Implementing Employment Quotas to Develop Human Resource Capital: A Comparison of Oman and the UAE

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Abstract

Over the past few decades, nations from the Arabian Gulf have relied on expatriates to enhance their booming economiesand support rapid economic development. The Gulf's ability to attract international business and expertise has been successful (Ewers, 2013) and both Oman and the UAE have grown their economies while improving their overall global competitiveness (World Bank, 2011). While the relationship between nationals and expatriates has been mutually beneficial, today the reliance on external expertshas implications for the social, political and economic issuesfacing the nations. For this reason, the Gulf countries have embarked on strategies to ensure that employment quotas are regulated as part of the human capital development of nationals. The Economist commissioned a report in 2012 on expectations to be faced in human resource management strategies across the region, and their findings indicate that while the skill gap between nationals and expatriates will narrow, they predict it will not close by 2020.Both governments must address the challengeof providing meaningful employment opportunities for a growing generation of younger workers and at the same time maintain a high level of economic growth.

Key Words: workforce quotas, nationalization, Emiratization, Omanization, expatriates, knowledge based economy, and knowledge capital

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Creating a large number of meaningful jobs especially among the younger generation is a global concern (World Bank, 2011) and the challenges in the Middle East region due to a changing regional context and rising unemployment ratesrequire innovative responses. Job localization programs for targeted labor market groups are the preferred policy option (Global Employment Trend, 2013) and impact employment practices in both the public and private sectors. The Oman and UAE governments have put policies in place to regulate and balance the demand and supply of expatriates vs. native workers. The issue of

Omanization and Emiratization has raised much debate and both governments are faced with developingand implementing sustainable and lasting solutions.

Based on the analysis of data from the CIA Factbook (2013), the World Bank (2011), the World Economic Forum (2013) and the United Nations (2012), among others, the results of this study indicate that although the UAE has one of the highest ratios of nationals to expatriates, 90%, compared to 50% in Oman, just over 100,000 jobs need to be designated or created for nationals in the UAE compared to almost 350,000 jobs in Oman. The overall participation rate of nationals in the workforce for the UAE is almost 80% compared to 61% in Oman (World Bank, 2012), but labor participation rates for women and the 15-24 age group were much lower. The problem is further exacerbated by the fact that the unemployment rate is much higher in this group (IHS Global Insight, 2011) than other age groups so a disproportionately large number of the unemployed are young. Both governments must address the challenge of providing meaningful employment opportunities for a growing generation of younger workers and at the same time maintain a high level of economic growth. Also, underutilization of women is a challenge in both countries.

The purpose of this paper is to compare and contrast the employment nationalization quotas of the UAE and Oman as well as highlight the successes achieved and challenges faced to date. Strategic implications are provided to address the imbalance in work force composition and improve the long term viability and competitiveness of the region.

Introduction

The Gulf Cooperation Council (GCC) is comprised of six nations located in the Arabian Peninsula, bordered by the Arabian Sea, the Red Sea and the Arabian Gulf. They are strategically located on the largest proven crude oil reserves in the world, an estimated 749 billion barrels, representing 54.2% of the world's total(Crescent Petroleum Research, 2010).This region is the largest producer and exporter of petroleum and therefore, plays a strategic role in satisfying the world's energy needs on a global scale. Today these nations are embarking on major economic diversification projects with the goal of transitioning from an economy fueled by natural resources to one that is innovative, knowledge based, competitive and self-sustaining.

On the back of the vast oil revenues, these six states have enjoyed a spectacular economic boom compared to the rest of the world. Nevertheless, the region is not without its share of challenges. One major challenge is that they are all young nations; born in the late 20th century. They have endeavored to grow at fast strides to catch-up with developed nations.In order to support and sustain this growth and in the wake of a shortage of supply of native labor, it was required to tab into a human resources pool for adiverse range of skills, e.g., engineering, management, and finance as well as semi-skilled and unskilled labor (Winckler, 1997). Relying heavily on an expatriate population, primarily from the Indian subcontinent, has resulted in a demographic imbalance in the workforce between nationals and expatriates.

