

HEIDRICK & STRUGGLES

# Mapping Middle East Talent 2007–2012

Developed in co-operation with the

**Economist Intelligence Unit**

The  
Economist

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# Mapping Middle East Talent 2007–2012



If talent is the new oil, where better to carry out a regional drill-down of the Global Talent Index than in the Middle East?

These are exciting times for the Middle East region, but the data collected by the Economist Intelligence Unit confirms what our clients tell us: the talent pools are shallow and urgent action is required if the pace and scale of growth is to be sustained.









The Global Talent Index, published in September 2007, investigated talent in thirty countries across the globe, identifying where talent is located today and where it will be by 2012. We have used the same methodology for the Middle East Talent Index but with a focus on eight markets: Bahrain, Egypt, Islamic Republic of Iran, Jordan, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).

The discussion and enthusiasm generated by the Global Talent Index underlined the fact that talent identification, development and retention are issues that preoccupy companies the world over. By plotting the problem geographically we hope to dispel some of the myths, decipher some of the opportunities and help you tap into the talent of tomorrow.

**Ayman Haddad**

Managing Partner, Middle East and North Africa, *October 2008*

# Middle East Talent Index rank changes 2007–2012

rank	country	Talent Index score (TI)		rank change	Demographics (Rank)			Quality of compulsory education (Rank)			Quality of universities and business schools (Rank)			Quality of the environment to nurture talent (Rank)			Mobility and relative openness of the labour market (Rank)			Stock and flow of foreign direct investment (Rank)			Proclivity to attracting talent (Rank)		
		2007	2012		RC	2007	2012	RC	2007	2012	RC	2007	2012	RC	2007	2012	RC	2007	2012	RC	2007	2012	RC	2007	2012
1	 Egypt	45.2	49.0	■ 0	1	1	■ 0	6	6	■ 0	1	1	■ 0	7	5	▲ 2	6	6	■ 0	3	3	■ 0	7	7	■ 0
2	 Jordan	43.3	44.9	■ 0	7	7	■ 0	5	5	■ 0	2	2	■ 0	1	2	▼ 1	2	3	▼ 1	2	2	■ 0	5	6	▼ 1
3	 Qatar	41.2	44.7	■ 0	5	5	■ 0	2	1	▲ 1	8	7	▲ 1	3	3	■ 0	3	2	▲ 1	6	6	■ 0	2	1	▲ 1
4	 Bahrain	41.0	42.8	■ 0	8	8	■ 0	4	3	▲ 1	5	4	▲ 1	4	4	■ 0	5	5	■ 0	1	1	■ 0	4	3	▲ 1
5	 Saudi Arabia	36.2	39.5	▲ 2	3	3	■ 0	1	2	▼ 1	3	3	■ 0	6	6	■ 0	8	7	▲ 1	4	4	■ 0	6	5	▲ 1
6	 UAE	40.2	38.0	▼ 1	6	6	■ 0	8	8	■ 0	7	8	▼ 1	2	1	▲ 1	1	1	■ 0	5	5	■ 0	1	2	▼ 1
7	 Kuwait	39.8	37.8	▼ 1	4	4	■ 0	3	4	▼ 1	4	6	▼ 2	5	7	▼ 2	4	4	■ 0	8	8	■ 0	3	4	▼ 1
8	 Iran	30.0	31.5	■ 0	2	2	■ 0	7	7	■ 0	6	5	▲ 1	8	8	■ 0	7	8	▼ 1	7	7	■ 0	8	8	■ 0

## An imagined region

Two-dimensional maps accompanied by facts and figures make the world look very neat and tidy. We understand what a diverse spectrum this geographic region, the ‘Middle East’, encompasses – the variety of cultures, financial markets, physical territories and infrastructure. The Middle East that we speak of is a shared concept in our collective imagination, an assembly of nation states which when brought together enable us to chart trends and draw broad conclusions.

