



مركز بروكنجز الدوحة
BROOKINGS DOHA CENTER

Brookings Doha Center Analysis Paper

Number 4, December 2011

YOUNG, EDUCATED AND DEPENDENT ON THE PUBLIC SECTOR

MEETING GRADUATES' ASPIRATIONS AND DIVERSIFYING
EMPLOYMENT IN QATAR AND THE UAE

Zamila Bunglawala



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EXECUTIVE SUMMARY

Qatar and the United Arab Emirates – two rentier states – have made credible attempts to reduce the size of their public sectors and promote private sector employment and entrepreneurship. Both countries are aware that they cannot rely on high oil and gas revenues and instead need to diversify their labor markets and economies. Yet despite efforts to reform their education systems, develop their workforces, and promote private sector growth, both countries still have extremely high levels of public sector employment.

The urgency and timeliness of economic diversification initiatives is all the greater given the significant youth bulge in Qatar and the UAE. Too often, however, efforts to address the problems of high public sector employment are conducted in isolation of the career aspirations and preferences of young people themselves. If the governments of Qatar and the UAE are to diversify their employment, they must address the variety of financial, social, and cultural influences that often dictate the job choices of their youth.

The study provides an analysis of the career attitudes and motivations of university students and recent graduates in Qatar and the UAE. In so doing, it aims to identify the range of obstacles that exist in the transition between education and employment. In addition to interviews and discussion groups with young Qataris and Emiratis, key public and private sector stakeholders and NGOs were also consulted. Through qualitative analysis, the paper identifies key policies that could help support sustainable labor market diversification.

The paper finds that policies must address the limitations of labor markets and the effects these limitations have on the employment choices of young people. Otherwise, the high salary differentials

between public and private sector employment and limited awareness of entrepreneurship support mean that the status quo of high public sector employment is likely to persist. There is also, however, a need to reform the public sector itself. Creating more state-owned enterprises which comply with market-oriented, performance-based management rules, while encouraging mobility between the public and private sectors will be crucial. Other measures include introducing greater parity between public and private sector pay, increasing young peoples' employability and soft skills levels, and removing barriers to business start-up and female employment.

The study concludes that a new strategic framework should be introduced to facilitate young people's transition from education to employment. This framework should go beyond the objectives of nationalization targets, and address barriers such as salary level and a lack of training, while also seeking to enhance productivity, mobility, and innovation in the workforce. Crucially, it should also ensure that all policies and programs include systems of monitoring and evaluation – which have often been absent in the past.

Specifically, the paper offers a number of recommendations:

- **Governments should establish a Strategic Employment and Growth Advisory Committee to operate as a platform for open dialogue between researchers, policy-makers, and employers across all sectors.** It should focus on policy formulation, the sharing of best practices, and identifying means through which to encourage entrepreneurship, level the playing field between the public and private sector, and ensure the economic integra-

tion of female graduates.

- **Educational institutions should work together with governments to broaden the employment horizons of students.** Possible measures could include mandatory internships, improved career advice at school and university, and an expansion of the role of other intermediaries in facilitating connectivity to the labor market.
- **There is a need for governments to reduce the size of their public sectors and level the playing field for the salaries and benefits that they offer.** Measures could include private sector training programs funded by the Ministry of Labor, encouraging secondments to the private sector for public sector employees, and establishing wage subsidies for graduate employees who enter the private sector. Alongside these measures, more state-owned enterprises that endorse private sector practices should be created.
- **Given the social and cultural bias towards public sector employment among young people and their families, there is a need for public campaigns to improve understanding of opportunities in the private sector.** This can be achieved through enhanced media campaigns and more targeted career fairs and open days at which young people and their families can learn about private sector employment.

ABOUT THE AUTHOR

Zamila Bunglawala is program designer of “Inspiring Aspirations,” an employability, professional development, and mentoring initiative, in partnership with the Danish Center for Research on Women and Gender (KVINFO), and a fellow of the Young Foundation. She is also an advisor to the UK Department for Work and Pensions and Manchester University, focusing on employment integration programs and research. She is a former visiting fellow at the Brookings Doha Center, where she conducted research for this analysis paper. Previously, Bunglawala worked for the UK government in a variety of strategic policy and program analysis roles, including for the Prime Minister’s Strategy Unit, the Cabinet Office, and the Ministry of Justice. She has also worked for the United Nations in Sudan and Nepal, and for the Open Society Foundation. Her experience covers a wide range of policy areas, including employment, social inclusion, poverty, and civil conflict. She has published widely and pioneered the approach of focusing on British Muslim employment to provide greater understanding of the labor market realities for this religious minority group. Bunglawala is also the author of the recent Brookings Doha Center policy brief “Nurturing a Knowledge Economy in Qatar” (September 2011).

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The author also extends her deepest gratitude and appreciation to all the students and young graduates who kindly gave their time for interviews, and to the following stakeholder organizations from the public, private, and NGO sectors, who gave their time for interviews, engagement, and consultation, and without whom this paper would not have been possible:

Qatar

Qatar University, Virginia Commonwealth University–Qatar, Georgetown University–Qatar, Qatar Foundation, Qatar Science and Technology Park, Enterprise Qatar, Supreme Education Council, Department for Social Development, Higher Education Institute, Qatar Statistics Authority, Injaz-Qatar, Qatar Professional Women’s Network, Empower People, Silatech, NBKS, Vodafone, Barwa, Qatar Petroleum, RasGas, RAND Qatar Policy Institute, and the U.S. Embassy, Qatar.

UAE

UAEU-Al Ain, Zayed University, American University in Dubai, Dubai School of Government, Dubai Economic Council, Ministry of Labor, Ministry of Higher Education and Scientific Research, Tanmia, Ernst & Young, Lloyds TSB, DU Telecom, Injaz-UAE, EduEval, Next Level Recruitment, and Manpower Professional.

INTRODUCTION

In recent years, Qatar and the UAE have made credible attempts to reduce the size of their public sectors and promote private sector employment, entrepreneurship, and innovation among their local populations. Despite these efforts, both countries, like several of their GCC neighbors, still have among the highest levels of public sector employment in the world.

Qatar and the UAE have invested heavily in education reform programs and are strongly committed to developing a well educated population that contributes to long-term growth and the diversification of the local workforce. Yet the political economy of both countries – dependent on hydrocarbon revenues and characterized by limited labor markets, rampant rent seeking, and a need to shore up legitimacy through means other than popular representation – has resulted in large public sectors heavily resistant to reform.¹

The governments of both countries hope to further diversify their economies away from hydrocarbon reliance and towards greater efficiency, growth, and sustainability. This would mean reducing reliance on the state as the main employer, so that any future decrease in oil and gas revenues does not provoke a crisis of unemployment. In order to achieve this, governments need to encourage the creation of more private sector jobs that are attractive to local job-seekers, while also ensuring their public sectors are more efficient and productive.

The timing of such initiatives is particularly apt. As the number of young, highly educated nationals reaches unprecedented levels, both countries are being encouraged to assess how to make best

use of their young populations to meet the employment needs of their economies. However, achieving employment diversification will require a better understanding of the employment attitudes and preferences of young people.

If the governments of Qatar and the UAE are to successfully diversify their economies and reduce reliance on the public sector as the main employer, they will have not only to create new jobs and reduce the high salary differentials between public and private sector, but also tackle a variety of social and cultural influences that affect, sometimes negatively, the employment choices of their youth.

The objective of this study is to focus on university students and recent graduates in the two countries in order to:

- (i) Assess the drivers of their attitudes towards employment, and the nature of their career motivations and aspirations; and
- (ii) Assess the barriers that exist in the transition between education and employment, and suggest ways of better supporting this transition.

The findings of this qualitative approach, which also includes consultation with key public and private sector stakeholders, will help to better understand how the attitudes and aspirations of this highly educated group drive its labor market choices. The paper identifies the key policies and programs now needed to ensure that the governments, economies, and employers in Qatar and the UAE make the best use of their highly educated youth and ensure they have the opportunity and

¹ Alan Richards and John Waterbury, *A Political Economy of the Middle East: Third Edition*, (Westview Press, 2007).

support to meet their own aspirations.

METHODOLOGY

Due to the limited availability of information and analysis regarding students' and graduates' employment preferences and motivations, a qualitative survey of this growing demographic group was conducted to understand their employment preferences and experiences. The paper also consolidates key analytical and statistical research on public-private sector employment levels in Qatar and the UAE, and, finally, identifies key reforms and policies that can help support sustainable labor market diversification.

In order to gain a snapshot of the opinions and experiences of young Qataris and Emiratis regarding the labor market, a small-scale qualitative study consisting of interviews and discussion group sessions with university students and recent graduates was undertaken. In total, 40 face-to-face interviews and three discussion groups were conducted in Qatar and the UAE with university students as well as recent graduates. Given the small sample size used, this study is in no way intended to be fully representative of the groups in question. Students were asked questions set out in a detailed questionnaire, while recently employed graduates were interviewed in a semi-structured format encouraging them to comment on a variety of issues and concerns relevant to the labor market, including:

- Attitudes towards work, public or private sector preferences, and entrepreneurship;
- Reasons for preferences – salary, benefits, hours, challenge, progression;
- Approach to job-search and barriers to entry;
- What they feel now needs to be done to help diversify the labor market.

While the project focuses on the employment preferences of the youth, a variety of other stakeholders was also consulted. They represent:

- Policy officials from education, employment, and umbrella institutions focusing on gradu-

ate employment and the needs of the economy to assess the impact of existing initiatives, reforms, and policies to diversify public and private sector employment;

- Public, private, and mixed sector organizations to assess the extent to which their employment needs are being met, and to assess current or proposed initiatives to increase their national workforce levels;
- Academics, think tanks, and specialist organizations such as women's groups and recruitment agencies that also focus on education to employment transition of Qatari and Emirati graduates.

All interviews, discussion groups, and consultation sessions were conducted between September and December 2010.

