

# Developing Host Country Nationals to replace expatriates- the GCC experience.

To emphasise the scale of the problems facing GCC countries let me give some statistics quoted in the Economist edition of 23<sup>rd</sup> March 2002. In the GCC, 60% of the population is aged below 25. The populations will double in the next 20 years. In Saudi Arabia the national workforce will increase from 3.3 million to 8 million in 20 years. Today in some of these countries unemployment among nationals is 20%. Fewer than half of the 100,000 Saudis entering the employment market each year find a job. The GDP of Saudi, Kuwait and UAE have been declining by between 1.5 and 3% per year in the past 25 years.

The citizens of the GCC will not be able to rely on living on government handouts to meet their daily needs. They will have to work and earn a living. But at the moment most jobs in the region are held by foreigners. Some of these jobs are ones which will not appeal to nationals but many are highly paid and responsible positions. Some jobs which will be not currently attractive will be in demand from those who will have no other means of sustenance.

The will to replace expatriates with local people might exist but there is a shortage of capable nationals able to take over many of the skilled jobs. The education systems have not been producing students with the skills, attitudes and behaviour needed by many organisations - in this the GCC is not unique as many employers in Europe and North America will testify. The education systems which developed in the region were more concerned with nation building and maintaining traditions than with producing skills and attitudes needed in modern economies.

The ease of wealth creation 25 years ago encouraged the generation growing up then to think that study and qualifications were unnecessary for success in a job. They did not recognise a need to gain the work discipline which employers now expect. The attitudes and expectations of that generation have been passed down to the younger generation now entering the workforce. However there are signs that those now in the education system recognise that performing well at school and university and getting qualifications which are needed by employers, will be essential in the future. As it becomes more difficult to predict the likely needs of employers it becomes essential that the young nationals are given the ability to acquire new knowledge rather than to have the knowledge itself. In this regard the traditional system of education, which has tended to rely on learning by rote, is inadequate.

In the past the jobs created were within the public sector where they were a means of distributing wealth but in the future the jobs created are going to be in the private sector where wealth creation is the focus. The skills needed for wealth creation are in short supply.

More than skills it is probably attitudes and behaviours which will have to change to be a better fit with the employing organisation's needs. The attitudes and behaviours which were useful in a pastoral or trading economy are not the ones needed in a modern industrial or service economy. Employers (and customers) expect staff to attend work on time, pay attention to their job needs and produce a predictable outcome from their efforts. It is probably the lack of appropriate attitudes and behaviour which causes most complaints by employers in the GCC and, to be fair, in parts of Europe and North America. Whereas the citizens of

industrialised nations had a century or more to develop the attitudes and behaviours required those of the GCC have had less than 30 years to develop them. For those of us brought up in industrialised countries we learned from our parents about time keeping, about working with others to whom we were not related and about producing output to a schedule determined by others. For many in societies and economies in transition the young people cannot learn the necessary attitudes and behaviours from their parents but must learn for themselves or from the education system and work environment. The learning is not easy.

Apart from creating jobs for nationals, discussed earlier, the governments of the area want to keep wealth within the country by limiting the remittances sent home by foreign workers. The remittances from the 11 million foreigners in the GCC are around \$25 billion a year. This is a substantial part of the, often declining, GDP of these countries.

No country can afford to have so much money transmitted out over long periods without harm to the domestic economy. So this is an extra incentive for governments to restrict employment to citizens in the expectation that they will spend most of their income within the country with the consequent economic multiplier leading to greater wealth of the nation.

In the case of attractive jobs such as those in administration and management there is a great desire to have these held by nationals particularly if it is considered that the job requires little skill beyond giving orders. Often the job does require greater skill than it appears. But in the short term the costs of acquiring the skills might be greater for a local person than those of bringing in a ready capable foreigner. However in the long term the local labour is likely to be of more value.

Governments and employers also prefer to develop home grown talent rather than have the resources spent on developing skills wasted when the employee returns to their home country. This talent is seen as contributing to the long term prosperity of the country and employing organisation.

Long term self interest by the employers encourages them to hire local talent rather than to rely on temporary workers from abroad. This is part of a shift to quality now being driven by more successful organisations in the region and elsewhere. Employers find that local staff can help them get permissions and resources from government bodies and give them access to major customers in a way which few foreigners can do. Having local staff interact with these local customers gives a competitive advantage in comparison to those which still rely on expatriate employees.

Customers prefer to be attended to by fellow nationals with whom the share not only language but cultural outlook. The fellow nationals are often more aware, than the expatriates, of the customer's needs and expectations. The previous preference for having a foreigner carry out service jobs, especially in the private sector, is changing. Customers now see that a job which is held by a foreigner could be held by a relation or other citizen for the good of the country. When it came to selection of host country nationals there was little effort made to make selection tests appropriate to the local situation. International firms applied the methods used in their home countries and local firms relied on connections ('wasta' or nepotism) to make the choice. Both national and international firms have grown used to employing docile



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These extracts are from a paper recently presented by Dr Wes Harry to a conference in Bahrain which draw upon his Ph.D. research into developing host country nationals and his expertise as a senior Human Resource manager. Wes has written many articles on the topic of localisation and on expatriates. and has contributed to a book on International Management edited by Dr Monir Tayeb and published by Pearson later this year.