

CEO

MIDDLE EAST

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The spread of expatriate employees has been a major driver in the **successful transformation of the Middle East** from a mass oil producer to an international business player, however the input of the region's national workforce in the private sector remains low. *CEO Middle East* examines the challenges that lie ahead and how local companies are playing a major role in bringing nationals to the forefront of the regional business world

MISSING TALENT

» BY JAMES BENNETT

Nationalisation in the Middle East is a sensitive issue and not many people are willing to talk about it. Fortunately, however some are. Not only are they discussing the merits of training and nurturing top national talent, they are also employing them and pushing the issue further up the boardroom agenda.

The sensitivity is understandable with a challenging balancing act created between matching job supply – the skills of the available workforce – and job demand created by government set quotas that determine how many nationals companies should employ. However, the underlying question remains: are companies employing national people for the right reasons or are they simply filling quotas? Sadly, this remains unanswered, mainly due to corporate sensitivity, but the signs are positive that the hidden talent is slowly being enticed into the top private sector jobs.

According to Tanmia, the national human resources development and employment authority, 33,503 UAE nationals applied for various public and private sector jobs in the country between December 2001 and December 2005. Abu Dhabi had the highest number of national jobseekers at 11,727, while Dubai accounted for 7714 job applicants with a total of 2208 national jobseekers finding placements at various organisations. Of the successful jobseekers, 33% were employed in the trading (sales and marketing) sector, 25% in the public sector and 17% in banking – a sector that has become one of the rising stars in the drive for nationalisation.

In 1998 the Dubai government decreed that banking was a key area for the economic future of the UAE and that it should become a national priority. The current quota stands at 4%, however Hessa Al Ghurair, HR business advisor at Barclays bank, says that the industry is easily exceeding current

targets but that the private sector is still facing rigorous competition from 'more attractive' government organisations.

"We hit 22.5% last year and want to hit 27% by December 2006. We're confident we can do this but the competition is high from government as the working hours are shorter," she says.

"Banking is the last choice for men but the first choice for women. Women are generally harder working but men are more attracted to the government sector such as Dubai Holdings."

Employing local people in a local market, however, says Al Ghurair, is becoming increasingly important particularly when dealing with the rise of regional banking products. "Local people are key in banking as they know the market and the culture, plus Islamic banking is on the rise so they are the best qualified for the job.

"We have one female national in one of the highest positions of director and another two males joining as directors this month."

François de Montaudouin, CEO of Majid Al Futtaim Group Holding (MAF), said at the UAE Careers fair last month that, as the group expands across a variety of industries, the need for nationals was now even greater than ever. "We are expanding and, as market leaders in various industries, we have a need to recruit talented UAE nationals whether it is in our shopping malls or leisure and entertainment business."

Unfortunately, the current trend is for the majority of nationals to seek employment in the public sector due to often better working conditions, more attractive compensation packages, job security and also the brand image certain companies offer. Therefore, the main issue for private businesses still remains how to attract 'high potentials', and subsequently, how to ensure knowledge transfer from expatriates to national employees.

Many of the Middle East's, and in particular, the UAE's leading companies such as Emaar, Jebel Ali free zone

(Jafza) First Gulf Bank and Etisalat, however, are engaged in various nationalisation activities including recruitment fairs, training programmes and attracting nationals to universities.

Jafza, for instance, is working closely with several leading companies within its 5000 company-strong free zone to maximise employment opportunities for UAE nationals. Mohamed Al Jassmi, HR manager at Jafza, says that the free zone has introduced manpower placement services for its clients to train and prepare nationals for the different kinds of job opportunities available.

Training costs have purposefully been minimised with no visa requirements and complete government support to draw in more people. He calls the plan a "win-win situation" for



33,503

Number of UAE nationals who applied for jobs between December 2001 and December 2005

both the free zone's clients and the region.

Another large-scale training programme in the UAE was launched last month by the Dubai

Financial Market (DFM). Entitled Kafa'at, the four-month long scheme is aimed at encouraging UAE nationals to play a major role in financial and brokerage institutions and emphasises the fact that participants receive high "market-rate salaries" – a useful way to entice applicants. Essa Kazim, director general of the DFM, says that the organisation's strategic vision aims to "enhance the national economy as well as increase Emiratisation levels by hiring qualified nationals".

It is not only the UAE, however that is pushing for more national talent to come through the ranks. Both Oman and

Saudi Arabia (KSA) are doing their level best to do the same. Dr Khalid Al Tawil, director general of the National Information Centre in Riyadh in KSA, says that over 95% of his employees are nationals, but that the move away from government controlled companies to more service orientated businesses is starting to take shape. "The quota is around 30% in IT and it is still government companies such as Aramco and Sabec that are hiring, but everyday I see more and more young nationals between the ages of 20 and 30 working in the service industry.

Dr Al Tawil, however, does not believe in 100% nationalisation. "The amount is not as perfect as we would like to see but it is not right to nationalise high-ranking jobs just because you are a national. It is a risky strategy if you compromise quality for the sake of nationalisation. It is not good practice.