SETTING THE CONTEXT

THE LABOR MARKETS OF QATAR AND THE UAE

In both Qatar and the UAE, decades of public sector expansion have resulted in local workforces that are overwhelmingly employed by government, while their economies have become highly dependent on foreign workers.²

In Qatar, an estimated 16 percent of a population of 1.7 million is made up of Qatari nationals, while 15 percent of the UAE's 7.5 million population are Emirati nationals. Although demand for labor across sectors – due to continued economic growth³ – continues to outpace supply, a large proportion of nationals remain employed in the public sector. As the growing, young local populations⁴ of both countries begin to enter the workforce, more jobs will need to be found for them. In the next 10 years, for example, more than 80,000 Emirati graduates will join the UAE workforce.⁵

Both countries have shown strong leadership in investing in human capital through implementing key education reforms. These initiatives have been designed to raise literacy, English language fluency, and overall education levels of their populations. Qatar and the UAE have also made legal and regulatory reforms to their labor markets that aim to support sustainable development in diverse sectors and reduce reliance on hydrocarbon revenues in providing employment for nationals.

These measures are intended to help create a productive, educated, and skilled national workforce, and to contribute to the establishment of knowledge-based economies in which the private sector plays a prominent role. Key education reforms in Qatar have included the standardizing of curricula and restructuring the education system to deliver improved results. Another significant development is the creation of new education institutions and infrastructure – the Qatar Foundation (1995) and Education City (2002) – which focus on enhancing human capital through education, scientific research, and community development.⁶

In addition to greater investment in education, key reforms in the UAE include increasing the number of university courses available, in part due to the proliferation of international universities and the work of the Commission for Academic Accreditation in promoting business, engineering, IT, and science courses that help meet employers' needs and prepare students to compete effectively in the labor market.⁷

However, many of these education reforms have not yet been evaluated to assess their impact on the education levels of nationals. In the OECD Pisa rankings – the universally recognized measure of national education performance – Qatar scores fifth from the bottom, while Dubai (UAE) scores in the bottom half of the list just below Turkey but above Chile.⁸

2 Paco Martorell, Vazha Nadareishvili, and Hanine Salem, "A Survey of Recent Qatari Secondary School Graduates," RAND-Qatar Policy Institute, 2008.

3 Both Qatar and the UAE are still growing economies with 21 percent and 2.4 percent real growth rates, respectively. See "Special Report: Putting the Gulf to Work," *The New York Times*, October 21, 2010.

4 More than 30 percent of the MENA region's population is aged 15-29. "The Silatech Index: Voices of Young Arabs," Silatech, June 2009, <<http://www.gallup.com/poll/120758/silatech-index-voices-young-arabs.aspx>>.

5 Rania Moussly, "The Emirati Dilemma," *Gulf News*, May 9, 2010.

6 Education City offers Qatari and international students access to university education from six U.S. and one Canadian campus universities including Virginia Commonwealth University, Georgetown and Texas A&M.

7 Some international universities have recently closed in the UAE. There are currently 32 international universities operating in the "free zones" in the UAE. Joseph George, "Banned universities operating from RAK," *Emirates 24/7 News*, December 13, 2010, <<http://www.emirates247.com/news/emirates/banned-universities-operating-from-rak-2010-12-13-1.328759>>

The youth bulge in Qatar and the UAE, as in the wider region, will continue to place greater demands on the education and labor market systems. Education systems must be capable of producing the broadest possible human capital base to meet the needs of its stakeholders – students, education institutions, employers, and society. Literacy remains the foundation of all education systems, while science and technology – which teach cognitive problem solving and necessary analytical skills – are considered the principal driver of the knowledge economy.⁹

Research into education in Middle Eastern countries shows that despite some reform, there remains a mismatch between the skills being taught and the needs of the labor market.¹⁰ Students are still often instructed to learn fixed answers by rote, with little emphasis on flexibility in learning methods, communication, problem-solving, and creative thinking skills.¹¹

To increase the employment levels of nationals – particularly in the private sector – Qatar and the UAE have implemented key labor market policies in recent years, referred to as “Qatarization” and “Emiratization.” These policies entail the introduction of national targets to increase the employment levels of nationals in the private and public sectors. For example, the energy sector in Qatar has a 50 percent national workforce target, while in the UAE there is a 5 percent target for the insurance sector and a 4 percent target for the banking sector.¹² In both countries, after energy and government services, the main, and growing, employment areas are in financial services, real estate, business services, and tourism. There are no incentives or support given to organizations to help meet these targets, though there are penalties in

place for non-compliance.¹³

Proportion of males to females in work:

Qatar: 63% male; 37% female.¹⁴

UAE: 68 % male; 32 % female.¹⁵

Table 1 (see appendix) shows that both Qatar and the UAE have near identical high public sector employment, 83 percent and 85 percent respectively, and very low private sector employment, 8 percent and 9 percent respectively. The mixed sector employment levels are lower still at 5 percent for Qatar and 6 percent for the UAE. Both countries also have near identical male-to-female working population rates, at almost two thirds male and one third female. Due to the recent economic downturn, the UAE has a higher “not in work” and unemployment rate among its nationals than does Qatar, at 13 percent and 0.5 percent respectively.¹⁶

Breaking these employment statistics down further into occupation or industry activity reveals that there are now more young people in Qatar and the UAE entering the public sector than in previous years. Graduates and post-graduates usually leave full-time education and join the workforce in their early to mid-20s. Therefore it is important to focus on the employment levels by sector of young people in their 20s.

Table 2 (see appendix) shows that 68 percent of young people in the UAE aged 20-24 currently work in the ‘public administration and defense’ area of the public sector, compared to 60 percent of young people aged 25-34. The public administration and defense sector does not account for all public sector employment, as public sector employees are also located in the transport, com-

8 OECD, “Pisa 2009 Results: Executive Summary,” 2010, 8, <<http://www.oecd.org/dataoecd/34/60/46619703.pdf>>.

9 World Bank, “The Road Not Travelled: Education Reform in the Middle East and North Africa,” MENA Development Report, 2008

10 UNDP Regional Bureau for the Arab States, “Arab Human Development Report 2009: Challenges to Human Security in the Arab Countries,” 2010.

11 World Bank, “The Road Not Travelled.”

12 Abdullah al-Awadhi, “Empowering Emiratization,” The Emirates Center for Strategic Studies and Research, April , 2010, <http://www.ecssr.ac.ae/ECSRR/print/ft.jsp?lang=en&ftId=/Feature/Topic/Abdullah_AlAwadhi/Feature/Topic_1273.xml>.

13 None of the employers interviewed had ever faced a penalty for non-compliance. There is no available information on whether a penalty has ever been imposed on a company for non-compliance.

14 Government of Qatar, “Census of Population, Housing and Establishments,” 2010, <<http://www.qsa.gov.qa/QatarCensus/Default.aspx>>.

15 Statistics provided by Tanmia based on Census projections for 2009 from Census 2005 and Ministry of Education, Labor Force Survey and Tanmia, 2010.

16 Business Monitor International, “Qatar Information Technology Report,” July 2011, <<http://www.businessmonitor.com/it/qatar.html>>. Individuals are counted by the International Labor Organization (ILO) as “unemployed” if they are not in work and have actively sought work during the last four weeks and are available to start within the next two weeks; or have found a job and are waiting to start in the next two weeks. Individuals who are “not in work” and who do not meet the ILO definition of unemployment are counted as economically inactive.

munications, education, and health sectors. The highest employment levels of young people aged 20-24 outside the public sector are in 'financial intermediation' and 'transport, storage and communications' at around 7 percent.

Despite the significant investment in the retail, construction, and real estate sectors, which are part publically owned and part privately owned in the UAE, national employment in these areas for all age groups, including 20-24, remains in the low single digits. The table also shows that 91 percent of nationals aged 15-19 work in the public administration and defense sector.

Table 3 (see appendix) details the employment statistics by occupation or main industry activity for Qatar. The table shows that 61 percent of young people in Qatar aged 20-24 currently work in the 'public administration and defense' and 'compulsory social security' parts of the public sector, compared to 58 percent of young people aged 25-34. As with the UAE, the public administration and defense, and compulsory social security sector do not account for all public sector employment.

Outside the public sector, the highest employment levels of young people aged 20-24 and 25-29 are in the 'mining and quarrying' sector at 10 percent for both age groups, followed by 'financial and insurance activities' at 6 percent and 5 percent respectively.

As in the UAE, despite significant investment and expansion in recent years in the real estate, financial services, retail, and construction sectors, national employment in these areas for all age groups remains in low single digits.

The table also shows that 69 percent of young people aged 15-19 work in the public administration and defense, and compulsory social security sectors. Similar to the UAE, this fact is statistically illustrative of the very high recruitment of second-

ary school leavers into the public sector and armed forces.

In response to the low private sector employment levels, the Qatari government in its National Development Strategy (2011-2016) has established new employment targets to increase labor force participation of nationals across the economy. The strategy raises the previous private sector employment target of 5 percent to 15 percent of the workforce. Targets for overall employment of nationals have also been raised, from 63 percent for men and 36 percent for women to 66 percent and 42 percent respectively.

THE RENTIER STATE AND ITS EFFECT ON LABOR MARKET CHOICES

Throughout the region, including in Qatar and the UAE, the lure of secure government jobs continues to influence the types of education parents and their children invest in. Interviews with public and mixed sector employees showed that in addition to high salaries, they enjoy a range of significant benefits. Examples include an annual bonus, annual company profits bonus (mixed sector only), an overseas ticket allowance, a marriage allowance, a children's education allowance, up to 45 days holiday, free land to build a house, and a car loan. It is not so surprising then that the public sector employs over 70 percent of university graduates.¹⁷

The definitive characteristic of a rentier state is that external rents, accruing from natural resources, are received by the state and then distributed to the population. This liberates the state from the need to extract income from the domestic economy through taxation.¹⁸

A rentier state, through its large public expenditure programs and guaranteed public sector jobs, shapes the attitudes and preferences of the population.¹⁹ In a rentier culture, the rewards of income and wealth do not come from hard work but rather

17 Young people and their parents also still prefer humanities and social science degrees rather than technical and scientific tracks that may have higher value in the private sector. Djavad Salehi-Isfahani and Navtej Dhillon, "Stalled Youth Transition in the Middle East: A Framework for Policy Reform," Wolfensohn Center for Development, Dubai School of Government, October 2008.

18 Hazem Beblawi, "The Rentier State in the Arab World," *The Rentier State*, eds. Hazem Beblawi and Giacomo Luciani (New York: Croom Helm, 1987).

