



Human Capital Development in the Arab World: A View from the Top

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Officially endorsed by

UNITED ARAB EMIRATES
FEDERAL AUTHORITY FOR
GOVERNMENT HUMAN RESOURCES



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Our Vision: Provide an integrated and advanced personal identity management system that contribute to the transformation of the government and the economy and promotes security and global competitiveness of the UAE.

Human Capital: A VIEW FROM THE TOP

Agenda

- Introduction
- Addressing the Arab Human Capital Challenge
- Nationalization Initiatives
- Managing the Future: Engaging and Retaining Youth
- Developing the Leadership Culture
- Concluding Remarks

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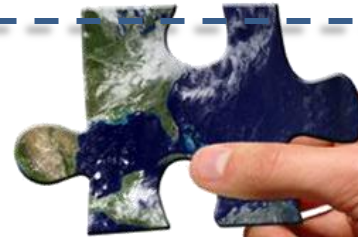
- **Change** is what we live and breathe, and the common language in today's world ..
- Proliferating **uncertainty** factor and hence complexity.
- **Technology** is changing almost everything, and **vanishing traditional assumptions** of how things are done!

More attention is given to **Organisation Design:**
is a process for improving **success probability**
(Organizations are long term and Human Resources are short term):

alignment of **human** dimension and corporate
strategic **goals and objectives** .

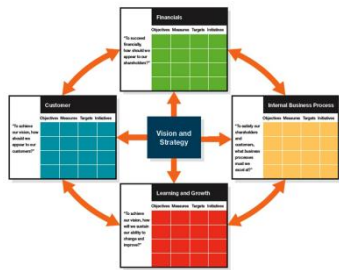


“The idea is **to create** a way of organizing, that **best suits** the purpose to be accomplished, regardless of the way in which other, dissimilar groups are organized.”
(Roy H. Autry, 1996)



Organisation Design Framework

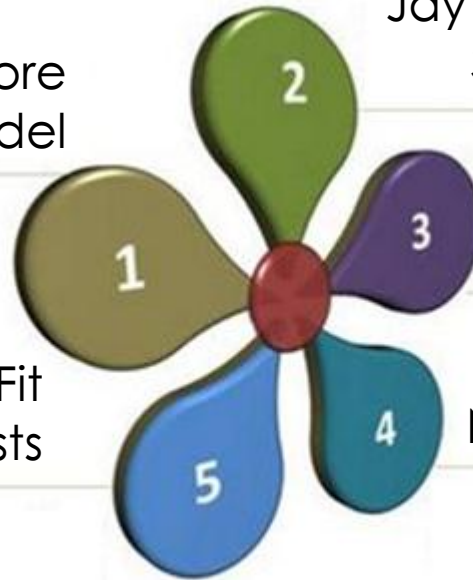
Massive Investments !



Balanced Score Card Model



Jay Galbraith-Star Model



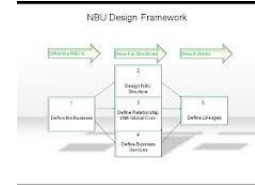
Boston Consulting Group Building Blocks

Business Block	Strategies	Business Objectives
Right Issues	Business plan design is based on prior strategy. Corporate culture transfer challenges leaders to push for the change. Organizational redesign is required to ensure a strategic fit.	How do you align your organization with the business plan? How do you align your organization with the business plan? How do you align your organization with the business plan?
Right Candidates	Organizational redesign is based on prior strategy. Corporate culture transfer challenges leaders to push for the change. Organizational redesign is required to ensure a strategic fit.	How do you align your organization with the business plan? How do you align your organization with the business plan? How do you align your organization with the business plan?
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Goold and Campbell- Fit and Good Design Tests



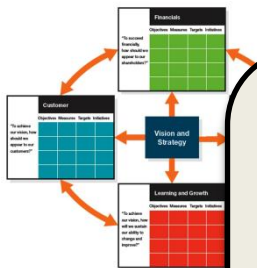
Booz Allen Hamilton-Natural Business Units



Organisation Design Framework

Massive Investments !

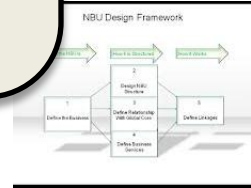
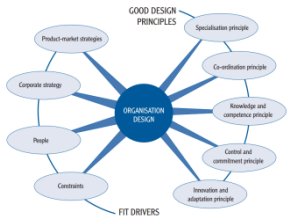
Jay Galbraith-



Human Resources:
being pushed into a **curious position of attention.**

Business Issue	Implications	Business Question
Right Issues	Business issues emerge in relation to your strategy. Considered almost "strategic" challenges because they point to the "big picture" - long-term performance. Organizational design is a strategic challenge because it addresses the business architecture.	How important is emerging global competition? How important is emerging talent? How important is emerging customer needs? How important is emerging technology?
Right Challenges	Organizational design is a challenge because it is a cross-functional, cross-departmental issue. It is a challenge because it is a cross-functional, cross-departmental issue. It is a challenge because it is a cross-functional, cross-departmental issue.	How does your organization work today in terms of communication, knowledge, and expertise? How are the disciplines in terms of goal alignment, resources, roles, and values?
Right Change Candidates	Organizational design is a challenge because it is a cross-functional, cross-departmental issue. It is a challenge because it is a cross-functional, cross-departmental issue. It is a challenge because it is a cross-functional, cross-departmental issue.	How does your organization work today in terms of communication, knowledge, and expertise? How are the disciplines in terms of goal alignment, resources, roles, and values?
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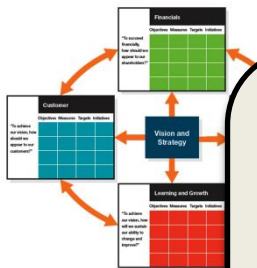
Goals and



Organisation Design Framework

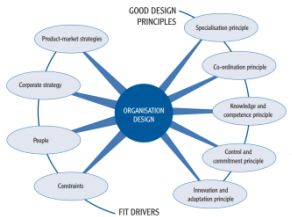
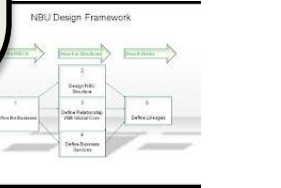
Massive Investments !

Jay Galbraith-



Human Resources:
being pushed into a **curious**
position of attention.

Business Role	Strategic	Operational
Right Issues	Business plan design is based on prior strategy. Corporate culture through challenges leads the path for the strategy. Organizational design follows the strategy, when firm make strategy and organizational design a strategic performance.	How strategy is emerging from "what if/when" type questions about where are the synergies across the business portfolio?
Right Candidates	Organizations that are identified. One business leader are identified to address these issues. Candidates are primarily identified from the organizational portfolio.	How have your organization work today in terms of communication, knowledge, and skills? How are the disciplines in terms of goal alignment, location, roles, and talent?
Right Change Candidates	Candidates design change leaders. They are required to be good enough to be successful in leading people, and to be successful in a critical and core in competitive environment.	How are people recruited, including promotion, which leader technology, and development? What design strategy? How can you best design your HR? What are the design issues are critical to change? How are training leaders and change leaders?
Right Change	Successful candidates are implemented against other HR functionality. Potential HR is recognized as the organization's capability and ability to deliver superior management.	Are key employees protected in the workplace? How effective training and change leaders design your HR? What is the impact?



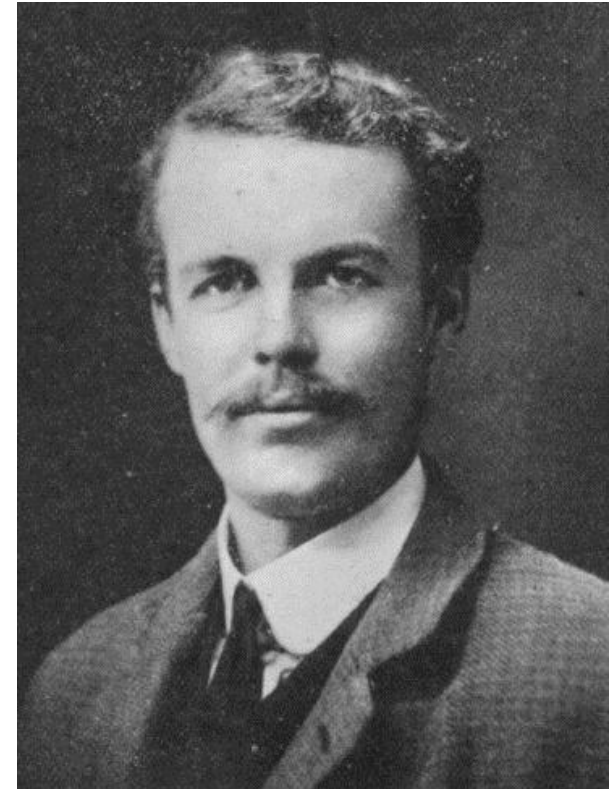
HUMAN CAPITAL DEVELOPMENT

Human Capital in Economy

“There is such a thing as **investment in human** capital as well as **investment in material** capital. So soon as this is recognized, the **distinction between economy in consumption and economy in investment** becomes blurred.”

