

# RESEARCH AND PRACTICE IN HUMAN RESOURCE MANAGEMENT

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## Strategy, Policy and Practice in the Nationalisation of Human Capital: 'Project Emiratisation'

Kasim Randeree

### ABSTRACT

**Nationalisation of the human resource is the desired and articulated policy of all rulers of countries that form the Gulf Cooperation Council (GCC). In reality, however, the policy has been dogged with difficulties in implementation from its inception as it faces seemingly insurmountable hurdles, such as a demographic imbalance caused by a high proportion of expatriates working in the region, the challenges of public and private sector employment, the role of national women in society, the reliance on expatriate employment, high rates of unemployment among poorly trained nationals, and cumulatively the need for sustainable development as well as the effective governance of human capital. Within this context, governments, including the government of the United Arab Emirates (UAE), have decided to tackle the challenges faced by Emiratisation as a nationalisation endeavour. This paper examines 'Emiratisation', with a view to evaluating the success of the policy as well as its shortcomings to this point in time. Furthermore, the paper draws light on principles which may direct the strategy for human resource management (HRM) in this context. The outcomes of the research are of potential value, in particular to human resource departments (HRD) in the GCC seeking to nationalise a proportion of their workforce.**

### INTRODUCTION

Middle Eastern countries are largely perceived as having economies of limited competitiveness in a global context. This situation is largely due to the political, economic, environmental and societal challenges these nations face. The United Arab Emirates (UAE) is no exception, as it faces many challenges including current and future demographics (Maloney 1998), employment of its national workforce (Ruppert, 1998), sustainability issues, educational concerns, as well as diversity and gender related problems (Randeree 2006a). A well designed nationalisation process, objectively a policy for reducing the demand for expatriate workers, for human resources, known as Emiratisation in the UAE, coupled with encouraging the active participation of the national Emirati women in mainstream commercial society, including the private sector, can help in alleviating many of the problems in the UAE. The challenge for the rulers of the UAE is to engage the national human resource (HR) in education and employment, moving in step with advanced nations whilst respecting Arab and Islamic tradition.

A historical analysis of the Arabian Gulf indicates a series of distinct evolutions of human resource activity in civil society resulting in the development of regional economies witnessed today (Abdalla 1991). This has ultimately resulted in the emergence of the need for preserving national identity through nationalisation, known as Emiratisation in the UAE. Initially, during the period running from the pre Islamic era up to circa 1900, tribal disputes and the appropriation of water wells and grazing land as well as herding camels was the predominant commercial activity (Hourani 1991). This was followed by an expansion of trade with Europe and Asia and the beginning of seafaring and pearl diving, circa 1500 to 1940. These early activities were seen as incompatible with Islamic tradition in relation to the participation of women and favoured male physical abilities. Thus, women were excluded from commercial participation, with an emphasis on domestic duties. During the 1940s, with the discovery of oil and the first signs of the development of affluent society, the education of women began, with the State of Kuwait taking the lead in 1937 (Talhami 2004). It was only after its formation in 1971, that the UAE began

educational programmes which included women. Though oil wealth brought affluence, the absence of economic necessity meant households continued to be supported by men.

GCC countries, rapid development financed by oil revenues resulted in robust economic growth, infrastructure development and the expansion of public goods provisions. In order to support and sustain this growth, in the wake of a shortage of supply of native labour, foreign workers primarily from the Indian subcontinent were imported to fulfil this role (Halliday 1977). Over time, a number of GCC countries became dependent on cheaper and more qualified expatriate labour. In addition, expatriates generally work longer hours, accept lower wages, and tolerate poorer working conditions and more physically demanding jobs as opposed to UAE nationals (McMurray 1999). Consequently, in most GCC countries, over 60 per cent of the labour force are foreign (Maloney 1998, Ruppert 1998). Furthermore, rapid growth in the region and the need to diversify the economy beyond income generation through oil based revenue has led to an influx of expatriate workers in services and construction industries in particular. However, as the knowledge based economy experiences continued growth, the nation has recognised that long term development should be placed in the hands of a growing national workforce. A further salient observation is that an increasing reliance on Emirati nationals will compel greater working togetherness with the equality of opportunity for the employment of Emirati women, in order for the goal of Emiratisation to be realised.

In truth, nationalisation programmes amongst GCC countries are proving problematic. Emiratisation, Qatarisation, Kuwaitisation, Saudisation, Bahrainisation and Omanisation have all been modelled on a quota based system for increasing the number of nationals in the private sector and simultaneously reducing the proportion of expatriate labour. Only 12 per cent of employees in the UAE are Emirati nationals, and similarly, 17 per cent of employees in the State of Qatar are Qatari nationals, 18 per cent of Kuwaitis in the State of Kuwait, 28 per cent of Saudis in the Kingdom of Saudi Arabia, 45 per cent of Bahrainis in the Kingdom of Bahrain and the most successful, the Sultanate of Oman, with 46 per cent of their workforce being Omani. The unique aspect of Emiratisation, that demographically seems to be in the worst situation, is that the UAE government is boldly changing its position, by abandoning the region's quota based policy for the foreseeable future.

Due in part to the advancement and comparatively liberal nature of the UAE in comparison to other countries on the Arabian peninsula, the international community looks to the UAE, and the city of Dubai, in particular as a model for a new, prosperous and sustainable 21st century Middle East. Recent research by Randeree (2006b) throws light on the next evolution, with the seeds of development of the knowledge based economy (since circa 1990), supported by a lowered rate of illiteracy, access to global information through the Internet and the emergence of well educated Emirati women in corporate leadership positions, and a gradual liberalisation of social and political views in the UAE, in particular.

Past research (Halliday 1977, Maloney 1998, Randeree 2006a) are indicative that there are a number of challenges facing Emirati society and by implication the Arabian Gulf region, that need to be addressed if change and advancement envisaged by the region is to be realised. Previous research has indicated that in order for prospective knowledge based economies in the Arabian Gulf region to succeed, they must first utilise their entire human resource and encourage increased participation of Arab women in the workplace (Randeree 2006b). This paper aims to go further, by analysing and recognising the importance of Emiratisation as a driving force for change in HRM in the vision for a modern and inclusive Arabian peninsula, working in tandem with the greater inclusion of women as well as overcoming the problems faced as a result of the need for demographic change in relation to expatriate employment.

This paper gives a critical review of the major issues concerning the human capital development of the knowledge based economy in the UAE, focusing, in particular, on the challenges facing Emiratisation. These include Emiratisation of the private sector, the role of the Emirati women, an appreciation for the importance of the former, current and future role of expatriate employees and the need for education and training.

## **DEMOGRAPHIC CHALLENGES TO UAE NATIONALISATION**

The UAE is located at the southern tip of the Arabian Gulf and has three neighbouring countries namely: The Kingdom of Saudi Arabia, the State of Qatar and the Sultanate of Oman. The total area of the UAE is 83,600 km<sup>2</sup> and it has a tropical desert climate with very little or no annual rainfall. It is governed by a federal system founded on 2 December 1971. The union is formed of seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Quwain, Ras al Khaimah and Fujairah, with Abu Dhabi city as its capital (Camerapix 1998). The UAE are inhabited by a diversity of cultural groups. In addition to Emirati UAE nationals, there are various Arab groups as well as other Asians including Iranians, Filipinos, Indians, Europeans and Americans. These are collectively known as expatriates, often abbreviated as expats (Gaad 2006).

