



The Retention Riddle: How to keep Emirati talent in the private sector

PwC Middle East - Emiratization Survey 2023

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Key findings

500

The number of Emiratis surveyed across the UAE public and private sectors, as well as new graduates

75K

The number of Emiratis mandated by the UAE Government to be employed in the UAE private sector by 2026

20%

of Emiratis surveyed and employed in the UAE private sector are less satisfied with their compensation and benefits packages compared to their UAE public sector counterparts

62%

of Emirati graduates surveyed believe it is harder to secure employment in the UAE private sector

69%

of Emirati graduates surveyed believe that the UAE private sector offers less job stability compared to the UAE public sector

50%

of Emiratis surveyed who are employed in the UAE private sector face work-life balance challenges

2 in 3

of Emiratis surveyed who are employed in the UAE private sector would consider a change to the UAE public sector

59%

of Emiratis surveyed who are employed in the UAE private sector believe career growth and compensation have the greatest influences on their job preferences



While interest in private sector employment in the UAE is increasing, Emiratis often don't stay the distance

The call to boost Emirati representation in the private-sector workforce – now a mandate in the United Arab Emirates (UAE) – is already strong, as part of the ‘We the UAE 2031’ vision.¹ This is the national plan for the UAE’s continued development over the next 10 years, with the aim of doubling the country’s gross domestic product (GDP) from AED 1.49 trillion to AED 3 trillion. The private sector has a key role to play in delivering this and nationals need to be embedded in the private sector to achieve the planned level of growth and future sustainability.

Government initiatives to modernise education infrastructure, along with quotas to incentivise private-sector employment of home-grown talent, have prompted a raft of creative programmes by employers to recruit and develop skills among Emiratis across most industries. The target is 75,000 in total in the next five years – an increase of 2% annually for skilled jobs in private-sector establishments with more than 50 employees, and an overall rate of increase of 10% by 2026.²

Yet the findings from our very first **PwC Middle East - Emiratisation Survey 2023** indicates that, while interest in private-sector employment in the UAE is beginning to increase among the younger generation, nationals often do not stay the distance. As many as two-thirds of those currently working in private companies are considering a return to the public sector. Our survey polled 500 nationals working across the public and private sectors and new graduates emerging into the workplace.

While efforts to attract Emiratis into private enterprises are proving increasingly effective, perceived longer-term prospects and the overall working experience are not matching up to these employees’ expectations, the survey findings suggest. Unless companies do more to boost national talent retention through targeted investment there is a risk that recruitment programmes will fail to deliver sustained economic development for the UAE or tangible long-term business benefits. Employers will also be vulnerable to government penalties for under-representation of Emiratis in the workforce. In this report, we provide detailed recommendations on how private sector organisations can enhance their Emiratisation programmes.





Unless companies do more to boost national talent retention, there is a risk in delivering sustained economic development for the UAE

The impetus for change

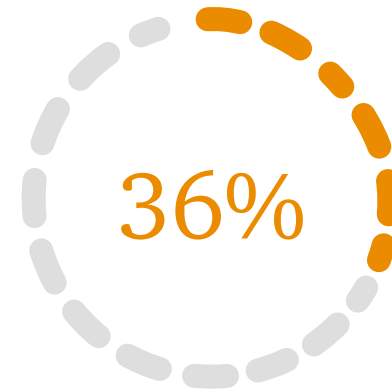
Up to now, the UAE economy has been heavily reliant on expatriate workers, who represent 89% of the population and 92% of the total workforce.^{3,4} In the private sector, the imbalance is particularly pronounced: here Emiratis account for just 4% of employees today.⁵

For Emiratis, the public sector has traditionally been the employer of choice, based on status and aligned values, along with the perception that jobs here are highly rewarding and well paid, with attractive scope for job flexibility. This strong appeal, coupled with widening skills gaps linked to private-sector opportunities, has perpetuated the trend of nationals preferring to work in the public sector.

However, with the UAE's economy projected to grow and diversify over the next few years, this over-reliance on the government as the mainstay employer of nationals is unsustainable in the long term. Today, more than 40% of the Emirati population is under the age of 30,⁷ compounding the need to ensure strong national representation across all strategic sectors if growth industries are to prosper and employment levels remain high.

Strategically, there is also a need to invest in future skills to prepare young Emiratis for the future of work and develop the next generation of leaders who can drive the UAE's transformation into a green, digital and knowledge-based economy.

