Talent and Competitiveness
In the United Arab Emirates

A study by Aleron Partners in conjunction with Boyden Global Executive Search
# Contents

*Foreword by Matthew Lewis – Boyden Global Executive Search*

*Executive Summary: ‘The Two Page Version’*

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Introduction</td>
<td><em>Olympic Potential</em></td>
</tr>
<tr>
<td>2.</td>
<td>The Economics of Talent</td>
<td><em>Opportunity for the UAE</em></td>
</tr>
<tr>
<td>3.</td>
<td>People Power</td>
<td><em>An Example</em></td>
</tr>
<tr>
<td>4.</td>
<td>Acquiring Talent</td>
<td><em>More Money, More Problems</em></td>
</tr>
<tr>
<td>5.</td>
<td>Managing Talent</td>
<td><em>Investing in People</em></td>
</tr>
<tr>
<td>6.</td>
<td>Making Decisions</td>
<td><em>Better by a Margin</em></td>
</tr>
<tr>
<td>7.</td>
<td>Final Remarks</td>
<td><em>Starting the Process</em></td>
</tr>
</tbody>
</table>
Much has been written about the Macro and Socioeconomic impact on the UAE and its economy since the global financial crisis – the oil price, the Arab Spring and on-going Middle East instability are all valid factors in this regard. What we have not seen until now is the resultant effect and impact on the often overlooked but most important assets of any business – its people and their productivity. Our research seeks to fill that omission.

The period from 2008 to 2012 has seen a cataclysmic shift in the fundamental areas of demand, quality and flexibility of the talent pool in the UAE. High costs of expatriation and the regional pressure of localisation have put more focus on the productivity of people working within shrinking organisations. Many UAE employees, not having previously worked in a constant change environment and under unfamiliar circumstances, are struggling to perform with fewer resources, less direction, less personal development and / or rewards.

The net impact of this on employees and the organisation is not always evident or deemed to be measurable, as specific symptoms do not always surface immediately but rather exist and fester in the background unresolved. What we do see is high sickness, absenteeism, staff turnover and general dissatisfaction with management and leadership. This and the resultant low morale, all unduly impact the ultimate efficiency
This is a fantastic opportunity for UAE companies to excel via the engagement, efficiency and performance of its people, and ensure that this can become the best place globally to work, learn and grow as a nation.
of any organisation and its employees.

Following the crisis, many people were just glad to still have roles. Now a new paradigm has emerged. As sustainable market improvements are visible and other surrounding countries such as KSA and Qatar have booming economies and more attractive opportunities, we are seeing a shift in the attitude of individuals away from organisation centric to self-centric. Individuals have become more confident and consider themselves more important than the organisation – “Capitalism” has been replaced by “Peoplism”.

The UAE has succeeded in rapidly creating an open and welcoming work environment with excellent infrastructure. The challenge now is how to develop and transform the UAE into a truly integrated knowledge-based economy so that the interdependency of expatriates and UAE nationals can be leveraged and best practices shared. Albeit historically a net importer of expertise and talent, it would be naïve to believe that the UAE can only learn from others – we must embrace the experience and knowledge of the local Emirati population who can teach us so much about culture, business etiquette, trust and trade. We must develop and mentor each other.

Billions have been invested in attracting talent to this country. The unique and powerful potential of a truly integrated global workforce now needs to be developed to ensure that individuals, companies and the UAE can become much more productive and competitive on the local, regional and global stage. This is a fantastic opportunity for UAE companies to excel via the engagement, efficiency and performance of its people, and ensure that this can become the best place globally to work, learn and grow as a nation.

We hope you find the following white paper interesting and challenging, and we look forward to working with you to discover the true potential that is within us all.

Matthew Lewis, Director – Boyden Global Executive Search, Middle East and North Africa
Only 5% of organisations operating in the UAE recruit people who *share their values* / ways of working
Executive Summary

The Two Page Version
Executive Summary: ‘The Two Page Version’

This white paper presents the results from the first ever study of Talent Management specific to the UAE. It is a unique piece of research designed to help UAE businesses improve people productivity.

Our findings are based on a survey of over 50 UAE CEOs, Directors and regional HR professionals, complemented by in depth qualitative interviews with selected business leaders.

The resulting document contains both the data we gathered and examples of how global best practices can be adapted to meet local talent needs. To give readers an overview of this white paper we have prepared the following high level summary – more detailed insights and practical Talent Management steps to improve productivity can be found in the chapters indicated (in parentheses).

Our starting point was a simple hypothesis – businesses that invest in their employees outperform competitors. On an intuitive level, we know this is true from many inspirational examples of outstanding personal achievements (see ‘1. Olympic Potential’). There is also hard empirical data both globally, and now here in the UAE, that proves there are real financial benefits for businesses that invest in Talent Management (see ‘3. People Power’).

Talent is a critically important topic – the long-term sustainability of this nation is dependent on the productivity of its people and the competitiveness of its businesses. We believe Talent Management best practices, combined with local knowledge, can help businesses attract, retain and motivate people to be more productive – this includes both Emirati nationals and expatriate employees (see ‘2. Economics of Talent’).

We split our findings into the three principle areas of Talent Management – ‘Acquiring Talent’, ‘Managing Talent’ and ‘Making Decisions’. In each section, we aim to use our data to highlight local people challenges and to provide some simple, actionable steps to improve Talent Management.

Acquiring the ‘right people’ is challenging – organisations must attract quality candidates, select the best available individual and prioritise filling business critical roles. We found opportunities for UAE businesses to improve their approach to all three; in the UAE offering money and financial benefits is the most popular method to attract new candidates, it is also very ineffective (see ‘4.1 More money, more problems’); furthermore, only 1 in 20 local organisations are able to recruit people who share their values and ways of working (see ‘4.2 It’s the way that you do it’); and finally, most organisations fail to align people rewards with their most critical roles and strategic priorities (see ‘4.3 Some people are more valuable than others’).
The workforce in the UAE is uniquely diverse and drawn from all over the world – local businesses must invest, lead and manage their people effectively to build an efficient, productive organisation. Our research shows that most HR budgets are imbalanced; prioritising initiatives that correct under-performance today over long-term people development investments (see ‘5.1 Long and the short of it’). We also found that those who primarily used financial metrics to communicate goals to their staff underperformed (see ‘5.2 Simply inspiring’). Furthermore, the most successful organisations use performance management to reward the ‘right behaviours’ (see ‘5.3 Measure of success’).

