

The retention conundrum: The challenges government institutions face in retaining top talent

A point of view on the Kingdom of Saudi Arabia (KSA)



The key challenge

Economic and fiscal policy reforms – coupled with social structure remodelling efforts – are at the heart of today's transformation agendas in the GCC. The government of KSA is the biggest change advocate and driver across the region, having initiated a series of national transformation programs under the Vision 2030 banner. The aim of this plan is to respond to today's challenges, modernise the nation and diversify the economy.

Enhancing private-public partnerships and privatisation, localisation and nationalisation, consolidation, digital transformation, industrial development, and capability building are some of the key pillars of KSA's transformation agenda. But the realisation of KSA's grand vision will also heavily rely on solving one of the key challenges faced by KSA government institutions today – **enhancing the retention of top local talent**.

To achieve successful and sustainable results, and drive the state-level growth plans and organisational improvements, government institutions in KSA need to address the potential gap in human capital capabilities. This can be achieved by attracting and retaining top talent as well as effectively developing and upskilling the local labour force. Successfully combining both approaches can lead to better productivity and performance, help cultivate leaders and build a pipeline of talent.





Factors influencing talent retention

Leaders across the government recognise the need for retaining top talent but external market conditions are making this retention more difficult. Private sector companies as well as semi-governmental and state-owned enterprises are more flexible with their pay policies, and are also offering higher rewards and more attractive benefits such as variable pay and performance-based “bonus” schemes. Advantages like these encourage high performers to leave the public sector to search for more lucrative opportunities elsewhere.

Talented employees are ambitious, career oriented and have a deep focus on continuous learning. Therefore, it's not surprising that they might consider the private sector as a better option for customised learning and development. Other factors they take into account when choosing where to work include flexibility and opportunities for growth, particularly in organisations where performance and value creation are viewed as more important than tenure.

After the initial acclimation period, public sector employees could find the more bureaucratic government environment slow-paced and start looking for opportunities in workplaces that could potentially offer more freedom to act and make decisions. This type of shift from public to private sector will only increase the difference between the skills available and the skills required in the labour market, and could hamper the government's Vision 2030 aspirations. Furthermore, this imbalance might lead to increased government spending and dependency on third party vendors to design and deliver transformation initiatives.

Strategies for retaining top talent

As KSA ventures into new sectors, it's becoming increasingly important to focus on human capital and build long-term strategies for talent retention.

Leverage the influx of graduates and continue to focus on “quality” hires

2



Modernise the working environment

4



1

Upskill people for the new world



3

Empower, educate and equip the workforce



5

Invest in building a data-driven human capital management infrastructure



Upskill people for the new world

In today's rapidly changing employment landscape, **the availability of key skills makes the difference between “staying ahead of the curve” and “falling behind”**. Upskilling efforts start with deploying effective and digitally enabled education curriculums that help establish a foundation for building a stronger talent pool in the Kingdom.

The World Economic Forum's Human Capital Index, which captures a broad set of criteria on education and skills availability, ranks Saudi Arabia in 82nd place out of a total of 130 countries.¹ Fundamentally, this is due to the fact that degrees offered in KSA are not aligned with the skills needed for the future.

Our recent Hopes & Fears survey found that 96% of adults in Saudi Arabia would learn new skills now or completely retrain to improve their future employability. In addition, 86% of adults think technology will improve their job prospects but only 23% are learning new skills through their employer to better understand or use technology.²

At the institutional level, organisations have a key role to play in identifying the skills required for the future and in working collectively on comprehensive solutions to upskill nationals accordingly. Therefore, organisations need to be engaged and forward looking, and should not underestimate the importance of developing the capabilities required to create sustainable impact.

Enhanced policy and matching between the education system and the future labour market could lead to increased competitiveness of the nation on the global scene.