More recently, the unemployment rate of citizens, particularly in the young (ages 15-24), female and university degreed population has increased (Statistical Yearbook of Abu Dhabi, 2013; World Bank, 2011). At the same time, jobs in the public sector, which are preferred by the nationals, are becoming less available, bringing focus to the low levels of private sector employment of citizens. Consequently, the low percentage of nationals' participation in the workforce is an increasingly urgent challenge in the oil rich countries (De Boer and Turner, 2008; Forstenlechner and Rutledge, 2011). To illustrate, the issue of labor imbalance or the high degree of reliance on expatriate labor has been ranked the top challenge in the UAE—ahead of security, health and economic challenges (IPSOS, 2007).

As part of a long-term strategy for effective and sustainable human resource development and management in the region, the governments of the GCC states have embarked on workforce nationalization programs. In this paper, we take an analytical view on the nationalization, or localization, process in the UAE and Oman (coined Emiratization and Omanization, respectively) comparing the successes and challenges faced within each country. First, the historical developments of the labor markets in the UAE and Oman are briefly reviewed with a focus on the most salient characteristics that are relevant to policy decisions today. A discussion follows next with an eye toward analysis and interpretation of labor market statistics and characteristics in each country from a human resource management perspective. Lastly, a section on conclusions and recommendations draws heavily from the fields of strategic management, human resource management, total quality managementand organizational behavior to frame new insights and solutions to these unique challenges to produce the desired changes in the labor market statistics.

Background

The UAE and Oman have many similarities. In addition to the geographic proximity of the two nations, they also share a similar heritage, culture and traditions. Both nations are resource rich, labor importing countries (World Bank, 2007), which has resulted in the employment of a large number of expatriates and more recently, a priority has emerged to increase employment of nationals. Each country has pursued a national strategy to build a knowledge based economy by investing in infrastructure and education (The Arab World Competitiveness Report, 2013). At the same time, there are major economic and sociological differences between them which results in different challenges and target levels of workforce nationalization rates.

UAE and Emiratization

At the formation of the UAE in 1971, the economy was based on exporting the newly discovered oil. The strategic focus for economic development has changed since then, and the UAE has sought to diversify their revenue sources and income, so that is not heavily dependent on oil. As a result, in 2003, Dubai's tourism sector contributed 18% to the Gross Domestic Product (GDP), which was slightly higher than that from oil sector of 17 % (Budhwar & Mellahi, 2010). By 2011, oil rents for the country were 21.9 % of the GDP; see Table 3. By promoting a competitive business environment, the UAE has pursued an economic vision to attract foreign investors (Ewers, 2013) becoming a regional and international leader in sectors such as financial services, tourism, and renewable energy (Al Suwaidi, 2011).

Emiratization started in 2000. By 2004, the government directed the banking sector to hire UAE nationals in all branch manager positions (Godwin, 2006). Prior to 2006, the Emiratization quota was restricted to the banking and finance sectors (Gulf News, 2006). At that time, the UAE's banking sector targeted an Emiratization rate of 50 percent by 2008 (Rees, 2007). Ewer's (2013) attributes the success of the financial sector to develop local capacity to the labor nationalization quotas that forced interaction between citizens and expatriates and the combined effort between foreign experts and native collaboration. However, the government is continually updating Emiratization policies and, in 2009, companies with more than 100 employees were told to employ only Emiratis in their human resource department, and move to implement the same policy insecretarial positions (Gulf News, 2009). Jobs in banking, insurance and hospitality sectors were targeted for Emiratization, as well as the jobs of human resource managers, secretaries and public relations officers (Forstenlechner, 2008).