In the final chapter of this white paper we cover governance and decision making processes which are critical to the productivity of talent – they enable an organisation to act. The challenge for UAE businesses is to find ways of combining their traditional decision making processes with international governance standards. We found that businesses operating in the Emirates could improve decision making; most organisations decide to sacrifice achieving their strategy and goals in favour of controlling risk. In addition, only 20% of the businesses we spoke to felt able to make fast decisions that are aligned to their strategy (see ‘6. Better by a margin’).

Our aim was to create a relevant and practical report that avoided a theoretical discussion of issues. Therefore, instead of a closing discussion of ideas in our final remarks (see ‘7. ‘Starting the Process’), we have provided an overview of actions and recommendations that help UAE organisations improve people productivity.
Organisations with leadership, mentoring and coaching programmes significantly outperform competitors.
Introduction

Olympic Potential
The Olympic Games are an incredible celebration of sporting achievement; they are also a lesson in what it takes to succeed against the world’s best.
This summer, Athletes from countries across the world competed in London to be ‘faster, higher and stronger’ than anyone before them. The Olympic Games are an incredible celebration of sporting achievement; they are also a lesson in what it takes to succeed against the world’s best.

Each athlete undoubtedly had the potential to be great in their chosen sport but only a few were able to harness their talent and put in a performance that merited a gold medal. I’d like to focus on the story of one athlete in particular, Peter Wilson, the new Olympic champion in the Double Trap.

Like many leading sportsmen, Peter makes his discipline appear effortless and simple – all he has to do is fire his gun and hit the target. However, the ease with which he competes belies the commitment and effort it took to shape his talent into a world beating skill. The long journey to the top of his sport began four years earlier, in the darkest days of recession.

2008 was a difficult year for Peter, cuts in the budget for UK Sport meant that he lost both his funding and his coach. With no money, he was forced to work as a waiter to pay for essential equipment and travel to competitions. Tired and without sufficient time to practice, Peter began to drop down the world rankings and later admitted that he seriously considered quitting his sport.

At this point, Peter was fortunate enough to meet His Highness Sheikh Ahmad Mohammad Hasher Al Maktoum – winner of the 2004 Olympic Double Trap Gold medal in Athens – a Dubai Prince who would completely transform his fortunes by agreeing to act as his mentor and coach. Remembering that encounter, Peter says that “he [HH Sheikh Ahmad] saw something in me that my own country didn’t. Without him, I wouldn’t be where I am today.” With characteristic Arabic hospitality, HH Sheikh Ahmad offered to coach Peter for free and shortly afterwards, paid for him to come to the UAE and use his own home as their training base.

It was here in Dubai that HH Sheikh Ahmad’s pupil learned to shoot in the ‘Arabic style’, practiced mental preparation techniques and slowly accumulated the skills that would eventually help him fulfil his potential. Over the years, small improvements added up and under the guidance of HH Sheikh Ahmad, Peter went from being on the verge of quitting his sport in 2008, to being the World Record holder in 2011 and an Olympic champion in 2012. Mentoring, knowledge and practice had transformed a waiter and amateur sportsman who was close to giving up, into the best Double Trap shooter on the planet, possibly ever.

How does Peter’s story apply to business and what can we learn from it? Like Peter, businesses compete on a global basis where the differences between success and failure are
We can’t all be Olympic champions but by investing in hiring and coaching the right people, UAE businesses can compete successfully in a global market.
very small. Like Peter, the key to winning lies in unlocking the capabilities of people and focussing on helping talent fulfil its potential. After all, a business is just a group of people who share the same goals, motivations and working practices – or at least it should be.

Aleron and Boyden believe Human Capital and Talent Management is the single biggest driver of competitiveness for any business. Our research indicates that UAE businesses can improve financial performance by making simple changes to their organisations and people management practices. In this white paper, we will also demonstrate that private businesses can use Emiratisation and the increase in young, educated Emirati nationals to their advantage.

Our findings are based on a survey of over 50 UAE CEOs and Directors in which we asked them to tell us how their businesses’ performance is impacted by people issues. The results have been complemented by surveys of regional HR professionals and in depth qualitative interviews with selected business leaders.

We can’t all be Olympic champions but by investing in hiring and coaching the right people, UAE businesses can compete successfully in a global market.
Less than 1 in 7 private businesses operating in the UAE are actively recruiting UAE Nationals
The Economics of Talent

Opportunity for the UAE
The Economics of Talent

People

Short-Term
Low Investment

Capital

Long-Term
High Investment

Returns

$ $ $ $ $
People are an economic resource – an input used in productive activity to create wealth. The most dramatic changes in the wealth of a nation occur when new working practices enable a sudden increase in the productivity of its people. Often new working practices come about because of an improvement in technology or a change in production techniques enabled by capital or investment. Sometimes, as is the case with China, an increase in wealth is achieved by the mass transfer of its people from low productivity agricultural activities, to high productivity industrial activities.

So, we can say that the long-term wealth of a nation and its people is driven by productivity, or in other words, the average output of an individual. Indeed, this is the basis of the ‘Income Approach’ to calculating Gross Domestic Product, a term that describes the annual economic output of a country.

**Gross Domestic Product**

\[ \text{GDP} = \text{Population} \times \text{Productivity} \]

Therefore, for a country to be wealthy, it needs private industry to make sustainable, efficient use of the local labour market and productively employ its people. Of course, with an increase in population, there is also an increase in the economic potential of a country. Especially if growing numbers of people are educated and eager to be assimilated into the workforce.

### 2.1 The Opportunity for the United Arab Emirates

So much for theory, let us now consider the historical and current, practical circumstances of the UAE. The ‘birth of the nation’ was the starting signal for a period of sudden and dramatic economic growth, spurred by the discovery and extraction of vast natural resources. Initially, the skills needed to extract these resources were imported in the form of qualified expatriates; local labour markets were undeveloped and there was no formal education system in place.

Forty years on and the Emirates have a far more developed and diversified economy. Furthermore, there are well established universities turning out a growing number of local graduates. Better living standards and stability have helped foster population growth and every year, more young Emiratis come of working age. Although expatriates continue to form c.85% of the workforce, the availability of local, educated talent has increased dramatically and continues to grow at pace (see Chart 1).