The population of UAE in 2003 was estimated by the United Nations (UN) at 2,995,000 which placed it as number 131 in population among the 193 nations of the world. In that year approximately 850,000 people were Emirati nationals, with 45 per cent of the Emirati population being under 15 years of age. Fewer than one per cent of the total population was over 65 years of age and 26 per cent of the total population under 15 years of age, with an

average age of mortality at 64 for males and 73 for females (Obermeyer 1992). There were 186 males for every 100 females in the country in 2003. According to findings documented by the UN (2004) the projected population for the year 2015 is 3,588,000. Data from a UAE census statistic by Al Bayan (2008) is indicative of the high proportion of expatriates residing in the UAE as compared to the national Emirati population.

An analysis of the demographics of the city of Dubai alone provides many clues as to the issues emanating in relation to human capital that the country as a whole is facing. The demographic data of Dubai indicates that it is a unique city, even in a global context. Findings by the Madar Research Group (2004) indicate that the city ranks highest in the world for male to female ratio (2.62 male to 1 female), workforce to population ratio (68.33 per cent); expats as a percentage of the total population (82 per cent); population growth per annum (seven per cent), and population under 65 years of age (99.35 per cent). The Dubai Municipality's Statistical Yearbook of 2004 states that Dubai has a population of circa 1.1 million, approximately one third of the three million inhabitants of the UAE, but covers an area of only 4.9 per cent of the UAE. With a female population of only 27 per cent, significant issues of gender and equality are raised. Population growth is extremely high due to the influx of foreign male expatriate workers and with a growth rate of women at only three per cent, issues of sustainability and Emiratisation become prominent. Furthermore, a proportionately high workforce coupled with a reliance on expatriate employees implies that issues of working conditions, continuity, transience of the workforce and stability are raised. Even though in 1980 only 8000 women were employed in Dubai compared to over 60,000 today, employment levels significantly favour men and is disproportionate compared to developed countries (Randeree 2006b). Statistics published by Al Bayan (2008) show that in 2007 the Emirati population percentage is only at 13.5 per cent, and of the over 6.49 million population most UAE residents are from the Indian subcontinent. A succinct summary of the pertinent data is presented as Table 1. Nevertheless, data for the region in terms of demographic statistics are still rather fragmented and often contradictory depending on the sources utilised. Employment data and information collection and dissemination requires greater systemisation according to 'Tannia', the National Human Resources Development and Employment Authority.

Table 1 Demography of the UAE based on 2007 census data published in the Al Bayan newspaper

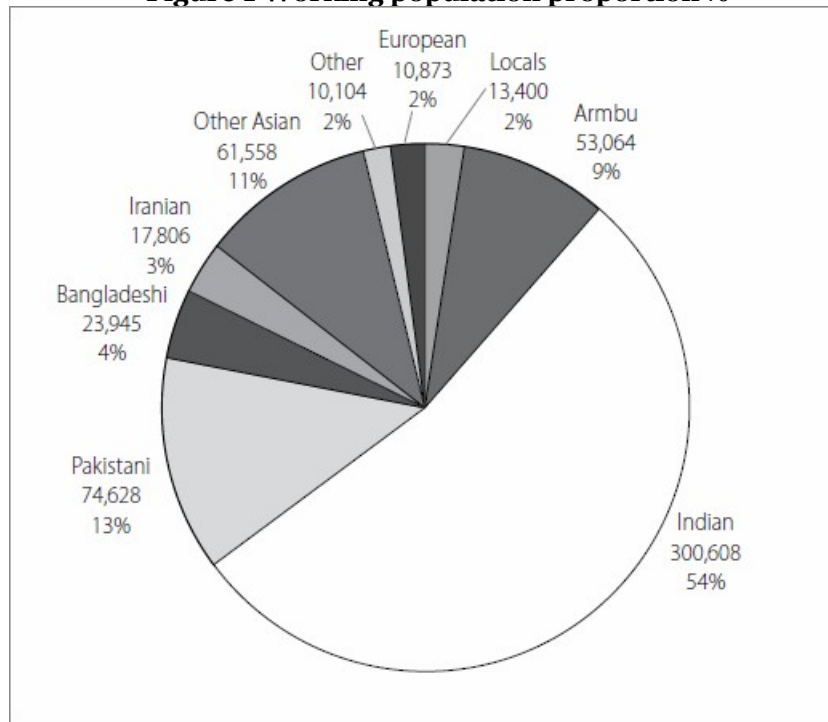
<b>Nationality</b>	<b>Absolute population</b>	<b>%</b>
Total	6,493,929	100.0
Emirati	875,617	13.5
Arab Expat	823,633	12.7
Indian	2,367,732	36.5
Pakistani	822,914	12.7
Bangladesh	589,545	9.1
Filipino	279,602	4.3
Sri Lanka	104,623	1.6
Iran	100,309	1.5
Nepal	93,469	1.4
China	32,637	0.5
Other Asian	151,234	2.3
Other African	72,453	1.1
Europe and Australia	134,630	2.1
North American	41,354	0.6

Nationality	Absolute population	%
South American	4,177	0.1

Note: Translated from Al Bayan (2008).

Emiratisation to date has been largely unsuccessful, but more recently, the UAE government has been trying to revitalise the policy. An analysis reported by Tanmia (2006) is shown in Figure 1. The stark reality is that in 2006, over 52 per cent of the workforce was employed in the private sector with UAE nationals constituting less than two per cent of that value. In the same year, the insurance sector had achieved five per cent Emiratisation and the banking sector reached four per cent. These figures indicate a need for a strategic rethink with a comprehensive plan for execution - 'Project Emiratisation'.

**Figure 1 Working population proportion %**



Expatriate human resource is a factor which cannot be neglected. A study by Richardson and McKenna (2006) noted that expatriates have very different relationships with their host and home countries. As a cause and consequence of development in the UAE expatriate human resource is a large proportion of the human capital. Although advancement in economic terms in the UAE has been outstanding, according to Randeree and Chaudhry (2007), the consideration for the working class expatriate needs analysis. The Asian construction worker for example, often has limited or no material possessions in his native land and is often desperate for work, frequently because he is compelled to settle the debts in his homeland. A qualitative survey carried out as part of a broader research on this topic, by Randeree and Chaudhry (2007) has uncovered a serious lack of job satisfaction. Workers cite an absence of job security, physical surroundings where work is often hazardous without adequate safety precautions, most of their work being under extreme weather conditions, they complain of no prospects for promotion, senior management handling of their workers is considered inhumane, pay for work done is on occasion not received on time and is insufficient to live an average lifestyle in the city and the accommodation that is provided is meagre for an individual's needs, with often a dozen or more workers to a single room in absence of healthcare and recreational facilities. Furthermore, there is a lack of organisational commitment, with workers having no sense of loyalty towards their employers since workers feel their psychological contracts have been violated by their employers, and a large proportion of the workers who come from developing countries take up loans to pay manpower supply agencies for finding them work in the Gulf. However, this issue is worth dedicated research and out of the scope of this piece of research. What is notable is that the expatriate worker is the major proportion of the working population as shown in research findings by Tanmia (2006), and depicted in Figure 1.