Arthur Cecil Pigou (1877– 1959)

English Economist, Teacher and builder of the School of Economics at the University of Cambridge.



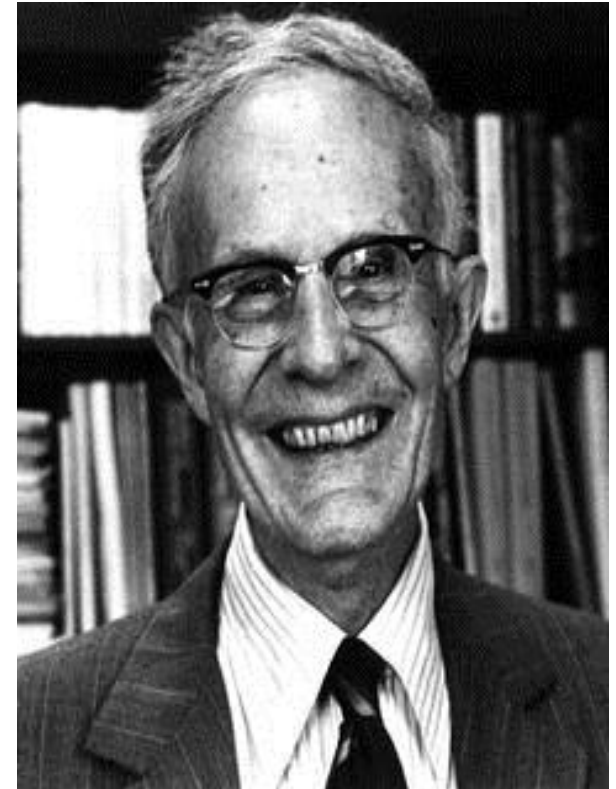
Human Capital Investment

“Human capital is like any other **type of capital**; it could be invested in through **education, training** and enhanced **benefits** that will lead to an **improvement** in the **quality and level of production.**”

Theodore William Schultz

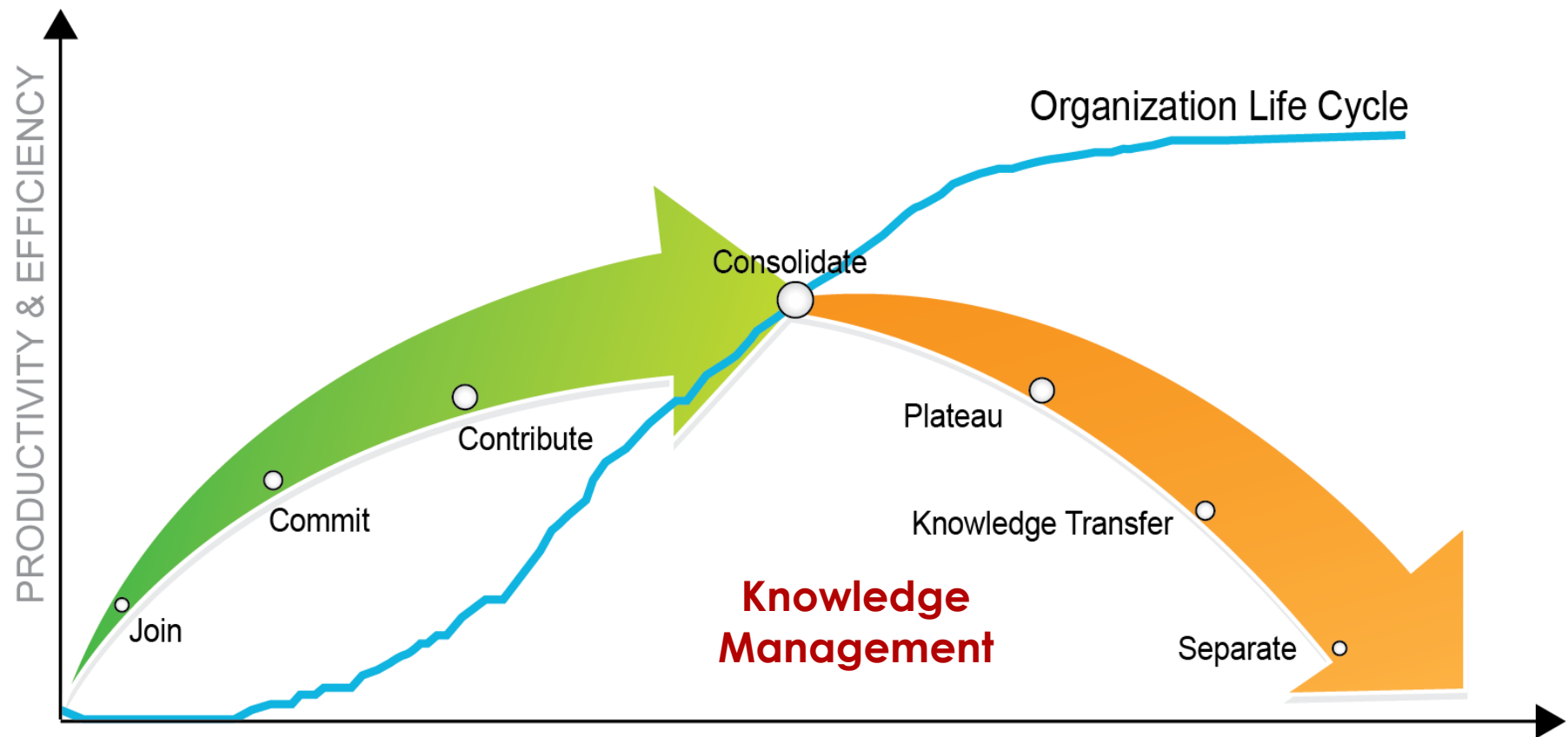
American Economist (1902–1998)

Nobel Memorial Prize in Economic Sciences.



Employee Life Cycle: Dynamic rather than defined

Alignment organisation and **personal** goals..
If disregarded, **stagnancy and complacency** start creeping..



Human Capital Investment is all about **nurturing of talent, retention of talent, rewarding achievements and enabling personal & organizational growth.**