For effective administration of Emiratization, the UAE government uses The National Human Resources Development and Employment Authority (TANMIA). TANMIA's strategic goals are to:

1. Promote the participation and competitiveness of the national workforce in the labor market.

2. Activate the integration between the Authority and local institutions in supporting the policies of nationalization.

3. Strengthen the partnership with the private sector and stimulate demand for national manpower.

4. Support efficient decision-making in the labor market.

5. Ensure all administrative services are in accordance with the standards of quality and efficiency (TANMIA, 2013).

Thus, Emiratization focuses on policies that will increase the competitiveness of national human resources and effective localization occurs when jobs that were originally filled by expatriates are filled by nationals who are sufficiently competent to meet the organization's needs (Potter, 1989).

In addition toTANMIA, the UAE government conducts annual meetings with organizations to review and examine solutions to improving Emiratisation. The 5th Annual Emiratisation Forum in 2013 is being billed as the Year of Emiratisation by His Highness Sheikh Mohammad Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai. The Forum is a platform for both the private and public sectors to debate and discuss how to create jobs for UAE nationals. The UAE has designated this as a national priority and is challenging organizations to show how they will reach targeted workforce quotas.

Oman and Omanization

Similar to the UAE, the Omani government has embarked on a process of nationalization of the workforce. Aycan, Al-Hamadi, Davis, and Budhwar (2007) assert that similar to other Gulf states, Oman has relied on expatriate workers for advanced technical and professional expertise as well as manual labor. Noting that Omanization started as early as 1982 when the first foreign military commanding officers were replaced by locals, the slow start was later paced up by the Omani government when it embarked on the process of workforce localization (Aycan et al, 2007). Subsequent successes in the banking sector led to 90% Omanization in 2001 (Al-Lamki, 2005).

Omanization is a long term program that seeks to promote effectiveness and efficiency both in the public and private sectors (Al-Hamadi, Budhwar, and Shipton, 2007). Recently, priority has also been given to the private sector whichrepresents a large employment opportunity where locals can secure meaningful employment. The government of Oman views the private sector as the primary vehicle of growth and development, and therefore, where the opportunity for employment of Omanisis most likely to occur (Ghailani and Khan, 2004). In order to address unemployment in some occupations and a surplus in others, the government has initiated measures such as:

- Regulating the expatriate labor entering into the private sector particularly in occupations that can be easily Omanized.
- Implementing suitable manpower planning that meets the needs of the private sector.
- Improving working conditions of the private sector.
- Supporting willing Omanis to establish small commercial projects.
- Offering guidelines and suitable incentives to encourage entrepreneurial pursuits (Al-Hamadi, Budhwar, and Shipton, 2007).

Discussion

Both the UAE and Oman are working to improve the participation of nationals in the workforce by either limiting the reliance on expatriate labor or creating job opportunities for nationals in the private sector. Omanization is a policy developed with the view of reducing a country's over reliance on imported labor. It is aimed at increasing the participation of the local population in the labor market (Wilkins, 2001). In general, it is the intervention taken by a country in minimizing expatriate labor (Harry, 2007). On the other hand, Emiratization is a policy designed to put in place an affirmative action quota whichensures that citizens of the UAE are given viable employment opportunities in the private sector (Godwin, 2006).

The use of employment quotas is astrategic initiative employed by the Omani and Emirati governments to ensure employment for their local population (Forlstenlechner, 2008). Considereda technique to manage diversity, quota requirements have been in place for well over a decade in both countries (Forstenlechner, et al., 2012).Workplace quotas are customized and regulated by legal councils within each country to protect the employment rights of citizens. Within the UAE and Oman, quotas in an employment context, are especially used to ensure that citizens are given preference in employment over foreign workers. Additionally, quotas are in place to ensure that Omani and Emirati females are employed in their country at specific targets. Quotas are intended to help curb the unemployment rate of nationals and lessen a country's dependence on foreign labor.

Overall, foreign and local firms in the Gulf are highly internationalized as reflected by the high percentages of business with foreign ownership and the high number of expatriates in both private and public organizations. The ratio of the national population to the total population in the UAE and Oman spans a wide range. In Oman, the percentage of locals to the total population is 80% while in the UAE, the local population is only 19% of the total population (see Table 1). At the same time, the number of expatriates in the UAE is about 7 times higher than in Oman (4,304,000 and 618,000 respectively). According to Ewers' (2013) study, firms in the UAE are more internationalized, both foreign and local, than other Gulf States which is also reflected in the higher percentage of foreign workers. The UAE is considered a top labor importer from Asia, Europe and North America. Oman draws most of its foreign work force from Asian countries such as India, Bangladesh, Pakistan, and Sri Lanka.