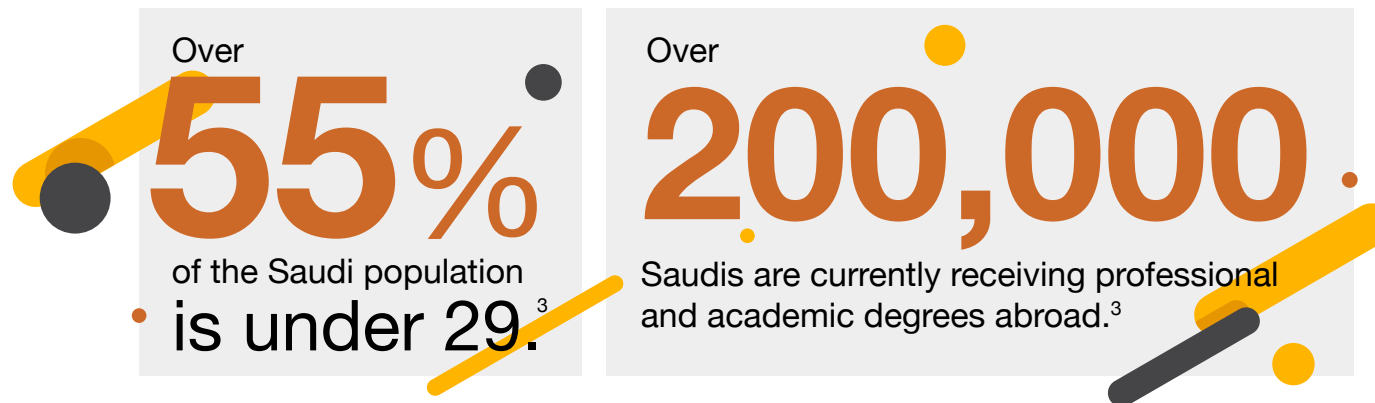
¹ World Economic Forum. (2017). *The Human Capital Development Index 2017*. [online] World Economic Forum, p.159. Available at: <https://www.weforum.org/reports/the-global-human-capital-report-2017> [Accessed 25 Nov. 2019].

² PwC. (2019). *New world. New skills. Insights from the GCC Hopes & Fears survey*. [online] PwC. Available at: <https://www.pwc.com/m1/en/issues/pdf/new-world-new-skills-gcc-2020.pdf> [Accessed 2 Feb. 2020].





Leverage the influx of graduates and continue to focus on “quality” hires



With the large influx of Saudi millennials joining the workforce, it has become increasingly important for government entities to understand how to attract and retain millennials. Government entities could benefit from gathering insights on millennials' needs, and providing flexible and personalised employee value propositions to maximise their retention.

To hire the best local talent, government institutions can tap into the talent pool more systematically and effectively. This could be done by introducing long-term initiatives such as centralised graduate programs. The associated networking opportunities of such programs will support the development of youth and future leaders of KSA. However, they should not derail institutions and lead to increased hiring. When rolling-out these graduate programs, the focus should be on the value the hire can bring instead of the number of hires needed to ensure capability building and limit capability vacuums across government.

³ Ministry of Labor and Social Development. (2016). *G20 Labour Market Report*. 3rd ed. [pdf] Kingdom of Saudi Arabia: Ministry of Labor and Social Development. Available at: <https://irp-cdn.multiscreensite.com/ff00f1f0/files/uploaded/G20%20Labor%20Market%20Report%202016%20-%20Final%20-%20Low%20res.pdf> [Accessed 25 Nov. 2019].

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Empower, educate and equip the workforce

One of the retention challenges for top talent working in government is the culture of tenure, which can lead to young Saudis choosing to work elsewhere. With support from HR functions, government entities could focus on **empowering** top talent to lead and make decisions, **educating** them on new trends and technologies, and **equipping** them with the right tools and technologies to enable their growth and success as well as drive their potential to innovate. To create a stimulating environment that provides equal opportunities, rewards excellence, and promotes a performance-based culture, institutions could use the following tools:

More
meritocratic
evaluations

Enhanced
performance
management
standards

A compelling
“employee
journey”

