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Qatarization Policy – Implementation Challenges

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Introduction

Qatar has recognized the importance of investing in human capital to have a strong, developed economy and to facilitate the transfer of technologies. It has become essential that Qatari society acquires the knowledge, skills, and capabilities to pave the way for the country's economic development. Therefore, the most important change for Qatar and its citizens relates to national labor as sustainable economic growth requires a skilled and knowledgeable workforce.

This paper will focus on "Qatarization" strategy, a policy which aims to develop the national labor force to replace professional expatriates in critical positions with Qatari nationals. The essay argues that policy-makers have ignored external factors and agents that affect the process of Qatarization. For example, education is not aligned with labor market demands; training programs are not adequately developed; cultural norms and traditions influence, sometimes negatively, the choice of education and work; and government policies are contradictory and are not in harmony with the Qatarization strategy. The paper suggests that in order for the strategy to be better implemented, and to constitute "quality Qatarization" instead of "quantity Qatarization," the government needs to align educational efforts with the labor market and incorporate monitoring and evaluation systems to ensure quality training.

Part I: The Reason for Qatarization

The Qatari labor force is still in a process of development. It cannot yet compete in international markets. Rapid economic growth, stemming from oil revenues, has been accompanied by lack of skilled labor. Therefore, the government has had no choice but to

import foreign labor to both fill this gap and supervise and teach Qataris in various industries and sectors. While the expatriate population had grown at a record pace, the Qatari labor force has been slow in making progress.

In November 2005 Abdul Rahman Al-Attiya, the GCC Secretary-General, warned about the possible consequences of the situation: “The GCC countries need to look at the massive presence of expatriates basically as a national security issue, and not merely as an economic matter.”¹ These security concerns have led GCC states to create nationalization plans to ensure that more nationals are employed in all sectors.² In an attempt to decrease the dependence on foreign labor, Qatar started its own national plan: Qatarization.

The reason this strategy is crucial to Qatar’s development is that it constitutes an investment in human capital that ensures knowledge transfer for future generations of Qataris. It therefore plays a significant role in the creation of a knowledge-based economy. In this context, the World Bank was asked by the Planning Council of Qatar and the Qatar Foundation to carry out an assessment that will help to formulate a vision for a knowledge-based economy – part of the National Vision 2030 initiative. The vision promotes economic incentives and governance frameworks which support a knowledge-based economy through investing in education and learning, innovation, and information technologies.³

¹ Quoted in Habib Toumi, “Call for prudent labor import policy,” *Gulf News* (24 November 2005), <<http://gulfnews.com/news/gulf/bahrain/call-for-prudent-labour-import-policy-1.445829>>

² Steven D. Roper, “Labor Migration to the Gulf: Understanding Variations in the Kafala System,” Eastern Illinois University (2008), <<http://www.stevendroper.com/Kafala.pdf>>

³ “Turning Qatar into a Competitive Knowledge-Based Economy: Knowledge Economy Assessment of Qatar.” Government of Qatar Planning Council, Qatar Knowledge Economy Project, The World Bank (21 May 2007), <<http://siteresources.worldbank.org/KFDLP/Resources/QatarKnowledgeEconomyAssessment.pdf>>

Part II: Policy Problems and Implementation Challenges

There are many obstacles standing in the way of Qatarization. Most of them stem from the fact that the policy was set as a goal in and of itself, without considering externalities that could either improve or hinder its success. Viewing Qatarization simply as a method to increase the number of Qataris in the work force directs the focus toward quantity rather than quality and neglects links with other agents that have crucial roles in Qatarization. This has resulted in poor implementation and a loss of resources, as will be demonstrated in this section.

Education

Education should be the basis on which Qatarization is built. If this base is poorly established, it should not be surprising that the strategy has failed in some aspects. In Qatar, the system of schooling still has not reached international standards and remains incapable of producing an adequate labor force. According to the Program of International Student Assessment, the level of science proficiency of Qatari students is worryingly low. Table 1 below shows the percentage of students at each proficiency level on the science scale. Level 1 indicates limited scientific knowledge, while level 6 indicates advanced scientific thinking among students.