A growing and strong local labour market represents a significant opportunity for private businesses for several reasons. Firstly, locally available, skilled labour means
Chart 1: UAE Demographics

- **1975**: 0.56m
- **1980**: 1.38m
- **1985**: 2.41m
- **1990**: 4.10m
- **1995**: 8.26m (total pop)
- **2000**: 1.17m (nationals)
- **2005**:
- **2010**:

**65yrs +**
- 3% - 30k

**25 to 65yrs**
- 34% - c.400k

**Under 25yrs**
- 64% - c.740k
businesses can meet in person, interview and perform assessments of candidates before they decide to make an offer of employment – this is not always easy with people outside of the UAE, where the potential for ‘recruiting errors’ increases. Secondly, most expatriate workers want at some point to return home – local talent have longer tenures and help minimise the disruption and costs associated with replacing departing expats. Thirdly, and arguably most important of all, UAE nationals have a significantly better understanding of the region and its business practices than any expat that is newly arrived to the Emirates.

The argument for hiring local talent seems compelling and obvious. However, most private businesses remain hesitant about exploiting the opportunity. Whilst there is appetite for the benefits of hiring more nationals, as outlined above, there is also a perception that it comes with other, more significant costs. In private, most enterprises cite high wage demands and unrealistic expectations regarding career progression as the primary reasons for not hiring more local talent. In other words, it is hard to recruit nationals at affordable salaries, especially into entry level positions.

As things stand, there is a risk that UAE enterprises do not fully exploit the opportunity presented by a growing pool of educated, young Emiratis. Emiratisation initiatives are helping force some businesses to change their recruitment practices and consequently their perceptions of local talent. However, the pace of change is slow and if the growing supply of national labour is not fully, productively employed, there are obvious social and economic consequences for the UAE and the competitiveness of its economy. We believe these consequences must and can be avoided.

### 2.2 The Solution: Spend better, not more

Aleron and Boyden, through their research, have identified some best practices that can improve the way businesses attract, retain and motivate people. We believe these improvements can help organisations make better use of local labour markets. In other words, incorporate more talented, young Emiratis into their businesses. Furthermore, these improvements can help existing employees, regardless of whether they are nationals or expatriates, to be more productive.

Improvements require investment. However, people and training budgets exist in almost all UAE organisations and it is likely that any required changes could be funded by reallocating existing HR spend. Indeed, some improvements in organisations and talent models can have an immediate and measurable impact on costs. For example, changes that improve motivation and reduce employee turnover can often result in significant savings in recruitment budgets. In our
“Investing in yourself is the best thing you can do. Anything that improves your talents...if you have true talent and you’ve maximised your talent, you have a terrific asset.”

Warren Buffet, world’s most successful investor
experience, implementing best practices can often be ‘self-funding’.

Over the following pages and chapters, we will highlight issues we uncovered in UAE businesses and put forward our suggestions for how they can be corrected without incurring significant incremental costs. The intent of this document is to offer a set of practical, better alternatives to current business practices and talent models. We will focus on three keys areas: ‘acquiring talent’, ‘managing talent’ and ‘decision making’.
World Bank estimates that **people investments**, such as training, **deliver an average return of 8.6% IRR**
People Power

An Example
Chart 2: Impact of Mentoring
Talent is important. Competitiveness is linked to the ‘right’ people investments

Financial Performance, UAE Businesses

How well do you think your company is doing compared with competitors?

With Leadership Programme

- Exceptional Financial Performance: 35%
- Above Average: 55%
- Average: 10%

Without Leadership Programme

- Above Average: 44%
- Average: 50%
- Below Average: 5%
Throughout this white paper we will make some bold statements. This is not because we are innately confident about our perspective but because there is clear evidence to support our claims, not only in our own research but also across many academic studies.

The central argument for this white paper is that the way by which talent is managed and organised is fundamental to the productivity of an organisation. Productivity in turn, is the key measure that determines the long-term competitiveness of a country or a business’ financial performance. Let’s focus on one example of Talent Management to demonstrate this argument.

A simple and yet often absent tool for improving the effectiveness of people within an organisation is mentoring; the pairing of experienced professionals with people who are new to a company or a role – put simply, informal one-to-one advice from an ‘old hand’. From the story of Peter Wilson and HH Sheikh Ahmad, we know anecdotally how powerful mentoring can be but what is its potential impact in a UAE organisation or business?

The evidence presented in Chart 2 is clear – the presence of leadership and mentoring programmes have a direct correlation to business performance. In other words, organisations that recognise that talent is important and invest in their Human Capital outperform their peers.

This is not to say that mentoring is a standalone ‘silver bullet’, that when implemented will have a sudden and dramatic impact on financial results. It is more likely that a leadership programme is an indication of a much broader investment in Talent Management that collectively drives improved business performance.

This white paper is not meant to be revolutionary – quite the opposite. We are stating arguments that most businesses openly accept. Few, if any, companies would argue employees should not be coached or trained but very few consider it a pressing priority. Indeed, they often cite a lack of measurable impact for people initiatives as a reason to prioritise other more tangible projects. For example, process improvement or a new IT platform.

Our research dispels this myth. We have clear evidence that Talent Management does have a tangible and significant impact on business performance. Furthermore, unlike many other studies who adjust data gathered abroad to infer trends in the UAE, we have hard empirical evidence gathered within the Emirates.

So if the evidence is clear, why don’t more organisations invest in developing their employees? The answer can be
“The quality of our cars cannot be separated from the lives of the people working at the Ferrari plant...top managers and the best possible working conditions are the basic elements of Ferrari’s strategy today.”

Luca di Montezemolo, Chairman of Ferrari
People Power: ‘An Example’

found in a recent interview with an HR Director of a UAE organisation, published in a local newspaper. The HR Director announced to the newspaper that his organisation had doubled their training budget – at first inspection, an investment that should increase people productivity.

Unfortunately, in the same interview, the HR Director made no mention of the quality of the training, how relevant it was to employees or even what skills the organisation was looking to acquire. Without a focus on quality and relevance, training can become an expensive distraction that may have no impact on people capability and business performance.

As in the example above, too often poorly structured people investments result in businesses failing to get the expected return on Talent Management initiatives. This means that whilst almost all organisations feel that investing in people is important, too few are willing to prioritise it because of their painful past experiences.