The UAE especially, and Oman to a lesser extent, have introduced modernization that has brought about an improvement in their national economies and worldwide standing. The rankings of global competitiveness for each country are shown in Table 2. Compared to over 180 other economies, the UAE ranks 26th on ease of doing business and 24th on global competitiveness while Oman ranks 47th and 32nd, respectively. These rankings reflect the investments in infrastructure and institutional development, as well as a stable macro environment buoyed by higher oil prices (The Gobal Competitiveness Report 2012-2013). The UAE ranks very high, 7th in the world, in labor market efficiency which reflects the transformations occurring in labor-employer relations, productivity, female participation in the workplace and other employment conditions (compared to Oman's ranking of 36). In addition, the UAE ranks 8th on the world stage in infrastructure development compared to Oman at 33. Further evidence on rankings in higher education, business sophistication and innovation and human development indicate that the two countries have been successful in developing their nations.

Table 1. Local and Expatriate Population Statistics for the GCC in 2009 in 000's*

Country	Total Population	Local Population	Local Population %	Expatriate Population	Expatriate Population %
Bahrain	1,250	575	46%	675	54%
Qatar	1,951	390	20%	1,561	80%
Oman	3,090	2,472	80%	618	20%
Kuwait	2,650	1,193	45%	1,458	55%
UAE	5,314	1,010	19%	4,304	81%
Saudi Arabia	26,535	23,881	90%	2,653	10%
GCC Total	40,790	29,521	72%	11,269	28%

*All estimates are from the CIA Factbook (March, 2013)

Table 2. Global Competiveness

Ranking	Oman	UAE	Source
Ease of doing business	47	26	World Bank
Global competitiveness index	32	24	Global Competitiveness Report
Labor market efficiency	36	7	Global Competitiveness Report
Infrastructure development	33	8	Global Competitiveness Report
Higher education and training	61	37	Global Competitiveness Report
Business sophistication and innovation	44	25	Global Competitiveness Report
Human development	84	41	Human Development Report

As developing nations, both countries have been successful in transforming their economies. From the World Bank Development indicators in 2012 shown in Table 3, the Gross National Income (GNI) in the UAE is 291 billion compared to 50 billion in Oman. Compared to other world economies, the GNI of the UAE ranks 30th while Oman ranks 71st. The UAE has one of the highest per capita incomes in the world estimated at 41,930 while Oman's GNI per capita is 18,260. From 2000-2010, the UAE and Oman have had an average annual % growth of 4.7 and 5.1, respectively. Both countries have diversified their economy away from oil and gas rents. As a percent of Gross Domestic Product, oil and natural gas rents are 39.2% in Oman and 20.4% in

Table 3. World Bank Development Indicators 2012

Indicator	Oman	UAE
GNI billion US	49.5	290.9
GNI rank	71	30
GNI per capita US	18, 260	41, 930
GDP billion US	46.9	360.1
GDP average annual % growth 2000-2010	4.7	5.1
Oil and natural gas rents (% of GDP)	39.2	20.4
Tourism expenditures million	1,251	3,907
Labor force, total million	1.2	4.9
Labor force, female (% of total labor force)	17.9	14.8
Labor force participation rates all (2011)	61	79
Labor force participation rates men	80	92
Labor force participation rates women	28	44
Labor force participation rate 15-24, total %	32	43

Based on 2010 estimates unless indicated otherwise

the UAE. The tourism expenditures of 1.3 million in Oman and 3.9 million in the UAE illustrate the shift from an economy dependent on natural resources to one that is more diversified in terms of income sources.