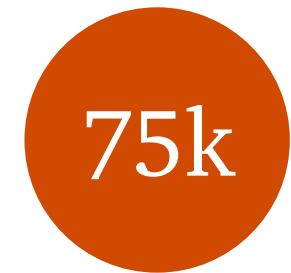
The government has already set ambitious plans in motion to accelerate economic growth by investing in human capital development. Now the private sector must play its own proactive part in creating complementary opportunities in the workplace to help deliver this vision. Given that the national talent pool is modest in scale, there is a strong competitive drive to this. Private employers must pull out all the stops now, not only to attract homegrown talent, but also to retain and cultivate it as competition intensifies.



The increase in number of Emiratis working in UAE private sector between 2022 and 2023⁶



Target Emiratisation rate in the UAE private sector by 2026 (~4% as of 2021, with an interim target of 6% for 2024)



Target number of Emiratis to be employed in the UAE private sector by 2026

Driving nationalisation at scale

In and beyond the GCC, countries are increasingly adopting nationalisation initiatives at scale to enhance the participation of nationals in the labour market, particularly in the private sector. In the Gulf region, the urgency is magnified by a traditional over-reliance on expatriate workers. Active measures here typically involve:



Cross-cutting policies and targeted regulations to drive nationalisation

Foresight units at the labour market level and sector-specific nationalisation councils to increase the competitiveness of national human capital; rewards and penalty mechanisms, such as incentives, quotas and levies to monitor the progress of nationalisation efforts and promote accountability; and the development of sector-wide skills frameworks to guide employment and upskilling efforts.



Upskilling and reskilling the existing workforce to strengthen national capabilities

Economy-wide and sector-specific upskilling programmes; reskilling programmes; career conversion programmes; leadership development programmes; and targeted secondment programmes to address the skills mismatch and equip the national workforce with the skills required to adapt to the future of work. Such programmes support nationals in transitioning from redundant to resilient roles and build a leadership talent pipeline.





Targeted youth development to build a future pipeline of national talent

Work-study, internship, sponsorship and scholarship programmes to expand the pool of nationals ready to fill positions in the private sector; important too are partnerships with educational institutions, as well as sector-specific educational programmes to offer student counselling on future skills and careers.



Incentives for employers and nationals to engage in nationalisation

Hiring, training and retention subsidies to incentivise private-sector organisations to employ, develop and retain nationals; and subsidising of nationals with salary support, allowances and benefit schemes.



Dedicated investments to boost job opportunities and connect labour-market stakeholders

Investing in local industries and supporting local service providers through incubators and accelerators to create new job opportunities for nationals; establishing In-Country Value (ICV) programmes that favour service providers with high nationalisation rates; creating social-impact funds to reward private organisations based on targeted social outcomes; and job-matching platforms to connect private-sector employers with job-seeking nationals.

There is no one-size-fits-all approach to nationalisation. However, individual countries are likely to tailor their approaches depending on their respective demographics, market conditions and focus sectors, among a range of factors. It makes sense for labour-market stakeholders to consider all the options, given the plethora of use cases that have been successfully implemented regionally and globally.



Private employers must pull out all the stops now, not only to attract homegrown talent, but also to retain and cultivate it as competition intensifies

Harnessing growing graduate interest in private-sector work

It is an encouraging starting point for employers that new generations of Emiratis are more eager to pursue job opportunities in the private sector. Our **Emiratisation Survey 2023** found that over half of participating graduates said they would be likely to join the private sector upon completion of their studies.

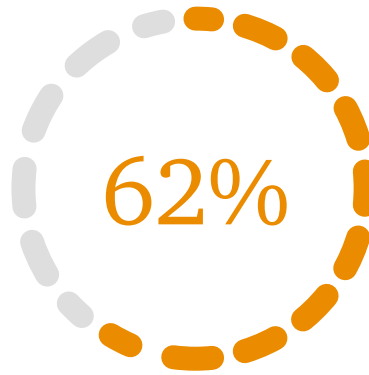
Yet, while Emirati graduates are keen to join the private sector, many also perceive barriers to entry. Almost two-thirds feel that it is still more difficult to secure a job in the private sector (perhaps due to a persistent skills mismatch) and a similar proportion believe that the private sector offers less job stability compared to the public sector.