Over the following pages we will provide evidence of the difference that quality Talent Management can have on UAE business performance. Quality is dependent on the skill and the experience of the people who implement these initiatives and this is the key to realising a return on people investment.
UAE businesses who primarily use money to reward staff and attract new candidates underperform
Acquiring Talent

More Money, More Problems
Chart 3: Sources of Motivation

The most successful companies favour longer term rewards and incentives

How well do you think your company is doing compared with competitors?

<table>
<thead>
<tr>
<th>Extremely Well</th>
<th>Pretty Well</th>
<th>Average</th>
<th>Somewhat Struggling</th>
<th>Struggling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prestige (9%)</td>
<td>Pay/Monetary Rewards (33%)</td>
<td>Career Development (16%)</td>
<td>Being part of a Successful Business (22%)</td>
<td>Learning &amp; Self-Fulfilment</td>
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N.B., Size of bubble indicates the number of respondents – the larger the bubble, the more respondents
4.1 Attracting talent: more money, more problems

Why did you come to work today? If you look for the answer to that question in an economic text book, you will come across the following definition; employment is a contract whereby a wage is offered by the employer to compensate an employee for their time and effort. Put simply, as rational human beings we come to work to earn money that we can exchange for food, shelter and entertainment.

Even before the mass confusion caused by the global crash of 2008, economics was often criticised for being an imperfect science that oversimplifies complex problems. This criticism is certainly true of the above explanation of work and employment. Consider the many people who leave jobs with a high salary and choose to work instead for a new employer, for less – why would anyone accept a reduction in salary if all people make ‘rational economic’ decisions?

The simple truth is that money is rarely the only factor considered when selecting an employer, especially in more wealthy, developed economies. Once salaries reach a level where living standards are comfortable, people begin to factor in softer, more esoteric considerations – they begin to look for some kind of fulfilment from work.

Of course, some organisations are able to persuade talented individuals to put aside their desire for fulfilment by offering significantly inflated compensation packages. Wall Street continues to attract some of the brightest graduates from across the world with the promise of huge bonuses. Even so, many finance professionals complain they lack motivation and are ‘only in it for the money’.

Regardless, the Wall Street approach to attracting talent is unsustainable for most industries – it is simply not affordable over the longer term to inflate salaries to attract talent. Indeed, businesses in the UAE who do so, often compromise their competitiveness, as Chart 3 demonstrates.

We can observe that companies that use pay and monetary rewards as the primary tool to attract and motivate talent in the UAE underperform relative to their peers. Interestingly, our data indicates that monetary rewards are also the most common method for attracting talent in the Emirates.

Consider your own sources of motivation - try to remember the best, most memorable day in your professional career. Was it the day you received a significant pay increase or was it the day when you overcame a significant challenge, beat the competition or achieved something that you were proud of? I know my answer.

We believe that organisations must attract the ‘right talent’ to
Emiratisation

if you can’t win the game, change the rules

Businesses often privately indicate that it is difficult to attract local talent because government starting salaries are generous and they are unable to offer comparable compensation. When faced with a game in which you can’t win, the choice is simple: either give up or change the rules of the game.

“We have a reputation for not compromising our standards – the people who work for us want to learn our way of doing things...the Emirati nationals who join us undoubtedly earn less than they could elsewhere but they’re OK with that because we’re developing them. If they stay here for five years, they will have experiences on their CV that they can use to get a job anywhere.”

Interview with an HR Director of a global business operating in the UAE

This business, interviewed by Aleron and Boyden, realised that it can’t win ‘the game’ by offering young Emiratis the highest possible starting salary. Instead, they focus on telling local talent about the experience of working for a global organisation and the subsequent opportunities that it opens up for them. The HR Director was quick to point out that many young people reject their offer but “that’s OK – if that’s their decision, they’re not the people we want to recruit.”
be competitive. Attracting and motivating the ‘right talent’ starts by putting a message out into the market place about what your organisation offers to its employees. Let us have a look at the ‘career section’ on the websites for the world’s leading consulting companies – organisations that are so oversubscribed with candidates that they only recruit 1 in 1,000 applications. Here is a selection of their key messages:

- **McKinsey & Company:** We are known as a firm that develops leaders
- **The Boston Consulting Group:** We attract exceptional people
- **Bain & Company:** We strive to make a difference in everything we do

These organisations attract the world’s best talent on the basis of the learning and development experiences they provide for their employees. There is no mention of compensation on their websites – they don’t even indicate an approximate starting salary.

Don’t be fooled, very few people can afford to work for nothing. Compensation is still an important component of attracting and retaining employees – our argument is that it is not the only factor considered by candidates and in some cases, it is not the most important factor.

The lesson is simple. Attracting top talent is not just about salary competition, it is about offering something more rewarding than money, i.e., fulfilment, personal growth and being better. The hard part is actually creating an organisation that is capable of providing a fulfilling career experience.

**4.2 Selecting talent: it’s not what you do, it’s the way that you do it**

Many of the world’s most successful organisations have a unique identity and in some cases, a personality. Their brand is known to represent certain qualities and values that customers expect when they buy their products or services. Consider the following statements taken from the websites of a few globally successful companies:

- **Fedex:** We provide rapid, reliable, time-definite delivery
- **Starbucks Coffee Company:** We nurture the human spirit – one person, one cup and one neighbourhood at a time
What is ‘critical’ or ‘important’ when recruiting?

- Relevant Experience: 89%
- Fit with Culture / Values: 79%
- Education / Qualifications: 60%
- Local Relationships: 35%
- UAE National: 15%
- Arabic Speaking: 14%

What attributes are ‘easy to find’ or ‘most people’ possess?

- Indicative Skills Gap (difference, needs vs. availability):
  - 54%
**General Electric:** We create and bring big ideas to life

When reading those statements we get a clear sense not just of the organisation’s business but also their culture and values. It clarifies both what they do and how they do it. That’s important because these statements help customers differentiate between competing businesses which all provide the same product or service – in short, their culture and way of working is integral to their success.