Table 1: Proficiency levels in science among students in Qatar

Below	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Level one						
47.6	31.5	13.9	5.0	1.6	0.3	0.0

Source: The Program for International Student Assessment 2007

According to Hend Jolo⁴, a professor at Qatar University, the evaluation of the education system in Qatar from 1956 until 2002 shows that this system has become increasingly independent of the economy since its establishment, including after the creation of Qatar Foundation in 1995. There has been a tendency for this system to generate educational achievements in literature and theoretical fields, which are not highly demanded by the local labor market.⁵ For example, only 26 Qatari students graduated from Qatar University with bachelor's degrees in engineering in the academic year 2003/2004, while 278 graduated with degrees in economics and management.⁶ Even if such a problem were solved, Qatar's gross tertiary education rate (3.84 percent) is relatively weak by global standards. Contrary to popular perceptions, the establishment of prestigious American universities on the Qatar Foundation premises did not contribute to an increase in tertiary education, especially among men.⁷ A study by RAND on human capital challenges in the Arab region shows that, by the age of 25, for every 100 Qatari women with university qualifications, there are only 46 Qatari men equally qualified.⁸

This phenomenon can be attributed to the country's dependence on natural resources. According to a study about natural resource abundance and economic growth by Sachs and Warner, dependence on natural resources can hinder progress in the division of labor because such production is not labor-intensive.⁹ In manufacturing and non-traded sectors, on the other

⁴ Hend A. Jolo is an Assistant Professor of Human Resources Management of Management and Marketing Department and served as the director of Human Resources Department at Qatar University (2004-2008). She was involved in QU Reform Project, Selatek Project with QF, and Labor Market Strategy with Planning Council in Qatar.

⁵ Hend A. Jolo, "Educational Outcomes and Labor Market Between Supply and Demand: A Qatari Perspective," *Journal of Business & Economics*, Vol. 11 pp 4-8 (2004).

⁶ Ibid.

⁷ American Universities on Qatar Foundation Premises include: Virginia Commonwealth University; Weill Cornell Medical College; Texas A&M University; Georgetown University School of Foreign Service; Northwestern University; Carnegie Mellon University.

⁸ Dell Felder And Mirka Vuollo, "Qatari Women in the Workforce, RAND-Qatar Policy Institute (2008), <http://www.rand.org/pubs/working_papers/WR612P>

⁹ Jeffrey D. Sachs and Andrew M. Warner. "Natural Resource Abundance and Economic Growth," Center of International Development, Harvard University (1997).

hand, capital and labor are used more intensively leading to more complex divisions of labor. Sachs and Warner argue that the “greater the natural resource endowment, the higher is the demand for non-tradable goods, and consequently, the smaller is the allocation of labor and capital to the manufacturing sector. Thus, a young person incurs the costs of education only if he or she expects to be employed in the manufacturing sector.”¹⁰ Countries like Singapore, Korea, and Japan that are poor in natural resources have moved into manufacturing, which requires more skilled and educated workers. As a result, their education systems were forced to develop, in accordance with the needs of the economy. In a resource-rich economy like Qatar’s, generations might forgo education and work in non-tradable sectors “since the price and hence market wage in that sector is above the marginal value product of labor in manufacturing.”¹¹ Therefore, it is no surprise that many Qatari males are not pursuing tertiary degrees and, instead, enter the labor force directly upon the completion of their secondary education. This obviously has a huge impact on the workforce’s capacity to supply highly skilled workers and also calls into question the lack of female representation in the workforce, given that women are far more educated than men.

Training

As important as education is, it cannot raise cognitive skills on its own. To be fruitful, education needs to be complemented with extensive training programs. The present Qatarization strategy does not incorporate these two components. In Qatar, inadequate educational background and a lack of training have hindered the development of workers’ competence and performance.

¹⁰ Ibid.

¹¹ Sachs and Warner.