## **PUBLIC AND PRIVATE SECTOR CHALLENGES**

In terms of Emirati employment, government sector jobs are considered most favourable by most Emiratis. Compared to the private sector, salaries are generally higher, non monetary benefits are better and hours of work tend to be shorter (Feulner 1989). Many private sector establishments operate on 10 hour days, six days per week, with a split shift day. In contrast, the government sector operates on a single shift, eight hour day, and is a five day

week system.

Even in the government sector some jobs remain challenging in the context of Emiratisation. An example is the forensic medicine profession. Since the announcement in 2006 that Dr Fatima Al Khumairi became the first UAE national woman to specialise in forensic medicine, the profession has received considerable attention, not only from researchers in leadership for women in the Middle East, but more recently from advocates of Emiratisation policy. This vocation is essentially faced with three problems which make it unattractive to UAE nationals. These challenges are the desirability of such a profession given the nature of its work content, the lengthy period of academic study required to become qualified, and the comparably low financial return to be gained from such an investment in educational development. However, the potential for future Emiratisation of the profession is such an interesting challenge that a successful model for Emiratisation could be developed from this example into a broader concept, and perhaps, a benchmark for Emiratisation success. In order to address such a demanding set of circumstances, the Ministry of Justice recently collaborated with the Ministry of Health to seek a solution. This endeavour culminated in the signing of a Memorandum of Understanding with a view to developing an agenda to train UAE nationals with the requisite skills in forensic medicine with the support of both the Ministry of Education and the Ministry of Higher Education and Scientific Research.

As society expands and the private sector flourishes there is greater urgency to find alternative ways of addressing Emiratisation issues (Cameron 2002). For instance, there is the gradual replacement of expatriates with nationals through greater private sector employment of nationals. This example, however, presents a dual problem. Firstly, private sector employers have negative perceptions of nationals as being less productive than expats and so there is an unwillingness to employ them, despite the fact, that outside the free zones any private establishment must be 51 per cent owned by an Emirati (Angell 1986). Secondly, Emirati nationals are legislated to higher salaries than expats for the same work, which translate into higher costs for firms. Furthermore, nationals themselves are reluctant to take private sector employment. For example, there is the perception of lower private sector salaries, and smaller benefits compared to the government sector. Other work related issues include religious observance, which translates into the need for nationals to be afforded greater flexibility in working hours (Cameron 2003). Though legislation has been developed restricting immigration (Shah 1995), it is likely that the demographic imbalance between Emirati and expatriate will continue to expand for the foreseeable future, so long as the UAE continues to develop and expand its infrastructure.

In 2004, the Ministry of Labour issued a decree making it mandatory for companies in the trade sector with an excess of 50 employees to achieve a target of two per cent Emiratisation. The Ministry has categorised companies, such that those achieving the required two per cent are in Category A whereas failing organisations are in either Category B or C. The implications are that those companies in Category A would see a reduction in transaction fees while those in the other categories faced fines and increased fees, and companies not cooperating with the Ministry regulations for Emiratisation faced suspension of transactions. In 2006, a total of 293 companies were recorded as uncooperative, less than half that of the previous year.

One of the greatest organisational development challenges facing the private sector is in attracting UAE nationals to work for them. Currently, nationals predominantly prefer to seek employment in the public sector due to better conditions, better salaries, more comprehensive packages, shorter working hours and job security. According to the UAE Government's website (2007) which quotes statistics from a study entitled 'Attitudes to the Private Sector' it was found that only a little more than 10 per cent of students at Abu Dhabi Women's Higher College of Technology would like to work in the private sector after graduation, even though 96.5 per cent of them expressed a desire to work. However, encouraging Emiratis to work in the private sector will require broad cooperation. As the Minister of Labour, Dr Ali bin Abdullah Al Kaabi stated.

"Employing nationals in the private sector is a joint venture between three groups the government, the private sector and nationals themselves. A national employee must be prepared to enter the market and the private sector has to provide a suitable environment for a career path. The role of the government is to coordinate efforts in this regard." (Emiratisation of Public 2006)

Quotas set by the Ministry of Labour for Emiratisation in private firms have largely not been met in certain sectors. Ministry statistics for the third quarter of 2006 show only 9.2 per cent of private sector trade organisations meeting quota targets. The data has led to some disagreement among interested parties. Many private organisations are sceptical of Emiratisation policy and are of the view that UAE nationals have demands in terms of employment conditions and benefits packages that are too difficult to meet and the nature of some jobs are simply unattractive to Emiratis. However, the National Human Resource Development and Employment Authority Tanmia has stated that such a view is not representative of the reality and places the onus in the hands of the private company to create an atmosphere that is attractive and favourable to nationals. According to the Ministry of Labour, Emiratisation targets of two per cent were being met by the commercial sector, with 88 per cent meeting their targets, (923 out of 1054 companies in 2006) and 40 per cent of companies exceeding the targeted expectation. Of these 923 companies, 58 per cent were in Dubai, 25 per cent in Abu Dhabi and 13 per cent in Sharjah and four per cent in other emirates. These statistics are significant as in actual numbers, 3,695 Emiratis were recruited in 2006 compared with only 259 Emiratis recruited into the commercial sector in 2005.

A variety of sectors are meeting the challenge and implementing Emiratisation policy in the private arena. Banks, for example, are leading 'the charge' in the private sector, driven by a strong strategy for Emiratisation. A number of banks have recorded increased Emiratisation percentage of 20 to 30 per cent with Sharjah Islamic Bank (SIB) having in excess of 50 per cent of their employees being Emirati nationals by the beginning of 2007, with a further four per cent increase envisaged by the end of 2007. The bank has achieved the highest rate of nationalisation in the banking sector among all GCC countries and has won several awards for training and Emiratisation, as the education and training opportunities open to Emirati national employees at the bank are extensive and include degree level qualifications in banking.

Finding experienced Emiratis is also a challenge. Organisations face difficulties in identifying well qualified and experienced national employees to occupy positions in sectors such as technology, construction and manufacturing. In addition, when suitable individuals are identified for these positions, they are in a strong position to negotiate high salaries, with demands often exceeding the salary and benefits awarded to their expatriate superiors.

## **HUMAN CAPITAL AND THE VISION FOR A KNOWLEDGE BASED ECONOMY**

The discovery of crude oil and its commercial production in the UAE created a new economic situation that was reflected in the availability of substantial financial resources on one hand, and the investment of such resources by the government for development on the other (Khan 2005). The country has emerged into the mainstream of modernism over the past 40 years, with an economy driven by oil and natural gas and more recently tourism. The population has been directly influenced by the rapid development witnessed by the country in recent years.

The UAE is governed by a loose, but supportive federation, with each of its seven emirates retaining considerable autonomy over political, economic and financial affairs. This situation has enabled a variety of different economic policies to be pursued by individual states. Hence, whilst Abu Dhabi has focused on developing its extensive energy resources, holding over 90 per cent of the oil reserves in the UAE, the other emirates have sought other economic drivers, as their oil reserves are relatively limited. Trade has become Dubai's staple, with the emirate reexporting over US\$10 billion annually. Successful strategies are replicated in the other emirates and the resulting increase in competition deepens the market and allows for the spread of best practice.