How does this translate into a recruitment process? Consider a candidate arriving late for an interview at FedEx. Even if he was the best candidate in terms of his qualifications and work experience, he wouldn’t get the job because his lateness shows that he cannot be trusted to “provide rapid, reliable, time-definite delivery.” That late candidate does not share the value they place on time keeping. Equally unsuitable is the candidate in a Starbucks interview who doesn’t smile or the engineer hoping to work at GE who doesn’t get inspired by ‘big ideas’.

In other words, technical qualification and work experience are not the only criteria that the most successful businesses look for when recruiting. Indeed, our own data from the UAE reinforces this point. 79% of all the CEOs or Directors we surveyed indicated that ‘fit with culture’ is either critical or important when selecting new people to join their organisations (see Chart 4).

What is more surprising is that only 5% of the UAE businesses we surveyed indicated that they were able to find people that were aligned with their culture. In other words, only 1 in 20 organisations in the Emirates are able to recruit people who share their values and ways of working.

Whilst this would be troubling for a business operating in any geography, the implications for the UAE are particularly worrying given the diversity of its workforce. Expatriates come from all over the world to work here and bring with them a vast array of different cultural backgrounds. Blending such a diverse group of people together to create an effective, productive organisation is challenging but critical. Recruitment and selecting the ‘right people’ plays a key role in this process.

So, how can we tell if a candidate is the right person? Psychometric testing and other advanced recruitment procedures can play a role but they need to be administered by experts who have the ability to use these relatively new tools effectively. Traditional, but more trusted techniques to evaluate a candidates ‘fit’ with an organisation are often more effective.
“I’ve been in nasty places with people for long periods – such as Antarctica – and flaws in character can be very dangerous, our lives are in each other’s hands. Our survival and success are due to the selection of the people for our expedition teams...I choose people on the basis of their motivation. It seems to work, I am still alive.”

Sir Ranulph Fiennes
world’s greatest living explorer
Acquiring Talent: ‘More Money, More Problems’

At a high level, there are three principle techniques to ensure ‘fit’. Candidates should be interviewed by as many people as possible – three or more evaluations of a person’s character are far more reliable than a single first impression. Interviews should be long – it’s hard for a candidate to disguise their true character over the course of an all day assessment. At least one interview should be informal or preferably social – often a candidate’s true character is only revealed once they begin to relax.

The techniques described above are not complex concepts, but to apply them affectively is an acquired skill. Not everyone is an able interviewer. HR departments must have the capability and the processes to select and train people so that they are able to evaluate the cultural fit of a potential recruit. Furthermore, HR itself must be skilled at screening out candidates in a strong pre-interview process that should involve requiring candidates to submit written answers to a set of carefully crafted ‘fit’ questions.

4.3 Prioritising talent: some people are more equal valuable than others

In today’s world, notions of equality are widespread, either as a matter of religious principle or as part of a political philosophy. Indeed, some people now believe that only the egotistical or deluded consider themselves more important than everyone else. Whilst this might be morally attractive and correct, businesses cannot afford to think like this – in the corporate world, everyone is not equal.

This is not to say that some employees are not valuable. Everyone in a business has a role and responsibility that is necessary for the successful functioning of the organisation. Or at least, that is how it should be – if a role isn’t necessary then it is also not required and should be eliminated.

So if everyone in a well-run organisation has a purpose and value, do all employees make a contribution of equal worth? Undoubtedly, the answer is no – some workers are more valuable than others.

Businesses reflect the relative worth of employees by differences in pay, rewards and training budgets. When allocated correctly, these benefits should be in direct correlation to each employee’s contribution and criticality to the business’ success.

This is easier said than done – it is hard to hit a moving target. After all, customer needs are constantly changing which in turn necessitate changes in the products and working practices of a business. The resulting organisational changes are often complex and difficult to implement, especially those that impact employee benefits. Consequently, many organisations adapt slowly and continue to reward the
Chart 5: Critical Functions have a ‘Talent Gap’

UAE Businesses report that talent is hard to find in the most critical functions

Which function is most important for your business’ future?

- Limited
- Medium
- Critical

Prioritise
- Commercial & Sales
- Strategy & Planning
- Operations
- Human Resources (HR)

Deprioritise
- Projects
- Marketing & Communications
- Finance & Reporting
- Technology and Systems

Talent Gap

Source: Aleron / Boyden Survey of UAE Business Execs

Notes:
Results are based on a sample of survey results from c.50 UAE execs
Data was normalised and points shown in chart are the mean average across sample

Which function finds it hardest to recruit top talent?
employees who were critical to the success of their previous strategy. After all, once a pay rise has been given it is hard to retract it at a later date.

Our research provides evidence of this occurring within the UAE. We found that most businesses operating in the Emirates did not align their people’s benefits to their strategic priorities. Chart 5 shows a considerable ‘talent gap’ within organisations at a functional level, i.e., the functions rated as most critical for the success of the business are also those that find it hardest to recruit new talent. The likely cause is a misalignment between recruitment tactics and business strategy – benefits offered are too high in non-critical functions and too low where new talent is most needed.

This situation can be avoided. A clear view of the functions, roles and individuals that are most critical to the success of a business can help manage and eliminate talent gaps. The following example of both bad and good practice can help illustrate this point.

Disney’s history of successful animation meant they considered the artists and animators who created their cartoons as ‘critical talent’. Over time, advances in technology meant it was increasingly possible for cartoons to be digital. Pixar, a rival business, spotted the tech trend earlier than Disney and recruited highly talented digital designers and software engineers to create the phenomenally successful Toy Story movies. By the time Disney realised that its future success was dependent on attracting and recruiting software engineers instead of artists, it was too late – Pixar had already acquired the best digital talent in the labour market. In the end, Disney bought Pixar and acquired their digital expertise and technology at a price of $7.4 billion – an expensive lesson in the importance of aligning ‘people investment’ with business strategy.

So how do organisations tightly align their people’s benefits to their business strategy? As is often the case, the concept is simple but getting this right in practice is complex. Firstly, organisations need to be highly flexible – wherever possible, benefits should be variable and linked to business performance. For example, rewarding critical employees with a ‘hot skills’ bonus is far more preferable than increasing fixed salaries. Secondly, businesses need to proactively manage this issue – HR should be included in the strategy development process so that they can build a ‘talent pipeline’ to fill critical roles before the situation becomes urgent. Finally, businesses must recognise this is not exclusively a recruitment issue – organisations can acquire critical skills by investing in training and developing existing employees, as well as hiring new talent.