While there is a clear preference for the private sector



of Emirati graduates surveyed are interested in joining the UAE private sector

But, challenges in securing employment in the private sector remain



of Emirati graduates surveyed believe it is harder to secure employment in the UAE private sector

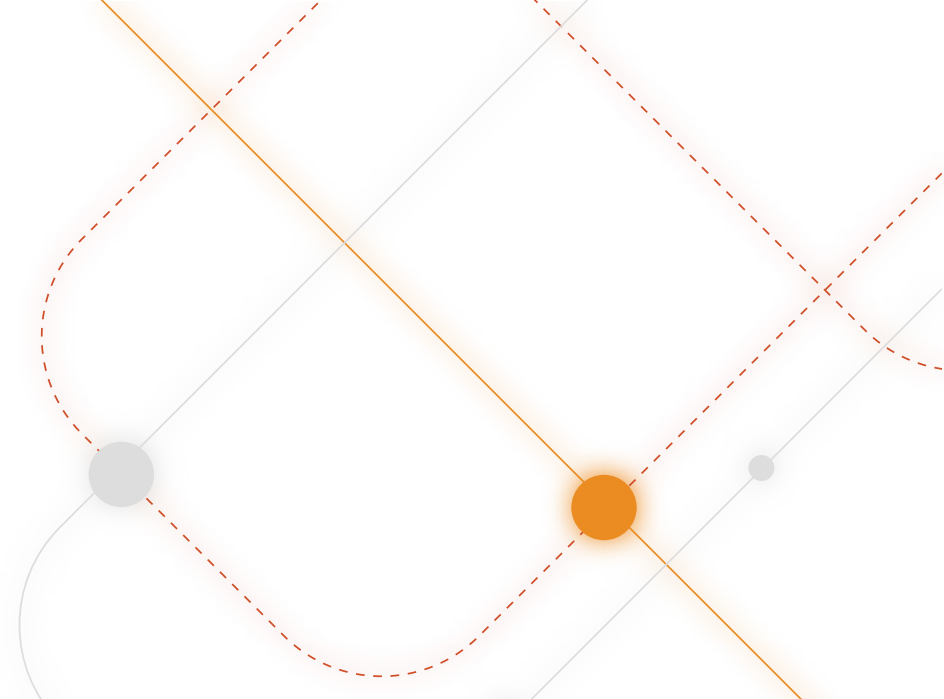


of Emirati graduates surveyed believe that the UAE private sector offers less job stability compared to the UAE public sector

So what is leading more Emirati graduates to consider private sector careers?

Over two-thirds of Emirati graduates generally believe that there are better learning and development opportunities in the private sector, with the vast majority preferring a more autonomous work environment where innovation and creativity are encouraged.

Added to perceived independence and the ability to embed innovation and creativity in their work are the opportunities for graduates to develop more future-proofed skills and fulfil long-term career ambitions. Over half in our survey cited achieving proficiency in future skills, such as data analytics and emerging technology (artificial intelligence, robotics, Internet of Things and more), as high professional development priorities.



8 in 10

Emirati graduates surveyed have a desire to develop entrepreneurial skills and start their own business



Key skills that graduates want to develop:



Research & data analytics



Emerging technology

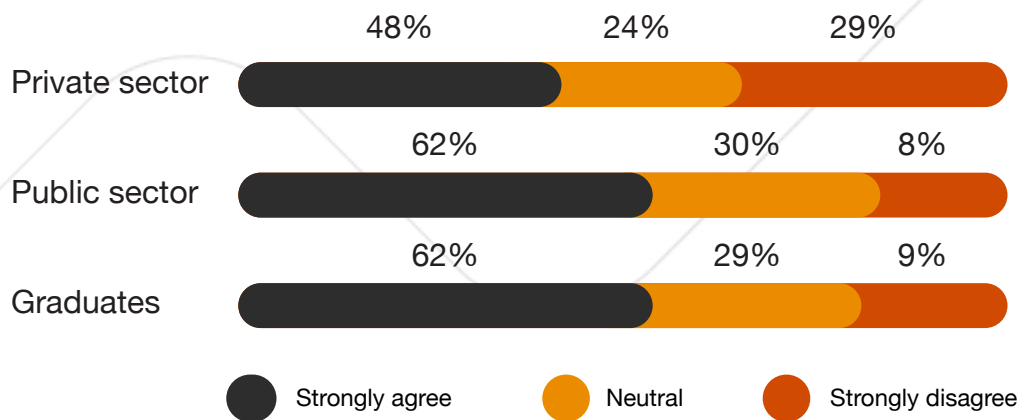


Creativity & innovation

Meanwhile, 8 in 10 graduates surveyed indicated a desire to develop their entrepreneurial skills, with a view to ultimately becoming self-employed or growing their own businesses. Linked to this is a strong preference to work in jobs with flexible working hours and arrangements.

