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Summary

Is the quota system the right tool to implement and measure the success of nationalization strategies in the GCC countries? How can the governments of the GCC countries control the hiring of ghost workers? What can they do to reduce the negative connotations surrounding local workers' productivity levels and the fear of job loss amongst the expatriate workers? What role does the development of a patron state play in this regard? This policy brief unravels the mirage of the quota system by shedding light onto the intricacies of its implementation, and how policy makers can engage in successful nationalization.

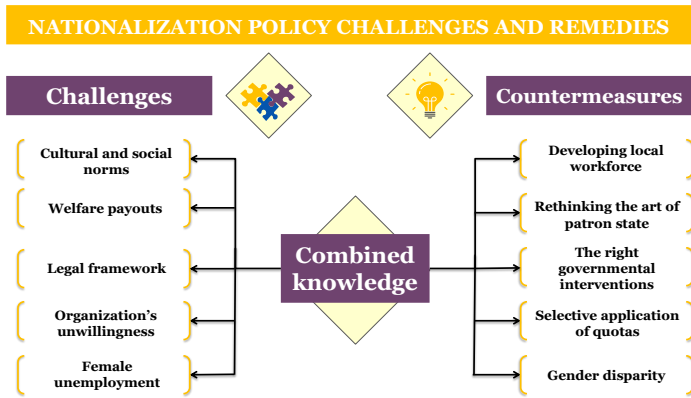
Is quota system the key to successful nationalization in GCC countries?

The Gulf Cooperation Council (GCC) countries have implemented nationalization strategies aimed at prioritizing the employment of local citizens over foreigners. The primary objectives of these nationalization strategies are to boost local employment rates and foster the development of local talents. Governments and organizations have avidly utilized quota systems to gauge the rate of success of these nationalization strategies by assessing the number or percentage of nationals employed by organizations. But the question that remains is: to what extent does the quota system function as an effective tool? Does it serve the purpose of ensuring nationalization goals are being comprehensively met? Our research study unravels the answers to these very questions that underlie effective public strategies.

In our comprehensive review of nationalization research and practices in the GCC region, significant challenges emerged with the quota system that affect various stakeholders at multiple levels. The first and second challenges include cultural and social norms and the region's welfare system, which hinder the achievement of government-mandated quotas. Locals prefer 'luxury employment' that entails respect, status, and authority, which resulted in a negative perception of nationals as merely filling quotas.

Evidently, hired locals were often found to leave private sector jobs for more appealing public sector ones, leading to high turnover rates. These challenges underscore the need for GCC governments to reconsider the application of quotas, tailoring them to specific industries where they are most suitable.

“Quotas alone are not sufficient for generating new employment opportunities; a more nuanced and comprehensive approach is required to understand and effectively address the underlying dynamics of job creation.”



To address these challenges, GCC governments must strategize to develop their local workforces effectively through fostering skill development, implementing efficient regulatory and institutional frameworks, undertaking social and economic reforms, and aligning women's employment with market demands. The prevalence of the rentier state system in the GCC regions has led to apathy of locals towards private sector jobs and raised alarms on the long-term viability of the quota system. It is imperative for HRM policies to evolve, incorporating legal and normative approaches, such as performance-based work systems and a culture of self-evaluation, to ensure sustainable workforce development in the region.

The fifth challenge pertains to the failure of the quota system in reducing female unemployment significantly, as gender disparity remains a pressing concern. This necessitates policy reforms aimed at enhancing the representation and integration of local women in the workforce, particularly in leadership roles. Such reforms would address gender imbalances and fulfill the broader objectives of nationalization strategies. To address the significant challenges posed by the quota system, a multifaceted approach is essential. This includes not only developing the local workforce but also reevaluating the welfare system, particularly in terms of government intervention. The GCC countries should also consider applying quotas selectively, based on economic and market conditions and the specific needs of different industries. It is important to recognize that the quota system is just one component of a broader nationalization strategy.

We identify the third challenge in the GCC's legal framework that supported quota-complying organizations but made hiring locals financially burdensome for other organizations due to high wage expectations and training costs. Consequently, the fourth challenge emerges: organizations' reluctance to hire locals to the extent of employing 'ghost workers' to meet quotas.

In conclusion, this study highlights the less favorable aspects of the quota system and advocates for its integration with other strategies. These include aligning educational outcomes with market demands, diversifying the economy, and fostering a knowledge-based economy. Such a comprehensive approach is critical for the effective implementation and success of nationalization efforts in the GCC countries.

Reference: Elbanna, S., & Fatima, T. 2023. Quantifying people in the GCC region: The uses, challenges, and efficacy of the quota system policy. Human Resource Development International, 26(3): 292-316.

