Maximising GCC Human Capital: Leadership, Identity and the New Psychological Contract

by William Scott-Jackson

Fast tracked leadership development key to labor dynamics and growth in Qatar

The countries of the Gulf Cooperation Council (GCC) appear, superficially, to share a common economic model, based on government-controlled exploitation of oil and gas reserves, and to face a shared range of socio-economic issues, including those associated with the development of human capital and the labor market. However, there are great differences between, for example, Qatar, with a very high expatriate labor force and high GDP per capita, and Oman which has much lower expatriate numbers and lower GDP per capita.

There are several key issues which, to a greater or lesser extent, effect most of the GCC countries.

These include high levels of youth underemployment, growing numbers of qualified but unemployed women, the impact of high numbers of expatriate workers and a reliance on oil and gas-related employment.

One of the major driving factors in these different labor markets is the demographic proportion of expatriates to nationals. This proportion is largely determined by the rate of growth resulting from politico-economic strategies. For example, Dubai (an emirate within the United Arab Emirates) has adopted a very fast growth strategy, despite, or perhaps because of, low oil/gas resources. Oman, meanwhile, has taken a more cautious approach, heavily reliant on oil and gas revenues.

The proportions of expats to nationals vary greatly. Expatriates in Qatar and the UAE account for more than 80 percent of the labor force. Meanwhile, Saudi Arabia and Oman have fewer than 50 percent expats in the workforce and Kuwait and Bahrain around 50 percent. These differences create distinct labor market issues. For example, youth unemployment of nationals in Saudi Arabia is around 41 percent, whereas in the UAE it is only around 10 percent. There are not enough Emiratis to even fill the quotas set for semi-government entities. So to oversimplify, Saudi Arabia has unemployment issues whereas the UAE has scarcity issues (such as retention). Qatar is the most extreme demographic example with expats accounting for more than 90 percent of its workforce and is worthy of more detailed consideration.

The Qatari case

In 1965, Qatar had a population of around 65,000 including perhaps 2,000 expats working in the oil business. The GDP per person was relatively low at ~$5,000 and most Qataris worked in family businesses (fishing, pearling and trading), with government having an insignificant commercial role.

By 2014, Qatar had a population of over 2 million, of whom 1.7 million were expats. The country's GDP had skyrocketed to around $214 billion. Some of the family businesses had diversified into oil and gas-related industries and grown spectacularly but most Qataris are now employed in government or semi-government entities. In this way, the government can redistribute the nation's wealth, reinforcing the social contract whereby Doha ensures that all citizens benefit from living in the country with the world's highest GDP per capita.

Labor market issues include the very low numbers of Qataris joining the private sector, over-reliance on oil/gas-related employment, retention of national identity, a growing entitlement culture, how to develop young Qataris and how to build national capabilities to ensure a strong diverse economy for the future.

Given the very unusual make-up of the population and assuming that Qataris wish to lead the country, a major capability required in Qatar's national population is leadership. In developed economies, on average, around 8 percent of a country's workforce are leaders (above supervisor) which equates to around 120,000 leaders required in Qatar. There are only around 150,000 employable Qataris. So over 80 percent of Qataris would need to be leaders if most public and private sector senior roles were to be filled by nationals.

A similar logic might suggest that it is actually fortunate that most Qataris prefer to work in the public sector. In the UK, for example, over 20 percent of the population work for various government entities so, demographically, there are not enough Qataris to run the government, never mind worrying about the private sector!

It is probably impossible for 80 percent of a population to develop world-class leadership capabilities.

It is probably impossible for 80 percent of a population to develop world-class leadership capabilities.

But is it possible to at least develop more leaders than the norm?

In most countries, given that only around 8 percent of the population need to be leaders, a method that relies on slowly acquired experiences together with a competitive framework, is adequate—the best may rise to the top.

But there are also many 'fast track' leadership schemes including the UK civil service, officer training, graduate schemes and so on. Indeed, in the GCC itself it could be argued that family businesses and the royal families adopt a fast track process to ensure capable successors.

We suggest therefore that Qatar could indeed develop a greater proportion of leaders from its national population but not by adopting the laissez faire approach to leadership development deployed elsewhere. There would need to be a specific, carefully designed, 'fast-track' program starting from an early age.

For Qatar and the UAE in particular, the time is now!

Prof. William Scott-Jackson is the Chairman of Oxford Strategic Consulting, Visiting Professor at Cass Business School and a Visiting Academic at the University of Oxford.