19 Tarek Yousef and Navtej Dhillon, *Generation in Waiting: The unfulfilled promise of young people in the Middle East*, (Washington, D.C.: Brookings Institution Press, 2009).

are the result of chance or situation – such as simply being a national in a state with considerable oil wealth. This creates a break in the causal link between work and reward, where rentier populations expect income without necessarily having to work hard to earn it.²⁰

Meanwhile, improved levels of welfare and prosperity often have the result of placating the population and reducing their desire to call for wider economic or political development. A citizen in the rentier economy comes to expect sustained and increasing revenues from the state, while the state, for its part, meets those increased expectations to maintain popular support for unelected governments.²¹

These rentier states and the attitudes they encourage often result in workforces plagued by inefficiency, low productivity, unprofitability, and a lack of transparency.²² If development is neglected for too long and the economy does not diversify, the structural imbalances arising from a disproportionately high public sector workforce may only become apparent when oil revenues decrease.²³

While both countries have not yet experienced reduced oil revenues or high unemployment, they have recognized the need to diversify employment of nationals across the economy for long-term efficiency, productivity, and sustainability. To help align the employment benefits and incentives available in different sectors, some key changes have been implemented. For example, employees in all sectors are entitled to receive a pension from their employer after due service. Some of the mixed and private sector employers interviewed highlighted that they provide local employees many of the same benefits received in the public sector, including ticket allowance, marriage allowance, annual bonus, and a ‘salary top-up,’ giv-

ing them an additional 35-40 percent of the salary expatriates receive for the same job. However, despite these reforms and policies, the national employment targets have gone largely unmet. A shift in the employment preferences of nationals will not occur overnight. Their labor market choices are a product and a symptom of the rentier state. In the absence of – or even in addition to – significant economic restructuring and the introduction of new models of welfare, the Qatari and Emirati governments need to find ways to create parity between public and private sector jobs.

The private sector in both countries does not yet offer enough employment opportunities suitable for educated young nationals. This is partly due to the fact that a large proportion of private sector jobs are in construction, retail, consumer services, and household management – areas that are seen by nationals as ‘inappropriate.’

The ILO has highlighted that dialogue between governments, employers, and workers is vital to help prepare and encourage young Arabs to work in the private sector and secure economic development and sustainable growth.²⁴ The challenge for Qatar and the UAE is to coordinate such a dialogue and find effective ways to ensure that they see returns from their investment in education and economic development.

COMPARING QATAR AND THE UAE

Qatar and the UAE are neighboring Gulf countries that share many cultural, religious, social, and economic similarities. Both countries are seeking to diversify their economies and become less dependent on importing knowledge and skills. However, there are certain factors particular to each that cause their labor markets to operate differently.

20 Beblawi, “The Rentier State in the Arab World.”

21 Hussein Mahdavy, “The Pattern and Problems of Economic Development in Rentier States: The Case of Iran,” in *Studies in the Economic History of the Middle East*, ed. M.A. Cook (Oxford: Oxford University Press, 1970).

22 This suggests that many countries despite their extraordinary natural resources can tend to become autonomous from their societies and unaccountable to their citizens. Douglas Yates, *The Rentier State in Africa* (Trenton NJ: Africa World 1996).

23 Richards and Waterbury, *A Political Economy of the Middle East*.

24 International Labor Organization, “ILO Governing Body addresses more equitable future in the Arab World,” March 2011, http://www.ilocarib.org.tt/portal/index.php?option=com_content&task=view&id=1492&Itemid=368.

The UAE, a federation of seven Gulf emirates, has since the mid 1980s sought to diversify its economy and move away from reliance on oil revenues – and the instability that fluctuating prices create – in the following ways:

- Sustained investment in non-oil sectors, for example in real estate, banking, manufacturing, and tourism;
- The expansion of private investment supported by the creation of industrial zones that provide facilities and services at attractive prices;
- High export growth (the UAE is the third largest re-export center in the world, after Singapore and Hong Kong);
- Financial development, including an increase in the share of bank credit to the private sector.²⁵

These factors have helped build a more diverse economy and robust private sector, and by extension, a labor market that offers greater choice of employment for nationals. However, the national employment rate in the private sector remains only 9 percent. The UAE has also seen increased unemployment in recent years due to the financial crisis and a contraction in the economy, which has added to the existing unemployment faced by communities outside the main cities of Dubai and Abu Dhabi.

Qatar, on the other hand, has experienced remarkably high economic growth over the last five years. It is now the richest country in the world as measured by GDP per capita. Qatar's economy is expected to grow by 20 percent in 2011²⁶ and is projecting long-term average growth of 9 percent beyond 2014. It has made major investments in diversifying its economy through the following key measures:

- Establishing itself as one of the world's lead-

ing exporters of Liquefied Natural Gas;

- Investing heavily in education, health, and infrastructure projects that will help sustain high growth levels;
- Ongoing promotion measures to improve its business and investment climate with the objective of further attracting foreign direct investment;
- Increasing the role of the private sector through the partial privatization of Qatar Telecom; privatization of the port services in 2001, some municipality services in 2005, as well as water and gas projects in 2004.²⁷

In addition to key reforms, both the Qatari and Emirati governments have introduced policies and initiatives to help promote private sector employment and entrepreneurship. For example, the Qatari government has introduced the Qatar National Vision 2030 (QNV) which ensures that revenues from gas resources are put to effective use for future generations. The initiative invested \$4.8bn in 2010 in social, economic, and environmental development, emphasizing the creation of a knowledge-economy through education programs to help prepare Qataris for employment in the private sector.²⁸ In the UAE, the government introduced the National Development Strategy which outlines an overhaul of the education system and a comprehensive policy to bring more Emiratis into the workforce.

However, if high public sector employment trends continue, foreign and domestic investments will have little impact on the employment of nationals, given that they are concentrated in sectors in which nationals are either unwilling work or ill-equipped to compete. According to the Qatar Labor Market Strategy, only about 25,000 jobs in the private sector are currently 'acceptable' to Qataris²⁹ while investments such as the World Cup in 2022 will only further increase the number of jobs

25 Adam Elhiraika and Annas Hamed, "Explaining Growth in an Oil-Dependent Economy: The Case of the United Arab Emirates," United Arab Emirates University and Abu Dhabi Fund for Development, February 2002, < http://depot.gdnet.org/gdnshare/pdf2/gdn_library/global_research_projects/explaining_growth/UAE_final.pdf>.

26 International Monetary Fund, "Qatar: Staff Report for the 2010 Article IV Consultation," 2011.

27 Government of Qatar Planning Council, "Turning Qatar into a Competitive Knowledge-Based Economy," *Knowledge Economy Assessment of Qatar*, May 2007.

28 Qatar General Secretariat of Development and Planning, "What We Do," <http://www.gsdp.gov.qa/portal/page/portal/GSDP_Vision_Root/GSDP_EN/What%20We%20Do/QNV_2030>

in areas such as retail and hospitality.

In both countries, many reforms and initiatives have not yet been evaluated to assess their impact. Nevertheless, it is clear from the high percentages of public sector employment that a disconnect remains between the education and employment reforms already in place, and the end goal of wider labor market participation, and greater mobility and diversification. Both countries continue to face the challenge of accommodating ever larger numbers of well-educated graduates. This study will provide an assessment of the attitudes and motivations of young students and recent graduates in Qatar and the UAE, and of the barriers they face in the transition from education to employment. In so doing, it will help address the shortcomings of current strategies for achieving the labor market diversification necessary for the future growth and stability of both countries.³⁰

29 Government of Qatar Planning Council, "Turning Qatar into a Competitive Knowledge-Based Economy."

30 The Qatari economy is best described as dominated by a single industry and a large public sector, while the Emirati economy could be described as somewhat more diverse. Gabriella Gonzalez et al, "Facing Human Capital Challenges of the 21st Century: Education and Labor Market Initiatives in Lebanon, Oman, Qatar and the United Arab Emirates." RAND-Qatar Policy Institute, 2008, <http://www.rand.org/pubs/monographs/2008/RAND_MG786.pdf>.

ATTITUDES, ASPIRATIONS AND BARRIERS TO EMPLOYMENT

While much research exists on high youth unemployment, poverty, and social exclusion across the region, there is limited information regarding the employment preferences of young job seekers and the career support available to them. The employment attitudes and preferences of young people need to be understood if the governments of Qatar and the UAE are to effectively diversify their economies and reduce reliance on the public sector.

KEY STATISTICAL INFORMATION ON YOUTH EMPLOYMENT ASPIRATIONS

Using qualitative material from interviews, this section details the attitudes, motivations, and aspirations of students and recent graduates. Qualitative material from interviews with employers, government officials, and NGOs is also used to illustrate specific facts that affect young peoples' employment outcomes. The results help to provide a better understanding of their employment preferences, and highlight key areas for policy-makers to address.

The second Annual Arab Youth Survey found that 61 percent of young people in the UAE would prefer to work in the public sector, compared to 49 percent of Qataris and 46 percent of Arabs overall. Only 31 percent in the UAE and 30 percent in Qatar said they would prefer working in the private sector compared to 43 percent of Arabs overall.³¹ It is therefore clear that more young people in both countries prefer public to private sector employment, as compared with their Arab neighbors.

A 2009 Silatech study, which surveyed young people's attitudes to employment and enterprise, found that young people in MENA countries are the best educated generation to date, representing a strong foundation on which to build a diverse labor market and economy. It also found that they are willing to remain in their countries and contribute to their future growth through being active and engaged in the economy.³²

The same study also found that young Qataris view their country's employment situation positively. 58 percent said it was a good time to find a job and 65 percent were satisfied with efforts to improve the number and quality of jobs in the country. In the UAE, where there has been significant impact on the economy from the global economic downturn, 49 percent of young people said that now was a bad time to find a job, while 47 percent were dissatisfied with the availability of good jobs. With regards to entrepreneurship, 25 percent of young Qataris stated that they were planning to start up a business in the next 12 months, compared to 19 percent of young Emiratis.³³

CHOICE OF EMPLOYMENT AND SECTOR - ASSESSING THE MOTIVATIONS OF YOUNG QATARIS AND EMIRATIS

Understanding the behavior and motivations of the workforce, and those soon to join it, provides key information for the analysis of policies related to education and employment. As part of the study, students were asked to identify which sector they would like to work in – public or private³⁴ – and the reasons behind their choices. The list of fac-

31 ASDA'A Burson-Marsteller, "2nd Annual Arab Youth Survey," March 2010.

32 Silatech "The Silatech Index: Voices of Young Arabs."

33 Ibid.

34 "Mixed" is referred to as public, as the pay, working hours and benefits closely reflect those of the public sector.

tors they were given to choose from included level of pay, job security, working hours, levels of challenge, personal growth, autonomy and prestige, mixed or single-gender working environments, speed of career progression, and family expectations.