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Human Capital Challenges

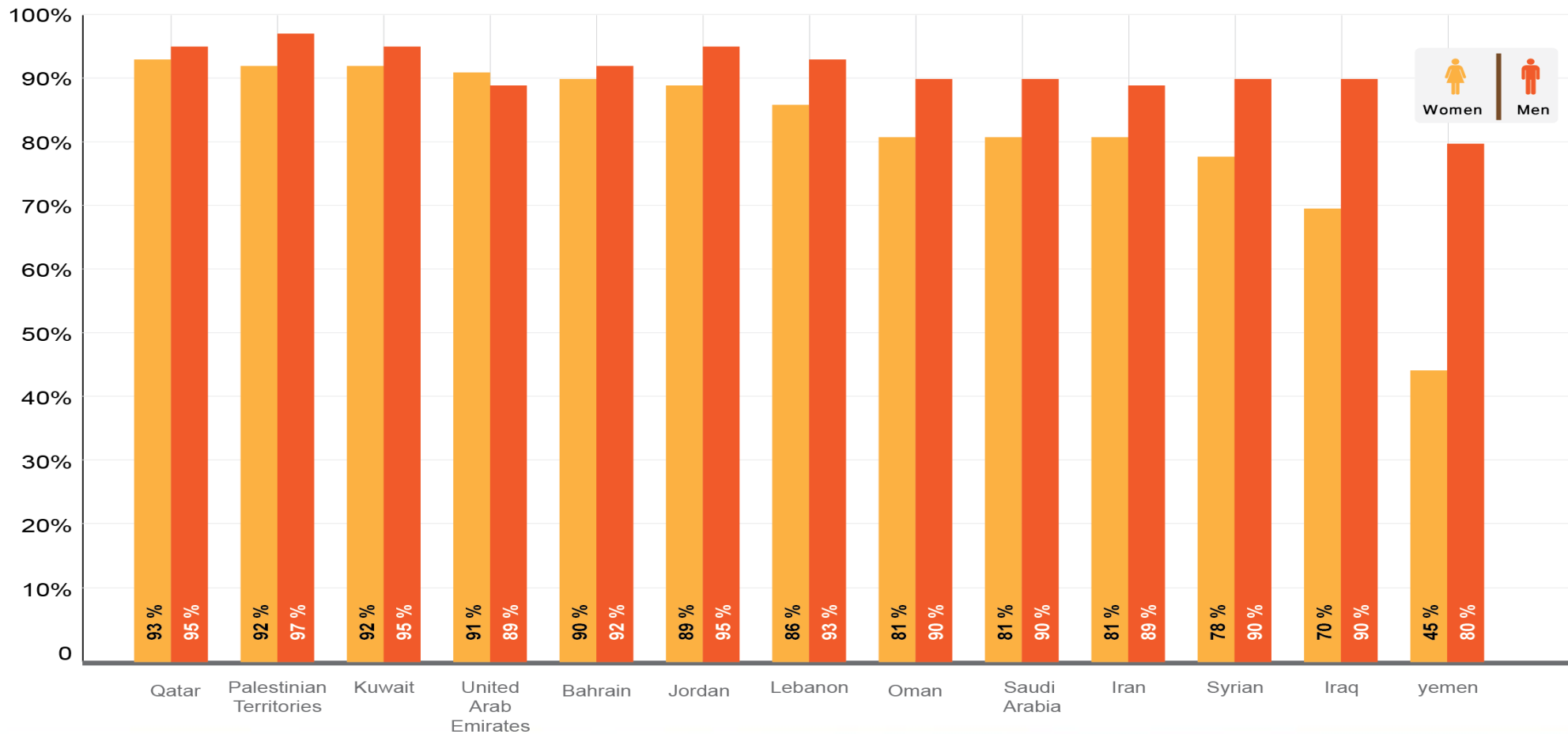
Disparities in **access to educational** opportunities



RAND Corporation http://www.rand.org/pubs/research_briefs/RB9383/index1.html

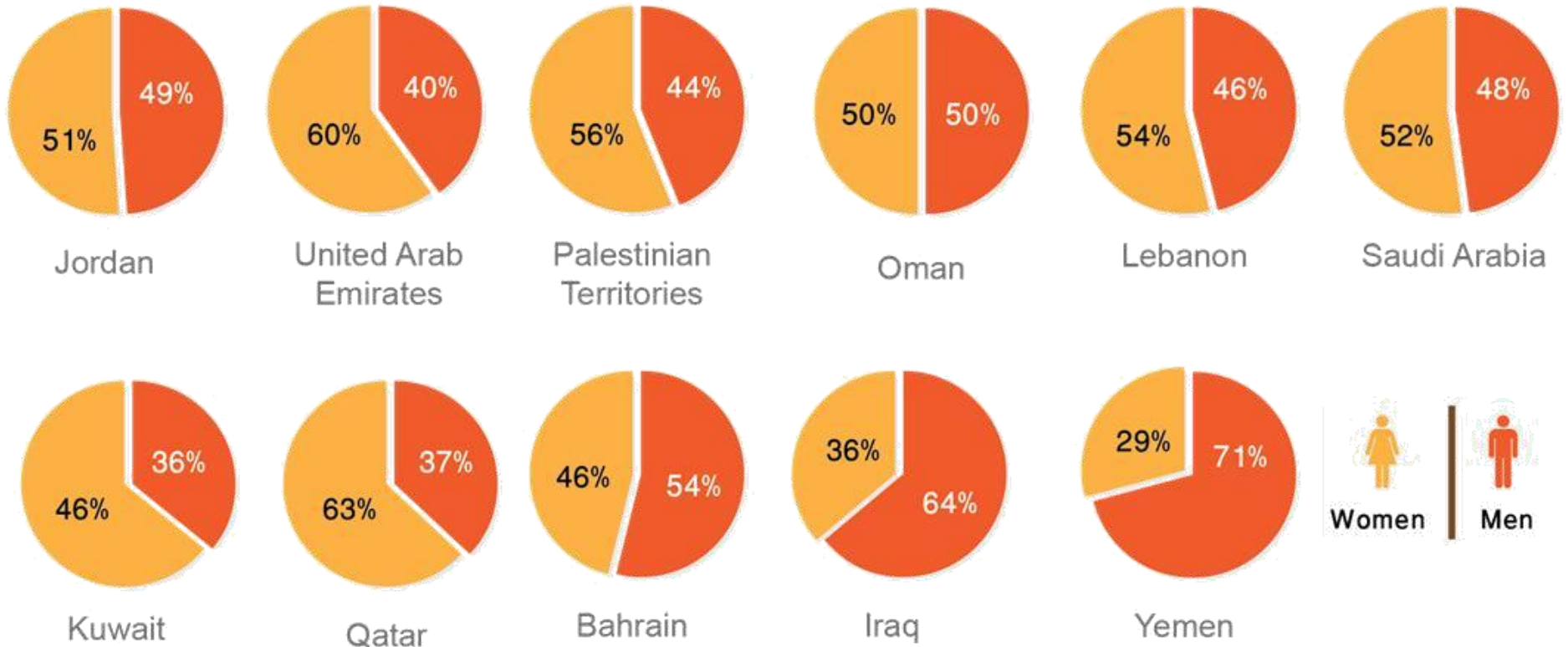
Adult Literacy in the Middle East

Highest literacy in the world.. 97% among both genders in some countries



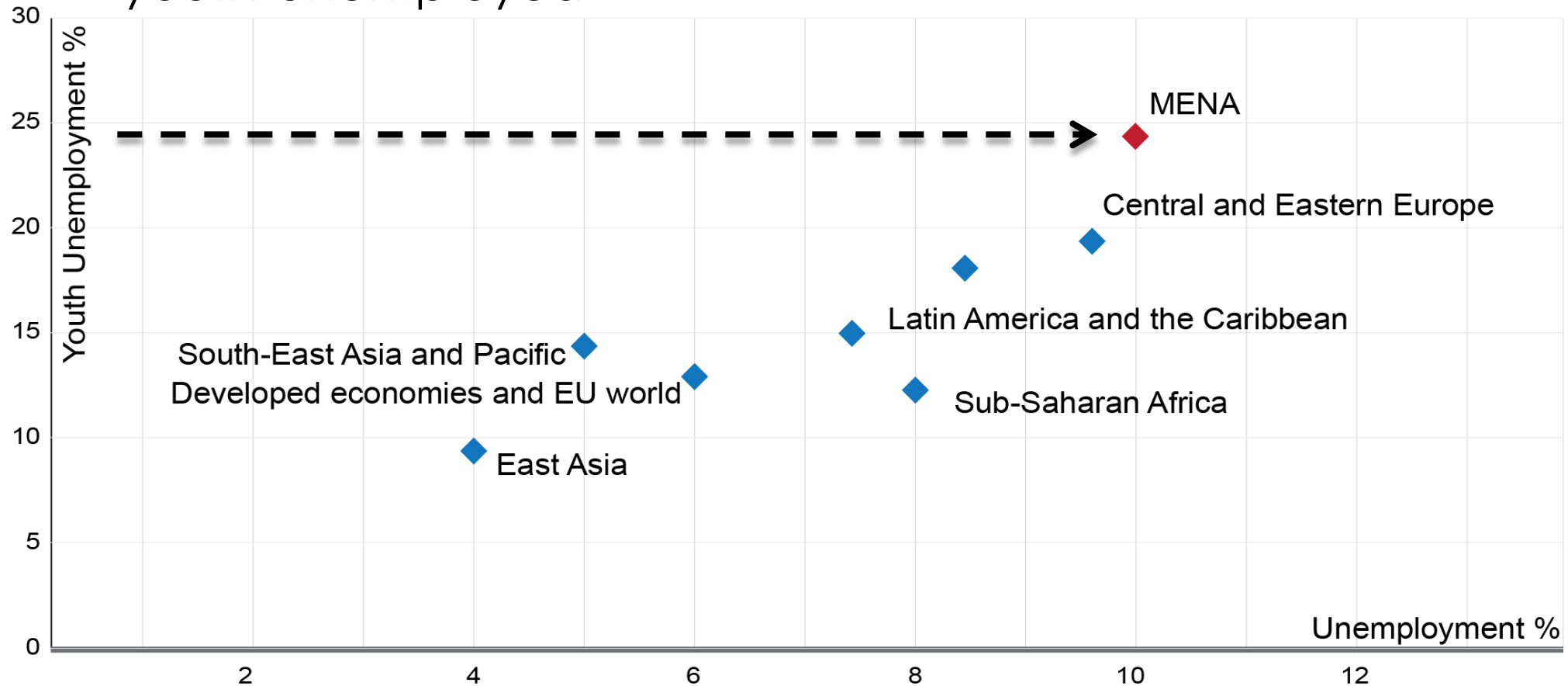
University Attendance in the Middle East

University attendance shows **huge shift in closing the gender gap** with **females outnumbering** the males in **university education** in the region



Unemployment among Youth

Unemployment among **youth**: nearly **25%** of the region's youth unemployed.