This process has been supported by heavy investment in infrastructure in the UAE, principally in Dubai, where world class airports and naval ports have been built. Dubai is undergoing a US\$1.4 billion airport expansion and has an open skies policy which has led to over 100 airlines connecting through Dubai International Airport. However, it has been the establishment of 'Free Zones' that has led to the UAE, and in particular Dubai, to be used increasingly as a business hub for the region. These zones grant 100 per cent foreign ownership and exemption from taxes, tariffs and local regulations. Jebel Ali Free Zone (JAFZ), part of the emirate of Dubai, is itself home to over 2200 companies from over 100 countries, including many European and American blue chip corporations. Dubai has been at the forefront of this policy and has moved into creating dedicated industrial or service zones in an effort to attract clusters of leading companies within targeted sectors. Dubai's most recent project, Dubai International Financial Centre is ambitious and it is hoped to support the development of a regional capital market.

In a region that is amongst the most expensive and time consuming to start a business, the free zones in the UAE are attractive propositions. Consequently, over the last twenty years, Dubai has become the leading business and trading hub in the Middle East. In other areas, too, Dubai is excelling. Although construction and real estate investment have picked up across the Middle East over the last two years, Dubai has seen the most activity, with investment in Dubai's real estate sector accounting for over 20 per cent of the UAE's Gross Domestic Product (GDP). This is one reason for the UAE showing the poorest rate of nationalisation among all GCC countries, as the boom in the construction sector inevitably means a reliance on growth in foreign unskilled labour, due to reluctance of nationals to do such work, which, in turn, statistically impacts annual demography. Hence, a reexamination of policy in the UAE based on the reality of the situation is needed, to culminate in the production of a strategy that reflects the real needs for the nation, rather than achieving Emiratisation through the imposition of targets and quotas based on false expectations.

Data from the Madar Research Group (2003) cites that Dubai's 2010 vision for a knowledge based economy is a strategy for developing a model for growth and development in the region and further that a knowledge based economy, as defined by the World Bank, rests on four pillars, known as 'Infrastructure', 'Incentives', 'Innovation' and 'Intelligence'. Infrastructure relates to the information society infrastructure, the dissemination and processing of information and how effectively a society gives people access to affordable and effective information and communications. In this regard the UAE is performing well, with high market penetration in mobile technology, exceeding many developed countries. Incentives relate to the economic and institutional framework, providing a stable macro economy, a competitive environment, a flexible labour market and adequate social protection. The UAE is continually improving in this sphere, though more needs to be done. Innovation, brings together research and business activities in commercial applications of science and technology, with emerging sectors such as pharmaceuticals, bio technologies and nano technologies and wireless communication systems. Finally, Intelligence refers to education systems, where citizens acquire, share and use knowledge. The UAE needs to perform

significantly better in this area, with investment needed in education, fundamental and applied research and eventual mechanisms for safeguarding intellectual property in the commercialisation of resulting assets. The inadequacy of efforts in this regard has negative implications for Emiratisation, as it impacts the building of human capital in the form of retained knowledge on a national level.

The UAE has set its sights on joining the ranks of the world's leading knowledge based economies with a comprehensive strategy to enhance knowledge driven development (Arab Law Quarterly 1996). The nation seeks to transform itself into a knowledge based society and knowledge based economy by the year 2010. To achieve this objective it has set itself many strategic targets. By 2010, it aims to generate 25 per cent of its GDP from knowledge based industries and seeks to raise the role of Foreign Direct Investment in the country's economy to four per cent of GDP, which will play a role in creating job opportunities in the country (Dubai Outsource Zone 2007).

More recently, His Highness Sheikh Mohammad Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, announced the establishment of a US\$10 billion fund for the development of knowledge based economies in the Arab Middle East. This vision, set out at the World Economic Forum in May 2007, expounds several key aspects of development. Though his vision is likely to impact the wider Middle East, lessons can be drawn which indicate areas of challenge when addressing the issue of Emiratisation. For example, the Arab world needs 15 million job opportunities immediately, with an estimated 85 million jobs needed over the next 20 years. The UAE currently creates approximately 300,000 jobs per annum with over 95 per cent of its non oil sector economy being fuelled by the services sector. In order to meet this challenge, there is a need to develop infrastructure, to bridge the knowledge gap between the Arab and the developed world and to increase spending on fundamental and applied research to respectable levels. However, the need for infrastructure development, particularly in the context of construction, will continue to result in high demand for expatriate unskilled and semi skilled workers, as well as supporting service employees, from South Asia and the Far East, for the foreseeable future. Thus, there will continue to be a demographic imbalance of total human capital in the UAE, until such time as the rate of increase in infrastructure development begins to decline.

## **EDUCATIONAL OUTCOMES AND WORKFORCE REQUIREMENTS**

The UAE experienced major challenges during its process of nation building and economic development. One of these challenges was, and remains, the education, training and development of the national human resource to enable it to play an active role in supporting and contributing to the country's rapid development. This was a complex task given that, until 1962, when oil production started in Abu Dhabi, the country had just 20 schools for fewer than 4,000 students, mostly boys. However, the education sector has developed dramatically through the introduction of government and private sector educational establishments offering a range of educational levels and experiences (Arab Law Quarterly 2000). Thus, the UAE has enshrined for men and women, both in its constitution and through the commitment of the rulers of the various Emirates, the rights and opportunities for education for all its citizens (Randeree 2006a). Education has become imperative in the acquisition of a higher standard of living (Hutton 1995), though criticism is still levied at educational establishments for their educational outcomes not being relevant or compatible with the changing needs of the labour market. Furthermore, according to the World Economic Forum (Claros & Zahidi 2005), access to education is one of the primary indicators of women's status and is the root of women's emancipation. Though the UAE has the second highest GDP in the Arabian Gulf, it is lowest in terms of percentage GDP spent on education. However, the number of girls completing secondary education is 88 per cent and 69 per cent of Emirati university graduates are women. Furthermore, according to World Bank statistics, female illiteracy dropped from 29 per cent to 21 per cent between 1990 and 2000, whereas male illiteracy only dropped from 29 per cent to 25 per cent during the same period. The educational level in the country also plays an important role in shaping the capabilities of UAE nationals to be able to compete in the workplace. Education is a national priority, especially in the light of technological revolutions and scientific advancement witnessed by the entire world which could only be encountered by a well developed and effective educational system. The UAE government, in an effort to improve the standing of the national workforce through Emiratisation, is working with educational institutions to ensure that Emirati nationals gain the requisite educational qualifications and can make a smooth transition into the workplace. An example of this is the agreement signed between Higher Colleges of Technology (HCT) and the Ministry of Labour and Social Affairs in the late 1990s, giving priority to students graduating from HCT in recruitment for jobs in all sectors.

The experience of Emiratis in national development and economic growth is similar to neighbouring GCC countries. The distinctiveness of the Emirati experience lies in its history as a developing country, though the UAE shares similar constraints with other GCC countries, in terms of the availability of an educated and experienced local workforce. The socio political and economic circumstances of the UAE during most of the twentieth century, coupled with the lack of modern educational facilities prior to 1971, has resulted in its under development as well as a shortage of educated citizens (Middle East Research and Information Project 1975). This predicament affects all sectors, but is particularly acute in the private sector (Bahgat 1999).