While the sample of 29 students interviewed is too small to be considered statistically representative, briefly outlined here are their sector employment preferences. Of the 16 students interviewed in the UAE, 11 wanted to work in the public sector and 5 in the private sector. Of the 13 students interviewed in Qatar, 8 wanted to work in the public sector and 5 in the private sector.³⁵ Some of the students who expressed a desire to work in the private sector also stated that after two or three years experience in the private sector, they would move into the public sector to benefit from the higher salaries there.

PRESTIGE AT A PRICE

The reasons most cited by students for their choice of employment in the public sector, in order of preference, were pay/salary, job security, prestige, and autonomy.

The reasons most cited by students for their choice of employment in the private sector, in order of preference, were career progression, autonomy, challenge, and salary.

Some of the comments students made about their choice of sector were as follows:

"I want to work in a bank in the private sector because there is real experience to be gained there. It won't be just a routine job. They have good work ethics; they will challenge me, give me autonomy, recognize my efforts and reward me for them. Banking is based on merit and good business ethics." Male student, Qatar.

"I want two jobs, to work in my father's business

and a job in government. Government may not use all my skills but it's secure and the pay from the start is good whereas in the private sector it's not good." Female student, Qatar.

"The public sector is secure, my family have worked there and they had good salaries. I've heard the private sector salaries are low, so even if there is career development, I can't take the risk." Female student, Qatar.

"When it comes to training, you can apply to be trained or even find courses yourself but you never hear back from the management. They don't really want us to progress." Female employee, mixed sector, Qatar.

It is also important to note that almost all students who preferred public sector employment were not yet aware of which field within the public sector they would want to work in, as the comment below illustrates. By contrast, the few students who wanted to work in the private sector were able to specify particular fields, which included finance, particularly investment banking and business services, administration, and accounting.

"I don't know what job I want, but I know I want to have a managerial role, so I will look for a job in the public sector. I don't know much about the private sector." Male student, UAE.

These comments also suggest that some students consider public sector employment as secure, prestigious, and financially rewarding but with possible trade-offs of 'routine work' and limited career development. Others, however, suggest that the private sector offers greater opportunities for reward and recognition, autonomy and career development.

Many students were also fully aware of the wage differential between public and private sector employment, at least at the beginning of their careers, though many were not aware of the progressive

³⁵ A recent survey of high school students found that 75 percent of male students said they preferred to work in a government ministry and 20 percent the mixed sector, 33 percent and 27 percent respectively for females. Both male and female students generally valued the same factors when considering a job, which were pay, security and prestige. RAND-Qatar Policy Institute, "Technical Report: A Survey of Qatari Secondary School Seniors," 2008.

nature of private sector pay over time. The following comments illustrate how the private sector in Qatar and the UAE struggles to compete in attracting young graduates.

“We are committed to recruiting nationals but are finding it hard. We have to be clear that we’re not giving out big titles or big salaries to new graduates. We have a career development plan and salaries are progressive but promotions have to be earned.” Private sector multi-national, Qatar.

“We offer a 35 percent ‘top-up’ on top of the basic salary to help encourage and incentivize nationals to work for us, but we simply cannot compete with the graduate salary and benefits package of the public sector. We are a profit-motivated business after all.” Private sector multi-national, UAE.

It is widely accepted that salary is the key signal through which individuals make employment choices throughout their career, from the initial decision to enter or re-enter the labor market through to retirement.

In Qatar, the average wage for employees per month in June 2005 was QR 3558 in the private sector, QR 9139 in the public sector, and QR 11152 in the mixed sector,³⁶ suggesting that a public sector/mixed sector employee can earn up to three times as much as someone in the private sector.³⁶

The salary differential is only likely to grow. The Qatari government recently implemented significant salary raises for Qatari employees in the public sector. As of September 2011, civil employees received a 60 percent raise in their monthly salary and social allowances, such as pensions, while defense personnel received a 50-120 percent increase, depending on their rank. Private sector and mixed sector employers have been encouraged by the Qatari government to match these pay rises for their Qatari employees. Private sector companies operating on a profit-margin may find it difficult

to do so, however, especially in the current economic climate.³⁷

The degree to which the rise in salary and benefits will now affect employment is difficult to predict. It could well result in more young Qataris starting their careers in the public sector, or may even encourage those in the private sector to seek government employment. Such shifts could reduce the already low number of Qataris working in the private and mixed sectors. In the UAE, meanwhile, nationals of all GCC countries are paid between 170 percent and 400 percent more than expatriates from Arab non-GCC countries and those from developing countries.³⁸

The attraction of a ‘job’ that gives a salary and title over ‘a career’ that gives room for growth, development and autonomy, is reflective of the social and cultural norms of the rentier state where the expectations of prestige, high salary, and status are met by public sector employment. As in other countries in the region, a ‘higher value’ is often placed upon stable, titled jobs.

“A lot of families tell their children to work in the public sector because it’s comfortable, pays well, and the ‘big title’ will help them get married.” Male student, UAE.

“I want to work in the private sector. I know I will enjoy the level of challenge and the opportunities they have there, but my parents will not approve. They don’t really know about the private sector other than its long hours for little pay.” Female student, Qatar.

“There is a mindset that technical, hospitality, or retail graduate posts are somehow inferior or less prestigious to administrative roles - this must be overcome through awareness campaigns and outreach measures where all members of the family, not just the students but parents, brothers and husbands, are all invited.” Graduate recruitment

36 World Bank, “A Labor Market Strategy for the State of Qatar,” Main Report, Volume 1, 2005.

37 “Some joint sector firms announce 60pc pay rise for Qatari employees,” *The Peninsula*, September 17, 2011.

38 This gap varies considerably between the public and private sectors, and within different parts of the UAE itself. Rosalia Vazquez-Alvarez, “The Micro-Structure of Wages and Wage Determination in the UAE,” Economic Policy and Research Center, Dubai Economic Council, September 2010.

consultant, UAE.

Students were in general less attracted to the private sector, and few were aware that higher salaries can be earned through sustained effort and performance-based inputs.

“In the absence of an alternative to this social contract, [referring to the rentier state] it is hard to see the high numbers of nationals going to work in the public sector changing - it is perfectly rational for them to want to work in the public sector because of the high salaries and benefits package.” Ministry of Labor official, UAE.

In a recent Qatar University survey of students, educators, and professionals, many respondents were not familiar with the government benefits, such as loans or pensions, that are also available to employees in the private sector.³⁹ For many students interviewed, a perceived lack of job security was a major factor in deterring them from the private sector – they feared being fired and not being eligible for a pension. As illustrated by the comments below, they had a limited awareness of what the private sector had to offer.

“I can’t work in the private sector and only earn 10,000 a month when I don’t know if my job is safe and the public sector is offering me 30,000 a month.” Male student, UAE.

“It’s a risk working in the private sector. They can easily fire you if you make a mistake. It’s OK if the salary is not so high as long as you can get good experience, but if there’s no job security or pension, then that’s too great a risk to take.” Female student, Qatar.

“I had a job in the private sector, but I was really afraid of being fired. Not because I knew that anyone had been fired, just the thought of knowing

that my manager had the power to fire me made me very uncomfortable. So I left my job. A few months after sitting at home I found a job in the public sector, and I’m happy here, I feel secure.” Female public sector employee, Qatar.

The preference for greater job security associated with public sector employment helps to explain the ‘waithood’ phenomenon. ‘Waithood’ describes the situation where a national may wait at home after graduation in expectation of a secure public sector job for a period of up to 2-3 years, rather than risk taking what would be seen as an insecure and lower paid private sector job.⁴⁰ In the case of the UAE, however, one respondent suggested a recent reduction in job openings in the public and mixed sectors may discourage students from waiting for government jobs and drive them toward the private sector.⁴¹

This is not to suggest that all nationals readily seek ‘easy’ jobs for high salaries, security, and less working hours. The problem is much more an institutional one – associated with the rentier model. Many of the students interviewed were looking forward to entering the labor market and being challenged in the workplace. One study found that where strong talent and skills do exist, they are not supported effectively, due to a lack of openness to ideas or stifling organizational hierarchies – again contributing to an overall lack of productivity of the national workforce.⁴²

In addition to level of pay, students were also sensitive to the fairness of pay determination. Key factors that influence perceptions of fair pay and reward included clarity and transparency of criteria for determining pay, employers’ expectations of their workers, and objective, transparent pay-setting processes. A ‘fairer pay’ model in which financial rewards are better and more proportionately aligned to individuals’ efforts and perform-

39 Nitham M. Hindi and Fatima Al-Rumaihi, “The Transformation of the Qatari Economy into Industrialization Era: Perception of Business Professionals, Educators and Students,” *International Journal of Economic Policy in Emerging Economies* 4, no.3 (2011): 245 - 273.

40 Salehi-Isfahani and Dhillon, “Stalled Youth Transition in the Middle East.”

41 Author’s interview with Next Level, Dubai, UAE, November 2010.

42 Khalid al-Yahya, “Imbalance between Human Capital and Development In Human Resources and Development,” The Emirates Center for Strategic Studies and Research, 2009.

43 Will Hutton, “Fair Pay Review: Interim Report,” HM Treasury, UK Government, December 2010.

ance could encourage more productive workplace behavior.⁴³

“While the public sector may continue to recruit a large proportion of nationals, we can ensure we focus on increasing the productivity of the sector through possibly longer working hours and an enhanced focus on performance-related pay.” Ministry of Labor official, UAE.

Overcoming the culture of entitlement and encouraging greater appreciation of the causal link between work and reward through performance will require efforts from both government and the private sector. There is a clear role for government institutions and employers in building greater awareness among students and their families. These bodies should do more to provide clarity on the variety and types of employment and careers available to enable young job seekers to make more informed choices about the labor market and their careers.

Equally, there needs to be more critical understanding of the culture and concept of work ethics and the link between work and reward, and performance and promotion. Ensuring that young people are fully aware of the importance of career development, salary progression, and reward and recognition processes will be vital in enabling them to associate prestige and salary more effectively when making their employment choices.

If both countries are to have engaged and productive workforces, policies will need to be adopted that align financial rewards and benefits more closely with performance and career progression across all sectors. Such initiatives would help to shift the balance away from expectations of high salaries and senior job titles towards an appreciation of career development and earned seniority, encouraging young people to seek careers, not just jobs after graduation. Policies also need to ensure

that young people have sufficient information about worker rights in all sectors, including their rights to a public pension, regardless of whether they work in the public or private sectors.