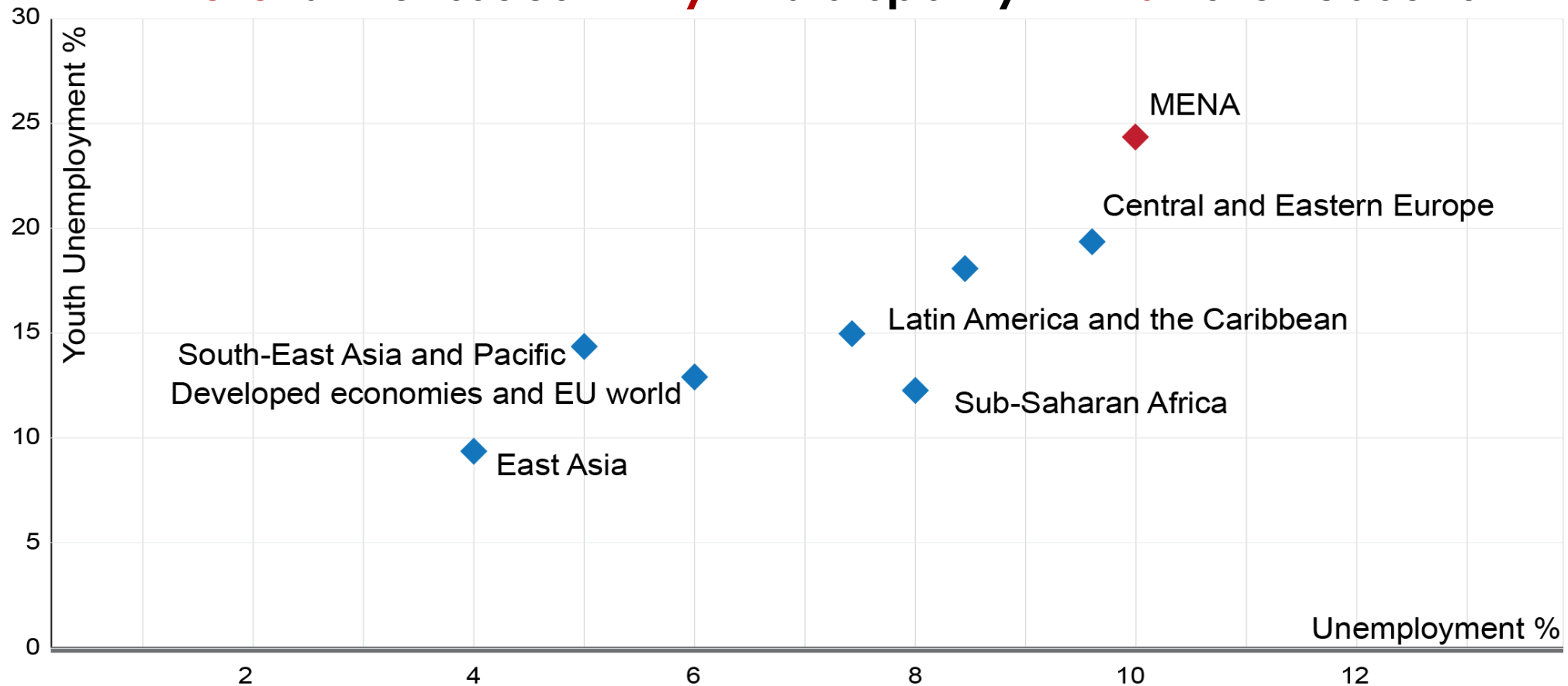


Source: ILO & IMF Data -2010

Underlying causes?

Highest per capita incomes in the world!

Where is the **issues?** **Why** this **disparity?** **What** are **reasons?**



Source: ILO & IMF Data -2010

Causes of Youth Unemployment

Population Growth

Economic Crisis

Discouraged Youth

two main policy factors:

Lack of National Comprehensive Policy Framework

Deficiencies of Labour Market Institution and Policies

High population growth rates, especially in the Middle East, North Africa and sub-saharan Africa, have increased the number of youth entering the labour market.¹⁴

POPULATION IN THE ARAB COUNTRIES IN 1970 2010 2050

1 2 8 million

Between 1970 and 2010, population of the Arab countries nearly tripled. The region will have 598 million inhabitants by 2050.¹⁵

Causes of Youth Unemployment

Quality and Relevance of Education



Education is often not adequately tailored to the needs of the labour market, which means that firms are unable to hire the skills they need. Combined with the inability of many economies to create sufficient jobs, it has resulted in increasing the educated unemployed.^{10, 5}



Education is the key to a decent job.

“In 2010, in **25 out of 27 developed countries**, the **highest unemployment** rate was among people with **primary education or less.**”

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Nationalisation in GCC Countries

 **“Kuwaitisation”** الكويت
Kuwait

Restructuring Program to **support and encourage** local workforce in the **private sector**.



 **“Qatarisation”** قطر
Qatar

National Strategy to localise labour workforce

 **“Bahrainisation”** البحرين
Bahrain

Tamkeen initiative, part of **Economic Vision 2030**

Labour Fund initiative to **support employability, job creation, and social support**

Training & Development Scheme, with **financial support from private sector**



 **“Saudisation”** المملكة العربية السعودية
Saudi Arabia

Netaqaat: a **Rating Scheme** by Ministry of Labour to rank organisations by their **localisation %**



Nationalisation Committee with empowerment to **penalise un-complying entities**.



 **“Omanisation”** سلطنة عمان
Sultanate of Oman

Sanad Scheme, Ministry of Labour initiative to support **job seekers and self-employment projects**

Oman Strategy 2020



UAE Leadership Vision



**HH Sheikh Zayed
Bin Sultan Al Nahyan**

“It is my duty as the leader of the young people of this country to **encourage them to work** and **to exert themselves** in order to **raise their own standards** and to be of service to the country.

The **individual** who is healthy and of a sound mind and body but **who does not work commits a crime against himself and society.**”



**HH Sheikh Khalifa Bin
Zayed Al Nahyan**

The **citizen** is the **principle element** in the progress and development of the state and a **partner** in shaping the **future** of the nation.



**HH Sheikh Mohamed
Bin Rashid Al Maktoum**

“We believe that **our youth** are the **backbone of the nation** and the **foundation** on which to develop this noble **civilisation**, unaffected by the wind of change, no matter how hard it blows.”



**HH Sheikh Mohamed
Bin Zayed Al Nahyan**

“Education is the **priority** of any nation that hopes to occupy a **distinguished position** among countries of the world. It is the means by which it can build a **strong generation**, cautious of adhering to its customs and traditions and able to adjust to the **ever-changing needs of our times** and to the **ever-developing technologies of the modern world.**”

UAE's leadership has a very **clear vision** on Human Capital Investment.


Nationalization Initiatives: UAE




The Sheikh Mohamed Bin Rashid Foundation for Young Leaders



The Khalifa Fund for Enterprise Development




The Emirates Foundation for Youth Development



The Sandhurst UAE Youth Development Program



2013: Year of Tawteen




Ministers Cabinet: issued bylaw to enforce workforce localisation, and to be monitored annually by PM Office.




