



**ESG under the spotlight,
yet absent from employee priorities.**

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Executive summary

ESG and sustainability initiatives are front and centre of organisational agendas in the Middle East, yet they are absent from employee priorities. This disconnect, highlighted in the Middle East findings of PwC's first [Global Workforce ESG Preferences Study 2024](#), presents a significant challenge for organisations and the region at large, particularly as prioritising sustainability is essential for achieving net zero goals. Survey results indicate that enthusiasm around sustainability often fails to resonate with the workforce, who remain ambivalent about the relevance of such initiatives and are not sufficiently engaged to want to drive positive and meaningful organisational change.

In the region, employees have highlighted that fair pay and total rewards have a more immediate and significant impact. According to our survey, 92% of respondents said they were likely to stay with their employers if total reward was enhanced, compared to 77% of respondents who were likely to stay if overall ESG practices were enhanced.

To bridge this gap, we recommend that employers adapt personalised approaches to engage their workforce effectively and make ESG a shared priority, ensuring it becomes an integral part of the organisational culture and employee experience. This requires clear communication of the benefits of ESG initiatives, aligning these with personal and professional preferences and growth opportunities for employees. By doing so, organisations can foster a more engaged workforce that supports and contributes to sustainability goals.



01 ESG under the spotlight

The sustainability commitment.

In today's rapidly evolving corporate landscape, ESG and sustainability initiatives are not merely compliance activities but foundational elements driving long-term business viability and growth. These initiatives shape policy making, investment decisions, daily operations, and employee engagement. As the region moves away from its reliance on fossil fuels, organisations are under pressure to rethink their operations in the context of sustainability and improve transparency to enjoy an enhanced market reputation and meet the demands of socially conscious investors.

Findings from our latest survey, "[Breaking through barriers: Sustainability in the Middle East 2024](#)" indicate that business leaders in the region are increasingly embedding sustainability principles in their business operations and making changes to their organisations to establish clear accountabilities. Four in five executives have revealed that their companies now have a formal sustainability strategy in place – and more than half are fully embedding it across their organisations. This sentiment has also been reflected earlier in the year in our [27th Annual CEO survey: Middle East Findings](#), which showed that more regional CEOs identified climate change as a major concern in the region, compared to the global average and saw it as a key driver for corporate change in the next three years.

PwC Middle East has been supporting clients to integrate ESG metrics across their operations, showcasing a firm commitment to sustainability. For instance, our work with the [Baker Hughes Carbon out programme](#) and a recent collaboration with a leading UAE-based real estate company have achieved significant cost savings, enhanced their market positions, and demonstrated positive impacts on the environment and community. These organisations have focused on not only reducing carbon footprint, but also making substantial investments in green technologies that generate economic benefits and improve operational efficiencies.

Today ESG initiatives are associated with corporate reputation, employee value proposition, customer engagement, access to investment, and operational efficiency, illustrating the comprehensive impact of sustainability on organisational success. Not surprisingly, investments in ESG-mandated assets are projected to reach US\$53 trillion by 2025,¹ representing over a third of the projected total worldwide assets under management. This trend also underscores the increasing importance of sustainability in global investment decisions.

¹ ESG assets may hit \$53 trillion by 2025, a third of global AUM, <https://www.bloomberg.com/professional/insights/trading/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>

02 Yet somewhat absent from employee priorities

Despite ESG being a primary focus for organisations, the critical questions remain:

01

Do the ESG related efforts resonate with the employees?

02

Do employees value their organisation's investments and initiatives?

03

How important are these initiatives when employees decide to join or stay with an organisation?

Data from [PwC's Global Workforce ESG Preferences Study 2024](#) has revealed that employees are not sufficiently engaged on sustainability and ESG enough to make positive and meaningful organisational change.