By saying this is ‘not exclusively a recruitment issue’ we make
Emiratisation

A worrying finding from our analysis was that only 15% of organisations considered recruiting UAE nationals to be important. Worse still, only 5% found it easy to find suitable Emirati candidates. The implications for Emiratisation initiatives are worrying – only one in twenty private organisations are successfully recruiting Nationals.

This data is not meant to be used as a measure of the success of Emiratisation, there are other studies that focus on this topic. However, this data does raise important questions about the low participation by Nationals in private business.

There are initiatives that help business find great local talent; enterprises have built relationships with UAE universities; businesses have constructed links with government and there are referral schemes for Emiratis employees to recommend other Nationals. Some of these initiatives have been successful and there is much that can be learned from their example.

As well as successes, we also found room for improvement. Earlier we noted that businesses need to create career development opportunities to attract Emirati talent instead of focussing on offering compensation – after all, Nationals are already largely financially secure. We believe there are other essential steps that must be taken to source local talent.

One example is ‘employer branding’ – a powerful recruitment tool. We noted that Nationals often choose to work in government in order to serve their Nation. Business must create a competing ‘employer brand’ that inspires Emiratis to consider a different path – we must show that industry creates a sustainable future for the UAE and also serves the Nation.

Most important of all, Emiratisation initiatives must implemented with sensitivity. Many of the people we interviewed told us that Emiratis don’t want to be considered ‘special cases’. Quite the opposite, they want to be an essential, working part of the organisation they join. We believe that business must create inclusive working cultures that integrate Emiratis and expats alike into organisations. It is counterproductive and divisive to isolate groups in special programmes. Inclusion is an essential first step for successful Emiratisation.
only a passing comment on the consequences for existing employees. This undermines its importance. Far-reaching and radical changes in recruitment plans or organisational strategy are highly disruptive and disconcerting for all parties involved. Without a sense of security and certainty about their future, existing staff will quickly find alternative employers. The risk of this highly undesirable outcome needs to be managed.

To manage this risk, it is wise that small but frequent changes in recruitment strategy are made rather than any rapid or radical changes. This should be possible. After all, it is rare that business strategy or consumer needs change so fundamentally and suddenly as to require a fast and dramatic restructuring of an organisation. After all, restructuring is typically a sign that the organisation has not kept pace with market conditions. The best run businesses make continuous, multiple but minor adjustments to their recruitment plans and their employee offers.

Aleron and Boyden believe that the most successful companies proactively manage their ‘people investment’ and as a result, get a significant return. If pay and rewards are aligned to recruitment needs and in turn the right business strategy, an efficient and flexible organisation that meets market needs will emerge. The practicalities outlined above are high level and the detailed process of aligning people investment needs to be specific to an organisation. However, when customised and correctly applied, together with other Talent Management initiatives, the result can be dramatic.

**Acquiring Talent: ‘More Money, More Problems’**
Those that primarily use financial metrics to communicate goals to their staff underperform
Managing Talent

Investing in People
Chart 6: Issues and Opportunities

Long-term initiatives are ‘most important’. They are also ‘worst performing’

- Short-term measures to correct issues with talent are done well but are not considered important:
  - Setting Minimum Standards;
  - Identifying Underperformance.

- Long-term investments in people and leadership are considered most ‘important for the future’...

- ...and also contain the biggest gaps in capability:
  - ‘High Performance’ Culture;
  - Identifying Future Leaders;
  - Coaching and Mentoring;
  - Training and Development.
5.1 ‘People Investment’: the long and the short of it

The shelves of bookshops in airports are invariably filled with the latest management textbooks, each promising to reveal to prospective readers the secrets to success. Whilst some management texts have serious merit, many more are faddish in nature and over-simplify complex problems. Invariably, oversimplification leads to an imbalanced perspective. Unfortunately many businesses fall into the same trap – oversimplification and imbalance.

The central problem facing nearly all businesses is that resources, including capital, are by their nature, limited and come at a cost. Faced with a finite set of available resources, businesses are forced to choose where and how they allocate them. In other words, they must select the right strategy by ‘trading-off’ alternative uses of their resources to get the highest possible return – this process can quickly become complex and bogged down with questions.

Should a business allocate its resources to a strategy that prioritises growth or profitability? Is it better to have short-term profits or long-term returns? Faced with complexity, some businesses choose to maximise a single measure of success – internet businesses notoriously prioritised growth over profitability in the late 90s. Unfortunately, unless there are exceptional circumstances, single measures are over-

simplistic and imbalanced. As many dotcom entrepreneurs found to their cost, investing to achieve growth without profitability is ultimately unsustainable.

Similarly, many businesses struggle to balance their investments between the short and long-term. What is more important, the immediate needs of the business or the long-term goals? Of course, the answer is a balance across those two conflicting priorities. The problem is that finding and maintaining the right balance is extremely difficult.

Indeed, it is not uncommon for some imbalanced businesses to fall into a cycle of ‘over-correcting’. For example, a business that over-prioritised long-term growth will typically revert to one that focuses on short-term profitability. As the strategy comes into effect, financial performance improves but only temporarily. Over time the focus on ‘profit today’ means that ‘growth tomorrow’ is neglected, eventually leading to a drop in revenues. At this point, alarm bells ring and the management team reverse the strategy – profitability is deprioritised to drive growth – and the cycle of ‘over-correcting’ is created.

Our own research highlights that when it comes to the ‘people investments’ (i.e., pay, rewards and training), UAE businesses are also imbalanced. To illustrate our findings we have combined several datasets in Chart 6 that requires some...
“You can't grow long-term if you can't eat short-term. Anybody can manage short. Anybody can manage long. Balancing those two things is what management is.”

Jack Welch, Former Chairman and CEO of General Electric
Managing Talent: ‘Investing in People’

words, long-term initiatives that drive future people performance do not receive sufficient resources. So why is this and what is driving this imbalance in UAE businesses? We believe that the answer is most likely found in the transitory nature of the labour market and its reliance on expatriate workers.

Many expats, especially highly skilled or managerial workers, at some point choose to return to their country of origin. Consequently, employers know that there is a time limit on the tenures of c.85% of their employees. Their logical reaction is to take a short-term view and treat employees as commodities to do specific jobs rather than resources that should be invested in and developed. After all, why spend money on enhancing the skills and capabilities of an employee who is likely to leave in the short to medium-term?