TRANSITIONS FROM EDUCATION TO EMPLOYMENT

It is in the interests of every economy to ensure that people are trained in the skills required by the economy, thereby maximizing their potential. The International Labor Organization highlights that employability is closely linked to the capacity of an individual to adapt to change and to combine different types of knowledge and build on them through self-learning throughout his or her working life.⁴⁴

When asked to identify the major challenges associated with recruiting national staff, only half of Arab CEOs believed that there were sufficient numbers of qualified students coming out of the education system. 36 percent of CEOs in the UAE and 45 percent in Qatar cited that new graduates carried the ‘right skills set.’ Only 35 percent of Arab CEOs believe that the private sector in their countries has successfully communicated its expectations to the education system.⁴⁵ 90 percent stated that their fundamental expectation of the education system was to provide students with ‘soft skills’ which include communication, teamwork, analytical skills, and problem-solving and innovation skills.

As part of the study, students interviewed were asked how they would go about finding a job, while those in employment were asked how they found their jobs, and how easy or difficult they found this task. The major obstacles most frequently identified to gaining labor market access included: lack of awareness of how to job-search, connect to employers, and access career advice; needing connections (*wasta*)⁴⁶ to get a job; and

44 ILO, “Strategic training partnerships between the State and enterprises,” *Employment and Training Papers* (19), 1998.

45 Mohammed Bin Rashid Al Maktoum Foundation and PWC, “Arab Human Capital Challenge: The Voice of CEOs,” 2008, <<http://www.mbrfoundation.ae/English/Entrepreneurship/Pages/AHCC.aspx>>.

46 The perception that jobs are only given to people who have connections was mentioned by both men and women students and employed persons interviewed by the author.

lack of workforce readiness due to limited work experience.

Many students said that despite their willingness to go through open competition (rather than rely on *wasta*) to find employment, they found it difficult to actually find a job by responding to job vacancies or through sending out CVs to potential employers. Only a handful of students cited awareness of any formal support available to them to help find work.

"I don't know where to go for job advice, so I will ask my father. I don't know how else to find a job." Male student, UAE.

"After graduating I sat at home for one year applying for jobs and sending out my CV. The only job that was offered to me was a teaching post, but I didn't want that. In the end I got my job because my friend worked there and knew they were looking. She put in a good word for me." Female employee, Qatar.

The majority of students interviewed stated that they looked to their family for advice on education and employment. While family support and career advice is important, it is worth noting that the family members of most interviewees worked in the public sector. This would suggest a possible limited range of information and knowledge about diverse employment. It seems significant that the majority of those who identified their preference for employment in the private sector, or were working in the private sector, had a parent or sibling also working in the private sector.

CAREER FAIRS AND ADVICE SERVICES

In recent years, career fairs in both countries have increased in size and scale with the aim of raising awareness among students and attracting graduates into diverse companies. Organizations across sectors said they often use the opportunity of ca-

reer fairs as a marketing tool and recruitment exercise to explain to students what they are looking for, the type of work involved, and the package offered.

While some students interviewed stated that they had positive interactions with company representatives at career fairs and a few had gained internship opportunities, overall very few said they attended these fairs or found sufficient benefit from attending. Comments from both employers and students suggest companies could do more to improve access through being more responsive and providing more detailed information about the opportunities that they offer.

"I have heard many students complain that employers are either non-responsive or they take months to respond to their applications, even when they're actually looking for staff. We do respond to our applicants, even if they're not successful. It's about building trust." Mixed sector employer, Qatar.

"They need to give us more real information about themselves, what their organizations are about, how they treat nationals, and what their graduate recruitment programs are about. It seems they show up at these fairs and just hand out lots of promotion material. More should come to the university and hold seminars to give us final year students real in-depth information." Male student, UAE.

Several students in Qatar were under sponsorship either from individual employers or from the Higher Education Institute.⁴⁷ If the sponsorship is from an employer, the student is usually required to join that employer for a set number of years after graduating. Sponsorships are an effective way of identifying high caliber students early and supporting them through their university education.

The majority of students said that they had never

47 The Higher Education Institute (HEI) offered 1,400 sponsorships in the 2009-10 academic year to Qatari students studying in Qatar or overseas. The sponsorship finances students to enroll in university courses to help further their educational attainment and often provides them with a monthly allowance. No data is recorded on whether these state sponsored students enter the labor market after they graduate. Author's interview with HEI official, Doha, Qatar, November 2010.

received formal career advice, and most were not even aware of the advice, information, and support offered by university career advisors. A few students did recall being given advice on “how to write a CV” and “interview presentation skills” but could not recall any formal job-search or career support beyond that.

The public, private, and mixed sector employers we spoke to suggested that they looked to university career services (and sometimes individual professors) to act as a gateway to help them connect to students, help identify possible future recruits, and arrange seminars to share information about their organizations with students.

There appears to be a missing link between the organizations that see university career services as an important way to attract students and the students themselves, who remain largely unaware of these opportunities. There is also a further shortcoming in the overall understanding on the part of the students of the value and need for formal career advice for their education and employment choices.

“It’s as though you choose randomly. Schools don’t prepare us for university and universities don’t prepare us for work. You have to decide for yourself what you want to do.” Female, mixed sector employee, Qatar.

“I organized a seminar from a leading multi-national company to come and talk to the students about careers with them. Only 10 students attended.” University careers advisor, UAE.

There needs to be greater focus on career preparedness before students start their careers, and greater support for career development once they are in work. Students usually enter their first job after graduation by which point it is very difficult to adopt change their attitudes toward employment.

Students in some universities are introduced to employment through internships during their final

year at university, which can help serve as a gateway to employment.

“Students need to understand the value of work experience and internships to help increase their communications, networking, and leadership skills, and to help them identify the employer and organization they want to work for.” NGO, Qatar.

“An introduction to work experience from the school level through internships — not just from the university level — would help students make more informed choices for university and connect them to the labor market early to help teach them work-place behavior and norms.” NGO, UAE.

There are examples of positive engagement by employers with education institutions, and vice versa, to help raise awareness of employment opportunities and increase graduate recruitment of nationals. For example, Qatar Petroleum (QP), a publically owned company with mixed sector subsidiaries, has undertaken a sector-wide commitment to employing more nationals throughout the energy sector in Qatar to help meet their 50 percent national target.

Over the last 10 years, QP has invested in building strong relations with schools and universities in Qatar. With the support of their Qatarization Unit, they are able to recruit significant numbers of Qataris through their awareness campaigns, disseminating information about their organization and the variety of employment opportunities available. QP also offers school and university students summer internship programs and sponsorships. They emphasize “Quality Qatarization” through applying and investing in performance-based training. This commitment is supported by a senior level advisory board and Steering Committee which also monitors progress of Qatarization and maps current and future QP recruitment needs.⁴⁸

United Arab Emirates University and Zayed University also provide examples of good practice. Both institutions require all final year students to

48 Author’s interview with Qatar Petroleum Qatarization Unit, Doha, Qatar, December 2010.

intern with a company for a full semester to increase their employability.⁴⁹ Other universities interviewed for this study offered compulsory internships only for students in select courses such as Business and Finance.

Introducing mandatory work experience at the secondary school level and then again at the university level would directly help raise levels of awareness about the variety and nature of work involved in the public, private, and mixed sectors. It would also increase students' self-confidence and enable them to make more informed employment choices.

In addition to providing more internships, employers need to invest more in promoting awareness of graduate training programs for national graduate recruits which provide them with effective support from the start of their careers. For example, Lloyds TSB provides an 18 month management training program for national graduates to train them to middle-management level. It is an intensive program for talented graduates, and focuses on improving their leadership, communication, and time management skills. Graduate recruits are offered senior level support, including through mentors and coaches, to ensure they have access to advice and support in employment.⁵⁰

Several private sector and mixed sector employers interviewed suggested that graduate training should also emphasize the high value some organizations place on time management and performance-based recognition and reward. A study in Qatar found each day of work in the private sector requires more effort and more hours worked than in the public sector. The average annual number of hours worked in the public sector is 1,500 compared to 2,300 in the private sector.⁵¹

"We want more nationals to work for us but we are not the type of company where it is easy to just drop your pen and switch off your computer every

day after working 8 hours. We have noticed tensions between our expatriates and our nationals due to the shorter hours many nationals work." Private sector multi-national, UAE.

"We gave one of our graduate nationals the opportunity to give a presentation at an important conference we were holding. She arrived 90 minutes late for her own presentation without a credible explanation of why." Private sector multi-national, UAE.

Intermediary organizations also play a positive role in increasing awareness of internships and graduate-level employment with diverse employers. For example, Injaz Al-Arab is an NGO that equips students in schools and universities across the Arab world, including in Qatar and the UAE, with skills in the areas of financial literacy, entrepreneurship, work readiness, and teamwork, and seeks to stimulate their interest in innovation and the private sector. Through the organization, business leaders and professionals volunteer to act as mentors to students, sharing their career experience and encouraging young students to broaden their employment horizons.⁵² Next Level Recruitment is another organization that plays a valuable intermediary role. It is a graduate recruitment agency that provides both web-based and individual job search support to nationals, including in sectors such as hospitality or retail, which they may otherwise overlook.

From these examples of employer internships and outreach programs, it is apparent that there are good models that should be expanded to increase support in connecting young people to the labor market. In both Qatar and the UAE, key sectors such as finance, insurance, business services, retail, real estate, and hospitality will continue to grow in the coming years. Commitment to sector-wide initiatives to share good practice and increase national representation levels, along the holistic lines of the QP model, should therefore be

49 Author's interviews with careers advisers and senior officials at UAEU and Zayed University UAE, November-December 2010.

50 Author's interviews with Lloyds TSB, Dubai, UAE, December 2010.

51 World Bank, "A Labor Market Strategy for the State of Qatar."

52 Author's interviews with Injaz al-Arab in Doha, Qatar and Dubai, UAE, November-December 2010.

adopted more widely.

DO NATIONAL TARGETS DISTORT EMPLOYERS' RECRUITMENT PRACTICES?

Both Qatar and the UAE have committed to increase the labor force participation of nationals, through implementing the national employment targets of Qatarization and Emiratization. The targets are intended to enhance the productivity of nationals and in part enable more targeted use of overseas workers. Some suggest that although these targets have a legitimate aim,⁵³ they are set arbitrarily and with insufficient support or incentive to help employers meet them.