Roughly three-quarters of graduates also prefer working in an international environment with a diverse workforce. Emirati graduates are also values-driven: over three-quarters expressed a preference to work in organisations that serve a higher purpose for the community, rather than those that are purely profit-driven. Private sector organisations who are encouraging responsible ESG initiatives and practices are more likely to be seen as an attractive employer of choice for graduates.

Respondents who believe it easier to get a job in the UAE public sector compared to UAE private sector



Contrasting perceptions of the public and private sectors

For would-be private employers, it's also important to understand the qualities that keep Emiratis close to the public sector for their careers. More seasoned nationals currently comprise the vast majority of the Emirati working population and they overwhelmingly work in the public sector.

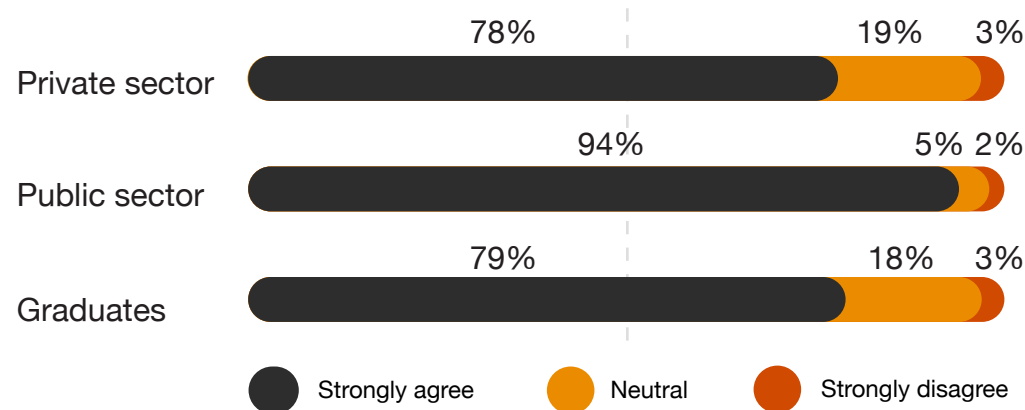
In our **Emiratisation Survey 2023**, most reported satisfaction with their overall job experience; more than 8 in 10 are happy with their current learning and development opportunities, and roughly two-thirds believe that there is a clear path for career progression – as well as the existence of a fair and equitable performance management system. More competitive compensation packages and leave policies (compared to the private sector), as well as higher levels of job security, are further qualities existing employees relish in their public-sector positions.

There is one particularly stark difference in satisfaction levels, which may shed some light on existing employees' reluctance to move from public to private-sector employment. 50% of Emiratis employed in the UAE private sector face work-life balance challenges and have reported to be considerably less satisfied with their compensation and benefits packages compared to those employed in the public sector; our survey indicates a 20% disparity in satisfaction levels here. This is contributing to lower overall job satisfaction compared to their public-sector counterparts, to the point that two-thirds of private-sector employees are actively considering a move back to the public sector.

Willingness of Emirati employees in the UAE private sector wanting to move to the UAE public sector