## Demographic strengths disguise talent weaknesses

The population of each of the eight countries in the Middle East Talent Index varies dramatically from over 76 million people in Egypt to 760,000 in Bahrain. Egypt’s much larger population underpins its first place score but the size of the talent pool is not of critical importance when we consider second place Jordan with its relatively small population.

If we delve a little deeper into the demographics we find a common trend – the high volume of young people: current figures suggest 65% of the region’s population are under the age of 25. This promises an extended period of exceptional tax gains and will enable the region to maintain an equilibrium between its working and non-working

populations that will make it the envy of ageing countries such as Japan and Germany.

This picture of demographic health, with a burgeoning youth population, may seem to contradict warnings about an imbalance in the Middle East between the high demand for workers and the low supply. However, this comes down to a question of suitability. We would contend that many of these young people are not being equipped with the relevant skills or experience to perform in a competitive global talent market. This leaves the Middle East region at a severe disadvantage, forcing a reliance on foreign workers.

## Education provision is failing talent

How does talent come to reveal itself? How does a talented person grow? The answer is simple, through education. Raising the quality of universities and improving attitudes towards career development and management are paramount to making the Middle East’s current growth phenomenon more than a historical footnote. As long as the brightest and the best people from all of these countries continue to leave to be educated in American or European universities, this intrinsic talent disadvantage will remain. Educational infrastructure must grow so that the Middle East can nurture and support its own domestic talent, rather than relying on foreign workers.

The need for educational investment is supported by the fact that the University of Cairo is the only university in this set of countries, to qualify as one of the World's top 500 universities (source: QS Top 520 Universities Study, 2006). Qatar and Bahrain's high places in the Index (third and fourth place respectively in 2012) are in part due to their strong compulsory education systems but this disguises relatively poor tertiary education provision. The UAE ranks sixth overall, despite topping the measures for mobility and the openness of its labour market, and the strength of the environment to nurture and attract talent, because of its surprisingly poor compulsory education system.

## Foreign direct investment

In contrast to the findings of the Heidrick & Struggles Global Talent Index the economic wealth of these eight countries, as measured by GDP, has little correlation with the pattern of talent distribution. This is most likely due to the economic dominance of oil exports for each of these countries.

But, it is not just about exporting oil. Foreign investment matters for two reasons. Investment equals money and money attracts talent. Talent follows money and money brings innovation. This is why we put such a strong

emphasis on foreign direct investment in the original Global Talent Index. Currently the Middle East attracts only 2% of the direct foreign investment in circulation today. Kuwait suffers significantly from very low levels of foreign direct investment which pulls it down the ranking.

## Harnessing ambition

The new generation growing up in the Middle East have big ideas. We must let them dream big dreams. Without imagination the dependence on oil will smother attempts to diversify these economies.

Saudi Arabia shows strong progress in this regard, privatising telecoms, liberalising airlines and opening up financial services. Abu Dhabi's Masdar Institute of Science and Technology also shows promise with its commitment to renewables and alternative energy streams.

The ability of the Middle East to truly sustain talent, rests on the construction of strong education systems which support the exchange of ideas and the creation of alternative wealth streams through new industries and micro-economies.

“we would contend that these individuals are not being equipped with the relevant skills or experience to perform in a competitive global talent market”

# Country summaries

## Egypt

Egypt holds the top spot by a small margin because of its large population of 20-59 year olds and the relative strength of its universities and business schools when compared to its neighbours. It scores poorly on the 'Quality of the environment to nurture talent' (this measure includes data on the number of researchers in R&D, wage regulation and the quality of local managers) in 2007 but by 2012 advances in the protection of private property and a better cost of living have slightly improved its performance in this measure, seeing it rise from seventh to fifth place. Egypt does less well across the forecast period in its 'Proclivity to attracting talent' which takes into account the technical skills of the workforce and personal disposable income. Egypt has modest levels of foreign direct investment.