To address the disparate composition of the workforce, many GCC countries embarked on training and development programmes in order to promote the employability of nationals in the labour market (Khalaf & Alkobaisi 1999). This was accompanied by government mandated nationalisation policies, with mechanisms to

stem the inflow of foreign workers. Measures to control the growth of foreign workers typically included mandated targets, as was the case for Emiratisation of the private sector. Additionally, companies introduced attractive incentives for Emiratis, with the government giving preferential treatment to companies adhering to Emiratisation policy (Ruppert 1998). Moreover, companies are investing in educational and training initiatives, with specialists in curriculum development and instructional design of training programmes for staff being employed in larger organisations. However, employees frequently leave an organisation after completing a training programme. These programmes are often costly to set up and implement, and consequently, there is a significant impact on return on investment for the organisation concerned.

Training can take place in a number of locations and is largely dependant on the nature of skills and knowledge being imparted to the participant. Most commonly in support of Emiratisation strategy is the development of European style apprenticeship schemes, mandatory in house training cycles and local or regional training or retraining events. Additionally, scholarships from employers allow nationals to seek qualifications over a prolonged period of study abroad, but these are often reinforced with a conditional contract of employment to ensure the employee remains for a minimum stipulated period of employment on return. Skills and knowledge transfer from expatriates to UAE nationals is also an issue which needs to be addressed. Employees and expatriate residents, may fear sharing their knowledge with their Emirati counterpart or subordinate, as the latter will be seen as a threat to the stability of the former's position.

## **THE KEY TO SUCCESSFUL NATIONALISATION – THE EMIRATI WOMEN**

Over two thirds of university graduates in the UAE from government universities are Emirati women. However, women as a whole account for less than 12 per cent of the entire workforce of the country. Furthermore, if the number of employees in the areas of Health and Education were removed, the figure would be substantially less. What is worse is that very few of those who make it to the labour market, make it to the boardrooms or upper echelons of leadership and management.

Attitudes of women in the UAE are changing. Young women are joining the workforce and the challenges they face are a source of much intrigue in the international media (BBC News UK Edition 2005). Furthermore, women are diversifying into sectors and activities not traditionally occupied by women. For instance, TV presenters, forensic scientists, Dot Com entrepreneurs, medical professionals and taxi drivers (for female clients) are amongst some of the wider professions where women are playing an active role. Consequently, the direction of the UAE in the growing knowledge based economy is changing.

The support for women in education and in the workforce is well supported by those in power. HH Sheikh Zayed bin Sultan Al Nahyan, the late President of the UAE, said, as cited in the United Arab Emirates Yearbook (2003).

“The means to develop a country and modernise its infrastructures is a magnificent burden that should not be taken up by men only. The loss would be huge, for women will be paralysed without any participation and productivity. It would lead to an unbalanced rhythm of life. Hence, women's participation in public life is required and we must be prepared for it.” (p. 231)

“Nothing could delight me more than to see woman taking up her distinctive position in society. Nothing should hinder her progress. Like men, women deserve the right to occupy high positions, according to their capabilities and qualifications.” (p. 231)

Such participation has been established since 1974 with the creation of the Dubai Women's Development Society, a pioneer of the women's movement in the UAE. The UAE Women's Federation was established a year later. Committees formed within this organisation established a variety of women's activities. These committees include those dedicated to religious affairs, childcare, social affairs, cultural affairs, sports, heritage and the arts. Some of their activities include running nurseries and kindergartens thus, permitting mothers to go out to work. Other activities include the dissemination of nutritional information for pregnant women and new mothers, a United Nations (UN) Development Programme for reviving the close association of some of the country's women with the land, classes for tailoring, embroidery and housekeeping, missions to rural areas and mothering and childcare classes supported by UNICEF. Furthermore, they facilitate the free borrowing of library books, an activity that has indicated rising levels of social and literary consciousness in areas formally of high illiteracy as cited by the UN (2003). These activities are on the whole supportive of traditional values, but do not address the broader issues relating to the knowledge based economy and the participation of women.

According to Charles Handy (1994), the management style of women fulfils the demands of new organisations better than their male counterparts. Contrary to some stereotypical views, Handy (1994) argues that women are better managers because of their qualities of adaptability, the ability to juggle several tasks at a time, are overall more interested in getting things done rather than seeking status or title, they are more instinctive and intuitive than men, tough, but tender focused and friendly. Further criticism, particularly in the Middle East, is that a woman's role as mother and housewife would be impossible if she were to take on an additional role outside the



domestic arena. However, these judgments are being proved wrong by the growing number of energetic young women in the region who are proving that a balanced life is possible together with growth in daycare centres in addition to centralised family support. Emirati society is based strongly on family ties and often parents of female UAE nationals are reluctant for their daughters to join the workforce, especially in the private sector. This has, in part, resulted in Work from home initiatives to provide solutions which can act as an enabler for locational flexibility for women choosing to stay at home and raise a family without sacrificing their careers. The idea has been widely used in North America and Europe, and has been successfully advanced to facilitate jobs in areas including IT, telemarketing as well as in administrative activities. In the workplace, Lewis (1997) states that formal 'family friendly' policies, including flexible or reduced hours of work and periods of leave, designed to help employees to balance work and family demands, have the potential to challenge traditional models of work and organisational values.

Centralised families allow for daycare provision within the family unit. This, together with the ease of hiring domestic help in the UAE allows working mothers the growing freedom and flexibility to join the workforce. For its part, the federal government has facilitated this activity by enshrining its support for women and their rights in the workplace into law. UAE Labour Law thus, ensures that a woman's remuneration is equal to that of a man's if she performs the same work, that she receive 45 days maternity leave with full pay and even allows breaks for breastfeeding, or leaving work one hour early for 18 months post partum (Ministry of Labour 1980).

A female population of only 27 per cent in Dubai raises significant issues of gender equality. The male population growth is extremely high due to the influx of male expatriate workers. Employment levels significantly favour men, which is disproportionate compared to the West as approximately only 20 per cent of the labour force in the wider Middle East are women. Though all women in Dubai (Emirati and Expatriate) represent only 11 per cent of the total workforce, Emirati women seem to be doing rather well amongst nationals, representing 41 per cent of the total Emirati workforce in Dubai. However, one third of all female employees in Dubai are housemaids (who account for only 5.5 per cent of the total workforce) and only two sectors, education and healthcare, demonstrate employment levels where women exceed men. Furthermore, the majority of Emirati women work for the federal government (Dubai Municipality 2004).

Although women in Emirati society have a way to go towards achieving full equality, yet societal attitudes need to change towards their role if it is seen to be anything more than merely an increase in the number of women in the workforce. Though women are still deterred from certain positions such as the UAE armed forces or the police force, Emirati society has made advances in the promotion of Emirati women at work. However, more has to be done in support of the understanding that equal opportunity is more than a courtesy, but rather the right of all citizens. Many still need to be educated that women do not have to prove that they are as intelligent or capable as men are, and that they are fully functional members of society (Webb 1997).

## **IMPLICATIONS FOR A STRATEGIC EMIRATISATION PLAN**

To implement Emiratisation policy efficiently, organisations are likely to be challenged to identify existing skills of their Emirati workforce and specify knowledge gaps. These actions have potential to become the prerequisites for a detailed plan for employee training, performance monitoring and benchmarking. The underpinning will facilitate within the Emiratisation model integrates this need with an understanding of compensatory transition, whereby the term of the contract for the expatriate is fixed and non renewable, with an adequate reward system in place to make this worthwhile. Furthermore, organisations are likely to be obliged to reexamine their organisational structure and make appropriate modifications to support change management with the objective of implementing Emiratisation successfully.