The study indicates:

43%

of the participants indicated that they were primarily motivated by salary and total rewards

38%

valued sustainability policies but prioritised salary

19%

valued ESG policies as much as, or more than salary

This is evident that globally employees focus on their company's sustainability practices only after ensuring their financial and personal wellbeing.

Fair and equitable pay has the greatest impact on employee retention.

In the Middle East, we also see a similar preference from personal and tangible benefits, with a significant emphasis on allowances, benefits, upskilling and career opportunities. Fair and equitable pay has the greatest impact on retention; according to the survey, **94%** of respondents said they were likely or very likely to stay with their employers if fair and equitable salary increases were implemented .

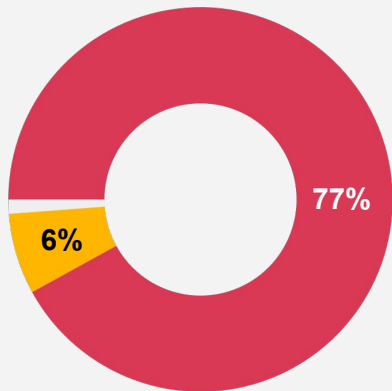
Similar percentage for respondents who were likely to stay if enhancements were made to societal or environmental practices is much lower (**83%** and **75%** respectively). [The PwC Middle East Workforce Hopes and Fears Survey 2024](#) reiterates this sentiment with **71%** of respondents in the region looking to ask for a pay raise in the next 12 months.

If enhancements were made to the following corporate policies and practices, how likely are you to stay with your current employer?

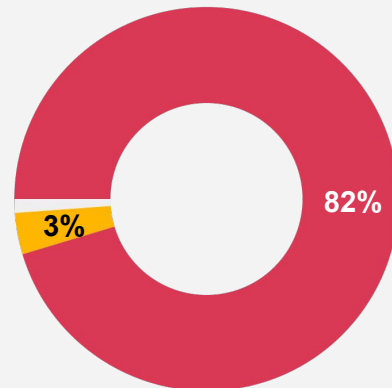


How likely are you to stay with your current employer?

Based on current ESG policies



If enhancements were made



■ Likely ■ Unlikely

Sustainability practices still a driver of employee engagement.

Despite the apparent disconnect, our survey data indicates that enhancing current ESG policies and practices can enhance employee retention.

The proportion of employees "likely" and "very likely" to stay increases to **82%** from **77%**, while those "unlikely" and "very unlikely" drops to **3%** from **6%** when ESG policies are enhanced. The improvements in ESG areas are valued by employees and can also shift the 'fence sitters' to a more favourable view of staying with their current employer.

Additionally, one key factor that can drive employees to be more conscious about ESG policies is to embed these principles into the organisational culture. This has been indicated in our survey, where among the factors that encourage employee retention, culture and values (94%) rate highly, closely following career and skills development (96%) and financial rewards (97%).

Building an ESG culture is far from easy, and as we reflected in our earlier publication, [‘Creating an institution fit for your ESG aspirations’](#), it is best achieved through setting a tone at the top, communicating the urgency and excitement, and leveraging peer to peer interactions, among other initiatives.

How important are these factors to you?

Financial reward (pay and financial incentives)