The findings of a recent Dubai Economic Council study suggest that the Emiratization process may in fact have adverse effects on nationals while also severely reducing the returns of investment in education for nationals. The targets can result in nationals accepting jobs with employers simply seeking to meet the target rather than making the best use of their education, skills, and motivations.⁵⁴ Some suggest that employers at times recruit nationals as “ghost employees” to help meet the target and then recruit expatriates to deliver the actual work required.⁵⁵

An Emiratization poll found that both foreigners and locals alike “tend to agree with the characterization of Emiratization as a form of taxation.”⁵⁶ They view national employment targets as a burden rather than a way of building up their host economies. A major concern with national targets is the negative effect on company productivity and competitiveness due to “forcing” corporations to recruit nationals based on numbers rather than skills and the net impact and net cost of such policies. Both employers and students we spoke to said that the targets system needs to be revisited:

“Some companies hired nationals just to show the government they have a national. They didn't give them real work to do.” Male student, UAE.

Nationalization targets also have the potential to augment a sense of entitlement among citizens, particularly young and impressionable graduates who have limited information about the labor market due to a lack of engagement with career services and advisers.⁵⁷

“I asked a student the other day what he was studying. He replied ‘I'm not here to study, I don't need to study. I have the right passport.’ He waved his passport at me. The national target has created a sense of employment entitlement among the students.” University official, Qatar.

National employment targets cannot alone provide the long-term solution for creating a diverse, competitive, and mobile workforce. Such a solution would require an effective matching of the supply and demand of education and skills with employers' requirements and the economy's growth needs. The governments of both Qatar and the UAE should seek to increase representation levels of nationals not only through setting targets, but through adopting a holistic and strategic policy approach to diversifying their labor markets.

Due to the significant differential between public and private sector salary and benefit levels, there is a need for policies that reduce the intake of public sector recruits and the overall size of the public sector. These policies should also focus on increasing employee efficiency and productivity and addressing the imbalance of national representation across sectors. Further, governments should implement programs that support private sector employers by providing them with incentives to recruit and retain nationals. It is paramount that the impact of these measures is appropriately monitored and evaluated.

53 Author's interviews with education officials in Qatar and UAE universities, September-December 2010.

54 Rosalia Vazquez-Alvarez, “The Micro-Structure of Wages and Wage Determination in the UAE.”

55 Erika Solomon and Regan Doherty, “Putting the Gulf to Work,” Reuters, October 2010, <<http://graphics.thomsonreuters.com/F/10/Gulf%20workers.pdf>>.

56 Ibid.

57 “Qatarization in Theory,” *The Peninsula*, September 15, 2010.

“Nationals are willing to move within the public sector to seek higher salaries and experience. Therefore, it is possible that with sufficient information and opportunities available that they would do the same in the private sector.” Labor market analyst, UAE.

Employers and NGOs interviewed stressed that nationalization initiatives must have a strong training component attached to them to effectively support nationals. Training programs require investment by employers which may not always be possible, even if they are committed to recruiting nationals. In many cases the cost of training may be more than that of recruiting an expatriate. In this regard, government sponsored training funds should be made available for private sector employers to enable them to recruit and train more nationals.

Incentives, through possible wage subsidies, may encourage more nationals to join private sector organizations. A wage subsidy may help to overcome the resistance of nationals to work in the private sector due to the low salary levels. Incentives to employers, through allocation of government funds, may encourage employers to recruit more nationals as their training costs could be covered, in part or in full, by the government.⁵⁸

STRUCTURAL CHALLENGES TO EMPLOYMENT DIVERSIFICATION - REDUCING THE SIZE OF THE PUBLIC SECTOR

Reductions in public sector employment usually come when countries try to increase growth and efficiency due to a need to cut public spending. Methods often used to downsize public sector employment include voluntary departure schemes and privatization initiatives, both of which are highly political decisions for a government to make. Given the current political climate in the

Gulf, the trend seems to be in the opposite direction. Some GCC states in the past and in recent months, such as Saudi Arabia and Bahrain, have not only continued to absorb more nationals into the public sector but have also increased public sector salaries for political reasons. Such measures, however, are unsustainable and will make it even more difficult to reduce salaries in the long-term to avoid budget deficits.

Positive examples of public sector reduction can be found in Egypt and Iran. In Egypt, when public sector redundancies rose to around 35 percent, an Employee Shareholders Associations initiative was introduced to enable workers to buy stakes in their private sector companies. This created an interest in the privatization program and also gave incentives to improve productivity, which led to greater efficiency.⁵⁹ Iran addressed the size of its public sector by introducing a privatization program that re-allocated workers from the public sector into the private sector. Further policies such as limiting the establishment of new government entities and public sector pay freezes were also adopted.⁶⁰

One possible measure would be the introduction of a cap on public sector employment, ensuring that the absolute number of public sector employees would not grow any further. In the longer term, a cap would reduce the relative share of public sector employees through natural attrition. Wage subsidy programs could also be introduced to give more nationals an incentive to join the private sector, by creating greater parity in salary levels.

Wage subsidies are usually introduced to help reduce unemployment and increase the skill level of employees. However, while this method may prove politically more appropriate in rentier states unhindered by budgetary concerns, it can have substantial deadweight and substitution effects.

⁵⁸ The National Human Resource Development and Employment Authority, Tanmia, found that when they contracted training providers to increase the training levels of nationals, this investment did not readily encourage private sector employers to recruit these nationals as they suggested the training did not meet the standards they were looking for. Author's interview with Tanmia officials, Dubai, UAE, December 2010.

⁵⁹ World Bank, Human Development Department, "Reducing vulnerability and increasing opportunity: A Strategy for Social Protection in Middle East and North Africa," June 2000.

⁶⁰ Brian Khajehpour, "Domestic Political Reforms and Private Sector Activity in Iran," Iran Chamber Society, 2000, <http://www.iranchamber.com/government/articles/political_reform_private_sector_iran.php>. See also Yousef and Dhillon, "Generation in Waiting."

The employment outcomes of subsidized employees can also be negative. For example in Algeria, job subsidy schemes for low skill workers were used to give firms incentives to hire the unemployed. Though the program has not been properly evaluated, there is some evidence that employers used the subsidy schemes to hire workers they needed anyway. Therefore the net job creation effect was negligible. Furthermore, from 1990 to 1998, over a million jobs were financed through this subsidy but the retention rate once the subsidy was removed was only 2 percent.⁶¹

While wage subsidies may be considered a possible distortion of the labor market, or a mere transfer of public sector high salary norms to the private sector, there remains a critical need to level the playing field in salaries between the sectors. Wage subsidies to create parity of salary levels would be a step in the right direction, helping young people to select employment based on considerations beyond salary and contributing to the overall goal of economic diversification. Careful targeting and monitoring would need to be implemented in order to avoid the negative aspects of wage subsidy intervention. Both employees and employers would need to be aware of how long the wage subsidy would be in place to help ensure they are prepared for sustained job retention in the private sector, even after the subsidies end.

Given the apparent preferences of students to continue the trend of high public sector employment, measures should now be taken to support and facilitate mobility of workers between sectors. For example, in the UAE, Ernst & Young has, at the request of government and mixed sector organizations, taken on informal secondments of staff for up to 6 months to give newly recruited public sector graduates hands-on training and experience in a private sector organization. These graduates receive training by working alongside senior managers and then return to their public sector jobs having acquired training that enhances their efficiency and soft skills.⁶²

One of the benefits of the rentier model, with its high public spending, is that it has led some countries, including Qatar and the UAE to create competitive mixed sectors that operate between the public and private sector spectrum. This mixed sector adds an additional labor market option for nationals.

Several rentier Gulf countries have managed to create highly competitive, profitable, and well-managed state-owned enterprises. Instead of nationalizing industries using their oil revenues, (as is the case in Venezuela and Russia) some Gulf countries are creating new state assets or expanding existing ones while still leaving ample room for local or foreign private sector investment. For example state subsidized enterprises such as Industries Qatar and Etisalat communications in the UAE have become highly profitable and credible companies. This success – the result of a combination of relative political stability and strong, autonomous management – is in stark contrast to other rentier countries such as Algeria, Libya and Nigeria where public companies that have received significant investment have become politicized or failed to perform. Increasing the number of state-owned enterprises – provided they adopt competitive and well managed strategies – may therefore be an effective means of achieving public sector reduction and economic diversification.⁶³

Governments should adopt a new strategic framework that goes beyond the objectives of national targets to increase representation of nationals across sectors. New structural initiatives between the public and private sectors should be adopted to support diversification of the economy and leveling the playing field to ensure there is greater parity in salary, performance, and work between the public and private sectors. In Qatar, the new National Development Strategy, which details key government economic development policy, states that the government will now consider offering the same salary and benefits to employees in the public and private sectors.

61 World Bank, "Reducing vulnerability and increasing opportunity."

62 Author's interview with Ernst & Young officials, Dubai, UAE, November 2010.

63 Steffen Hertog, "Defying the resource curse: Explaining successful state-owned enterprises in rentier states," *World Politics*, Vol. 62, no. 2 (April 2010).

A new strategic approach in both countries needs to address barriers such as salary level, training, and productivity, and should support initiatives that work to enable effective transfer of young people from education into employment across sectors. Initiatives adopted in this framework should not only focus on increasing representation levels but also on increasing productivity and innovation, monitoring, and evaluating impact and encouraging the career progression of nationals.

WOMEN IN THE WORKFORCE

Significant investment in women's education in Qatar and the UAE has empowered women and their capacity to earn. Women are becoming increasingly powerful players in their roles as producers, investors and as consumers, driving companies to become more gender inclusive.

In Qatar, 76 percent of Qatar University and 75 percent of UAEU students in academic years 2008-09 and 2009-10 were female. Female students are also highly represented in specialist areas. For example, 312 of the 390 grants paid for undergraduate research in 2009-10 were to female students.⁶⁴ However, women remain a largely untapped resource. The low levels of labor market participation mean that governments are not capturing a large return on their investments in education.⁶⁵

The low participation of women in the labor force has a high cost for both the economy and the family. Data from the OECD shows a strong negative correlation between unemployment and female participation in the labor force. This indicates that, in the long run, a healthy economy that is more inclusive of women in the labor force is also more likely to enjoy lower unemployment. The challenge for both Qatar and the UAE is the overall expansion of opportunities for both men and women, building on their specific skills and talents, rather than the creation of opportunities for one group at the expense of the other.