The labor force in the UAE and Oman is estimated at 6.1 and 3.0 million, respectively (see Table 3). The labor force participation rate measures the percentage of a country's work age population that is actively engaged in the job marketand includes those who are working as well as those who are unemployed. The estimates show that 61% of Omanis are economically active while 79% of the UAE nationals are participating. However, there is a disproportionate participation rate between genders and age groups. The participation rate for men is substantially greater than that for women indicating that the majority of men are working while the majority of women are not. Further, the labor force participation rate for the younger generation, ages 15-24, is only 32% for Oman and 43% for the UAE clearly indicating that the problem is greatest for women and the young.

To understand the scope of the unemployment problem, an estimate of the actual number of locals who are unemployed is obtained by the product of the unemployment rate and the total nationals in the labor force. The total number of nationals in the workforce is estimated by the product of the participation rate (.79; World Bank, 2011) and the number of nationals (1,010,000; CIA Factbook). Based on an unemployment rate of 14% (Labor Force Survey, 2009)--the highest since the country was founded, approximately 111,706 Emiratis are in the labor force and not working.[1] Using an unemployment rate of 24.4% (IPR Strategic Business Information Database, 2012),an estimated 367,784 Omanis are not working.[2]In summary, the overall participation rate of nationals in the workforce for the UAE is higher than in Oman, and over100,000 jobs need to be designated or created for nationals in the UAE while over350,000 jobs must be generated in Oman.

While youth unemployment around the world is over 12.6% and getting worse (Global Employment Trends, 2013), the Middle East has the highest youth unemployment in the world at almost 30% (International Labour Organisation, 2013). The long term consequences of youth unemployment are significant. A lack of valuable work experience and erosion of professional skills can reduce career prospects and earnings. Oman and the UAE are "young" societies. The scarcity and inaccuracy of demographic data from the GCC region is well documented, e.g., Nasir and Tahir (2011). Nonetheless, the size and composition of the countries' population demographics are skewed to the younger generation. As Table 4 shows, the median age in Oman is 24.7 and in the UAE, 30.3. Based on estimates from the CIA Factbook (2013), 31% of Oman's population is less than 15 years of age (compared to 21% in the UAE) which indicates the number of young people entering the work force will increase over the next decade. In the 15-24 age group, Oman has an estimated 20% of the population whereas the UAE has almost 14%. However, population estimates from the United Nations (2012) and the UAE Bureau of Statistics (2012) indicate that this frequency may be higher at 23% and 26%, respectively and even greater that the Oman estimate. Lastly, the demographic data from the United Nations (2012) further partitions the data in the 20-34 age group showing that 58% of the population in Oman and 37% of the population in the UAE fall in this group.

Table 4. Population Distribution

	Oman		UAE		
	CIA Factbook	United Nations	CIA Factbook	United Nations	UAE Bureau of Statistics
Median Age	24.7		30.3		
0-14 years	30.6%	27.4%	20.6%	13.8%	38.0%
15-24 years	20.2%	22.4%	13.8%	23.0%	25.6%
25-54 years	42.1%	41.3%	61.5%	60.2%	30.6%
55-64 years	3.9%	3.1%	3.1%	1.2%	4.2%
65 years and over	3.2%	0.0%	1.0%	0.0%	2.8%

According to statistics shown in Table 5,in 2011, UAE nationals working in the private sector represent less than 10% of the entire workforce while Oman has achieved an estimated 48%. An estimated 43,000 of the 2.2 million private sector jobs are held by nationals in the UAE while almost 500,000 nationals work for the government (The National, 2012).These figures are based on averages and different industry sectors and companieshave varying levels of localization. For instance, more than 35% of workers in the banking sector of UAE are locals.From 2000-2011, Oman has had continued improvement in regulating employment quotas with a total increase of almost 14% over this time period. Presently, almost half of private sector employees are from the local population. The government of Oman has seta target of having 80% Omanis working in the private sectors by 2020 (Forstenlechner& Rutledge, 2011).