Career and skills development



Purpose, culture and values



Ways of working



Non financial reward and benefits



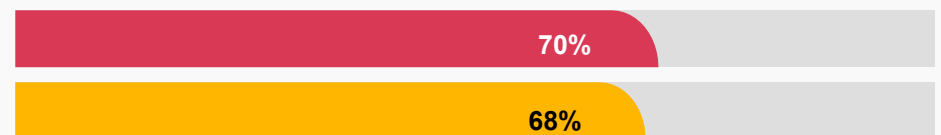
Overall societal impact



Overall governance policies



Overall environmental policies and practices



■ When staying with an employer ■ When choosing an employer

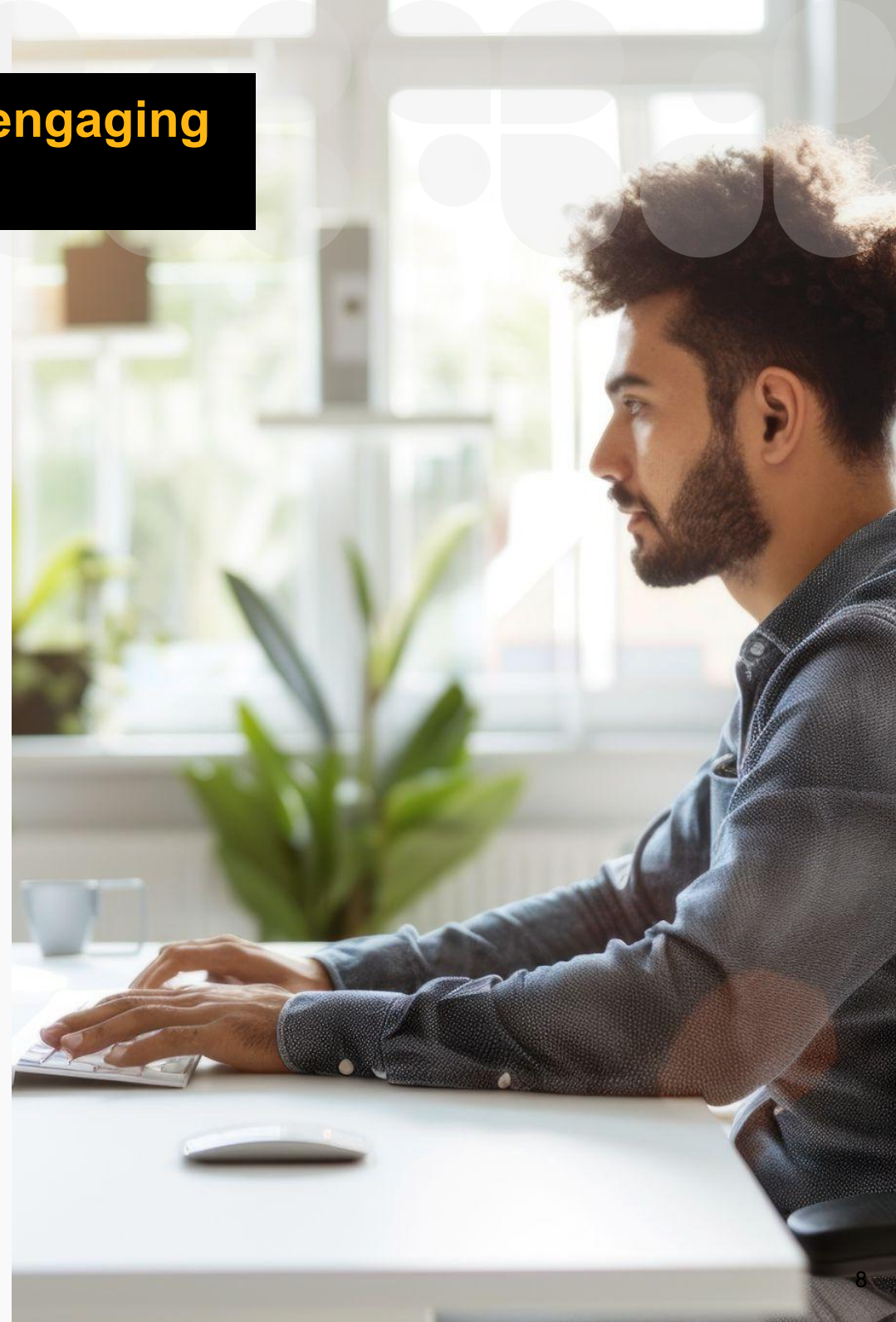
03 A personalised approach to engaging employees on ESG agenda

Appreciating ESG employee personas.