## Jordan

Despite its small population, low dependence on oil exports and small employment growth, Jordan is one of the most consistent scorers in our group, ranking second in three of our categories in both 2007 and 2012. This is sufficient to give it the second spot overall. While it does not do well at attracting talent with low GDP per capita and low GDP growth, the data suggests a positive environment for developing talent in the future with high quality local managers and meritocratic remuneration. It also has the highest score in the region across the forecast period for

the share of the population aged 25-64 with tertiary level education. Jordan has the second highest level of foreign direct investment after Bahrain.

## Qatar

Qatar remains in third position in both the current and forecast rankings. A strong compulsory education system is let down by a weak tertiary education sector with a low number of universities. Qatar boasts a high score on the 'Mobility and relative openness of its labour market' with a high number of students studying overseas and a trend for attracting foreign nationals to work in the country. In 2012 it tops the table for 'Proclivity to attracting talent' but this is due largely to a decline in the score of the UAE, than any absolute improvement in its own score. Qatar has the highest cost of living in the region in 2007 but this is set to improve by 2012.

## Bahrain

Fourth placed Bahrain loses out because of its low population: it scores well in other measures and while there are weaknesses in its higher education system, these show slight improvement during the five year forecast period – for example it has the highest score for mean years of schooling. Bahrain shows an encouraging openness of trade (exports + imports as a % of GDP), ending up in second place behind the UAE. Bahrain has the highest level of foreign direct

investment in the region and scores significantly higher than its closest rival, Jordan, in this measure. Bahrain does show a slight improvement in its 'Proclivity to attracting talent' measure with healthy employment growth predicted to 2012.

## Saudi Arabia

Saudi Arabia is the big gainer, moving up two places between 2007 and 2012 to reach fifth place (although it beats UAE by only 0.1, showing how subtle the changes over the forecast period can be). It achieves this not just because of its own absolute improvements but because of the relative deterioration in the countries around it. Saudi Arabia is probably the most enthusiastic globaliser of the group and will be supported by its buoyant fiscal revenues from oil exports. It moves up one place in the 'Mobility of the labour force and relative openness of the labour market' by 2012 thanks to its increasingly international-facing outlook and its commitment to building a strong compulsory education system. In 2007 Saudi Arabia scores relatively poorly in its ability to attract foreigners to work in the country; this is largely based on its recent economic performance compared to other countries in the region, and this measure will improve by 2012.

## United Arab Emirates (UAE)

Despite topping the ranking for the 'Mobility and openness of its labour market', and for fostering an environment which nurtures and attracts talent, the UAE is let down by surprisingly poor compulsory education standards with low spending on education as a proportion of GDP and falling enrolment rates for primary and secondary education. Low university enrolments also drag the score down. The situation looks set to worsen by 2012 with the knock-on effect of falling secondary enrolment rates impacting the quality of the tertiary education sector and contributing to its fall from fifth to sixth place in the overall Index by 2012. But while the UAE deteriorates in its ability to nurture and grow its domestic talent, like Qatar it continues to concentrate on developing positive environments for attracting and retaining international talent.

## Kuwait

In 2007, Kuwait scores just below the United Arab Emirates to take the sixth place spot despite doing consistently well across almost all the categories. It suffers acutely from very low levels of foreign direct investment which we believe to be an important mechanism for knowledge transfer. Kuwait falls in four of the measures by 2012: 'Quality of compulsory education', 'Quality of universities and business

schools', 'Quality of the environment to nurture talent', and 'Proclivity to attracting talent'. Absolute improvements in many of the results which constitute these measurements are not strong enough to compete with the pace of change in the countries it is closely ranked against – UAE and Saudi Arabia, and so it slips down the rankings. Relatively little improvement in our forecasts for foreign direct investment also continue to act as a drag to its overall score.

## Islamic Republic of Iran

Iran remains in eighth place overall throughout the forecast period. Iran has strong demographics and along with Egypt, is far ahead in this measure when compared to other countries in the region. Iran suffers from low 'Quality of compulsory education' but shows a slight improvement in the 'Quality of universities and business schools' by 2012. The results also reveal the relatively high technical skills of the Iranian workforce. Iran scores far behind the rest of the group in the 'Quality of the environment to nurture talent' and exhibits extremely low levels of foreign direct investment. A high number of Iranian students are studying overseas but the closed nature of its society and economy contributes to the very low number of overseas students studying in Iranian universities.