"We should be looking to encourage nationals in areas such as technicians and laboratory employees as well as limousine drivers and in service industries. We live in a globalised age where we need to exchange and transfer technology between cultures and swap ideas."

Omanis, on the other hand, make up

75% of the public sector workforce, with 12% in the private sector, however a huge government drive stipulating a fixed Omanisation ratio in six areas of the private sector is determined to turn this trend on its head by 2020. Transport, storage and communications are to have 60% Omanisation; finance, insurance and real estate 45%; industry 35%; hotels and restaurants 30%; wholesale or retail trading 20% and contracting 15%.

Many argue, however that it is now time for companies to head to the next phase and to understand and implement skills-based nationalisation. In other words, to efficiently integrate nationalisation targets set by regional governments and translate them into individual company human resource strategies.

Joern Kuntze, partner at Middle East Strategy Advisors (MESA), that is pushing its own nationalisation agenda,

adds that some companies are already starting to see skills-based nationalisation as the way forward, but that many are taking the wrong approach (see box below). "Companies recognise the need to adapt their human resources strategy, however many engage in costly one-time initiatives with a questionable outcome. What companies really need is a comprehensive step-by-step approach on how to roll out their nationalisation strategy."

Kuntze says that it is a combination of connecting factors that can attract national talent, entice employees to the private sector as well as increase targets.

"Making jobs and careers attractive and introducing personal development programmes is something the private sector will have to get better at. Etisalat, for example, seems to have no problem attracting nationals as it is a brand.

"National people prefer brands and there is a greater supply of IT graduates. The new industries are attracting people and the older and more technical industries such as oil and gas are losing out."

He adds that the growth of companies should be balanced alongside a clear focus on employing nationals. "It is about balancing numbers and capabilities. Often the 'high potentials' leave because there is no incentive for performance, while the poor performers just sit there and get promoted. Then there is a distinct lack of motivation and they leave.

"There is no mechanism to fast track talent and turn them into leaders. Companies also need to re-think how they

reward and recognise expatriates linked to the performance of nationals, but this will take time," he adds.

Executive search firms are also trying to buck the trend and arrange for talented nationals to enter top jobs, but many are finding that either the talent simply isn't there or, paradoxically that companies simply aren't taking advantage of the talent that does exist.

Ewan Walton, IT and Telecoms director at ITP Consulting, says that few CEO's outside local businesses are realising the true value of using local resources to achieve their objectives. "Ultimately, there is no one better equipped to deliver business objectives than someone who has the ability to understand both their employer's business strategy and their customers culture intimately."

Meanwhile, Mike Hynes, managing partner at Kershaw Leonard, says the dearth of talent in some sectors is going against the nationalisation drive, and that action should be taken.

"There is a real shortage of technical expertise in the oil and gas industry, for example. The technical workforce is aging so there is very little expertise available in the local Arab community and it is not a field they are moving into. The oil companies may well be starting up graduate schools but these people won't start coming through for another ten or 20 years time."

The battle to entice local talent into the private sector is being won but the pace of change is still too slow for many to accept. **CEO**

HOW TO DEVELOP YOUR NATIONALISATION STRATEGY

- 1) Identify functions where the company intends to strategically increase the number of nationals as well as the key knowledge holders that are essential in the subsequent knowledge transfer process.
- 2) Ensure that expatriates transfer crucial parts of their knowledge to nationals. Expatriates may fear putting their own jobs at risk when sharing proprietary knowledge with young nationals that are designated to eventually take over their jobs. Therefore, clear-cut incentives must be set and be in line with the company's overall nationalisation strategy. Commitment to develop nationals has to become part of a high-calibre expatriate's job description. This is an essential part of the overall skills based nationalisation process.
- 3) Ensure you take a transparent approach so that expatriates as well as nationals have a clear understanding of their respective career paths. This includes constant knowledge sharing, regular meetings and a constant communication process.
- 4) The progress and success of knowledge transfer needs to be constantly monitored. This can be done by integrating knowledge transfer targets into Key Performance Indicators (KPIs) or other types of scorecards depending on your management style.

THE LOCAL SUCCESS STORIES SO FAR

Emaar Property management academy: Programmes from three to 24 months leading to professional qualifications

Shell's Intilaaqah programme: To stimulate and encourage young people from the region to start their own businesses

Jebel Ali Free Zone (Jafza): Working closely with leading companies within the 5000

company-strong free zone to maximise employment opportunities for UAE nationals

Dubai Financial Market (DFM): Kafa'at training programme for UAE nationals to play a major role in financial institutions

Dubai World Trade Centre leadership programme: Employment and training for experienced management

Standard Chartered Bank (SCB): Dispatching groups of female Emirati students from the Dubai Women's College to London to gain an insight into the banking sector

Abu Dhabi Islamic Bank (ADIB): Work with the National Human Resource Development and Employment Authority (Tanmia) to employ and train nationals in the banking sector

Oman Air: Employed 88 Omani staff during the first quarter of 2006 and now has an Omani workforce of 2103 employees and rising

Dubai Islamic Bank (DIB): To create new job opportunities for UAE nationals in its various branches in line with its ongoing Emiratisation policy that currently stands at 43% of its total employees