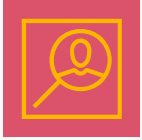
In today's dynamic corporate environment, it is imperative for organisations understand the need to embed sustainability practices across the employee lifecycle to ensure engagement at each stage and align employee priorities with the organisation's sustainability agenda. This is essential to cultivate a work environment where employees feel valued and connected to the organisation's mission.

When ESG elements are integrated throughout the employee lifecycle, such as employee onboarding and induction, learning and upskilling, performance management, career progression, employee recognition, rewards and benefits, and culture, it can create a more engaged and motivated workforce with better ESG outcomes for the organisation and society at large.

Our research indicates that there four distinct ESG employee personas based on their attitude towards ESG programmes, and relative tenure with the firm - Sustainability champions, Thoughtful teammates, Pragmatic allies, and New entrants.



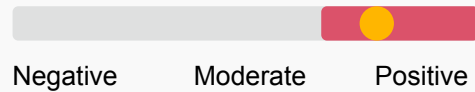
ESG employee personas



Sustainability champion

Drivers of ESG agenda

Attitude towards ESG



Tenure with the firm



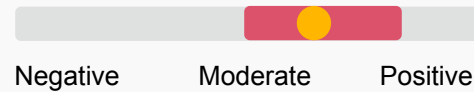
These are highly motivated individuals who are deeply engaged with ESG topics. They often take the initiative in sustainability efforts, advocating for company-wide practices and leading by example.



Thoughtful teammate

Proactive ESG citizen

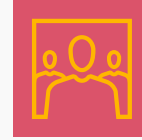
Attitude towards ESG



Tenure with the firm



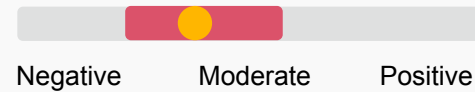
This group consistently integrates ethical standards and sustainability into their duties. They influence their peers by setting examples and making decisions that consider the long-term impacts on environmental, social, and governance factors.



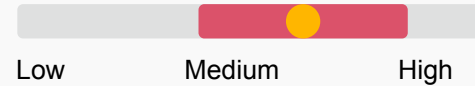
Pragmatic ally

Allies when benefits are clear

Attitude towards ESG



Tenure with the firm



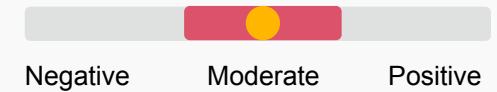
These employees support ESG initiatives but prioritise practical benefits. They engage more actively when they see clear personal or professional advantages, such as career growth or benefits. However, if the benefits are not clear, Pragmatic Allies may become ESG sceptics.



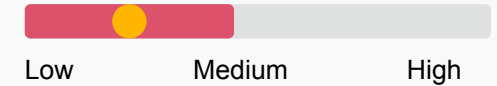
New entrant

Keen explorer of ESG

Attitude towards ESG



Tenure with the firm



















These are new employees who are still learning about the company's culture and operations. They are eager to make a good impression and are often inclined toward companies with strong sustainability credentials, though they may initially lack extensive knowledge of the company's ESG commitments.

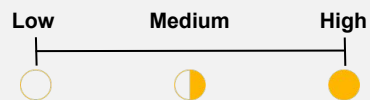
Understanding these personas allows organisations to design and implement more targeted and effective ESG strategies that engage all employees, fostering a more sustainable and ethically conscious workplace.

Moments that matter! Personalised strategies for engaging your employees

Examples of successful engagement practices across personas.