In both countries women have tended to participate heavily in public sector employment, which is seen as more appropriate for women given supposedly favorable conditions of work, including generous maternity leave benefits. Still, young men and women are today showing signs of attitudes that distinguish them from previous generations. They have been raised in smaller, more nuclear families where gender disparities are likely to be less pronounced. This generation is likely to push for different rules of the game. Several employers who were interviewed suggested that more women graduates were now applying for jobs and careers than had previously:

"The female graduates are highly motivated and ambitious, often even more than the men. We are now seeing a ratio of 3-to-1 applications from women compared to men for our graduate recruitment program." Mixed sector employer, Qatar.

With more women joining the work force, the growth of female representation is further multiplied. Female-owned firms hire more women overall but they also hire more women at managerial and professional levels.⁶⁶ However, there remain a number of barriers that lead to gender disparities in both countries. Some of these barriers are cultural, relating to the perceptions of women's suitability to certain areas of work; they are often seen as more suited to the security offered by large government offices than to smaller private sector firms. Employers interviewed suggested that there were cultural issues that needed to be overcome to help encourage more women and their families to feel comfortable about working with them, as the following comments illustrate:

"One of our competitors wanted to recruit a female graduate and found they had to visit her family at their home to ensure that their daughter would be working for a professional and reputable firm." Multi-national, private sector, UAE.

"We work 9 hour days here. As soon as it hits

64 Author's interview with QSTP official from the QNRF Undergraduate Research Experience Program, Doha, Qatar, November 2010.

65 World Bank, "Gender Development in the Middle East and North Africa," MENA Development Report, 2004.

66 World Bank, "The Environment for Women's Entrepreneurship in the Middle East and North Africa Region," 2008.

6pm, my father starts calling me – ‘When will you be home?’ I’m not sure what will happen when I have children, maybe I’ll move to the public sector where the hours are shorter.” Female graduate, private sector multi-national, UAE.

“Many female students here are highly motivated and driven. They will strike out on their own probably accepting a prestigious government job first and then setting up a business for themselves.” Education official, Qatar.

There are efforts being made through civil society to improve women’s access to the labor market. Local and international NGOs exist in both countries to support female professionals gain the skills they need to enable them to progress within their chosen careers.⁶⁷ For example, the Women’s Empowerment and Legislative Strengthening in the Arab Gulf project, part of the U.S.-Middle East Partnership Initiative (MEPI), has provided the General Women’s Union in the UAE with training on ‘Developing Leadership Skills for Women’. Through this training, professional women of varied backgrounds and experience levels from across the UAE are able to gain leadership, problem-solving, and cross-gender and cross-cultural management skills.⁶⁸

However, the onus should not be on women alone to adapt to the labor market. Cultural awareness and an understanding of traditions are important in the rapidly changing and growing economies of Qatar and the UAE. All employers need to find ways to ensure more females in work are supported and are able to voice issues they may have with regards to working hours, flexibility, and family

responsibilities. As this highly educated and growing demographic group enters the workforce, best practices should be identified and disseminated across sectors to enable more female graduates to realize their employment aspirations without compromising cultural norms or other social responsibilities.

NURTURING A KNOWLEDGE ECONOMY

Building a knowledge economy⁶⁹ is a central feature of not only developed but developing economies and is considered to be one of the key sources of sustained growth.⁷⁰ Innovation, creative industries, and a wider knowledge-based economy need to be developed as the education and skill levels of young nationals increase and the demands of employers diversify.

A fundamental element of a knowledge economy is the generation of a strong “innovation ecosystem.”⁷¹ The efforts to establish a national innovation system usually include measures to improve performance in research and development, education, and knowledge flows which, when combined, enable an idea to be translated into entrepreneurship.

Many nationals may seek to have businesses to supplement their salaries, or indeed to be their main source of income. Of the total 29 students interviewed, 22 expressed a desire to run – lead or sponsor – a business at the same time as having a full-time job in the public or private sector.⁷² The “sponsorship” mechanism in Gulf countries permits nationals to hold a full-time job and lead a business enterprise at the same time. It is some-

67 Organizations such as Empower People and the Qatar Professional Women’s Network provide courses and training to national and expatriate women to gain key skills for career progression.

68 The Middle East Partnership Initiative (MEPI), located within the Bureau of Near Eastern Affairs at the U.S. Department of State, implements President Obama’s vision to directly engage with and invest in the people of MENA countries. The initiative sponsors a series of economic projects to create a framework for sustained growth. Author’s interviews with U.S. Embassy officials in Qatar and consultation with U.S. Embassy officials in the UAE, November – December 2010.

69 A knowledge economy is one in which “economic success is increasingly based on the effective utilization of intangible assets such as knowledge, skills, and innovative potential as the key resource for competitive advantage.” UK Economic and Research Council (ESRC), 2005.

70 Government of Qatar Planning Council, “Turning Qatar into a Competitive Knowledge-Based Economy,” *Knowledge Economy Assessment of Qatar*, May 2007. See also Zamila Bunglawala, “Nurturing a Knowledge Economy in Qatar,” Brookings Doha Center Policy Briefing, September 2011, < http://www.brookings.edu/~media/Files/rc/reports/2011/09_qatar_bunglawala/09_qatar_bunglawala.pdf>.

71 While there is no one definition of a “national innovation system” or “innovation ecosystem,” most definitions reflect the interactions within a system involving the flow of technology and information among society, enterprises, universities and government institutes.

72 In the public sector, where there are shorter working days, typically 7:30am to 2:30pm, five days a week, this would seem somewhat easier to manage than in the private sector where many companies work 8-10 hour days.

times difficult to differentiate between nationals who want to lead and run their own business and those who may simply seek the financial benefits of being sponsors for expatriates who want to establish businesses.

“There are over 280,000 businesses in the UAE, outside the free zones. Most are SMEs ‘owned’ by Emiratis who mainly play a ‘sponsor’ role to the Indians who otherwise own the business. There are some Emirati men who sponsor up to 30 businesses.” Labor market analyst, UAE.

Nevertheless, as both governments seek to diversify their economies, they need to support more entrepreneurs to start-up and sustain businesses. Financial support is crucial for entrepreneurs to take forward their ideas and create small and medium enterprises (SMEs). Qatar is currently ranked 50 and the UAE ranked 40 out of 183 economies on the World Bank’s ‘Doing Business’ ranking for 2011, having being ranked 39 and 37 respectively in 2010.⁷³

The establishment in 2008 of Enterprise Qatar, an umbrella organization to support and develop the SME sector in Qatar is a key example of the 2030 vision being implemented. Enterprise Qatar is designed to promote and support SMEs to be competitive and productive through three key programs:

1. Providing financial and support incentives including training and development support for entrepreneurs and existing SMEs in how to run a business;
2. Support in accessing financial products such as seed capital funding, grants, and guaranteeing loans that SMEs might need; and
3. Providing specialized business support services for SMEs to develop networks and industry associations, and to incubate new projects through ‘hand-holding’ to help them start up

and then ‘spin-off’ to become viable businesses.

Providing key training, support, and financing for entrepreneurs is a prerequisite for the creation of a knowledge-based economy. For the purposes of this study, students who had professed an interest in running or sponsoring a business were asked how they would finance the venture. In Qatar, all students stated that they would seek funding support from their families or work for a time and save the necessary funds themselves. In the UAE, several students were able to identify public and national funding sources that they would approach for SME funding, such as the Seed Capital Fund,⁷⁴ in addition to family support.

SMEs need to be effectively supported by clear infrastructure and finance measures to ensure they are nurtured in infancy. Silatech found that 24 percent of young Qataris stated they planned to start a business in the next 12 months. However less than half, 49 percent, believed it to be easy to obtain a loan to start a business.⁷⁵

The Qatar Science and Technology Park (QSTP) is a recent development designed to attract local and international entrepreneurs to develop their technologies and expand them into business ventures. It combines industry-university collaboration through providing support for technology development to a range of companies. The fundamental benefit of QSTP is that it is an accessible and localized innovation hub with international connections directly linked to universities in Qatar.⁷⁶

Public institutions, such as universities, have a clear role to play in teaching necessary skills and helping to create a culture of innovation through nurturing the infancy stages of a vibrant private sector. In recognizing that innovation requires taking risks, it is important to appreciate that the majority of the population in Qatar and the UAE

73 World Bank, “Doing Business 2011: Making a Difference for Entrepreneurs,” Doing Business Global Report, November 2010.

74 The Seed Capital fund is an initiative under the Hamdan Bin Mohammed Bin Rashid Program which aims to provide government’s support to UAE students with fresh innovative ideas. The objectives of the initiative are to encourage creativity and innovation, support venture capitalism, enrich and broaden activity in the SME sector, and provide an opportunity for good ideas to become successful businesses.

75 Silatech, “The Silatech Index: Voices of Young Arabs.”

76 Author’s interview with QSTP official, Doha, Qatar, November 2010.

opt for the greater security and benefits offered by public sector employment. There is a wider role for the government in helping to generate a ‘security net’ that would encourage nationals to resist the attraction of the public sector and translate their entrepreneurial ideas into reality.

“We do not yet have an innovation ecosystem, so our students cannot be expected do everything from business start-up to delivery. We can help incubate real projects and help develop a creative industry within the university and then encourage students and alumni to follow it through as a viable business after they graduate.” Academic official, Virginia Commonwealth University (VCU), Qatar.

As an example of such an initiative, the Qatari government approached VCU to design the uniforms for the Qatari Army. The government provided the funding and absorbed the costs and risks involved in a teaching institution taking on such a procurement project. VCU assigned students to the project, who designed the products and delivered outputs as though they were a fully operational business.⁷⁷

Universities are not generally geared toward production and do not readily have the capacity to deliver large-scale projects, however well researched or innovative. Still, this example shows that there is a clear role for universities in generating risk-taking behavior through incubation, motivating students to engage in enterprise and in creating viable business opportunities that can be ‘spun-off’ once identified.

The time is ripe for both countries to develop a strategic approach to link creative industry and knowledge-economy development with educational institutions. This could be achieved by offering advanced technology courses and developing a culture for the commercialization of research, incubating new ideas and supporting risk-taking behavior. These commitments will help to establish a culture in which there are incentives for universi-

ties to forge alliances with other institutions and with their students to undertake research projects which can then be developed into businesses.

⁷⁷ Author’s interview with VCU official, Doha, Qatar, October 2010.