HRDC لجنة الھيئة الھيئة الھيئة في القطاع المصرفي و المالي
Human Resources Development Committee in Banking and Financial Sector

HR Development Committee in Banking Sector




ABSHER initiative to localise Private Sector




The ICT Fund



Tanmia




Emirates Nationals Development Programme



Takamul تكامل
FROM IDEAS TO APPLICATION من الأفكار إلى التطبيق

The Takamul Program



The Tawteen Council Initiative

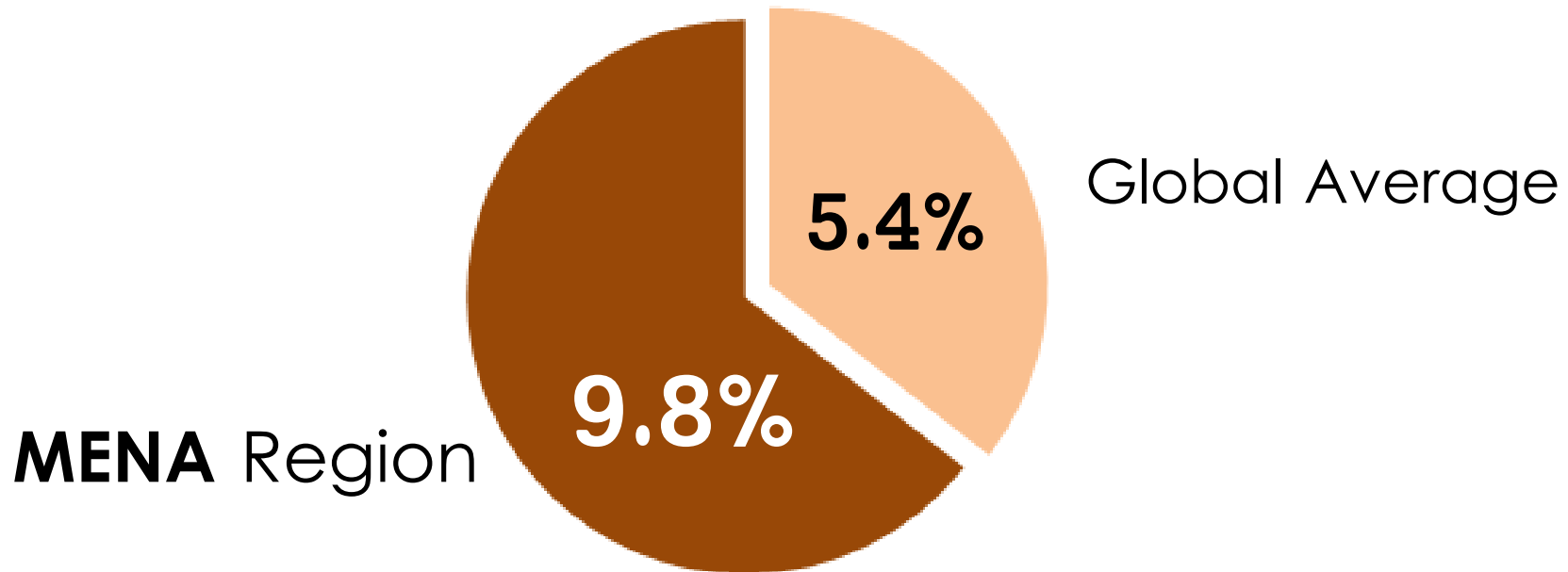
Nationalisation in the Arab World

Arab nations are seeking to build
'EMPLOYABLE NATIONAL RESOURCES'

- **Laws & Legislation**
- **National Initiatives**
- Training and development programs to support **skills development.**

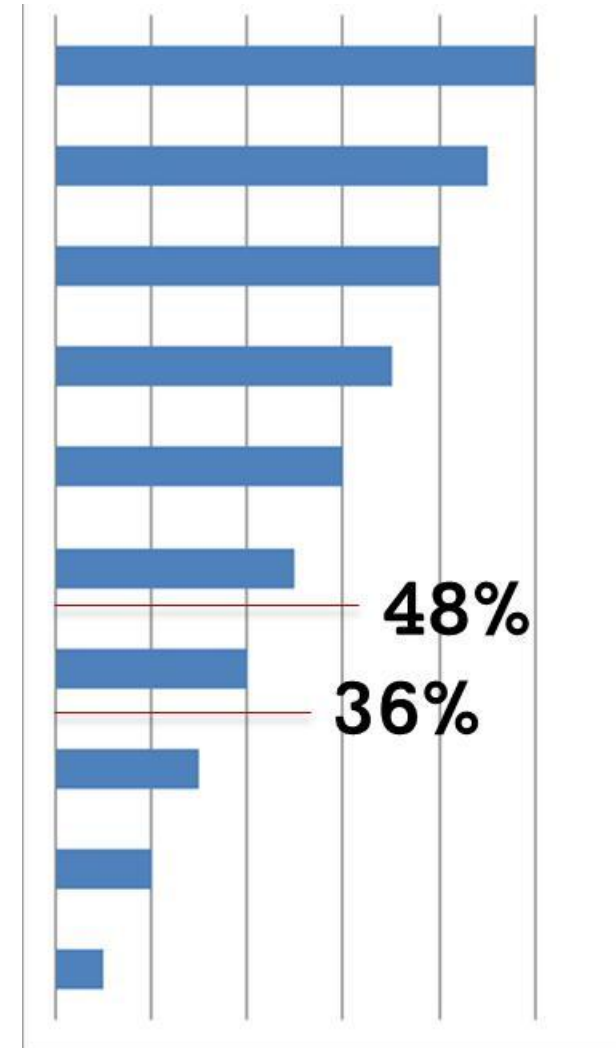
Government Role in Supporting Employment

- **Governments** in the region have **strongly supported** employment (localisation).
- As per a recent **IMF report** the Government's in the MENA region **spend 9.8% of their GDP** towards the **wages** as compared to a Global Average of 5.4%!!



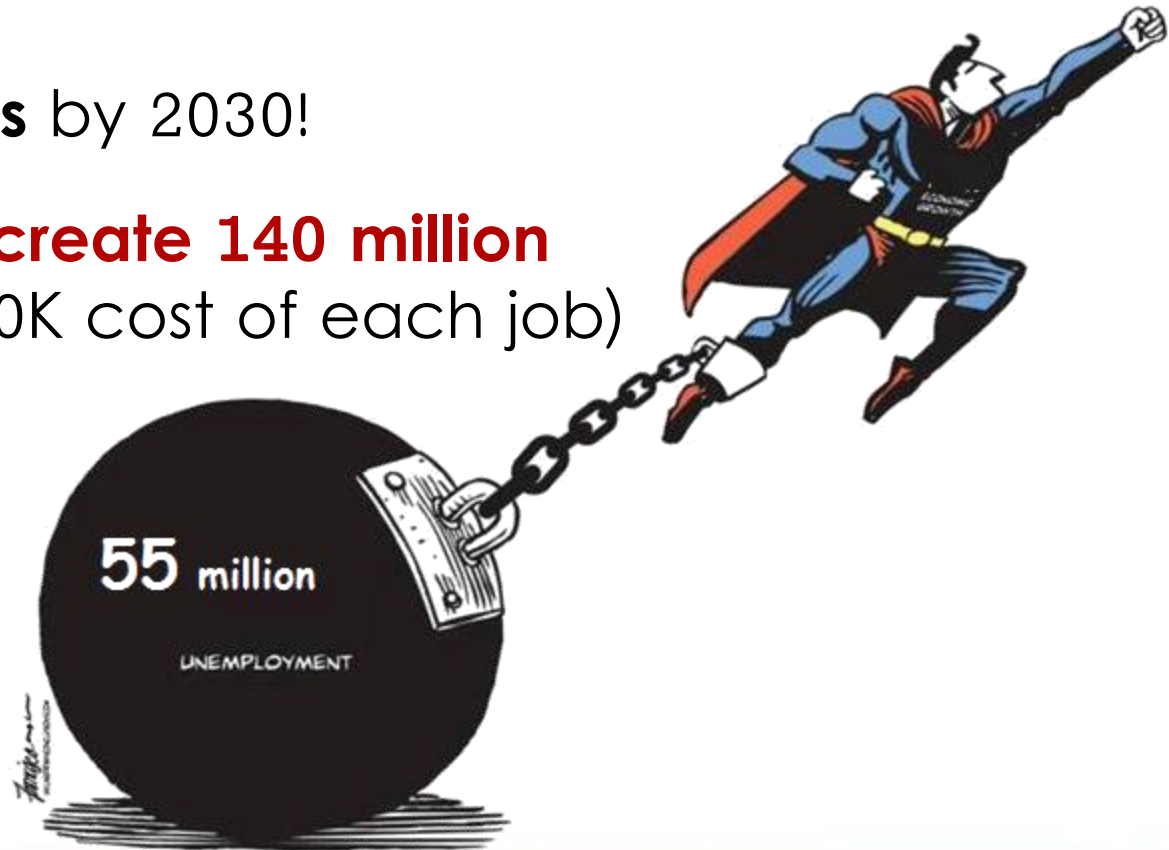
Employment in Public Sector

- **Public sector** estimated **wages** are **48% and 36% higher** than those offered by the private sector.
- This implies that our **regional government** sector **not only pays** more but **employs more** too.
- Despite this, the **unemployment rate is highest in the world** in the region.



