
Emiratisation: The way forward?



By

Unrest in the region has accelerated the UAE's Emiratisation programme. But Emiratis may be struggling with motivation.

The winds of change whipping through the Middle East during the Arab Spring of 2011 never quite made it to the United Arab Emirates (UAE). The country's strong, oil-fuelled economy and robust public spending have acted as a protective shield from the region's storm of pro-democracy protests.

UAE citizens, who make up less than a fifth of the country's 8.2 million residents, are among the most privileged in the world. Assisted from birth to death by funds from the nation's oil wealth, they also have the social advantages that come with living in one of the region's most open and tolerant communities.

But with the global recession causing cutbacks for the multinationals that have been the chief private-sector employers, unemployment is at 14 percent and rising. The nation's rulers, conscious of the potential for discontent and keen to cut social welfare costs, have moved to replace professional expatriate workers with nationals, or Emiratis – a programme called “Emiratisation”, which is dedicated to finding meaningful employment for its citizens and empowering them to run the country.

Two challenges

There are challenges on two fronts: how to meet young Emiratis' high, often unrealistic, expectations; and how to convince expatriates on generous salary packages that they have a responsibility to assist in a programme of which the success will most likely leave them redundant.

The Emirati community is a tight-knit network of families and allegiances and until recently who you were or knew was reflected in your position within the public service.

As a country, the UAE is rather like an extended family: a federation of seven largely autonomous emirates headed by ruling families, and far from democratic. Formed 40 years ago from the Trucial States, it does not allow direct elections or political parties.

Its president is an inherited title assumed by the ruler of Abu Dhabi, the nation's largest emirate and source of most of its oil wealth. Its Federal National Council (FNC), a consultative body only, is elected by just 2 percent of the population. In this kind of atmosphere, for an outsider doing business in the UAE can be frustrating. Licences can be revoked without notice and applications put on the backburner for months, or years, if attempts are made to bulldoze through the red tape, or the wrong approaches are made.

Gaining access to this tight circle of contacts and inside knowledge of how the government works, whom to turn to and how to get things done, are some of the advantages of hiring Emiratis, according to HSBC's regional head of corporate sustainability, Ammar Shams.

"Emiratisation for any company is a business decision, not a corporate social responsibility," Shams told INSEAD Knowledge. "If you want to enter a market you have to invest in that market."

That is not an inexpensive commitment. Fresh out of university, inexperienced Emiratis can command a starting salary of more than AED20,000 (US\$5,450) a month, with the expectation of rapid promotion.

Investing in self-reliance

Yet the image of the rich Arab with no need for a proper job no longer holds water as the government looks to its youth to create a strong self-reliant

nation. Instead of continuing to hand out payments and subsidies to meet the developing needs of its expanding population, the government today is investing money on education, leadership training and entrepreneurial programmes.

“Our country is very generous, it supports locals with health, education and housing,” says Abdul Azaiz al Yammahi, a public service worker who, assisted by an entrepreneurship organisation called Dubai SME, has turned his love of photography into a successful business.

“Life is not as it was in my father’s time. People are no longer content just to receive help, they want more and they want to challenge themselves to get it. Now we are being given access to ways to make money, to be self-sufficient.” Al Yammahi was recently married, an expensive ritual in the UAE, with the assistance of AED70,000 from the country’s marriage fund.

Petrol, water, power and domestic help are also heavily subsidised by the government, benevolence that earns rulers their people’s allegiance. “Our country has supported us so now we should invest back into our country,” al Yammahi says.

Island of stability

That citizens could be devoted to rulers of an absolute monarchy, no matter how munificent, is anathema to the West. Nevertheless, the UAE was one of only two countries in the Gulf not to experience the political turmoil billowing across the Arab states. Social networking protests by a number of high-profile UAE academics calling for political reform were largely ignored by the population.

The only demonstration to date has been a group of about 100 Emiratis voicing support for the government and denouncing pro-democracy bloggers as traitors. But are social benefits and access to the latest technological gadgets, haute couture boutiques and fast cars enough to keep the country’s youth content? Not taking any chances, the UAE’s ruling sheikhs have responded to the Arab Spring revolts by initiating much-needed infrastructure construction in the nation’s remote Northern Emirates and announcing plans to increase tenfold the number of citizens allowed to vote in FNC elections.

Moves are also underway to fast-track the country's Emiratisation process, initiated a decade ago. In early June the Crown Prince, Mohammed bin Zayed bin Sultan al Nahyan, issued a decree giving the public service three months to find employment for 6,000 Emiratis who had recently completed vocational training with the Abu Dhabi Tatween Council (ADTC), a government body set up six years ago to ensure every Emirati job seeker finds a job.

Its success to date has been largely confined to the public sector, where UAE nationals now account for 60-70 percent of the workforce compared to just 4-5 percent of the private sector, a figure the government is also determined to increase.

In May, the nation's Minister of Labour, Saqr Ghobash, told a government forum that with double-digit unemployment and another 100,000-200,000 people entering the labour market in the next 10 years, there was "a need to create an additional 10,000-20,000 jobs a year for nationals in the private sector".

Top-up scheme

In preparation, the government has set aside AED440 million to help train and "top up" the salaries of Emiratis hired in non-government positions.