Continuous
training for
professional
development

Fostering
knowledge
transfer

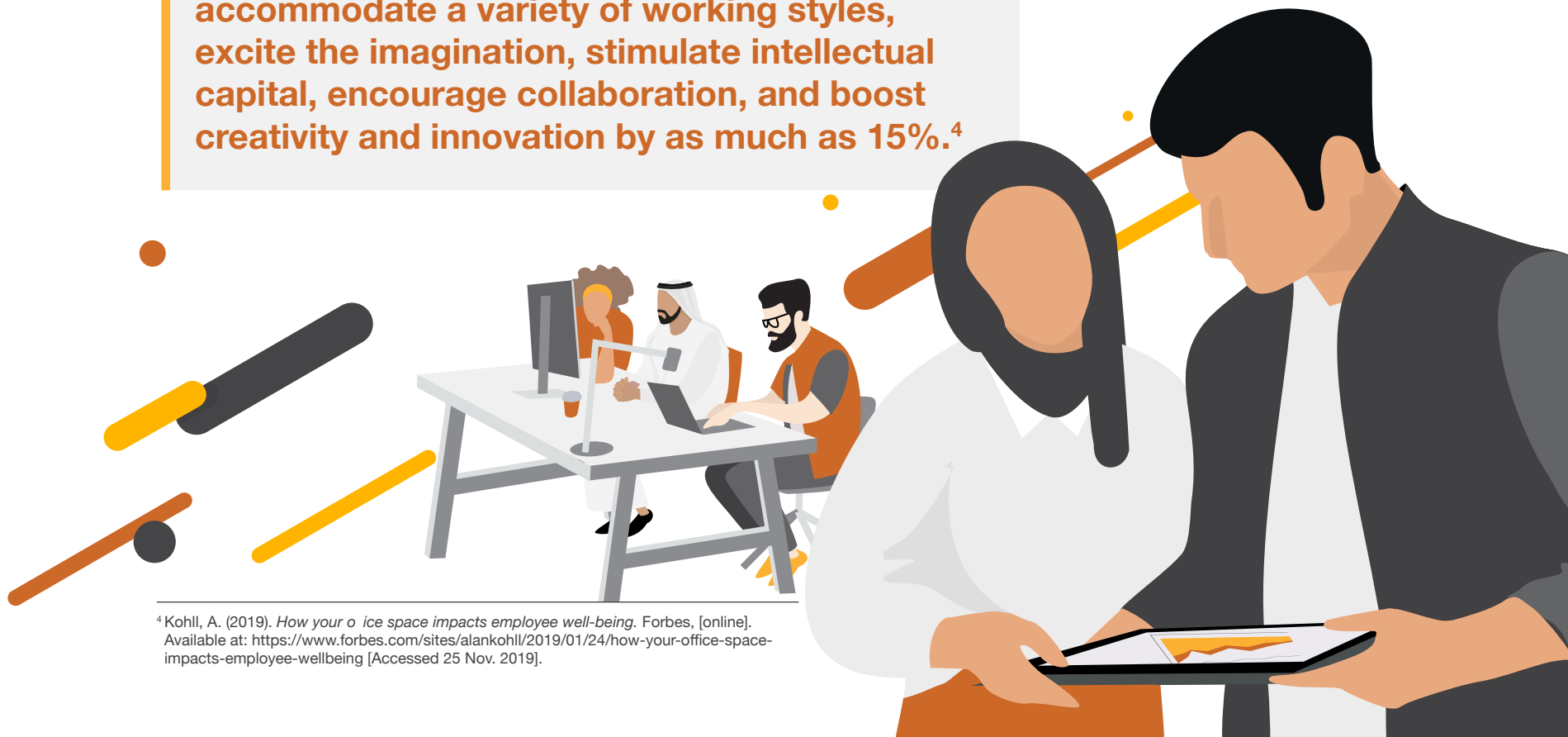
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Modernise the working environment

Government entities should continue to invest in modern and ergonomic work environments, digital applications and e-learning offerings, and flexibility and well-being systems.

A modern working environment will help accommodate a variety of working styles, excite the imagination, stimulate intellectual capital, encourage collaboration, and boost creativity and innovation by as much as 15%.⁴



⁴ Kohll, A. (2019). *How your office space impacts employee well-being*. Forbes, [online]. Available at: <https://www.forbes.com/sites/alankohll/2019/01/24/how-your-office-space-impacts-employee-wellbeing> [Accessed 25 Nov. 2019].