Emiratisation as a concept does have forces working to its detriment. Most notable is economic migration, the high rate at which expatriate workers continue to flow into the country, largely because of more attractive employment opportunities, better standards of living and higher incomes, as well as better healthcare and educational services for themselves and their families, which are to be found in the UAE. However, there are advantages too, as multiculturalism and diversity, such as that observed in the UAE, provides for a greater pool of talented and experienced individuals. This, in turn, enhances innovation and creativity within society.

Emiratisation is not only recruiting UAE nationals to replace expatriates, rather it is a major process that requires training these nationals to acquire the skills and competencies for the assigned work, to ensure a successful Emiratisation process. In UAE, according to the Ministry of Labour (2007), the process of Emiratisation has been quite successful in government and banking sectors. Decisions taken by the Ministry of Labour such as Emiratisation of HRM positions in all companies exceeding one hundred employees, reflects the seriousness of the government with respect to the process of Emiratisation, though the UAE Government Strategy revealed in the second quarter of 2007 seeks to reexamine Emiratisation legislation in regard to this and other positions. The decision for the HR manager positions was initially taken in June 2006 and initially stated a time limit of 18 months to achieve the target, but by August of the same year, it was realised that this was unrealistic, so the decree was revised to 36 months, or prior to September 2009. Additionally, a financial penalty would be levied to

organisations lagging behind the target rate of Emiratisation, with the proceeds being utilised for training and development programmes for Emirati nationals. Fines collected by the Ministry of Labour amounted to US\$41.35 million in the year 2005. Other decisions, such as Emiratisation of the Ras Al Khaimah fishing industry, with a plan to allow only Emiratis to sell, trade and hold auctions at fish markets, are as a consequence of the articulated need to eliminate domination by any other single demographic, in this case Asian fish traders.

Amongst foreign banks operating in the UAE, HSBC has been a leader, achieving 40 per cent Emiratisation. Amongst UAE banks, Dubai Islamic Bank (DIB) was recently awarded 'Best Emiratisation CEO Award' and has, to date achieved Emiratisation of 45 per cent of its total work force, the highest in the entire banking sector across the country. DIB has a training programme called 'Emarati' geared towards improving banking and professional skills of UAE national graduates. This is a six months programme, the first two months being spent at a training facility and the remaining four months based at one of their branches. Dubai World also has a youth focused programme of the same name. Sharjah Islamic Bank (SIB) has three programmes, 'Mehnati', an internship programme for nationals graduating from state funded colleges and universities, providing practical training opportunities in the bank's departments and branches; 'Bedayati', a programme for Diploma graduates for training in Islamic banking skills and; 'Ruwad', an intensive three year training programme aimed at preparing UAE nationals to occupy leading positions. The National Bank of Dubai (NBD) is also involved in leadership training. It hosts a 'Programme for Accelerated Learning' (PAL), a graduate training programme to prepare national employees for supervisory or managerial roles, which runs over an 18 month period. UAE nationals also represent over 30 per cent of the employees of the Marine Department in the ports and marine facilities at Jebel Ali Port (a division of Dubai Ports World) and more are interested for appointment to the post of Sea Captain. Their successful Emiratisation drive has been credited to attractive employment packages as well as the nation's traditional affinity for the sea and maritime pursuits.

Jebel Ali International Hotels is home to the 'Al Bawaba Emiratisation Programme'. This initiative is a partnership with the Emiratisation Task Force for Tourism, an idea developed by the Department of Tourism and Commerce Marketing in 2002, to promote Emiratisation of the tourism, hotel and catering industries. The 'Al Bawaba Emiratisation Programme' encompasses a host of initiatives to develop UAE nationals and transfer knowledge from skilled expatriates to national employees. Furthermore, 20 international hotels are participating in the 'Maharat' programme providing on the job training for UAE nationals working in the hotel and tourism industry, with a planned expansion into the retail sector. In general, the industry sector has been very active in promoting and pursuing Emiratisation. Over the past five years, the number of UAE nationals working in the industry has risen from 15 to 620, partially due to the terms of the scheme including a minimum wage for UAE nationals of approximately US\$1400.

In the construction sector, the globally active infrastructure developer, Emaar, is noticeably involved in Emiratisation processes. The programme began in 2005, and is called 'Afaq' or horizon. This programme is in four distinct areas: (a) the 'Emaar Leadership Programme', (b) the 'Management Associate Programme', (c) a programme for experienced Emirati professionals, and (d) the 'Employer of Choice programme'. The financial arm of the company, Emaar Financial Services, has achieved a phenomenal 91 per cent Emiratisation in the Financial Brokerage Section, with an overall Emiratisation level of nearly 40 per cent, including 75 per cent of top management, 44 per cent of mid level management and 28 per cent of administrative staff being Emirati nationals.

Training and employment opportunities for UAE nationals are also being targeted in areas where considerable growth is expected. For example, both Dubai International Airport (DIA), one of the fastest growing airports in the world, and the Jebel Ali City Airport Project, will see a considerable increase in the need for skilled fuel operators. To address this requirement, ENDP has developed the 'Tamheed' training programme in collaboration with BP, Shell and Emarat, for UAE nationals to be trained and employed as fuelling operators, initially at DIA. The programme is designed to provide on the job as well as in class training at DIA over a period of 11 months, where nationals learn skills in logistics as well as the technical aspects of aviation fuel supply. By training employees in the requisite skills, employers often face the problem of losing the employee shortly thereafter, as they have found more lucrative career opportunities elsewhere. Thus, hiring, developing and retaining qualified UAE nationals remains challenging. Some of the training opportunities offered include leadership development programmes, such as that instigated by Emirates Airlines. The airline, wholly owned by the Government of Dubai, has achieved 35 per cent Emiratisation of their senior management as well as 12 per cent of their cockpit crew, aircraft licensed engineers and mechanics.

The 'UAE National Capacity Development Programme' was co initiated by Dubai Municipality and Zayed University. The one year programme which leads to an internationally recognised certificate from the Institute of Motor Industry (IMI) in the UK, was developed to train UAE nationals in technical and mechanical fields with a view to graduating specialist Emirati automotive electricians and mechanics. Again, the programme was deliberately aimed at addressing specific industrial needs with educational programme, in this instant the needs of Dubai Municipality for specialists in the electrical and mechanical fields.

Clearly evident in all of these endeavours in private industry as well as in government organisations, is commitment. Hallmarks of all the initiatives are a clearly articulated strategic plan, a long term vision for Emiratisation and acknowledgement of the role and importance of foreign participants. In line with this approach,

the government favours a three pronged strategy: (a) to improve the mobility of all worker's including expatriates; (b) to advance the productivity of Emirati citizens whereby no job is considered off limits, and Emiratis can compete with foreign nationals on a 'level playing field'; and (c) to integrate the output of educational establishments with the needs of the labour market. All of these measures are designed to create an authentic Emiratisation process.

Even with such a concerted effort challenges remain. For example, in order for sustained development of a national workforce, organisations would be best served with national employees beginning at entry level positions and working their way through the organisational hierarchy. Thus, when members reach the boardroom level, they have gained significant experience, resulting in better decision making through a more thorough understanding of the business practices of the organisation. The current reality is that educated Emirati nationals believe they have a right to senior positions within one or two years of joining a company, and this perspective does not adequately prepare them for management decision making roles, and consequently, reflects in poorer organisational performance.