The practices shared below appeal to most employees, however, are found to receive most positive engagement from the specific personas

	Sustainability champions	Thoughtful teammate	Pragmatic ally	New entrant
Learning and upskilling	<ul style="list-style-type: none"> • Opportunities to design ESG upskilling initiatives and articulate sustainability narrative 	<ul style="list-style-type: none"> • Blended learning programmes combining formal certification with practical on-the-job skills • Opportunities to be upward ESG mentor to senior executives 	<ul style="list-style-type: none"> • Annual ESG townhalls with competitive ESG hackathons and cross-functional ideation labs • Immersive MOOCs (Massive open online course) for learning at scale 	<ul style="list-style-type: none"> • Dedicated ESG immersion day with leadership dialogues real-world applications • Green skills learning programmes 
Performance management	<ul style="list-style-type: none"> • Executive balanced scorecard with “5 quadrants” - the fifth quadrant comprising sustainability metrics • Participation in cross-entity teams (with suppliers and customers) with targets to reduce carbon footprint across the value chain 	<ul style="list-style-type: none"> • Functional ESG metrics and targets • Participate in communities of practice with defining ESG goals and targets 	<ul style="list-style-type: none"> • Introduction of ESG related metrics at a minimum threshold weight 	<ul style="list-style-type: none"> • Gamify achievement of ESG performance targets 
Rewards and recognition	<ul style="list-style-type: none"> • ESG impact awards • Fixed % of executive compensation linked to ESG measures • Long term incentives based on key ESG milestones, e.g., carbon neutrality 	<ul style="list-style-type: none"> • Invitational only leadership forums to co-create ESG policies and practices to meet the sustainability goals • Expert-led seminars and advanced workshops focusing on emerging ESG issues 	<ul style="list-style-type: none"> • Recognition programmes based on participation in Green teams for internal corporate initiatives (such as electronics recycling, business travel efficiency programmes, or cycling to work) • Access to volunteering opportunities 	<ul style="list-style-type: none"> • Personal pledges to live and work sustainably • ESG innovation grants • Visible recognition (e.g., employee pins for successful completion of ESG related activities, learning and achievements) 
Career development	<ul style="list-style-type: none"> • Opportunities for ESG leadership roles and management committees 	<ul style="list-style-type: none"> • ESG career track – cross cutting across different functions, e.g., operations, research, risk management, reporting 	<ul style="list-style-type: none"> • Participation in ESG related informal networks and peer-to-peer interactions 	<ul style="list-style-type: none"> • Opportunities for rotation to ‘green enriched’ roles 



Relative engagement for the employee personas

Once an organisation has identified employee personas, it can recognise the **'moments that matter'** – employee practices that create differentiated approaches - across the employee lifecycle for each persona.

A personalised approach to engaging employees on the ESG agenda receives better buy-in and creates the desired behaviours. By focusing on these moments that matter for their employees' personas, organisations can transform their ESG strategies into dynamic elements of their operational and cultural fabric, driving not only environmental and social improvement but also enhancing employee engagement and corporate success.





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People are at the centre of the ESG agenda. The engagement of the employees is critical to progress on the sustainability roadmap. ESG is an emotive topic and employees respond differently to it and engage at varying levels. Being perceptive of the employee sentiments and astutely designing personalised approaches to engage diverse employee groups can ensure that employees feel included and play their part in achieving the sustainability goals. It is in the interest of everyone that corporate leaders foster a culture where ESG is a core component of ways of working, and all employees feel enabled to make a positive contribution.