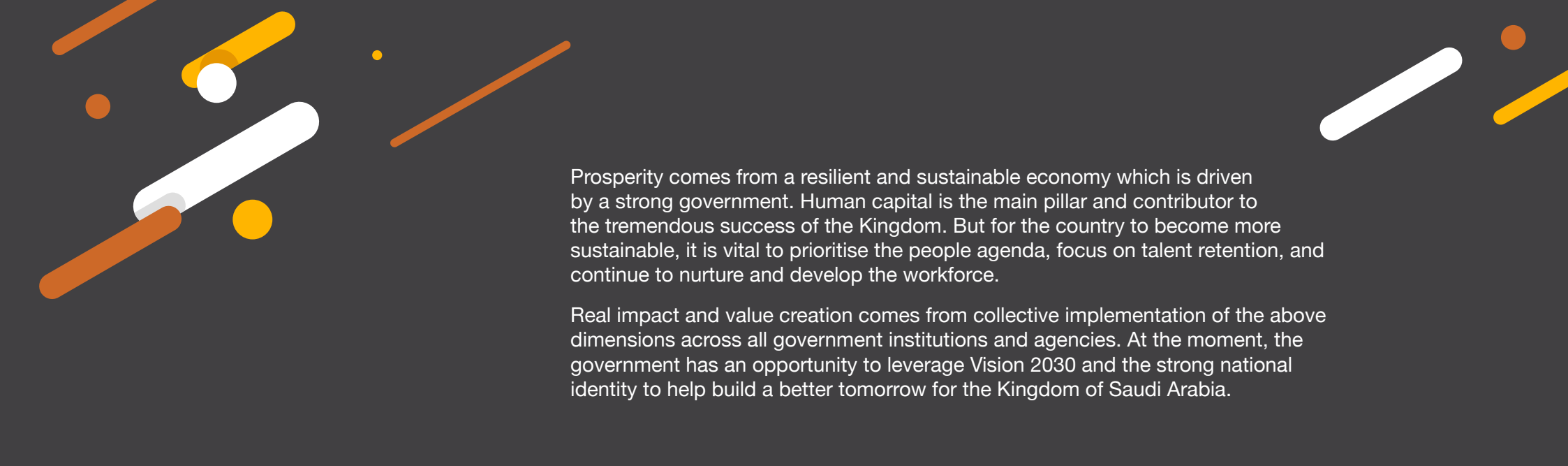
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Invest in building a data-driven human capital management infrastructure

Data analytics, particularly predictive analytics, can give organisations a critical edge in gauging future talent needs and understanding how to create compelling people experiences. Analytical tools will have a big impact on assessing and managing people as well as providing predictions on how likely key employees are to leave the organisation. Government entities could invest in these tools to drive their people decisions.

They could also strengthen and elevate the human capital management role by building data driven functions and instilling “digital” in their DNA. With time, as comfort level grows and capabilities strengthen, successful data-driven organisations will find it easier to adopt disruptive technologies, such as, artificial intelligence, augmented reality and robotic process automation.



Prosperity comes from a resilient and sustainable economy which is driven by a strong government. Human capital is the main pillar and contributor to the tremendous success of the Kingdom. But for the country to become more sustainable, it is vital to prioritise the people agenda, focus on talent retention, and continue to nurture and develop the workforce.

Real impact and value creation comes from collective implementation of the above dimensions across all government institutions and agencies. At the moment, the government has an opportunity to leverage Vision 2030 and the strong national identity to help build a better tomorrow for the Kingdom of Saudi Arabia.



Together we will continue building a better country, fulfilling our dream of prosperity and unlocking the talent, potential, and dedication of our young men and women.

- HRH Mohammad Bin Salman Bin Abdulaziz,
Crown Prince of the Kingdom of Saudi Arabia

What next?

Contacts

Organisations and institutions should redefine the way work gets done and create innovative talent ecosystems that build engaged, enabled and agile workforces.

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⁵ ALM Intelligence. (2019). *The ALM Vanguard: Workforce Management Consulting 2019*. [online] ALM Intelligence. More information: <https://www.pwc.com/gx/en/news-room/analyst-citations/2019/leader-workforce-mangement-consulting.html> [Accessed 25 Nov. 2019].

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