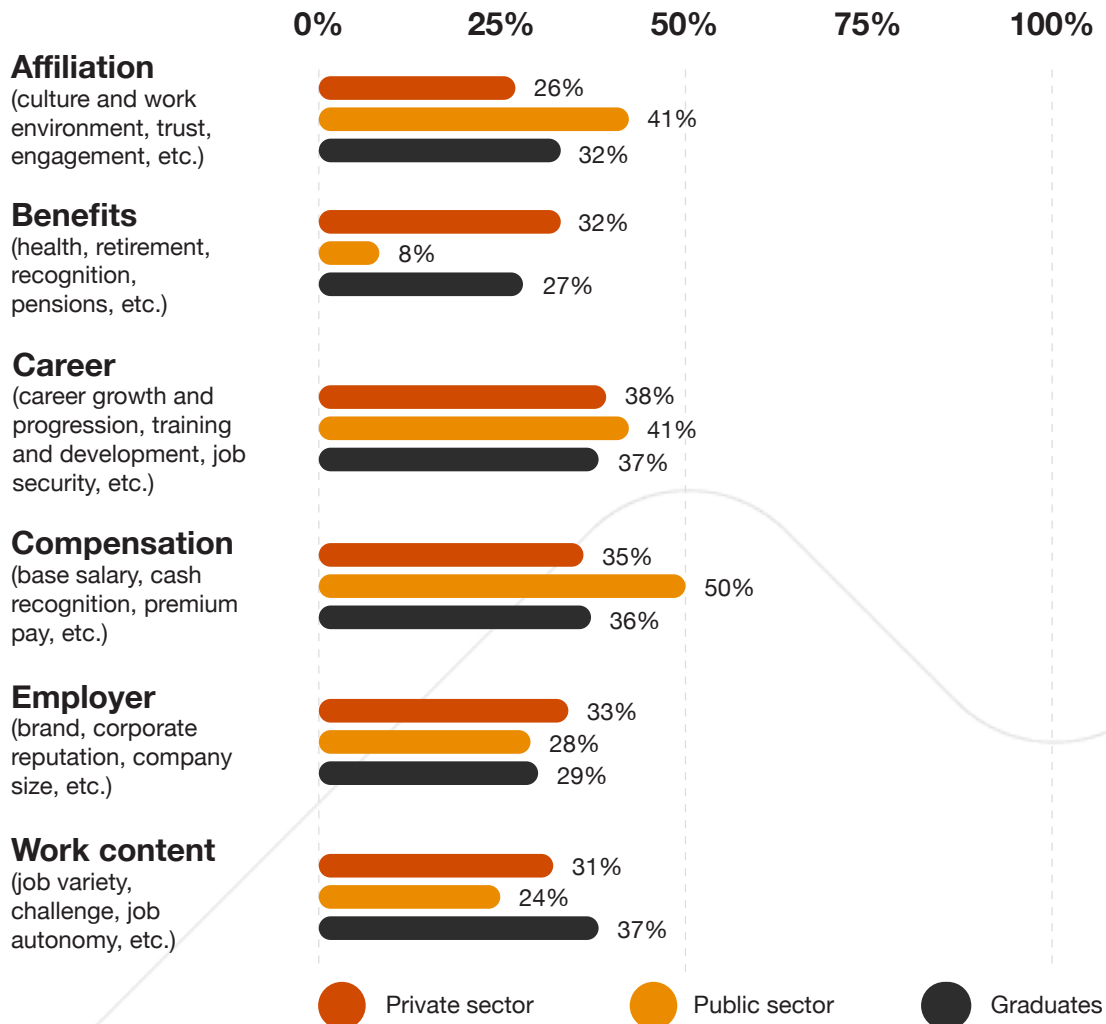
Respondents who agree that they would like to develop their entrepreneurial skills to eventually become self-employed or grow their own business



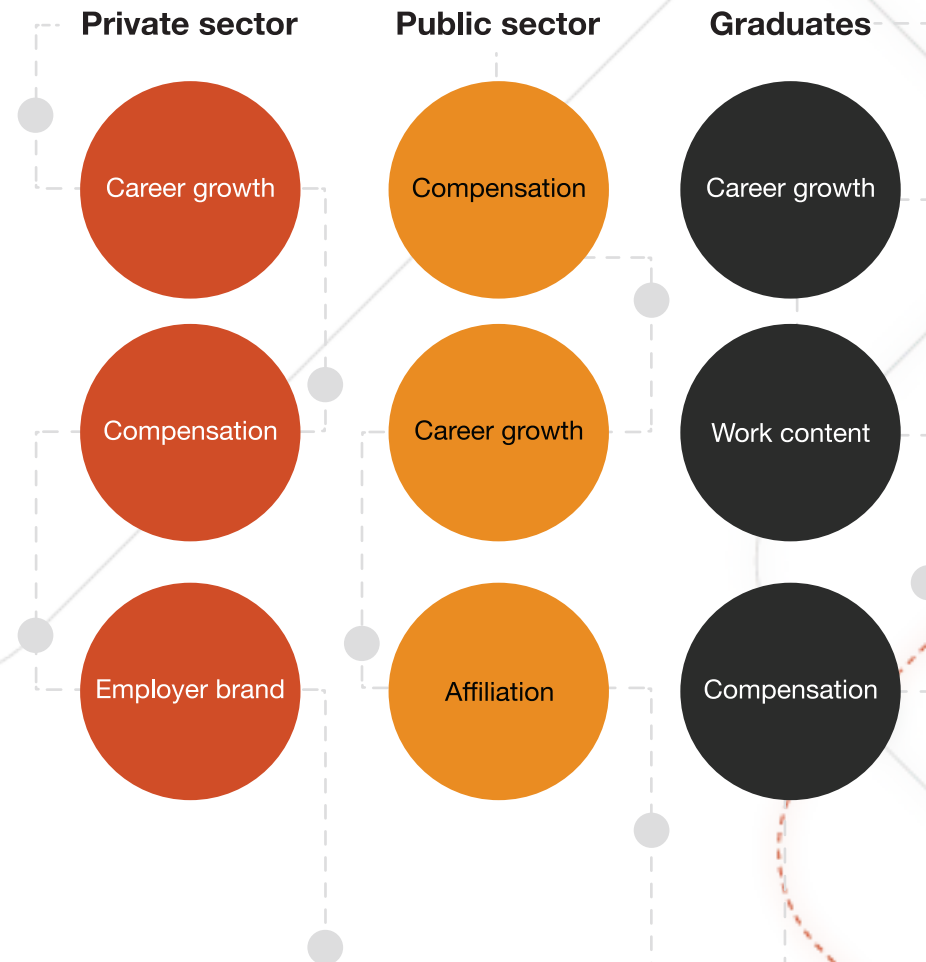
Looking across all of the survey respondents – Emirati public-sector workers, national private-sector workers and graduates about to enter the workplace – it is clear that attributes related to compensation, and career growth and progression are the two most influential factors impacting job preferences. 59% of Emiratis in the UAE private sector believe career growth and compensation have the greatest influence on their job preference. In other words, these are the 'must haves'.