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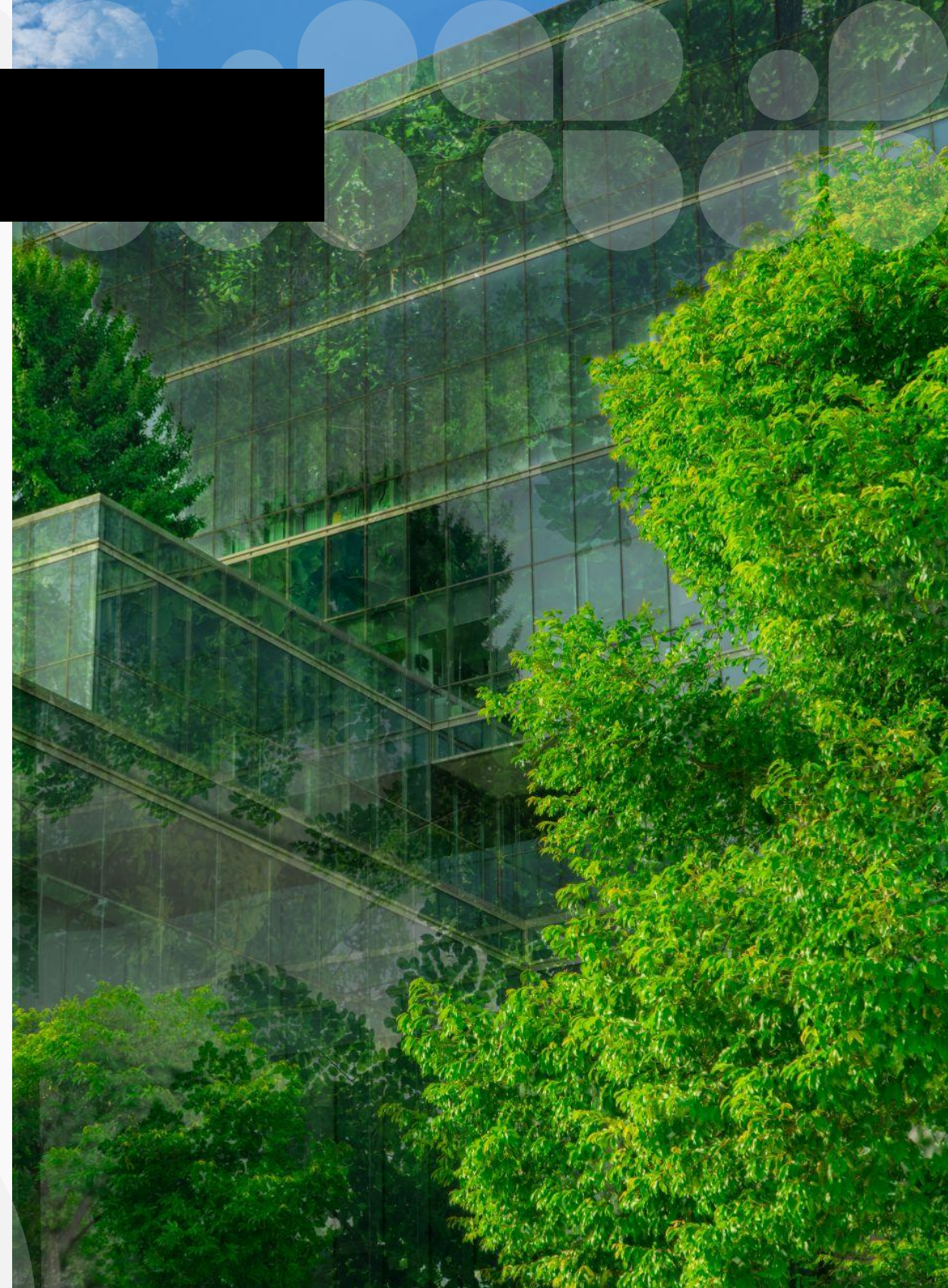
Conclusion

There is a significant opportunity for organisations to prioritise sustainability as a critical aspect of the employee experience, thus making it more personal and meaningful. This can address the disconnect between organisational ESG goals and employee priorities.

We encourage industry leaders, executives, policymakers, and employees to take the lead in creating a sustainable future that is both ambitious and inclusive. Organisational leaders can show their commitment to ESG values through visible actions and effective engagement.

However, it is crucial to remember that competitive pay and equitable people practices are also essential for retaining top talent and fostering a committed, engaged workforce.

Combining and balancing these elements will ensure a holistic approach to sustainability and employee satisfaction. The outcome - a more motivated and productive workforce that stays longer and creates a more positive impact on the world.