The short-termism culture that we have described above is hard to prove with quantifiable data and there is no statistic we can cite to reinforce our conclusion. However, we do have qualitative data and evidence gathered in our interviews with Directors and CEOs of Emirati businesses. It was by listening to their experiences and views that we reached the conclusion that the transitory nature of the UAE labour market has created a culture of short-termism towards talent management.
“Educating the individual is this country’s most valuable investment. It represents the foundation for progress and development.”

HH Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE
Managing Talent: ‘Investing in People’

At first glance, this may seem like an easy problem to correct. Businesses should simply rebalance ‘people investment’ towards longer-term development initiatives. However, this over-simplistic approach could result in an over-correction – any investment in people development needs to be focussed. After all, businesses do not want to invest in acquiring skills that will soon ‘walk out the door’. Therefore, organisations must identify the talented employees who are seeking to build a long-term career in the UAE. Once found, businesses should invest heavily in their future development. By doing so, an organisation will retain its talented employees for longer and get a greater return on its people investment.

In practical terms this means the following. Firstly, build a talent spotting function – management and HR need to have a clear set of criteria that helps them identify candidates who want to build a long-term career within the business. Secondly, create career paths for people at all levels within an organisation – where there is desire by an employee to build a future within a company, there must be opportunities to realise that desire, otherwise frustration will soon follow. Thirdly, identify causes for attrition – conducting exit interviews and gathering feedback on the reasons why employees are leaving is essential if you want to retain talent in the future.

There are clear benefits for UAE businesses that develop a longer-term view of talent development. Studies have shown employees with longer tenures use their knowledge of process and policy to be more efficient and productive than an average worker. Also, in simple financial terms lower attrition is extremely attractive. After all, the cost of recruiting, training and integrating a new employee is estimated to be as high as 30% of his or her annual salary.

As always, the key is in implementation. Successfully introducing the concept of more long-term people investment is difficult without displacing the existing, effective short-term initiatives. The answer is to create a simple overview of all possible people investments, both short-term and long-term. The management team and HR function can then use this tool to balance priorities and align their initiatives to their strategy. When done effectively, this can become a powerful planning tool.
There is an obvious group of employees that work and live in the UAE who are unlikely to suddenly leave at short notice – Emirati nationals. If a reliance on expat workers has engendered a short-term attitude towards investing in people development, the answer to some extent must lie in developing home-grown talent.

It seems reasonable to assume that the attrition risk of an Emirati would be lower than that of a foreign worker. After all, a National is already ‘home’ and has no need to leave the UAE to be close to his family or familiar surroundings. Longer tenures also mean that there is a longer time horizon for businesses to collect a return on their people development initiatives. This realisation can enable organisations to rebalance corporate cultures to include a longer-term perspective.

In the past, some companies have at times complained of skills gaps when hiring local talent. Improvements in education are reducing those gaps but there is also a role for private industry. There is an opportunity and a responsibility for business to invest in closing the skills gap themselves. Many are already doing so and examples of business academies are growing in this region. More can and must be done - businesses should be investing to develop the local labour market.

If done well, a business can expect a significant return for an investment in Emirati talent. In the short-run, costs for importing expat labour can be avoided. However, the longer-term benefits are far more significant. Organisations need a stable, permanent workforce to be truly sustainable – we believe trained local talent is the best, long-term viable solution.

As before, these initiatives cannot be used to isolate Emirati talent. They must also offer opportunities to expats who want to make the UAE their permanent home. Again, the answer is balance. We do believe, however, that the businesses who first embrace the need to invest in the long-term development of local talent, will emerge as the most competitive.
5.2 Communication: simply inspiring

Great leaders have a unique ability to convey complex messages in a way that all people can understand. Exceptional leaders can go one step further; they have the ability to inspire people. Evocative speeches can echo for years in the memories of an audience. Well-articulated ideas can inspire millions of people to collectively shape history – statistics, on the other hand, can be quite sensationally dull.

Undoubtedly, the ability to communicate and motivate people is an enormously powerful tool, both in the political and commercial worlds. Consider two employees, one that is motivated and one that is demotivated. The first employee will work late on occasion and takes extra care to complete his tasks correctly. The second does the minimum required to retain his job – he works his contracted hours and sticks closely to his job description. The difference in attitude and motivation will have a very real effect on their respective productivity.

Some studies have called this ‘employee engagement’ and conducted empirical tests to prove that there is a direct correlation between an organisation’s engagement score and their financial results. When you consider the example we outlined above, the logic behind their findings seems clear and intuitive. What is less clear are the practical steps that an organisation can take to improve motivation, commitment and hence productivity.

Our own study gives some clues as to what might be the answer for UAE businesses. In the previous section, we highlighted the importance of investing in people and providing a clear future career path, two factors that can have a very tangible impact on an employee’s motivation. Whilst important, these measures need to be complemented by other motivational influences. We will focus on the two that we consider to be most important – communication and leadership.

Let’s look at some data. We asked UAE Directors and CEOs to rate (on a scale of 1 to 5) the link between their strategy / goals and their key processes. A high score (i.e., 5) indicated a strong connection between a company’s strategy and the way it operates. A low score indicated the opposite. The resulting Chart 7 highlights an interesting finding – the way strategy and goals are communicated has a direct influence on how effectively they are implemented. In other words, people in an organisation will only take action if they understand what they are being asked to do.

Whilst this sounds obvious, effective communication is surprisingly difficult. We classified the way goals were communicated into two broad groups – ‘value goals’ and ‘
Chart 7: Ambitions and Goals
People and organisations align around ideas, not intangible financial metrics

How aligned are your processes to your Primary Goal?

<table>
<thead>
<tr>
<th>Processes / Attributes</th>
<th>‘Value’ Goals</th>
<th>Primary Organisation Goal</th>
<th>Financial Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ethical / Social</td>
<td>Innovation</td>
<td>Customer Service</td>
</tr>
<tr>
<td>Behaviours / Values</td>
<td>4.5</td>
<td>4.1</td>
<td>4.0</td>
</tr>
<tr>
<td>Decision Making</td>
<td>4.5</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Performance Mgmt.</td>
<td>4.3</td>
<td>4.2</td>
<td>4.1</td>
</tr>
<tr>
<td>Communications</td>
<td>4.2</td>
<td>3.8</td>
<td>3.6</td>
</tr>
<tr>
<td>Talent Mgmt.</td>
<td>4.2</td>
<td>4.0</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Aligned | Unaligned
------ | ------
5.0   | 4.5   |
4.0   | 4.0   |
3.5   | 3.5   |
3.0   | 3.0   |
financial goals’. ‘Financial goals’ include revenue or profitability targets and more intangible measures like shareholder value. ‘Value goals’ are statements of purpose or business activity. Broadly speaking, the former is communication using statistics and the latter is communication using ideas.