Other job attributes, such as employer brand, autonomy within the job and organisational culture, might not determine initial employer choice, but may well have a bearing on how long an individual remains with a company. For private-sector employers, retaining hard-won Emirati talent is likely to be the bigger challenge strategically and over the long term, as reflected in our survey findings.

Which of the following factors do you believe has the greatest influence on your job preference?



Top 3 factors ranked by respondents





There is a need to invest in future skills to prepare young Emiratis for the future of work and develop the next generation of leaders who can drive the UAE's transformation into a green, digital and knowledge based economy

Private-sector leaders need to act now

While the government continues to be the leading driver of nationalisation in the UAE, the onus is now on private-sector leaders to take up the challenge. That means transitioning from playing a supporting role to a leading one in driving nationalisation. **But how?**

Here are some considerations for private-sector organisations that wish to proactively increase the participation, employability and long-term engagement of nationals in their workforce, based on PwC's extensive research, experience and footprint in the nationalisation domain.

Key recommendations - 7 steps for retaining nationals in the private sector

01

Purpose-driven nationalisation agenda



02

Diversified sourcing strategies



03

Reimagined learning pathways



04

Accelerated career journeys



05

Personalised rewards programmes



06

Future-proofed skillsets



07

Evidence-backed interventions



Purpose-driven nationalisation agenda:

Embed nationalisation targets and provisions into talent strategies and plans.

This includes defining nationalisation as a core aspect of the organisation's people strategy and establishing nationalisation as a pivotal aspect of the organisational brand and identity; highlighting what it means to all relevant stakeholders (employees, customers, investors, and society at large).

It also means determining future capability requirements and critical positions, ideally adopting a sector-specific skills framework mapping out existing and emerging roles and requirements relevant to the given industry sector, to guide employment and future upskilling efforts.

Other provisions should include budgeting for nationalisation-specific jobs and appropriate work-study, internship, sponsorship and scholarship programmes; integrating appropriate KPIs; and establishing the right organisational culture, purpose and core values.

01



Diversified sourcing strategies:

Leverage optimal sourcing channels to identify, evaluate, recruit and onboard nationals across different labour-market segments.

This includes establishing partnerships with universities to co-develop curricula in line with relevant future skills; guaranteeing job offers to high-performing participants on graduation; holding awareness sessions and career fairs at schools and universities; launching secondment and talent-exchange programmes for nationals employed in the public sector; and leveraging nationalisation-specific job-matching platforms to provide job seekers with more visibility around specific opportunities.

02



Reimagined learning pathways:

Provide the right learning and development opportunities and environment for nationals to grow and thrive.

Recommendations here include offering lifelong learning programmes, such as micro-credentials and on-the-job training, to help young people and other job seekers develop in-demand practical skills that will enhance their employability. Creating upskilling and reskilling opportunities can help them to launch careers in renewables- or conservation-related fields.

Providing career development support for existing employees through mentorship services, as well as leadership development, secondment and rotation programmes, meanwhile, can help widen new joiners' experience and networks, and prepare them for leadership roles. Upskilling programmes can make existing employees more resilient to change.

03



Accelerated career journeys:

Redefine performance management for nationals and manage their journey in the organisation.

Considerations here include fast-track career progression for existing employees, such as accelerated pathways to leadership positions; adopting 'career lattices' to promote agile career paths; succession-planning pipelines based on future skills needs; and revamping performance management to accommodate a dynamic and diverse workforce.