Increasing salaries may be a start, but there are other challenges that come from forcing businesses to take on Emiratis who may not be educated or experienced enough for the job, prompting both Emiratis and expatriate managers to ponder whether the fast-tracking of the programme could lead to its undoing.

"We need to find work for young Emiratis to keep them motivated and to create a strong nation," says one Emirati director of an Abu Dhabi government health services agency, declining to be named given the sensitivity of the issue. "But we need to have the best people working in the jobs. Before they take on the roles, we need to train our young people to educate them and ensure they want to be trained and are prepared to learn the job."

Young Emiratis, too, say that while companies can be forced to take on extra nationals they can't be forced to accept them.

Amnah bin Bahar, a trainee commercial manager, says there is already a feeling among Emiratis that private-sector companies are going through the motions, filling quotas rather than offering Emiratis proper training and on-the-job-experience. “While it’s good to have an advantage on getting a job, there is a downside in how you are treated once you’re in the position,” she says.

During her time working at a Middle Eastern bank – her second job since graduating in autumn last year – bin Bahar says she felt she had been employed “as an Emirati face”.

“I was one of a batch of six. We were told we would be given training, but we weren’t given a breakdown of the training programme. We were just put in an office and told to observe. For three months we were sitting there waiting for someone to put us in a classroom or give us something to do. By doing nothing you get the feeling the company doesn’t have faith in you, and you start to lose faith in yourself.”

Bin Bahar resigned two months into the training programme to take up another position at the Emirates airline.

Positions temporary

Stephan Schubert, Affiliated Professor of Strategy at INSEAD’s Abu Dhabi campus, says it is time foreign businesses reassessed their attitude to Emiratisation and realised their positions within the country were always going to be temporary. “The definition of Emiratisation depends on where you’re sitting,” he notes. “Multinational companies tend to look at it as a tax you have to pay for working in the region. [But] if you are in the public sector you will view it as a priority, something that must be done to build the nation. It is empowering nationals to run the country.”

In the past, Emiratis were promoted largely on their name and family network, but this is changing. “By promoting nationals based on merit Abu Dhabi is becoming a benchmark for civil service in the region and beyond.”

In the private sector, however, a low retention rate is hindering the Emiratisation process.

A 2010 research paper by the United Arab Emirates University found many private-sector companies complained they went through the expense of

training Emirati staff and sending them on secondments only to have them leave for better-paid jobs in the public sector.

A lack of career progression, insensitivity to religious customs and dress codes, and the absence of a mentoring culture were the most frequently cited reasons for nationals resigning their posts, while a reluctance to work long hours and unrealistic expectations of quick promotions were also factors in the high percentage of Emiratis who left their jobs.

Multinational companies, according to the research, often preferred to take on candidates who had strong dependency links with the employer through visa sponsorship or the need to make a living.

Expatriate managers complained that Emiratis had problems with work ethics and did not show they were serious about work. Managers also failed to understand the intervention of family members on behalf of employees relating to petty issues like workspace or reasons to shorten work hours.

On the other hand, Emiratis said many organisations had not seriously tried to integrate nationals into their workforces.

Banking sector success

One exception is the banking industry, which has achieved 29 percent Emiratisation largely driven by laws requiring specific quotas and growth rates for national employment. But outside the sector, companies complain that rules and regulations regarding Emiratisation quotas are changing and not uniformly enforced.

“The problem with quotas is that the private sector is forced to take on Emiratis who are not ready but are expecting to take on positions they are not qualified and experienced for,” Schubert says.

With the cream of the crop preferring to take on better paid and more prestigious positions in the public sector, the private sector is left with the less qualified, less motivated workers.

“Many have never worked before and some even have trouble getting up in the morning and starting work on time,” he says.

“Companies, instead of putting up with this, need to increase the level of understanding of what is expected of an employee. It’s time for private

sector to embrace the spirit of Emiratisation to train national workers and put the same expectations on them they would on Western workers, while accepting cultural differences.”

The best example of how Emiratisation should work, according to Schubert, was the late Sheikh Ahmed bin Zayed, a member of the ruling family who worked at the Abu Dhabi Investment Authority (ADIA) for six years as an equity analyst learning the business from the ground up before being promoted to chief executive. Under his leadership ADIA became known not only as one of the largest investors worldwide, but one of the best.

Yousef al Ghufli, a 21-year-old Emirati studying International Relations at the American University of Sharjah, is one of a growing number of nationals intent on working in social entrepreneurship. He is preparing for an internship with Grameen Bank and is keen to work in a people-orientated, non-profit organisation assisting community services. “Unfortunately I think I will still be limited to the public sector or having to work overseas,” he says.

Like bin Bahar, al Ghufli complains that even amongst community-focused companies, many organisations have not seriously tried to integrate nationals into the workforce, but instead resorted to one-off programmes aimed at making the organisation look good to outside stakeholders.

This does not mean Emiratisation is failing, bin Bahar insists. “The first company I worked for - a recruitment company - hired me as an intern. After a month’s training I was given work to do. They helped me successfully complete some very difficult tasks. It was very rewarding and it shows if we’re put in the position we can achieve.”

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