According to Hend Jolo (2008), both technical and vocational education and on-the-job training are essential to meet the requirement of constantly changing work environments.¹² Such prerequisites are lacking in Qatar due to the fact that English has become the first language in most workplaces, creating a language barrier to the transferral of foreign expertise to Qataris. It is true that most university graduates speak an adequate level of English; but one must also consider those who cannot speak it, and the time and effort spent for them to learn it. Therefore, the transfer and diffusion of the skills and knowledge of the expatriate trainer to the national trainee may be limited, if not precluded due to language barriers.

Culture

Policy-makers have neglected the broader historical, social, and political context in which gender relations and Qatari culture are constructed. This context inevitably affects the outcome of Qatarization strategy.

Despite societal changes and increasing openness of society, there are still differences of opportunity in education and work between men and women. For instance, at Qatar University, some majors are only available to men or to women due to what is considered acceptable by society. At Qatar University, the Bachelor of Science degrees in Agricultural Science, Geology, and the double major of Geography and Urban Policy are offered exclusively to men. Conversely, only women may pursue degrees in Biomedical Science or Food Science and Nutrition.¹³ Furthermore, many Qatari women are reluctant to work in jobs

¹² Hend A. Jolo, "Human Capital Formation within Oil and Gas Based Industry: Manager's perspective," *IBA Business Review*, vol. 3, pp 95 (2008).

¹³ Cathleen Stasz, Eric Eide, and Francisco Martorell, *Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy* (Santa Monica: RAND Corporation, 2008).

that require them to spend long hours at work away from their families or that involve working in a mixed-gender environment. As a result, the subgroup of the Qatari population most able to immediately fill positions of skilled labor and leadership in the private sector – namely women – is unable to do so.

Aside from gender issues, culture also affects the choice of study and hence the choice of work. According to the study done by B.G. Devlin & Nick Jewson , entitled “The Development of Public Vocational Education and Training in the State of Qatar,” Qatar’s industrial development has been achieved as a result of large-scale inflows of technically-competent expatriate labor, due to a lack of technically competent Qataris.¹⁴ There is an imbalance in the ratio of students enrolled in higher technical education and those enrolled in training to become lower-echelon technicians and craftsmen.¹⁵ Culturally, such fields are not considered as prestigious as theoretical fields, as they require manual labor. Generally, physical work is not seen as desirable, despite the fact that many Qataris lived in hardship before the oil boom with no choice but to engage in hard physical labor such as pearl diving.

Contradictions

While developing its Qatarization strategy, the government has ignored the external factors which have transformed the demographics of the labor force, in particular the effects of the huge influx of foreign labor. Demographic changes have led to imbalances between the national and foreign populations as well as between genders. Moreover, it has led to tension between locals and foreign residents due to differences in work ethics and cultures. The latest