The changes made by the governments from 2000-2011 are relevant because more and more members of the population have been empowered socially and economically.The UAE has achieved lower growth in the percentage of nationals working in the private sector of 10% over the same time period, but their localization efforts began much later than Oman so the cumulative total percentage of nationals in private companies is much lower at 10%. The UAE has been successful in building on their oil wealth to attract talent and global knowledge to the country, but this has resulted in a lower percentage of nationals in the workplace. Both governments are actively targeting increases in the numbers of local workers in the private sector.

Table 5. Ratios of Nationals in the Work Force

Year	Oman	UAE
2000	34.2%	0.2%
2001	35.3%	0.7%
2002	35.5%	1.0%
2003	37.0%	1.2%
2004	37.7%	1.8%
2005	39.0%	2.4%
2006	40.3%	4.0%
2007	41.1%	6.4%
2008	42.2%	7.0%
2009	44.5%	9.0%
2010	46.0%	9.5%
2011	48.0%	10.0%

Source: Forstenlechner and Rutledge, 2011

Currently, nationals from both countries prefer jobs that offer comfortable working conditions and they tend to avoid construction and other manual/labor areas (Al-Waqfi and Forstenlechner, 2010; Al Hamadi, 2007; Godwin, 2006). Some jobs are perceived as clearly superior to others and many locals feel that the government still remains the best employer. There are a number of attributes that make the government the preferred employer. For example, the governments are more likely to provide further educational and professional development opportunities, lifelong employment, higher wages, better benefits, more favorable working conditions and shorter working hours (Al-Lamki, 1998). These expectations coupled with the saturation of jobs in the public sector are becoming increasingly relevant as the governments seek solutions for increasing nationals' employment in the private sector (Al Ali, 2008).

Negative perceptions about nationals' expertise and attitudes contribute to the challenge of meeting workplace targets (Swailes, Al Said, and Al Fahdi, 2012; Al-Waqfi and Forstenlechner, 2010; Business Middle East, 2003; Forstenlechner, Madi, Selim, and Rutledge, 2012). The demand for skilled expatriates is fuelled by the perception that employers have toward local workers. Employers often complain about the lack of motivation among local workers reflected inhigh levels of absenteeism and a lack of punctuality (Business Middle East, 2003). Empirical evidence of this type of stereotyping of nationals by expatriates *and* nationals is provided by Al-Waqfi and Forstenlechner (2010) and Forstenlechner, et al (2012). In a related vein, Al-Lamki (1998) explains that the private sector discourages and disqualifies Omanis from applying because of the requirements for work experience and English language proficiency. In both countries, the primary language is Arabic and challenges arise due to the difficulty inherent in the complexity of competing on a world stage in a second language.The problem with strong stereotypes, such as those that exist about nationals, is that they color subjective perceptions even when individual differences exist and ultimately, reduce individuals' willingness to hire a national (Al-Waqfi and Forstenlechner, 2010).

These developments have resulted in both countries experiencing voluntary and involuntary unemployment. The main reason attributed to involuntary unemployment is the lack of nationals` knowledge and skills required in the job market or a mismatch of skills to employer's needs (Al-Hamadi, 2007). Voluntary unemployment occurs because nationals have high expectations and may opt to remain unemployed waiting for an ideal job whichdoes not materialize (Forstenlechner and Al Waqfi, 2009).

Furthermore, government policies protect the locals from being fired. This makes it challenging for the managers to hire them due to fear of incompetency. Further stereotyping that all locals are wealthy and don't need to work has contributed to the lack of employment among the locals However, in both Oman and the UAE income levels vary and range from the ultra-wealthy to the very poor. Based on this perception, employers may tend to ignore locals looking for employment. Also, some employers offer very little in term of wages and remunerations which does not motivate the locals to look for employment (Al-Lamki, 1998). The main and preferred employer for the locals therefore is the government.

