



BOYDEN WORLDVIEW

MIDDLE EAST

DID YOU KNOW?

IN DUBAI, PERRIER WATER COSTS MORE THAN PETROL.

INTERNATIONAL INVESTMENT INCLUDES DUBAI PORTS' PURCHASE OF P&O; THE DUBAI INTERNATIONAL FINANCIAL CENTRE'S STAKE OF \$1.8M IN DEUTSCHE BANK; THE \$21M BID FOR SAINSBURY'S BY QATAR-BASED DELTA TWO.

THERE ARE SIX DAILY MUSLIM PRAYER TIMES: DAWN, SUNRISE, NOON, AFTERNOON, SUNSET, AND EVENING.

FOR GOVERNMENT DEPARTMENTS IN THE GULF, THE STANDARD WORK WEEK IS SUNDAY TO THURSDAY, WITH A FRIDAY AND SATURDAY WEEKEND.

Boyden
global executive search

The geographic position of the Middle East – with the movement of goods and people across the region to India, Africa and Russia – flavours its history. The political environment is complex and as yet, unresolved. But one thing is certain. The financial resources of countries in the Gulf have turned our heads to the region's corporate coming of age.

Overview

The Middle East's corporate coming of age is unfolding in two stages. Stage one is the deployment of significant financial capital, invested in external, regional and local markets; stage two is the development of human capital to manage global investments and subsequent regional growth. Different countries in the Gulf Cooperation Council (GCC)* are at different points in these two stages, but the corporate challenges are consistent across the region. In order to achieve the region's economic goals at home and abroad, companies must fast-track their leadership capabilities, and pursue well-defined human capital development programmes.

Oil Revenues Spur Diversification Through Global Investment

The Middle East is poised to see economic growth of 5.4% in 2007 and 2008, according to the IMF – slightly above its forecast of 5.2% world economic growth. With oil prices rising steeply over the last 10 years, the countries of the GCC have seen total export earnings of US\$1.5 trillion between 2002 and 2006 – more than double export earnings in the previous five years, according to the Institute of International Finance. This is driving significant investment programmes, leading to greater participation in international markets, in addition to intra-regional investment.

“Middle Eastern investors are excellent long-term investors,” says Magdy El Zein, head of Boyden in the Middle East. They are not interested in asset stripping or looking for quick returns. The challenge we have is to find enough home-grown investment

*GCC countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates

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professionals who understand the environment and speak Arabic. With the entry of foreign banks and investment houses run from places like Dubai and Bahrain, competition for professionals offering the right expertise is extremely high”.

Harnessing Skills and Knowledge for Future Growth

With capital in plentiful supply in GCC countries, foreign direct investment is sought after as a conduit for technology, management, distribution services and information about foreign markets. And a thirst for global best practices is turning the spotlight on leadership issues, such as knowledge transfer, corporate governance and compliance.

“Typically, global best practices and knowledge transfer come from an international management cadre. The challenge in this region is to find executives who blend leadership experience together with cultural understanding and personal connections,” says Magdy El Zein. “The dynamics of this region mean that we need Arabic speaking executives with good relationships across all areas of business—offering a high level of credibility in these markets.”

This means competition is fierce within the region for talented executives with local and regional experience. The UAE, particularly Dubai, attract the bulk of expatriate talent. For those relocating within the region, a majority also choose the rest of the United Arab Emirates for its open environment and leisure facilities.

Human Resource Management

Human capital development is widely acknowledged as an essential requirement for sustained economic progress in Middle East.

Competition is fierce within the region for talented executives with local and regional experience

“Executive search consultants, particularly those working with a global firm such as Boyden, can act as a very effective conduit for knowledge and experience in critical leadership issues,” says El Zein. “For example, we advise on hiring strategies to bring our clients closer to implementing new practices in areas such as corporate governance and compliance.”

“In terms of competing for talent, we work with clients to look at future requirements as well as those of the present. Talent in is short supply and retention is increasingly an issue. Therefore we need to take account of an executive’s aspirations, as well as the needs of the business over the next few years.”

Executive aspirations are also prompting the development of a stronger equity culture. Remuneration practices in the Middle East make no provision for this, but a number of companies are considering offering share allocations to employees in their Initial Public Offerings.



“One of the key benefits in share allocations relates to employee reward and retention practices,” notes El Zein. “With the growth in high net worth individuals and large amounts of capital in the region, IPOs are heavily over-subscribed. Having a number of shares reserved for employees is a valuable element in the relationship between employee and employer.”

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