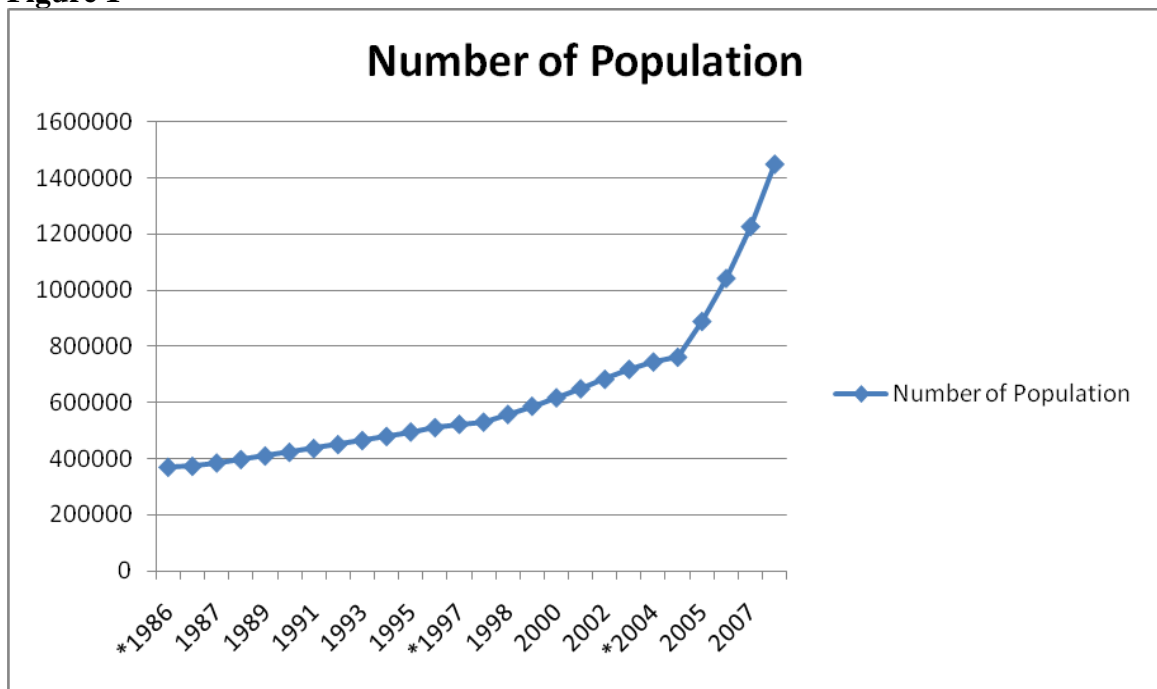
¹⁴ B.G. Devlin and Nick Jewson, “The Development of Public Vocational Education and Training in the State of Qatar,” *Working Papers No 8*, Center for Labor Market Studies, University of Leicester (1995).

¹⁵ Ibid.

census shows that the Qatari population has grown from 744,029 in 2004 to 1,696,563 in 2010 with 76 percent being male and 24 percent female.¹⁶

According to Dr. Khalifa al-Kuwari an economics professor at Qatar University, the government did not consider how importing so much labor could lead to negative impacts on society, such as discrimination, loss of culture, and over-dependence on foreigners for key functions.¹⁷

Figure 1



Source: Qatar National Statistics Authority 2009

Qatarization strategy itself lacks coherence. The declared policy did not indicate the technical positions that are supposed to be "Qatarized" nor did it address the issue of technology transfer especially in high-tech industries. Replacing the foreigners who constitute the majority of the workforce will take longer than anticipated, especially if they

¹⁶ Qatar National Statistics Authority (2009), <www.qsa.gov.qa>

¹⁷ Ali Khalifa Al-Kuwari, "Demographic Imbalance in Gulf Countries: Turning Nationals into Minorities." Islamonline (2008),

<http://mdarik.islamonline.net/servlet/Satellite?c=Article_C&cid=1213871384470&pagename=Zone-English-Muslim_Affairs/MAELayout>

are to be replaced with equally high-quality employees. Achieving such high quotas in a short time is therefore unreasonable.

Moreover, it can be argued that implementing Qatarization could be more difficult in some sectors than others. For example, oil-based industries require technical skills that most Qataris lack. Although training programs focus on the technical aspects of nationals' skill formation, such programs only cover aspects of maintenance and production operation, and do not address technology transfer, which is implemented primarily by vendor-training.¹⁸ Another shortcoming of the policy is that the implementation method focuses only on quantity; that is, the number of Qataris hired rather than the quality of their qualifications and future progress at work. Qatarization strategy does not ensure that Qataris receive high quality education for the positions they aspire to fill, nor does it ensure effective on-the-job training. Ignoring the quality factor will only result in continued dependence on professional expatriates.

However, what the current strategy is lacking in most is a monitoring and evaluation process. The immediate priority of Qatarization policy is to build a framework for enhancing local participation in the workforce. But, according to RAND, there has been no deliberate strategy of evaluating either the effects of initiated reforms or the gradual enhancement of local participation. Methods of implementation require serious monitoring, which has not been incorporated into the policy itself.¹⁹ Even if such a plan did exist, however, the evaluation would face problems of limited experience and lack of data due to an inadequate

¹⁸ Jolo (2008).