This also entails providing employees with an opportunity to undertake entrepreneurial ventures within the boundaries of the corporate ('intrapreneurship'). Intrapreneurship enables the corporates to attract entrepreneurial talent by providing them with an avenue to undertake business ventures whilst maintaining high levels of job stability and mitigating the financial risks.

04



Personalised rewards programmes:

Recognise the contribution of nationals and reward them fairly and equitably.

Actions here could include adopting competitive wage and benefits modelling, such as rewards and recognition programmes to help attract and retain employees and increase private-sector competitiveness. Meanwhile, leveraging employee preference analytics can help inform a revised employee value proposition, personalised reward strategies, and compensation and benefits packages tailored to nationals' particular requirements, based on their individual career aspirations and life stages.

05



Future-proofed skillsets:

Enable nationals' effective transition and mobility within the organisation.

Embedding organisation-wide talent reviews works well as a core element of the talent management lifecycle to proactively understand and address talent gaps. Other recommended steps include introducing reskilling and career conversion programmes to open up more resilient career pathways for existing employees in line with future skills needs and emerging fields.

06

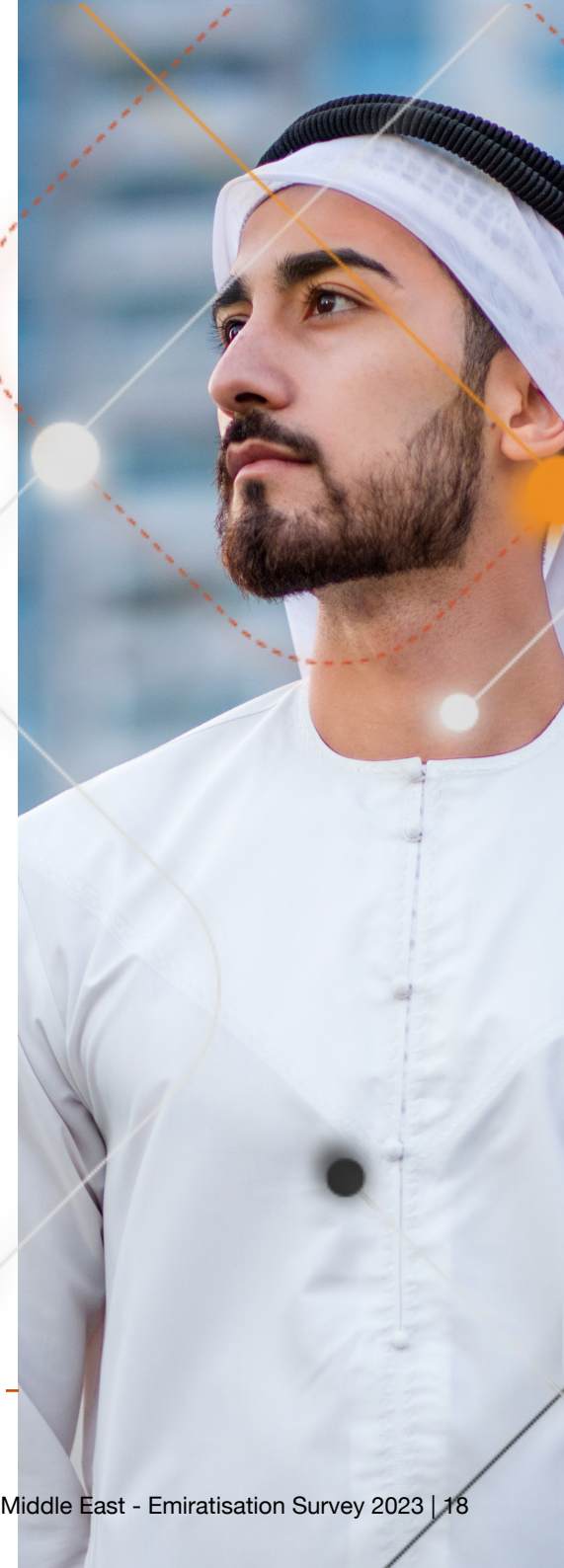


Evidence-backed interventions:

Use technology and data analytics to drive better decision-making.

Private-sector employers will need to invest in the right technology infrastructure to enable nationalisation efforts to be informed by real data – ideally supporting the integration of data analytics right across the talent management lifecycle. Developing interactive dashboards is strongly advised to make it easier to visualise and monitor organisation-wide nationalisation efforts and performance.

07



Final thoughts

Today the UAE is at a crossroads, employment-wise, as globalisation, digital and urban transformation and sustainability reshape labour demand – particularly in the private sector. This has led to the creation of jobs that require new skills, while making other employment opportunities and skills obsolete.