Employment Statistics in Arab World

- **55 million** unemployed
- Population: **360** million to **480 million** in 2030.
- **95 million job seekers** by 2030!
- **Real challenge** is to **create 140 million jobs in 15 years** (\$100K cost of each job) = **\$14 trillion.**



Incentivising Private Sector

- **Private sector** needs to be **incentivized** to **offer more employment** and make it a **lucrative proposition** for the people **to join the private sector**.
- This can be done, not just by subsidies or financial incentives, but by **providing quality labor to the market** from the local population.



Need for Methodological Approach

National Human Capital Development Policy



Coordinated efforts of various **initiatives** for the **common goals**

Enhanced participation of the **private sector** in the National Human Capital Development

A high-angle, top-down photograph of a massive crowd of people, all dressed in identical Superman costumes. The costumes are blue with a red cape and a yellow 'S' shield on a red background. The crowd is dense and fills the entire frame, extending far into the background. The people are of various ages and ethnicities, and many are looking towards the camera or holding up their phones to take pictures. The overall scene is a visual metaphor for a large number of people who identify themselves as 'superheroes' or 'supermen'.

Do we really need supermen?

**We
need to
develop**

Super-Minds!

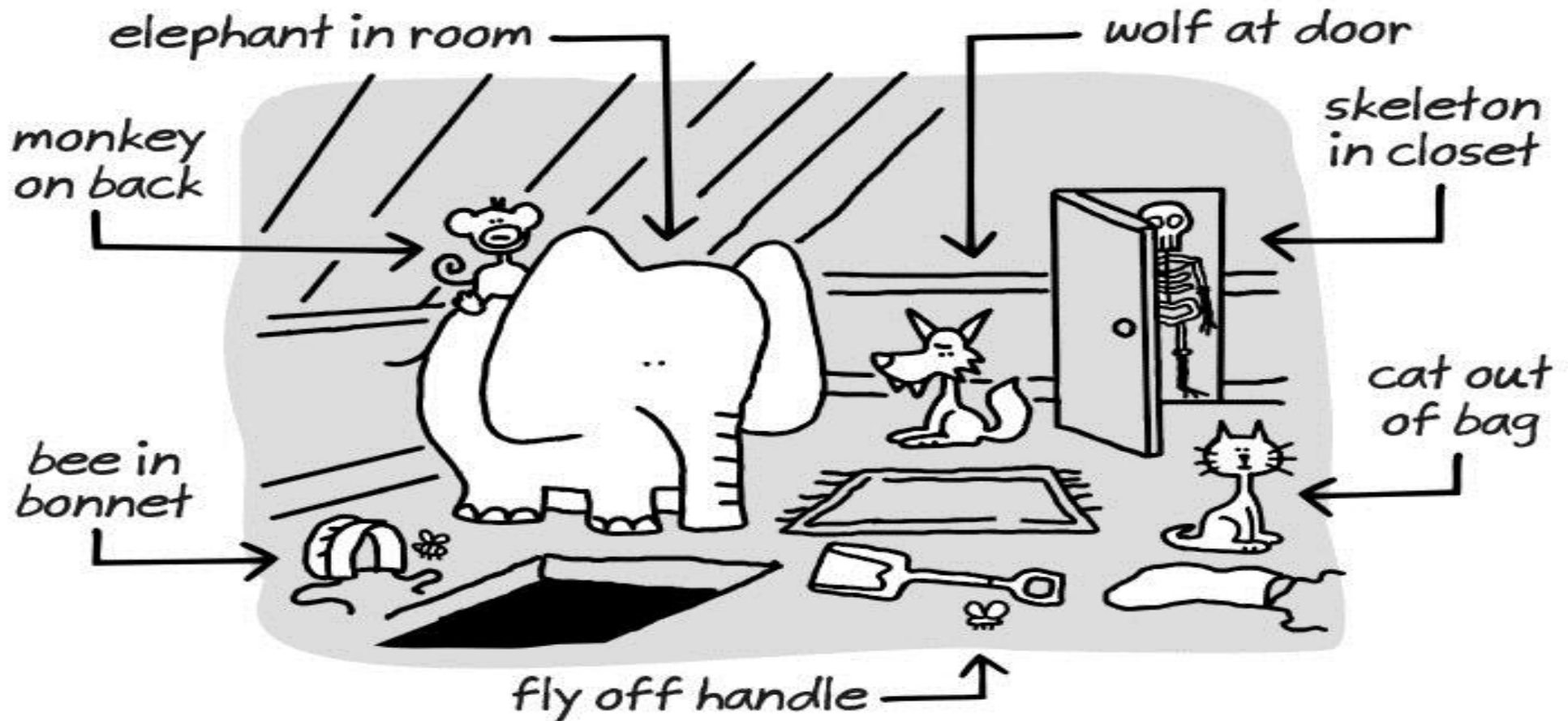
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Preparing Younger Generation

problematic idiomatic attic



Best Practices

- Ensure clear **understanding** of organisation **values**, and **how their efforts contribute** (frequent, timely **recognition** and detailed **feedback**).
- Continuous **training and development**. **Skills** can always be improved.
- Allow **investment** of some increment of “work time” in **creating ideas** and outlets that could bring benefits to organizations, e.g., **Google’s “20 percent time.”**

Good management practices:
create **healthy environment** to help **organisations succeed** and **retain employees** as well as **attracting** new candidates.

Developing Excellence Culture

- **New excellence models** assume management not only operating and directing but also leading and having the necessary **talent** and comprehending good **practices** and outstanding leadership **skills**.



ASTD Human Capital Development Model



American Society
for Training and
Development

10 areas of
training and
development:



released in
May **2013**
improves
upon the last
release of
2004 to bring
in several
new updates
in the
**Competency
Modeling for
Organizations**

Human Capital Development Framework



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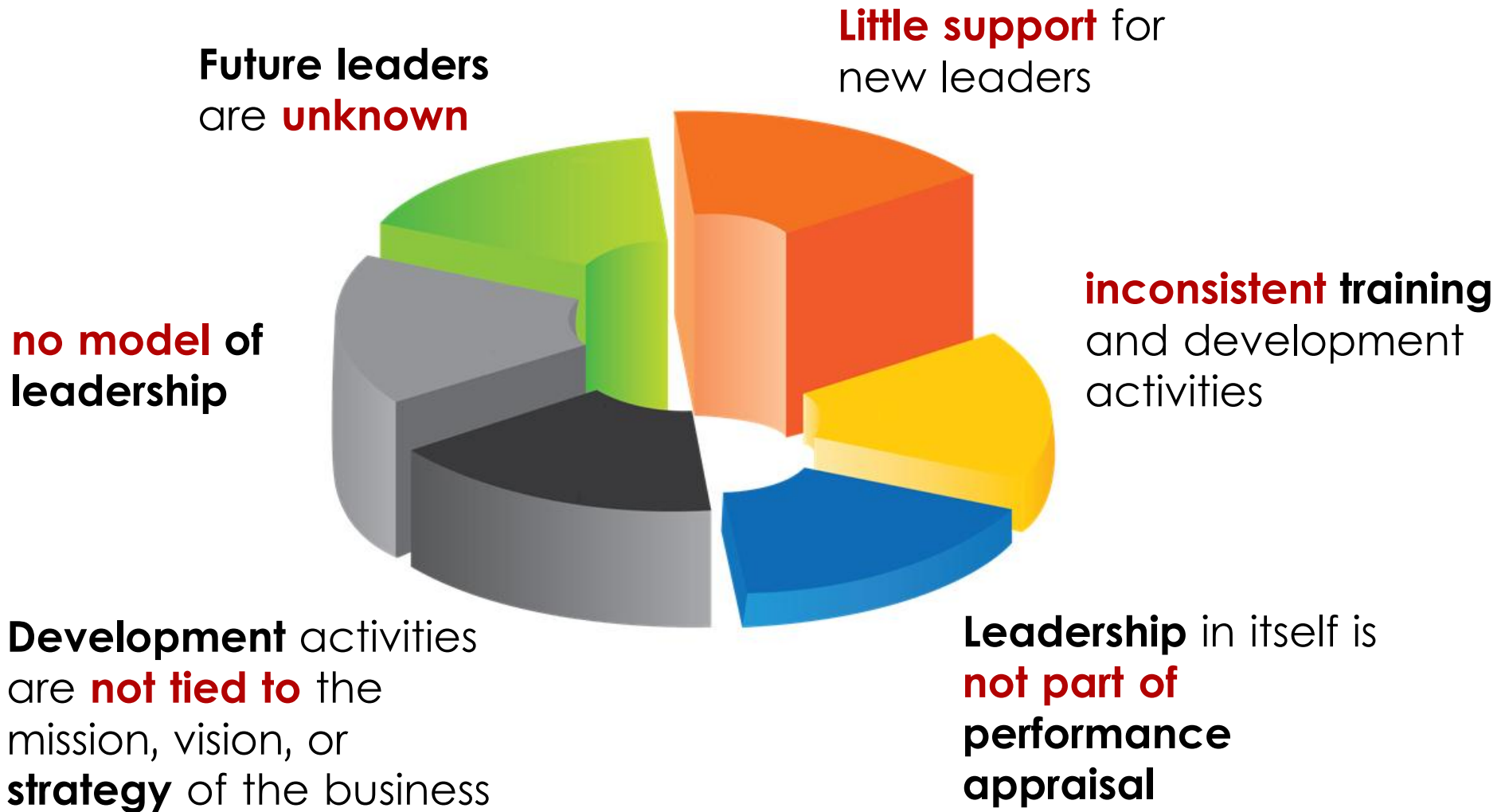
Leadership?

