



EMPLOYMENT AND SALARY TRENDS IN THE GULF 2009-2010

In 2009, GulfTalent.com has undertaken a survey on the job market situation following the crisis covering Saudi Arabia, Kuwait, Qatar, Bahrain, Oman and the UAE, including Dubai for the year 2009-2010. The report provides the following highlights:

- The slowdown has completely altered the dynamics of the labor market. With unemployment on the rise across the world and regional demand for talent shrinking, the balance of power has shifted from candidates to employers. Recruitment has slowed down significantly across the Gulf, most notably in Dubai, given its higher exposure to credit financing and global markets.
- Many companies cut staff during 2009, with an estimated 10%, or one in ten professionals, losing their jobs. This was highest in the UAE at 16% and, on a sector basis, in real estate at 15%. Across the region, redundancies appear to have disproportionately hit senior executives and Western nationals.
- Moves by some GCC governments to restrict termination of nationals have helped secure their jobs in the short run. However, with termination not an option, some employers have become more cautious in hiring nationals.
- The diverging fortunes of the different countries have led to significant mobility across the region. In particular, a sizeable number of expatriate professionals have relocated from Dubai to Abu Dhabi and Saudi Arabia to take up employment opportunities there. Nonetheless, Dubai still remains the region's most popular destination for expatriates and is likely to extract back much of the talent as soon as an upturn emerges.

- Salary growth has slowed down significantly across the region, with base salaries rising at an average rate to 6.2% over the 12-month period to August 2009, compared with 11.4% for the same period in 2008.
- Oman saw the biggest average pay rise at 8.4%, followed by Qatar, Saudi Arabia and Bahrain at around 7%. The UAE and Kuwait stood at the bottom with 5.5% and 4.8%, respectively. In terms of industries, the audit sector had the highest average rise, as demand for audit services surged following the high-profile collapse of major global institutions. Based on GulfTalent.com's survey of employers, the GCC average pay rise in 2010 is expected to stand at 6.3%.
- Despite much lower pay rises, for the first time the average rises have exceeded the increase in cost of living. As a result, many residents have seen an improvement in their quality of life and saving potential, particularly in Dubai and Doha where rents have fallen by over 30 percent.
- The region continues to witness a gradual move towards greater legal rights and protection for employees. In particular, more countries make it easier for employees to switch jobs, and new labour laws have been passed into law or are under review, with much more pro-employee stances.
- Looking ahead, further job cuts are likely, but at a slower pace than has been witnessed over the past 12 months. At the same time, half of the companies are expected to create new jobs, more than compensating for jobs being lost.