¹⁹ Gabriella Gonzalez, et al. *Addressing Human Capital Challenges: Assessing the Experiences of Four Countries in the Arab Region* (Santa Monica: RAND Corporation, 2008).

administrative state structure, unmonitored population movement, and other cultural factors.²⁰

In Qatar, many organizations are compelled to reach a certain quota of Qatarization by a certain time. Due to this pressure, the company is forced to replace competent expatriates with oftentimes incompetent Qataris. One could conclude that the shortcomings of the policy are producing a workforce that lacks real professional skills. Qatar's national development plan, meanwhile, pushes the government to remain dependent on costly western expatriates. This dependence on expatriates means that the local Qatari force is not yet developed; and without a developed native Qatari force, this dependence will persist.

Part Three: Conclusion

As Hend Jolo notes, the implementation of Qatarization "should not be conceived of as an obligation; rather it should be seen as a continuous efficient tool to develop Qatari workers' skills."²¹ However, the current situation in the labor market shows that Qatarization is achieving the opposite of its intended objectives. The required qualifications in today's labor market, especially the production sector, are complex and changing rapidly as a result of technological development and international competition. The quality of the Qatari workforce and education system, as well as the business sophistication and innovation capacity of its public and private companies, will need to improve significantly in order to compete in global markets outside the hydrocarbon sector.

As long as comfortable job security is a given part of Qatarization, nationals will not be motivated to develop their skills. There is no reason for them to continue education or be more efficient as long as they are able to take for granted that they will have a secure job,

²⁰ Ibid..

²¹ Jolo (2008).

provided by the government. Nationals need to experience the pressure of competition and be more accountable in the positions they hold, otherwise real change will be unlikely.

A country's strategy should be everybody's responsibility from planning to execution. Many plans have been proposed, as demonstrated in the Labor Market Strategy, but they have been poorly executed. To achieve the 2030 vision, policy-makers should remove discrimination between men and women and expatriates and locals. They should create a committee that filters rules and regulations to consider their influence and impact on the workforce – as some currently work against Qatarization – and formulate more balanced national plans for all sectors.

Policy recommendations

This paper suggests that the Qatarization strategy is vague and ineffective in its present form. Its vision of national labor development is narrow and incomplete. It treats the symptoms rather than the disease and, as such, is an approach that has had limited impact. In Qatar, the reluctance of most nationals to work in manual occupations, combined with the lack of sufficient technological education and vocational training, has together constituted major barriers to implementing the “Qatarization” policy. The limited monitoring of the policy is similarly problematic.

Qatarization must focus simultaneously on quality implementation and evaluation to ensure continuous improvement. Therefore, this essay suggests that for Qatarization to pay off, policy-makers should consider the following:

First, Qatarization should start from schools where students should be informed of their options and their place in the labor market. Educational institutions and companies

should work together to create alignment between education and labor market needs by shifting the focus from academic to vocational education.

Second, a committee should be established to strictly monitor and evaluate the quota of Qatarization to ensure that the quality of the local workforce is emphasized over quantity. Training programs should ensure Qataris develop the skills they need to compete in the modern workplace. This, along with proper education and vocational training, will reduce dependence on foreign labor in the long term.

Third, all those involved in the process of Qatarization should align their strategies. This is critical to ensuring harmonization of procedures and regulations, so that there is sufficient coordination and cooperation to meet the 2030 Vision. For example, educational institutions, administrative bodies, universities, corporations, and human resources departments can work in greater harmony with each other. This alignment could be supported by a well-established, responsive institution that provides employment flexibility, ensures employment rights, and provides quality training.

Additionally, Qatarization should identify not only the number of local employees but also the type of skills needed in each company. It should not be designed as a convenient solution to correct the imbalance of the labor structure, but should be aimed directly at developing the skills of the national workforce.

Qatarization should not be a separate policy, nor should it be considered a separate goal. Rather, it is part of a bigger process that depends on the work and successful collaboration of a variety of different actors.