# Methodology

The Middle-East Talent Index is an attempt to quantify and map potential hot spots for the quality of human capital and recruiting talent, now and in five years time, in eight Middle-East countries. The Middle East Talent Index is a regional deep-dive and an extension to the original Global Talent Index (GTI). The Talent Index series is the result of an ongoing collaboration between Heidrick & Struggles and the Economist Intelligence Unit. The Index measures not only a country's natural potential for producing talent in socio-demographic terms, but also the conditions necessary to realise this potential. A country may exhibit heady population growth but without a supporting infrastructure and the right cultural contexts, the talent margin will not be fully realised.

To reflect this multi-layered analysis seven major areas are determined to be of importance:

- demographics
- quality of compulsory education systems
- quality of universities and business schools
- quality of the environment to nurture talent
- mobility and relative openness of the labour market
- trends in foreign direct investment
- proclivity to attracting talent

Applying their respective experience in talent assessment and data gathering and analysis, the project team from both organisations drew up a list of variables with which to measure these seven areas of interest. These variables combine quantitative measures drawn from a variety of local and international data sources, with qualitative assessments from the Economist Intelligence Unit's network of country analysts and local contributors. Forecasts were based on the Economist Intelligence Unit's macroeconomic models and country analyst projections for the qualitative variables. The results were then normalised for each variable series in order to obtain scores from 0 – 100 (where higher scores indicate better performances on the talent measures).

Finally, the project team set the weights of the different variables in the overall Index by assigning scores from 1 – 5 to each variable, based on their particular relevance (where 1=unimportant and 5=of critical importance).

# Heidrick & Struggles in the Middle East

Our Beirut and Dubai offices stand as the gateway to Heidrick & Struggles' expertise in the Middle East and North Africa. An intimate knowledge of the region, built up over a decade, provides us with insights into the business and regulatory environments as well as cultural sensitivities that are as important to local organisations as they are necessary to our multinational clients.

We understand the accepted methods and nuances of conducting business in the region and have made a long-term commitment to working effectively at the highest level.

These are exciting times for talent management in the Middle East with unprecedented liberalisation, de-regulation and growth driving the demand for expert leaders on every front. Our work cuts across all industries and sectors including aerospace, financial services, real estate, supply chain, infrastructure, energy and consumer.

The Middle East practice works as part of the wider Heidrick & Struggles network, harnessing the firm's global expertise. We constantly map the best talent in the Middle East and beyond, building deep relationships with the world's most talented individuals, on behalf of the world's most successful companies. We would welcome the opportunity to tell you more about our work.

## learn more...

To discuss what the results of the Middle East Talent Index mean for your business, please email [mena@heidrick.com](mailto:mena@heidrick.com)

For more information on the Talent Index series

please email [talentmap@heidrick.com](mailto:talentmap@heidrick.com)



## The Talent Index series

The Talent Index is a unique research study devised by Heidrick & Struggles and the Economist Intelligence Unit, to identify where talent is located in the world today and where it will be located five years from now.

The first global study was produced in September 2007, measuring talent in thirty countries around the globe.

The Middle East Talent Index is the second regional version of the study; the Asia-Pacific Talent Index was completed in September 2008. The Central and Eastern Europe Talent Index will be released late 2008.

To order copies of any Heidrick & Struggles Talent Index booklets (or maps when available), please visit:

[www.weknowglobaltalent.com/gtiorder](http://www.weknowglobaltalent.com/gtiorder)



## We know global talent

Visit our online resource to find out more about the Middle East Talent Index, the Global Talent Index and other Heidrick & Struggles regional indices:

- Plot talent trends over the forecast period
- Explore individual country data
- Compare country performances
- Download and print

[www.weknowglobaltalent.com](http://www.weknowglobaltalent.com)

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