Another area for improvement is encouragement of Emiratis into semi skilled work, such as taxi drivers or petrol pump attendants. These, and other vocations, that have been notably successful in the Sultanate of Oman, are reflected in their successful Omanisation process. Other seemingly undesirable positions are being filled by UAE nationals, such as retail cashiers, successfully demonstrated by the international retail chain Carrefour. Based on a review of the practices and challenges, it is evident that the Human Resource Departments (HRDs) and Human Resource (HR) policies impact the success of the nationalisation possibilities.

## **FEDERAL LEGISLATION AND CORPORATE POLICY ON EMIRATISATION**

Organisations are likely to profit from a clearly articulated internal policy and strategic plan for Emiratisation. This document may comprise of a vision of long term expectations, tempered with shorter term aspirations such as annual targets for increasing the number of UAE national employees in the company and the mechanisms by which these targets would be achieved. These objectives should be a realistic expression of desired outcomes, accompanied by time dependent and task based models for each phase of the implementation plan. It is evident that HRDs in the UAE need to focus their energies, at least in the short term, on skill based Emiratisation policy. Skill based Emiratisation refers to examining existing demand and matching suitably qualified and skilled Emirati nationals to these positions as a matter of priority. This is coupled with skills transfer from expatriate to Emirati with appropriate compensation for the former.

HRDs within organisations have a variety of techniques for handling their Emiratisation protocols, policies and procedures. For some organisations, UAE Nationals are given priority at the time of recruitment for all situations vacant that may arise in any organisational division and at any level, subject to the applicants' qualifications and experience. Other organisations work on a quota basis, trying to achieve targets laid down either by law or internally through the development of policy. Finally, organisations may have stricter guidelines in terms of the reservation of certain roles being 'ring fenced' for Emirati nationals. These are often senior managerial positions and are subject to competency and performance levels of applicants, where, if no suitable national applicant is found, the position remains vacant.

Legislation set out by the Ministry of Labour includes the issuance of a decree for Emiratisation of all HR managers, personnel managers and most secretarial positions in private companies, with work permits for expatriates no longer permitted in those positions since July 2006. Consequently, foreign nationals holding secretarial posts would lose their jobs by default at termination of their fixed term contracts or expiry of their labour cards. This may include individuals who have had longstanding commitments to their organisations and who have made a recognisable contribution to the company, but will not affect approximately 10,000 private sector secretarial staff currently working for small businesses who are exempt from the policy. Furthermore, private firms have been given an opt out mechanism through the payment of 60,000 AED per annum to the Ministry of Labour which would be earmarked for training Emirati job seekers. In an effort to counteract the effect of the policy, therefore, a number of HRDs changed the designation of their secretaries whilst keeping them in the same or similar roles. However, not all companies believe this to be a useful step forward in the Emiratisation process. According to an AME Info (2006) press release, in addressing the UAE national students summer programme, Yahya bin Saeed Al Lootah of S. S. Lootah Group said:

“We have all the ingredients that make our economy strong and competitive globally and we have to boost UAE nationals participation by improving education and providing the highest standard of hands on professional training to help them to achieve their full potential rather than box them in secretarial and administrative jobs. Our doors are open to all UAE nationals who pursue challenges in engineering, energy, real estate development, hospitality, finance and management.”

Sheikh Mohammad bin Rashid Al Makhtoum showed his agreement, stating.

“As important as secretarial jobs are, and all jobs are important, we need to have UAE nationals in more important roles and responsibilities.”

The Ministry thus, considers job quota systems, beyond those already in place, as being counterproductive in the current economic climate, though expatriates working in targeted positions are naturally worried about losing their jobs. Furthermore, those who are in positions which are subordinate to a post earmarked for Emiratisation, would not have an opportunity for future promotion. Job insecurity and dissatisfaction amongst expatriates and the consequences to motivation and organisational commitment will be impacted significantly, to the detriment of the goals of the organisation.

Protocols can be developed by organisations that are aiming to improve their Emiratisation status or achieve target numbers of national employees. At present, organisations involved actively in Emiratisation of their workforce are gaining positive exposure for proactively engaging with the issue and many companies believe it is in their interest to develop an approach to increasing the proportion of Emiratis working for them. Nevertheless, the introduction of Emiratisation protocols, policies and procedures presents companies with the challenges. In particular, resistance to the transfer of skills and knowledge from expatriate to national employee, may compel to implement contractual obligations on the part of the expatriate employee to assist in the development and training of UAE nationals, if required. Advisably, this action might be balanced with appropriate compensation or revised remuneration for the foreign employee.

Larger organisations are likely to extend the HR department so resources can be dedicated to Emiratisation to cover aspects such as recruitment, policy, procedures, performance appraisal and training. This expanded department could also facilitate initiatives to overcome resistance to change among expatriate employees and actively support linkages to external bodies, such as Tanmia, are further possibilities. A clearly articulated, transparent Emiratisation policy would allow HRM personnel to work with expatriates towards redeployment or provide career advice for them to seek alternative employment in another organisation. Thus, there are a number of ways to overcome or reduce the impact of resistance to change are associated work related behaviours. An inclusive approach to change management, where expatriate employees are involved in the change process from the initial phase, along with their Emirati counterparts, with opinions of both being valued and respected, has considerable merit. This inclusive strategy might be exercised as discussion forums, employee suggestion systems, and to have ‘open avenues’ to senior management.

From the theoretical and empirical underpinning of the two previous sections a generic model for the development of an Emiratisation strategy has been generated. The framework of this strategy is expressed as Figure 2. A written description of a strategic version will complement the framework of Figure 2. This articulated discourse would take account of requirements stipulated by the Ministry of Labour, and would include a mission statement, policies, procedures and protocols to be adopted and a detailed specification in the form of a Scope of Work document to fully articulate aims and objectives, quality management techniques, systems to be incorporated such as Configuration Management tools and information and data management, as well as budgetary requirements and benchmarking for best practice.

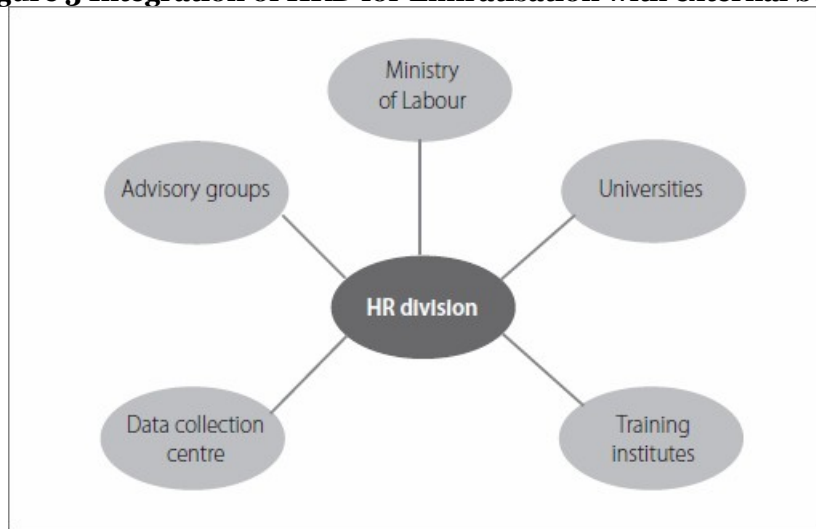
**Figure 2 Generic model for organisational implementation of a HRD for Emiratisation**



The content of Figure 2 forms the basis of a plan for both the individual Emirati national as well as the HRD. Three key areas would be addressed. Firstly, career development involves both the individual employee, in terms of a bespoke personal development plan, and the Emiratisation division, in terms of train the trainer workshops. Secondly, knowledge refers to transfer of skills from expatriate to Emirati, knowledge retention and organisational learning. Finally, recognition is about identifying high performing individuals for provision of scholarships for external training or further education. In practice the notions expressed in Figure 2 could be extended more broadly to performance related pay and bonus schemes.