The single most
fundamental
pillar for the
success of any
endeavour is:

LEADERSHIP
with **Vision!**



Leadership Gaps: Failure Symptoms in Org. Culture



Defining what leadership makes sense to Org.?

What do our **stakeholders expect** of our leaders as we work to achieve these things?



What's our **vision**?

What's our **mission**?

What **leadership skills** are necessary for getting us there?

Supporting leaders to self-develop

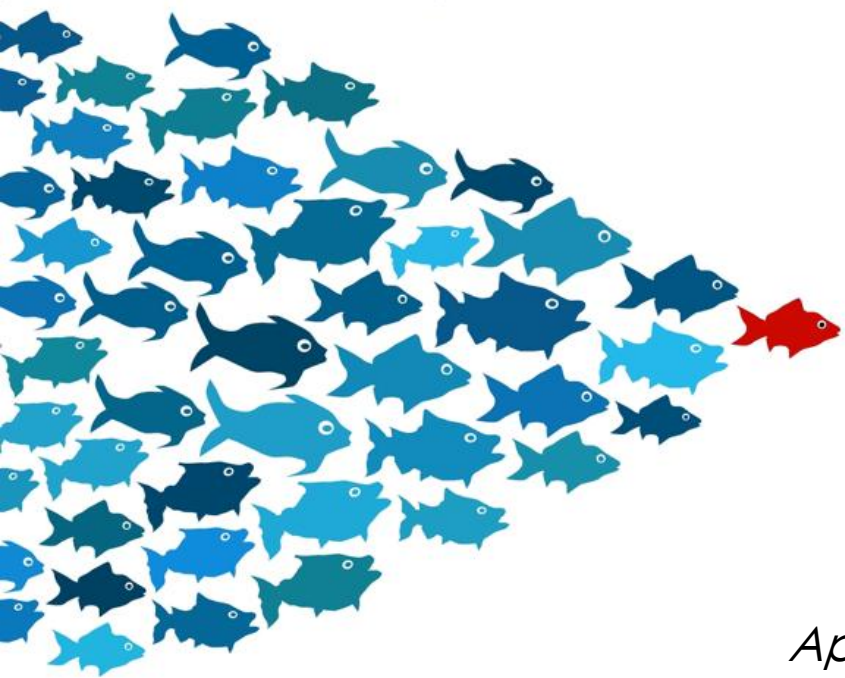
At this stage leaders **need coaching** and **guidance** to **feedback** them on their leadership **achievements**.

Help leaders hit the target. Turn them around so they're facing in the right direction. **Move them closer** until the **target comes into focus**. Then, give them the bow and arrow and teach them how to aim.



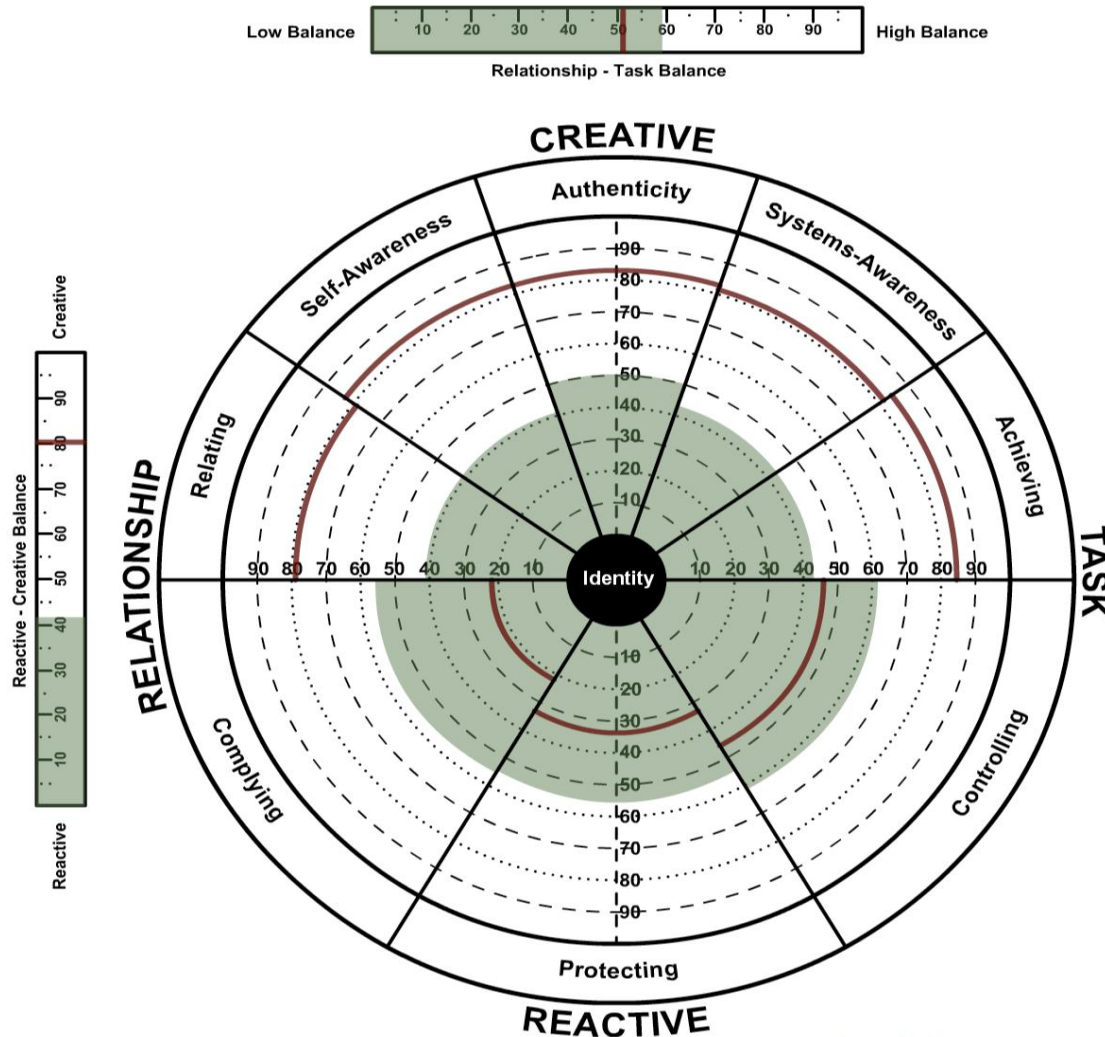
Leadership development is about actually teaching people how to learn and how to **accelerate the process of learning**.

- Missing **link!**
- Individuals **understanding** of **learning process** and how to **accelerate own learning.**
- **Learning organization** remains a **theoretical** construct instead of a practical reality!
- Organizations don't develop leaders, instead **leaders develop leaders!**



April 2011 article published by CLO magazine

Evaluation: Developing Sensors!



The **Leadership Circle Profile** is a tool to **accelerate leadership effectiveness** beyond traditional **competency-based approaches**. When it comes to developing leaders, training to competencies alone does not work very well. For more rapid and lasting results, it is crucial that organizations **help leaders** gain **deeper insight** into their **behavior** and what is driving it.