POLICY RECOMMENDATIONS

Meeting the aspirations of the growing number of young graduates in Qatar and the UAE is a priority for both governments, as is meeting the needs of their economies. It is important to note, of course, that the two goals are naturally interrelated. Both countries have invested heavily in education reform to ensure they maximize the potential of their small, but growing, populations. Both countries are also seeking to gain credible returns on their investment in education and to successfully diversify their economies to help deliver sustainable growth. Ensuring that both countries have a competitive, diverse, and innovative workforce will be key to achieving these visions.

While the movement towards economic and employment diversification is clear – seeking to reduce reliance on hydrocarbon revenues and, in turn, to reduce public sector employment – there remains a need for both governments to take certain incremental and strategic steps to further facilitate diversification. The urgency of employment diversification initiatives to help create long-term stability is all the greater given regional instability in the wake of the Arab Spring.

Policies now need to address the clear limitations of the current labor market, and the effects these limitations have on the employment choices of young people. If the huge salary and benefit differentials between public and private sector employment are kept intact, then the status quo of high public sector employment and low recruitment levels in the private sector are unlikely to change. Indeed, with the sector differential in salary and benefits now increasing, if no interventions are implemented to reduce the differential, then the recruitment levels in the private sector may now be reduced. This could risk reversing the positive investments already made towards economic and

labor market diversification.

Recognizing that the public sector has an important role to play is also vital. Creating more state-owned enterprises which comply with market-oriented, performance-based management rules, and creating a secondment program to introduce mobility between the public and private sectors will be crucial. These structural measures will help reduce the size of the public sector and increase its productivity.

Further measures that would help ensure young people utilize their education effectively and find employment based on their broadened aspirations could include: introducing greater parity between public and private sector pay; increasing young peoples' employability and soft skills levels; and removing barriers to business start-up and female employment.

In order to ensure effective transfer of young people from education to employment, a new strategic framework should be introduced. This framework should go beyond the objectives of nationalization targets, and address barriers such as salary level and a lack of training. Policies and programs introduced as part of this framework should not only focus on increasing representation levels but also on enhancing productivity, mobility, and innovation. The framework should also incorporate a system through which its impact would be monitored and evaluated.

RECOMMENDATION 1:

Governments should establish a Strategic Employment and Growth Advisory Committee. This should be a policy and program advisory committee within a central government department that

operates as a platform for open dialogue between economic, social, education, and labor market researchers, policy-makers, and employers across all sectors. It should focus on the following steps:

- Establishing an ongoing and sustained dialogue between key stakeholders in the economy to directly influence and advise on policy formulation to identify and meet the needs of the labor market, economy, and career aspirations of young nationals. A sharing of best practices in employment diversification, such as approaches adopted by Qatar Petroleum, should form part of this dialogue;
- Identifying ways to level the playing field across the public and private sectors to help achieve a greater balance in employment choices, and enhance productivity and employee mobility;
- Ensuring female graduates are fully integrated into the economy through providing targeted employment and entrepreneurship initiatives that help them fulfill their career aspirations;
- Creating a vibrant knowledge-based economy through the Ministry of Business rewarding and nurturing entrepreneurship and risk-taking behavior. This could be through financing project incubation within educational institutions to create a culture of innovation.

RECOMMENDATION 2:

In order to ensure labor market connectivity, governments and education institutions need to broaden the employment horizons of students and raise awareness of diverse employment opportunities. They should also work to increase young peoples' employability, build their soft skills, and effectively advise them of their employment rights:

- Mandatory internships should be introduced, and effectively facilitated and supported for students in the final year of secondary school (for up to one month) and for university students for the duration of one full semester in their final year;
- All students should receive face-to-face careers advice sessions in secondary school and

university to help inform their higher education and employment decision-making process.

- Ministries of Labor should now expand the role of intermediaries – including organizations such as Injaz and national graduate recruitment agencies – by contracting them to provide programs to increase the work readiness of young people and provide effective job-search and job-matching services connecting graduates to employers.

RECOMMENDATION 3:

Governments need to address the issues of public sector size, and salary and benefits differentials, alongside the goal of employment diversification and greater private sector representation for nationals. Measures should include:

- Financial incentives for employees and employers in the private sector should be introduced to help increase the number of nationals in this sector. Incentives such as providing salary subsidies to “top-up” current private sector salaries will enable employers to recruit nationals without risking reductions in their profit margin. Greater parity in salary and benefit levels across sectors will allow prospective employees to make more balanced choices, and may help to increase the cultural prestige and acceptability of private sector employment. Such programs should be piloted for two years to assess its impact.
- Implementing a private sector training program funded by the Ministry of Labor to help cover the costs of more private sector graduate and career development programs for nationals.
- Incentivizing two-year secondments in the private sector for public sector employees – guaranteeing them a right of return – and monitoring performance against increased productivity, innovation, and career progression.
- Creating more state-owned enterprises, which are profit-seeking, implement competitive management strategies, and are not over-

staffed, thereby providing more efficient public sector enterprises which are not reliant on hydrocarbon revenues.

All four initiatives should be monitored and evaluated to assess their net cost and overall impact as well as their effect on the career choices and development of nationals.

RECOMMENDATION 4:

As the majority of young people and their parents work in the public sector, there needs to be an awareness campaign to improve the understanding of work opportunities in the private sector.

- Government, secondary schools, universities, and employers need to increase awareness and ‘buy-in’ of students and their families with respect to diverse employment opportunities, career development, and employment benefits and rights. This can be achieved through enhanced media campaigns and more targeted careers fairs and open days at which young people and their families can learn about private sector employment.

Table 1: Key labor market statistics for population in Qatar and the UAE

Country	Public Sector	Private Sector	Mixed Sector	Unemployment
Qatar	83%	8%	5%	0.5%
UAE	85%	9%	6%	13%

Statistics for ILO active population, unemployed includes those 'not in work' and those seeking work. Sources: Qatar – Census of Population, Housing and Establishments, 2010 (statistics are for those aged 15+). "Qatar Information Technology Report, July 2011," Business Monitor International. UAE – Labor Force Survey, 2009 (statistics are for those aged between 25-55).

Table 2: UAE Distribution of Employed Nationals (15 Years +) by Age Intervals

Age								Economic Activity (%)
15-19	20-24	25-34	35-44	45-54	55-64	65+	Total	
0.0	0.0	0.3	0.9	1.3	3.2	4.9	0.6	Agriculture, Hunting, Forestry, Fishing
0.0	2.8	3.4	2.2	4.9	1.1	0.0	3.0	Mining and Quarrying
0.9	2.1	1.7	1.2	1.9	2.1	1.7	1.7	Manufacturing
0.0	1.7	1.6	2.0	1.8	3.6	3.7	1.7	Electricity, Gas and Water Supply
0.0	0.5	1.0	0.6	1.7	0.7	17.3	1.0	Construction
0.0	1.0	1.5	2.0	4.1	5.6	15.6	1.9	Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods
0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	Hotels and Restaurants
3.8	7.0	5.9	5.1	6.2	4.8	4.5	5.9	Transport, Storage and Communications
0.0	7.4	5.1	2.6	2.9	2.3	0.0	4.6	Financial Intermediation
3.4	2.7	3.0	4.6	5.4	11.5	9.3	3.8	Real estate, Renting and Business Activities
91.3	68.0	60.9	61.0	49.3	44.9	17.6	61.0	Public Administration and Defense; Compulsory Social Security
0.0	2.8	9.3	12.3	12.0	8.0	9.1	8.7	Education
0.0	1.7	3.1	2.8	3.4	6.5	6.7	2.9	Health and Social Work
0.5	1.7	2.1	1.5	4.4	5.0	9.5	2.2	Other Community, Social and Personal Service Activities
0.0	0.6	0.8	1.0	0.7	0.0	0.0	0.7	Activities of Private Households as Employers and Undifferentiated Production Activities
0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	Extraterritorial Organizations
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Total %

Source: National Bureau of Statistics, UAE, 2011.

Table 3: Qatar - Distribution of Employed Nationals

Economic Activity (%)	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	All Ages
Both sexes	2,271	10,722	13,539	12,866	11,095	9,050	6,216	3,311	1,586	71,573
A - Agriculture, forestry and fishing	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.2	0.1	0.1
B - Mining and quarrying	8.5	10.4	10.0	7.1	4.6	4.0	4.3	7.5	6.0	7.1
C - Manufacturing	0.2	1.1	1.1	1.1	1.0	0.9	1.2	1.8	1.8	1.1
D - Electricity, gas, steam and air-conditioning supply	2.9	2.8	2.4	2.0	2.1	2.5	1.5	1.6	1.3	2.2
E - Water supply; sewerage, waste management and remediation	0.0	0.1	0.1	0.1	0.2	0.0	0.1	0.1	0.2	0.1
F - Construction	0.4	0.5	0.6	0.7	0.6	0.8	1.2	2.1	2.7	0.9
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2.3	2.1	2.1	1.4	1.5	3.6	4.2	3.6	5.2	2.6
H - Transportation and storage	0.4	1.1	1.1	1.0	1.3	0.7	0.7	0.8	0.9	1.0
I - Accommodation and food service	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.2	0.1	0.1
J - Information and communication	2.1	3.0	3.5	2.9	2.8	2.9	3.1	4.1	5.9	3.1
K - Financial and insurance	4.3	6.3	5.1	3.0	2.2	2.0	1.7	1.9	1.8	3.5
L - Real estate activities	0.3	0.8	0.9	0.6	0.6	0.5	0.5	1.0	0.7	0.7
M - Professional, scientific and technical activities	0.1	0.2	0.2	0.7	0.6	0.3	0.4	0.7	1.5	0.4
N - Administrative and support service	0.4	0.7	0.8	0.5	0.5	0.4	0.4	0.4	0.6	0.6
O - Public administration and defence; compulsory social security	69.0	61.5	58.3	56.8	57.2	59.0	61.4	55.8	55.9	58.8
P - Education	5.9	5.5	7.6	14.8	18.2	14.8	12.2	10.8	8.1	11.6
Q - Human health and social work	2.6	2.9	4.3	5.6	5.1	5.9	5.7	5.7	5.6	4.8
R - Arts, entertainment and recreation	0.6	0.9	1.4	1.3	1.2	1.4	1.2	1.3	1.2	1.2
S - Other service activities	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2
T - Activities of households as employers;	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
U - Activities of extraterritorial organizations and bodies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.0

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