Central to the phenomenon of Emiratisation are the HRD. This proposition is shown in Figure 3 that has five peripheral circles that are connected by full lines to the central circle. These full lines disclose all external bodies would have two way communication with the HRD. For example, the Ministry of Labour is responsible for disseminating information regarding legislation and government policy to the organisation, but also should receive feedback from the HRD for Emiratisation, on appropriateness, challenges and problems, to assist the Ministry in future decision making. The Ministry's communication should include updates on target requirements, changes to policy and penalty information for non compliance or inadequacy of performance.

**Figure 3 Integration of HRD for Emiratisation with external bodies**



From a review of the public and private sector challenges it is evident that an emphasis on training and education is a key to the success of effective nationalisation. The HRD would have open communication with universities and other institutions for higher education to ensure adequacy of educational outcomes of graduates joining the company, as well as providing further education support for employees, who have been awarded scholarships for seeking appropriate qualifications. Training institutes provide continuous professional development courses. These could be either in house or off site programmes. The Data Collection Centre would overcome the problem of information flow which exists with regards to Emiratisation. It may be formed as a subsidiary to the federal government in a similar manner to the Office of Statistical Information of the Dubai Government, for example, which deals with census and other data, or may be part of an independent human resource development authority, such as Tanmia. Finally, the role of organisations such as Tanmia, should be extended to that of an advisory group, whereby the HRD for Emiratisation of any organisation can gain knowledge of developments in Emiratisation processes as well as forward contributions, to develop a body of knowledge on learned best practice. This could be disseminated through best practice publications, workshops and training events.

## CONCLUSION

This paper has outlined the major aspects of Emiratisation, the nationalisation scheme of the UAE a leader in many aspects among its counterparts in the Middle East, and the challenges which emerge from such an analysis. Although Emiratisation began in the early 1990s, to date, it has been largely addressed at the state level, through imposition of employment quota targets in the banking and finance sectors, or through Emiratisation of certain positions, such as HR managers and secretaries. This observation is indicative of underlying challenges which appear to be slowing down and on occasions disabling success of Emiratisation endeavours. Among the key challenges is demographic imbalance Information from the Madar Research Group (2003), that shows though it is the wish of the Ministry of Labour to Emiratised over 50 per cent of the workforce of the whole UAE by 2015, expatriate labour accounts for nearly 80 per cent of the workforce in Dubai, with over 50 per cent being Indian men. Unemployment amongst UAE nationals estimated to be 36,000, with currently over 50 per cent of them drawing benefits under social security legislation.

The demographic imbalance is largely due to the fact that these expatriate workers undertake work that the native population is unwilling to do. Even so, the reliance on expatriate males and the under utilisation of Emirati females implies that the gender and nationalisation gap will continue to grow. However, the scarcity of a native male population can enhance job opportunities for females in an effort to hasten Emiratisation. Local laws and regulations give Gulf employers extensive powers over their expatriate employees, often to the detriment of the rights of their employees. While everyone is exposed to such practices, unskilled workers with poor levels of literacy from South Asia and the Far East, with a lack of understanding of their statutory rights, are the most likely victims.

Another issue which needs to be addressed is job performance of Emirati nationals. The company must articulate its key performance indicators for employees, but for sustained development of staff HRD should develop a longer

term strategy, comprising of performance measurement tools for employee evaluation, with a clear set of outcomes related to, for example, a need for redeployment, consideration for accelerated promotion schemes and training or re training. The HRDs should also take measures to provide channels for ease of communication with national employees to gauge the success of Emiratisation programmes, as well as to address concerns. One by product would be raising the level of motivation and productivity among the UAE national workforce, and thus, reduce the high rates of attrition experienced by many companies. These motivational efforts could, of course, be supplemented by reward schemes such as performance related pay, other forms of awarding bonuses or enhancement thus, displaying a recognition that a positive work directed mindset can be personally fulfilling as well as paying financial dividends.

Tools for HRM discussed in detail this paper are oriented at addressing the challenges and behaviour of Emiratisation in the UAE and extendible to the other parts of the GCC countries, aiming for the success of nationalisation policies. The paper has further endeavoured to draw light on areas for improvement in education and training, public policy, private sector involvement, gender participation, Emirati and expatriate relationships and HRM, from the perspective of Emiratisation of the workforce in the UAE. The outcomes of the research have further indicated that the UAE ever increasingly appears to be a benchmark for the wider Middle East in terms of the development of a sustainable knowledge based economy through effective utilisation of its human capital. The visibly accelerated rate of growth in the countries of the Middle East, South east and Asia Pacific regions have also thus, an expanding requirement for expatriate human capital to cater to the respective needs, in the absence of a robust national work force. This paper provides insight into different facets of HRM to facilitate nationalisation as a policy and practice. Training and knowledge transfer, incentives and attractive work conditions and terms are tools highlighted for HR practices and procedures to consider in order to facilitate nationalisation. The implications are several, starting with, in the case of the UAE, the mandate to have only nationals operating the HR functions.

Nationalisation as a requirement has a two fold consequence on HRM. The first is in terms HRM having to adopt multipronged approaches to facilitate nationalisation; and second, adaptation of HRM functions themselves to be operated by nationals, as visible in the case of the UAE. The characteristic challenges faced by HRM functions in countries with interest to encourage nationalisation are to motivate nationals to actively participate in the interest of the national economy, to raise the skill sets among nationals, to provide a conducive work environment and enable nationals to recognise and apply their potentials. The paper presents salient notions and tools to foster nationalisation, counteract the consequent side effects and overcome the expatriate reaction. In addition to the role of Human Resource Departments HRDs and policies established by the Ministry of Labour and governing bodies, the prevailing education systems have a major impact on making the environment conducive for nations to advance in practice. The HRM modifications for addressing the needs and consequences of nationalisation policy and practice in the UAE may be oriented to other GCC countries with the interest in nationalisation and further to the wider Asia Pacific region.

## AUTHOR

**Dr Kasim Randeree** is a Lecturer in the Faculty of Business at The British University in Dubai and Visiting Lecturer at The University of Manchester in the United Kingdom. He has an academic career spanning 15 years and is the Director of the Organisational Studies Research Group with special interest in Project Management, Managing People in Organisations, Leadership, Organisational Theory and Practice and Learning. Dr Randeree has editorial responsibilities with five international journal publications and has published over 40 peer reviewed articles. He is a Member of the Association of Project Managers and the Institute for Leadership and Management.

Email : [kasim.randeree@buid.ac.ae](mailto:kasim.randeree@buid.ac.ae)

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