and marketing staff are 'most in demand' skills with over 60% of respondents identifying sales and marketing professionals at the top of their wish list. This was followed by specialist culinary, F&B services and housekeeping.

Compensation and retention

According to survey respondents, the region's five star hotels are largely taking a structured and transparent approach to compensation strategies. Over 90% of respondents report their firm has a transparent compensation strategy. A further 80% said their organisation follows structured salary brackets defined by grade or individual position.

Approximately 80% claimed their firm made salary increases in the last 12 months, while 90% said they planned rises sometime in the next 12 months. The reasons for granting pay rises were cost of living increases, followed by employee performance, staff retention and internal pay equities. Additional methods employed by the region's hotels to retain talent include training and development programmes – 85% of HR respondents rated this as their most popular tool, followed by performance-driven bonuses.

Recruitment strategies

Hoteliers are increasingly turning to digital channels to solve their recruitment challenges. According to the HR Director survey, online advertising and social media networks were the most important tools when hiring staff, followed by recruitment agencies, industry referrals, and lastly print advertising. When asked how they plan to ramp up their recruitment strategies over the coming year, responses included focusing on social media networks, tie-ups with hospitality schools for fresh graduates, industry-related job fairs and organising recruitment open days within the hotel property.

Looking ahead

Confidence levels among senior hospitality HR professionals within the MENA hospitality sector appears to be high with over 90% of respondents saying their organisation is positive about the business outlook over the next 12 months.

PART 2: Hotelier Middle East Salary Survey

The seventh annual salary survey attracted 527 respondents from around the Gulf, and painted a picture of a market feeling some degree of insecurity in the light of falling visitor numbers from Russia, Euro-zone instability and ongoing security concerns in certain Middle East and North Africa.

It was a stark contrast from 2014, when hoteliers, buoyed by the success-

ful bids for Qatar 2022 and Dubai 2020 Expo, had been widely predicting a talent war in a flourishing market.

Pay and loyalty

Regardless of market challenges retaining the best staff remains a priority. *Hotelier Middle East's* survey noted that more employees were staying at a single company for longer.

The outlook for many hospitality professionals expecting either promotions or pay increases also appeared to have been tempered, compared with 2014. 23.3% said they expected a pay rise of more than 10% within the next year. Not unsurprisingly 25.8% of respondents said they didn't expect a pay rise in the next 12 months.

Looking ahead

Hoteliers are already looking ahead to 2016 with anticipation. Market analysts are already predicting an upturn in RevPAR in most GCC markets. However, local hoteliers have to increasingly adapt to rapidly changing market dynamics if they are to continue to fill the region's growing number of hotel rooms.

PART 3: Saudi Arabian Salary Survey

Hotelier Middle East's first-ever Saudi Arabian Salary Survey was designed as an addendum to *Hotelier Middle East's* Salary Survey 2015, initially published in June 2015.

The online survey generated 72 responses from the Kingdom of Saudi Arabia from a broad spectrum of the Saudi-based hospitality sector, ranging from front-of-house staff to senior management executives.

In for the long run

Hoteliers in Saudi Arabia tend to be loyal. The majority (30.23%) of Saudi Arabian-based respondents said they had worked for their current employer for more than five years and a further 18.6% said they had spent between three and five years with their current employer. Surprisingly, almost 14% of participants reported they had been with their current employer for over 20 years.

Climbing the career ladder

When asked when they were last promoted, nearly 28% said they'd never had a promotion. This was followed by almost 20% who said they last received a promotion between six months and one year ago.

In response to being questioned about how long they expected it would be until their next promotion, 33.33% of participants answered between six months and one year; 22.22% said between one and two years.

Your people want to leave

One-third of respondents said they would leave their current job for a higher salary and a further 23% indicated they would leave their job if a more prestigious position came up. Another 23% admitted they would leave their current job to move to a different location.

The main reasons behind staff looking for and accepting a new position with a different company were financial incentives, reputation of the company; more loyalty from the employer; better staff development, moving into a more prestigious position and better benefits, such as more leave and greater health insurance.

Money matters – pay rise and bonuses

A happy 41.67% of respondents reported having received a pay rise less than six months ago, while an additional 19.44% said they enjoyed a salary

increase within the last 12 months. However, 25% said they had only got a raise between 1 and 2 years ago; A further 6% claimed they had never had a pay rise.

Of those who did receive a recent pay rise, over half said it was due to a standard annual pay increase across the whole company, with just under a fifth saying it was a promotion within the same company.

When probed whether wages for hoteliers in management positions in Saudi Arabia are adequate, 48.39% said 'No, it's time they were increased'. When asked if wages for line staff in Saudi Arabia are adequate, 45.16% answered 'no, it's time they were increased'

Sizing up the competition

When asked how their salaries in KSA compare regionally, 62% answered 'average', 27% responded 'below average' and 12% said 'above average'. Asked to make a global comparison, 50% considered their salary to be average; 39% said below average; and 11% said above average.

Show me the money

23% of respondents have asked for a pay rise this year; of these, 60% said their employer agreed to give them a pay rise (although not as much as requested); 10% said their employer agreed to the requested pay rise; with 30% saying they were refused a pay rise.

Of those respondents who had either not asked for a pay rise this year or had not yet been given one, 35% indicated they expected a pay rise of more than 10% within the next year; with 23% expecting a raise of between 5% and 10% within the next 12 months. 27% admitted they do not expect to receive a pay rise within the next year.

Looking ahead

Almost 50% said they will look for a promotion within the same company; 33.3% will consider moving jobs to a different company; and 20% said they will stay put in their current role for the next 12 months but look at moving company/role next year. Just over 3% said they will stay in their current role for the foreseeable future.

Research by

Hotelier MIDDLE EAST

HUMAN CAPITAL REPORT 2015

By *Hotelier Middle East*

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Full HR Directory survey, interviews and analysis

Full *Hotelier Middle East* Salary Survey complete with market analysis

Full *Hotelier Middle East* Saudi Arabian Salary Survey, including market analysis

Available for download from www.hoteliermiddleeast.com from October

For more information please email: hotelierreports@itp.com