Quotas for Female Employment

The Oman and UAE governments strive to nationalize their human resources. However, problems such as demographic imbalance due to heavy reliance on imported workforce, the issue of private sector employment and role of women in society have continued to hinder Omanization and Emiratization (Randeree, 2012). Nonetheless, in both the UAE and Oman, female employees have the highest presence in organizations compared to neighboring countries. To illustrate, according to statistics from the Madar Research Group (2004), Dubai has one of the highest male to female ratios in the workforce (2.6 males to 1 female) and has one of the highest expatriate rates (82% of the population). While no official figures have been reported steadily since from Oman, it was recently reported that Oman has the highest number of working women throughout the GCC (Goveas & Aslam, 2012). Female employees are most represented in the public sector both in Oman and the UAE and women occupy prominent positions in the public sector as well within both countries.

The global gender gap index was introduced by the World Economic Forum in 2006 to measure the extent of gender based disparities on economic, political, education and health criteria. Based on rankings of over 130 countries, the global gender gap overall index for Oman is 125 and for the UAE is 107 (see Table 6). Both countries are also ranked low on the gender gap measured by the economic participation and opportunity index which is concerned with comparisons between women and men in the labor force on factors such as participation and wages.

While these rankings are low, the UAE is ranked 1st in the world on educational attainment of women, compared to 96 for Oman, which measures the ratio of female enrollments vs. males and literacy rates vs. males.More women than men are enrolled in primary, secondary and higher education and the female literacy rate is higher as well. In 2012, the UAE in Figures (2012) estimated that 26,691 males and 40,656 females are enrolled in colleges and higher education indicating that just over 60% of nationals in universities are female. Al-barwani, Chapman, and Ameen (2009) argue that Oman has one of the fast growing education systems in the world, and current projections indicate that the country will produce three times more college graduates than there are jobs available each year. Based on higher college enrollments for women combined with lower participation rates, the unemployment problem is most acute for the young, educated female national group indicating the need for continued expansion of gender equity and the need to provide employment opportunities for college educated women. Despite notable improvements in the education of women, they are still less likely to participate in the workforce.

In the UAE, Sheikh Mohamed bin Rashed Al-Maktoum announced in 2012 that private sector *and* government agencies must ensure that Emirati women are well represented in the workforce requiring that female quotas be met through hiring practices. A similar pronouncement was made by the Sultanate of Oman who was quoted as saying that women are encouraged to work shoulder to shoulder with men (Goveas and Aslam, 2011).

Table 6. Gender Rankings 2012

	Oman	UAE
Global gender gap overall index	125	107
Global gender gap economic participation & opportunity index	127	122
Educational attainment	96	1

Source: Global Gender Act Report 2012

Summary and Conclusions

The Arab World Competitiveness Report, 2013, classifies Arab countries according to three stages: stage 1 is factor driven; stage 2 is efficiency driven and stage 3 is innovation driven. The UAE has been successful in developing an innovation driven economy (stage 3) and is ranked very high in world competitiveness. The ranking for Oman is classified as a transition economy from stage 2 to stage 3. The economy in both countries has prospered and they have created alternative sources of income, attracted many businesses, which in turn has influenced the shape of the workforce distributions.Nonetheless, the UAE and Oman populationsare marked by a high number of migrants from other parts of the world who go there for employment purposes. This high entry of external workers into the two nations has had significant effects on their employment sector.

Although the process of Omanization and Emiratization is challenging, the countries have made progress over the last decade. Both governments continue to work to ensure that the employment quotas are regulated and improved. For example, the Oman government created 100,000 new jobs in civil and defense sectors from 2011–13, but such actions raise the national wage bill and increase the country's vulnerability to falling oil prices (International Monetary Fund, 2013). However, it is also evident that they have a long way to go in ensuring nationalization in the private sector. Nationals are mainly working in the government sector, andseem to have clear preferences as to what kind of job/sectors they want to work in. Today many nationals still concentrate their career perspectives on government and public entities. Rees (2007) suggests that dependence on the foreign labor force can have seriouslong-term political, economic and social consequences. Nationalization is crucial to sustain long-termgrowth for the economies since it is the best way to empower and improve the living standards of the locals.