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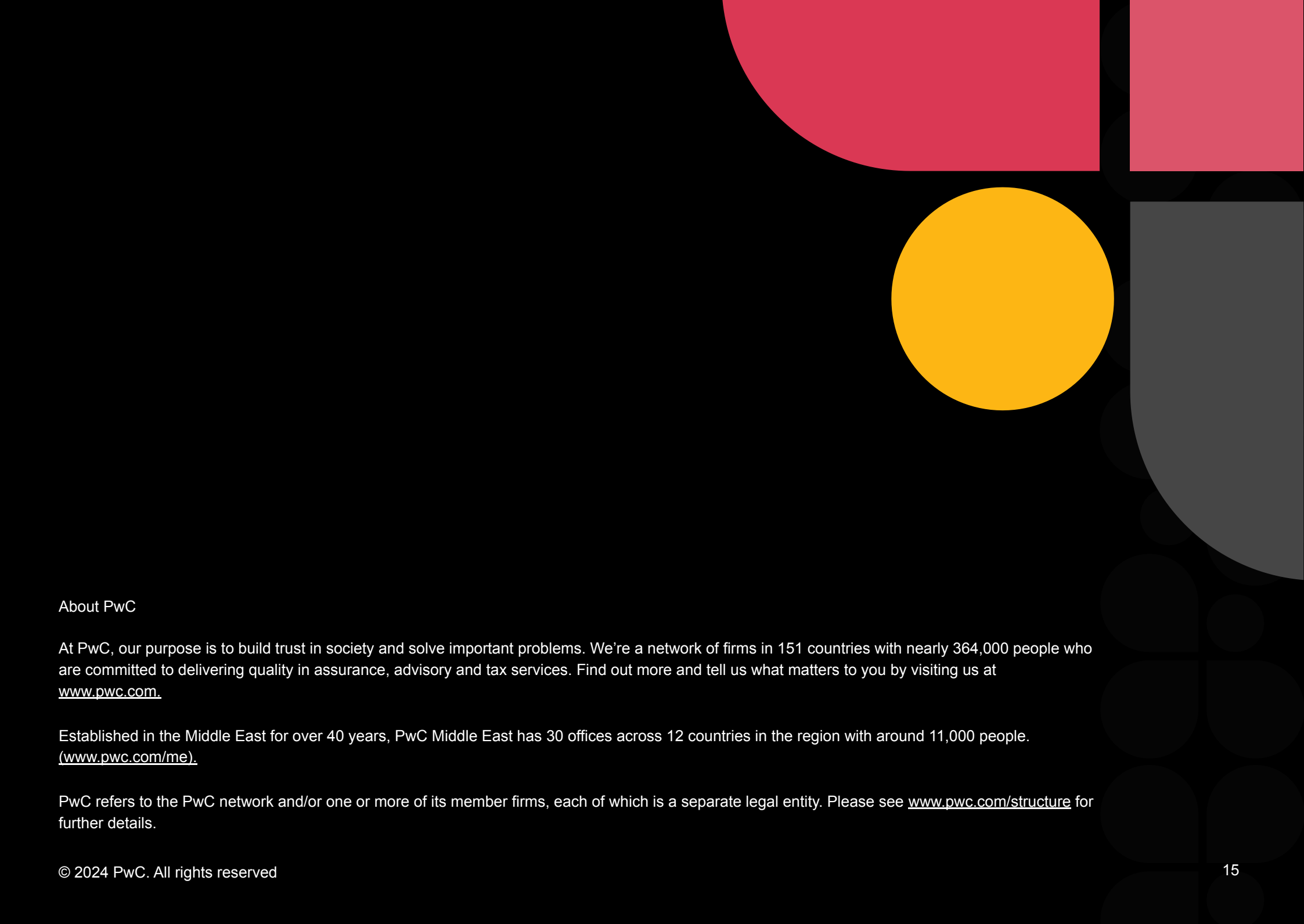
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