Leadership Role



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Concluding Remarks

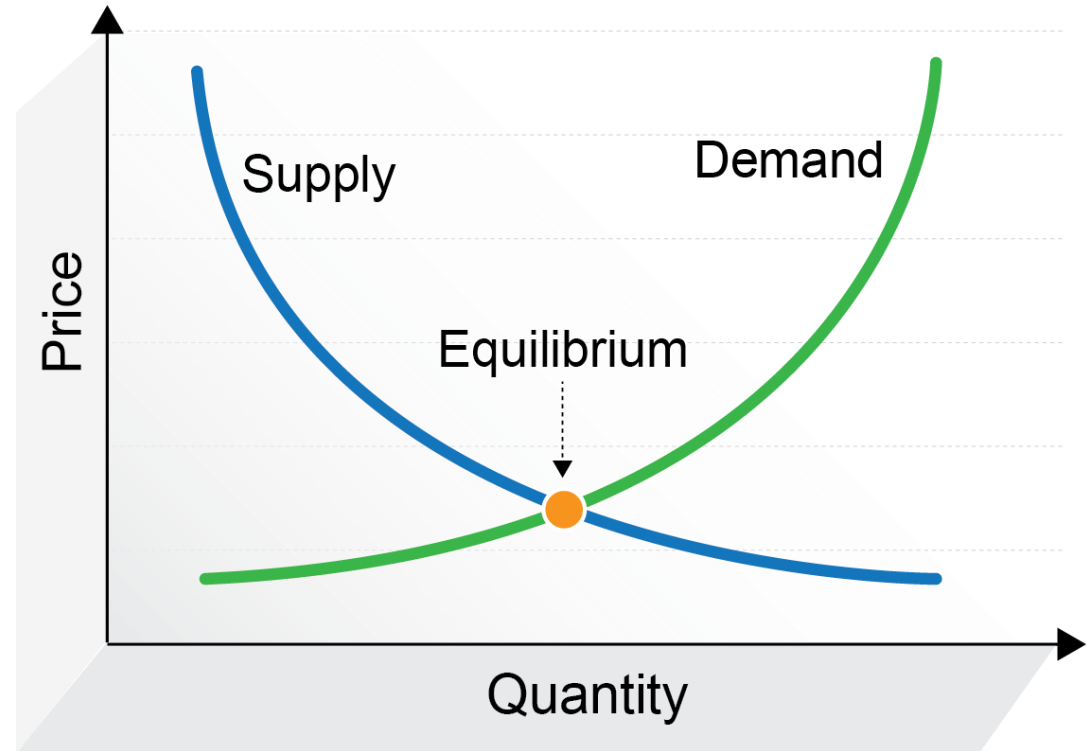


Needs for **conscious and diligent** development of the **Knowledge-base** and the building of a deep rooted **Knowledge Economy**.

Only **Knowledge Management** can make the Human Capital Development **sustainable**.

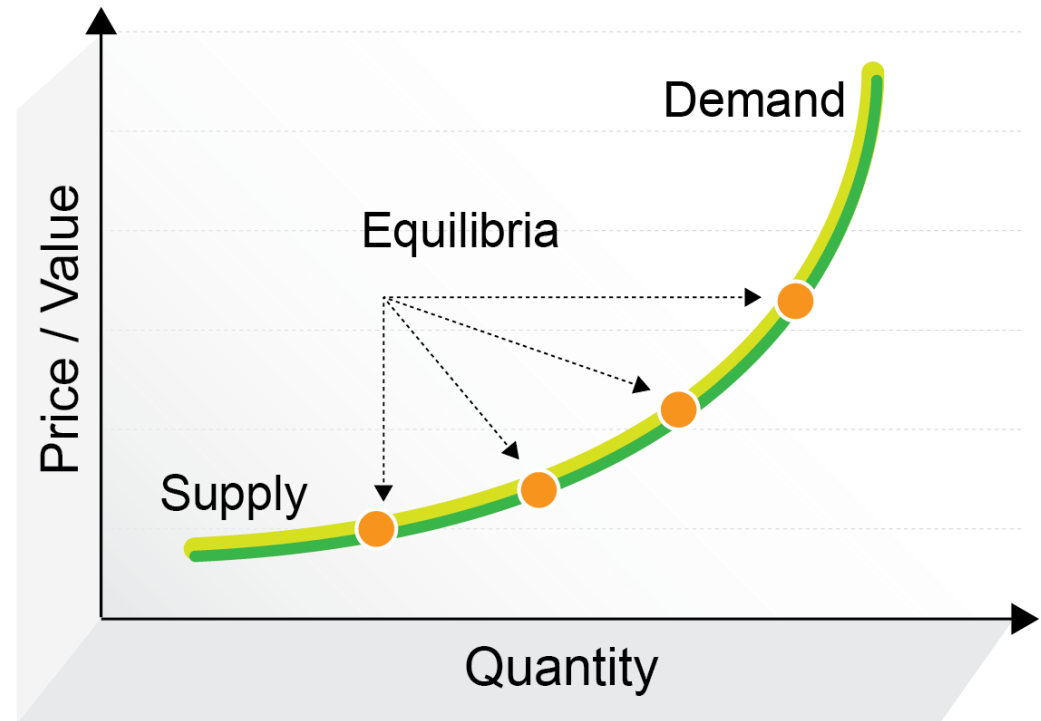
Manufacturing Age Supply and Demand

- **Quantity** of goods/services demanded/supplied **determine the price**
- **Laws of supply & demand dictate** at what price and quantity the **economy** operates most efficiently – the **point of equilibrium**.



Knowledge Age Supply and Demand

- **Knowledge & Information** are demanded & supplied.
- **Physical** assets vs. **knowledge** assets based economies.
- The more one piece of **information is demanded**, the more **value the market** will place on that **knowledge asset**.



Fueling Human Capital Formation Policies

- Need to recognize the **dynamic nature** of the **human capital**.
- It is fundamental that governments account for **general equilibrium effects** to **emphasise heterogeneity in skills** through sagacious **policies** and **influence human capital formation**.



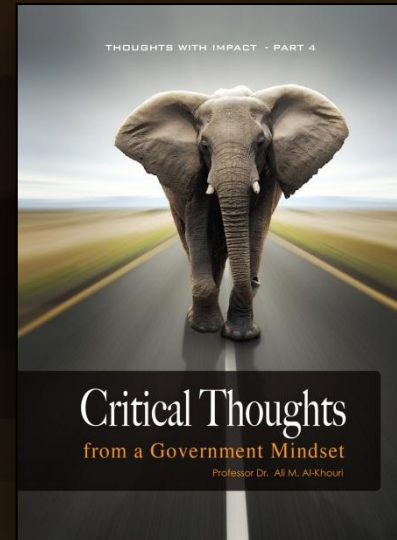
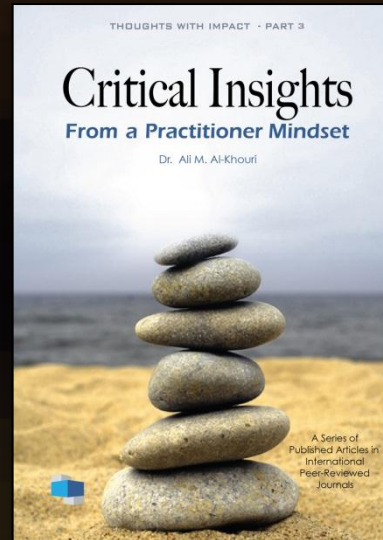
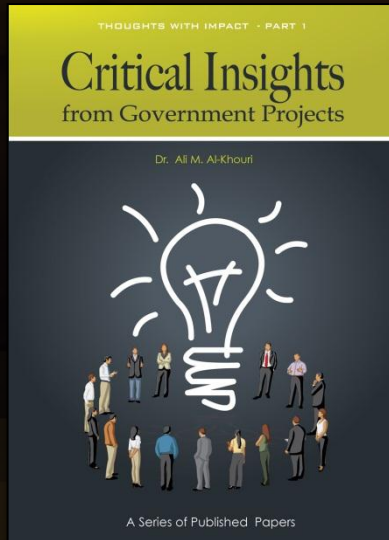
id.ae

الآن يمكنكم الوصول إلى موقعنا الإلكتروني بحرفين



Read our recent research from:

<http://www.emiratesid.gov.ae/ar/media-center/publications.aspx>



THANK YOU.

Dr. Ali M. Al-Khouri

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