All of this has growing implications for the UAE's nationalisation agenda. Although the government continues to play an active role in driving the changes needed, the time has come for private-sector leaders to take up the reins – not least to support their own talent pipeline. Resolving the persistent skills mismatch is a good place to start to help align the supply of national talent with emerging gaps in private-sector capability, especially in strategically important industries.

Understanding and responding to the preconceptions and preferences of Emirati employees is crucial, too, if employers are to break down traditional barriers and secure the strongest appointments long-term.

Contact us

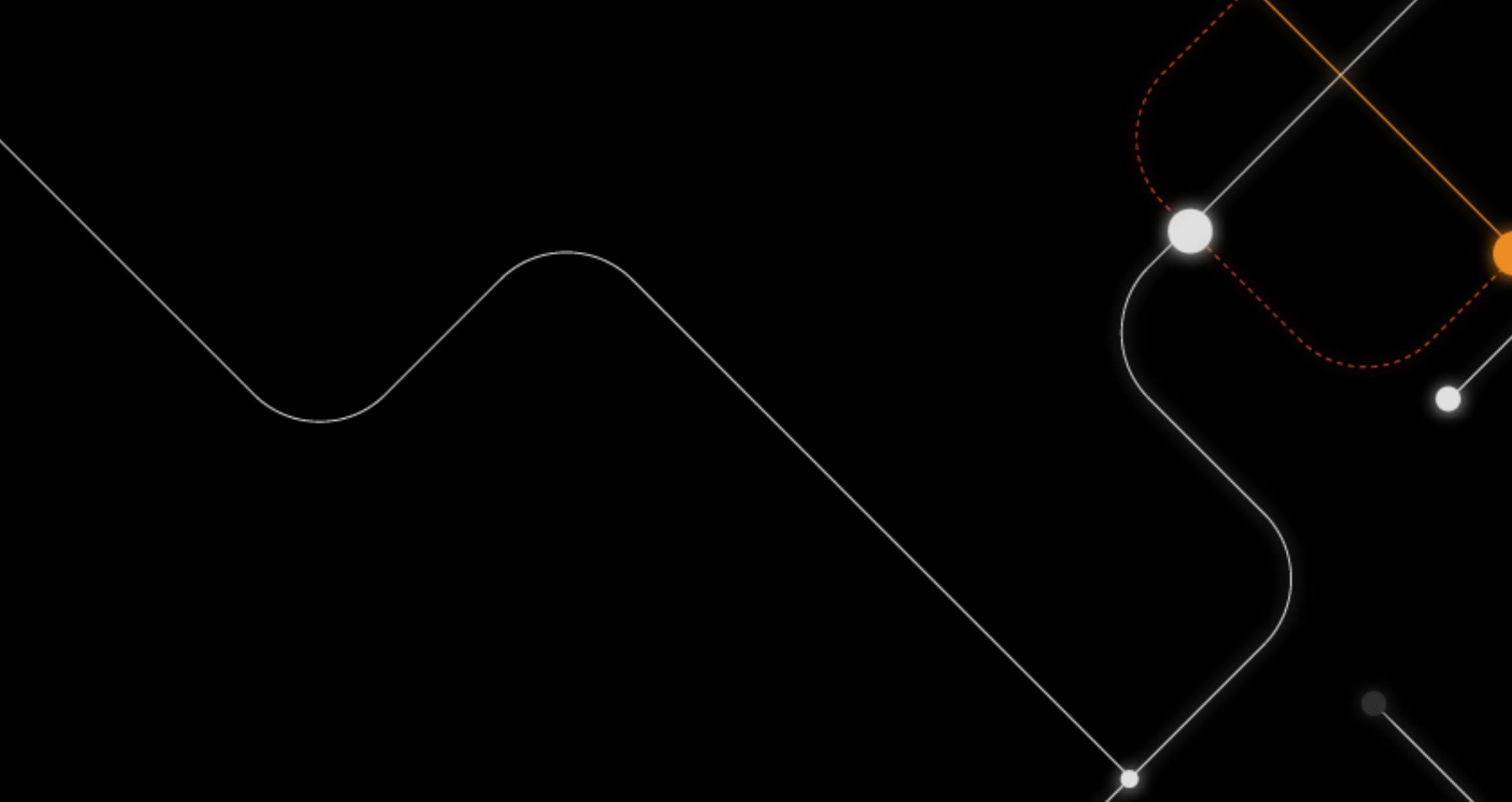


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Special thanks to the following colleagues who contributed to our research:
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