Oman and the UAE have jointly invested in projects to promote tourism, privatization and nationalization programs and this cooperation has improved the economic growth of both countries (Al-Sayegh, 2002). Omanization and Emiratization were initiated as way of preparing the local citizens for future employment. Both Nations have invested in the education sector, which prepares students for the job market and improves the skills of the already working population. The governments have targeted effective manpower planning to implement the employment quota and improve the private sector conditions.It is important to note that, harmonization of the public and the private sector is very important. If the governments can strike a balance in the wages, working hours and job security among the private and public sector, then the locals will be less likely toavoid employment in the private sector.

Critics argue that while quotas are intended to protect opportunities for nationals, in practice they infringe on the rights of expatriate workers. Opponents further contend that this creates an imbalance in the perceptions of fairness in the workplace. Moreover, compared to the public sector, the private sector is subject to economic considerations. Forstenlechner, Lettice and Ozbilgin (2012) present compelling reasons why quota systems may fail and recommend that to be successful, organizations should develop a convincing rationale and incentives for implementing a quota.

When people have knowledge, they are empowered and education is, therefore, viewed in both countries as the key to driving the economy forward. Oman and the UAE have made significant progress in ensuring that the locals get a good education to strategically place them in the job market. However, with the level of dynamism in the job market, there is need for constant review and updating of relevant competencies. Each year, more students complete secondary school education and seek employment. However, getting a job is becoming especially challenging in this group due to the lack of practical experience and higher education. Many of the local workers, therefore, continue to rely on the government and public entities for employment opportunities.

In order to avoid a surplus in certain occupations and an insufficiency in others, the governments of the UAE and Omanshould continue to set meaningful targets and control procedures for occupations that can be filled by qualified nationals. Effective manpower planning in both the public and private sector to identify the skills and capabilities matched to the job requirements will help focus the development of local human capital to meet the needs of the nations. Offering incentives to citizens to help them start commercial enterprises and improving the private sector's working conditions will promote greater participation from the local workforce.In a study of national women in the UAE, Emiratization has had a positive impact resulting in more job opportunities, equality and independence for women (The National, 2013).

The governments also need to look for ways of motivating locals not only to work but also to stay in their jobs in the private sector. This is because despite the availability of opportunities in the private sector, most locals decline the offers. Those who take the jobs may only take them for a period as they search for employment in the public sector. Public sector jobs are characterized by high wages, shorter working hours and job security. The governments need to come up with better policies to regulate the private sector (Forstenlechner and Rutledge, 2011). For instance, they can ensure that the private sector provides better working environments, better pay and career development opportunities. Private companies employing local workers can also be given subsidies and tax reliefs as a way of motivating the employers.

Better management of expatriates will ensure that the investment in expatriate expertise will not result in a knowledge drain when the expatriate returns home. While countries in the region have been successful in attracting foreign labor and state of the art knowledge of business practices, Ewers (2013) maintains that the present challenge is to put in place mechanisms that will ensure high levels of knowledge exchange between nationals and expatriates. Increasing the proportion of nationals in the private sector will foster this exchange but social and cultural traditions may inhibit whether the knowledge is assimilated and integrated by the nationals (Forstenlechner and Lettice, 2007). To illustrate, female nationals and their families may prefer government positions where they interact less with males than in private industry. However, social interaction is required for experience-based learning in transferring and absorbing tacit knowledge. Tacit knowledge is stored collectively in individuals and the informal conventions and practices of an institutionand Ewers (2013) concludes although the GCC has been successful in attracting global knowledge, the region has been less successful in transferring and embedding this knowledge with the local population. Social relationships that promote knowledge exchange between nationals and expatriates are required to optimize nationals' understanding of complex business practices and expatriates' understanding of the cultural and institutional context in which these practices are applied. Governments must encourage nationals to not only work in private companies but also must encourage the flow of knowledge and innovation in the work environment.The presence of a high ratio of expatriates/nationals presents an opportunity to provide incentives to both groups to interact in a meaningful way to transfer knowledge.

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