Let’s consider the leading example of a company and leader who communicated brilliantly a very clear ‘value goal’ for his company. Steve Jobs and Apple had a simple strategy that every member of the organisation understood and could relate to – “we humanize technology.” This statement is enormously powerful because everyone can apply its meaning to their day-to-day job. Engineers know that products should be intuitive and simple to use. Sales people know that they should focus on demonstrating the unique user-interface to customers. It is a simple but incredibly effective goal because it is relevant to everyone who works in Apple.

Now consider another company that states its strategy as being “to deliver 5% shareholder return growth every year.” For a business statistician or a student of econometrics this goal makes perfect sense and should result in the company creating enormous value. Unfortunately, it is a completely opaque and inaccessible goal for the vast majority of people in the organisation. If Apple had set this as their strategy, would an engineer or salesperson be able to successfully interpret it?

That is not to say that statistics are useless. Careful scrutiny of data can provide revealing insights into the workings of any business. Indeed, statistical analysis of data is now a vital tool used to assess the performance of nearly all enterprises regardless of their size and industry. Aleron believes that effective use of data within an organisation is an essential component of good performance management – see the next section for more details. However, there are limitations to data’s usefulness, particularly when it comes to communication.

Steve Jobs is an exemplary but often quoted example of a good communicator. His personal flair and talent for public speaking shaped his image as an inspirational corporate leader. We are not suggesting that all CEOs need to exactly emulate Steve Jobs, especially if their business is not mass distribution consumer products. However, we do believe that there are practical steps that can be made by an organisation to align its people and processes around a strategy and goal that everyone understands and can implement.

So far, we have focussed on the nature of the message rather than how it is delivered. External delivery of this message is the responsibility of an investor relations or public relations
“Simple can be harder than complex; you have to work hard to get your thinking clean to make it simple. But it’s worth it in the end because once you get there, you can move mountains.”

Steve Jobs, Founder of Apple
Value Goals
An organisation’s alignment is driven by a simple, clear but inspirational goal

“organize the world’s information”

“humanize technology”

“enable people and businesses ... to realize their full potential”

“advancement through technology”

“fast and easy video access and the ability to share videos”

“refresh the world”
department. Internal communication must be overseen by HR. Regardless of how simple or clear a goal is, the expected productivity boost and benefits are dependent on HR using the right approach to tell staff the news. The following are three practical guidelines on how HR should structure communication:

- **Test the message** – different groups within an organisation can have widely varying interpretation of the same words and of course, have very different concerns. HR must gather feedback from a sample of different groups before any company wide communication;

- **Make it personal** – carefully select the medium by which to deliver the message. In general, the more interactive and personalised a communication, the better. Unless there are exceptional circumstances, company-wide announcements should never be emailed; and

- **Start with managers** – once a message is put into the organisation, there will inevitably be questions and clarifications. It is essential that all managers are sufficiently briefed to be able to convincingly answer and assuage the concerns of the staff who report to them.

Again, these practical principles are very high-level but the detailed steps of how to create and run a team within an HR function that can organise effective communication are too extensive to capture within this white paper. However, the capability to effectively communicate is critical to the success and productivity of an organisation. After all, a business is just a group of people who share the same goals, motivations and working practices but you can’t share what you don’t understand.

### 5.3 Performance Management: a measure of success

In the previous section we talked about the importance of leadership, communication and an inspirational goal that guides the actions of everyone working within an organisation. Whilst these components are necessary for excellent Talent Management, they are not by themselves sufficient. There is one vital component missing – clear measures of success.

Most individuals are driven by a desire to achieve or to have their accomplishments recognised and rewarded by their contemporaries. Some psychologists believe that this is a natural instinct that begins in our childhood when a son or daughter seeks approval from a parent. Regardless of its origin, successful organisations recognise the need to develop sophisticated ways to reward and motivate employees who display the ‘right behaviours’.
This technique is principally known as Performance Management and has been successfully implemented across many global organisations. Studies of their experiences are the basis for some excellent descriptions of Performance Management in texts that are exclusively dedicated to explaining this concept – especially its application to the performance of an individual employee.

Since the pioneering work of Dr Aubrey Daniels who first coined the phrase in 1982, Performance Management is an increasingly common tool used by many well-run organisations. Indeed, our survey indicated that most UAE businesses appear to have successfully implemented this approach at an individual level. We observed that mechanisms for ‘aligning rewards to performance’ and ‘rewarding high performance’ are seen as being important and are in place in the majority of organisations we surveyed.

Having said this, whilst there is evidence that individuals’ performances are being measured and rewarded, we could find little evidence that this happens at an organisational level. This is essential. To be used effectively, Performance Management requires strategy to be translated into goals for business units, targets for teams and evaluation metrics for individual employees. In other words, a cascade of objectives that runs through the organisation and creates tight alignment.

The enabler for this process is a foundation of reliable and consistent data reporting. Information should flow up through the organisation in the same way that strategy flows down. By doing so, it ensures that the targets and goals set are both realistic and grounded in the current performance of the business. This, together with benchmarking and other performance techniques, are the pre-requisites for Performance Management at an organisational level.

Due to the extensive nature of this topic, Aleron will publish its own approach to Performance Management in an article that will be released at a later date.
Only 1 in 5 of UAE organisations are able to make fast decisions that are aligned to their strategy.
Making Decisions

Better by a Margin
# Chart 8: Decision Making

Alignment to strategy and speed are the biggest gaps in decision making

<table>
<thead>
<tr>
<th>What is important to consider in decision making?</th>
<th>What is actually considered?</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fit with strategy</td>
<td>69%</td>
<td>+28%</td>
</tr>
<tr>
<td>Supporting data</td>
<td>75%</td>
<td>5%</td>
</tr>
<tr>
<td>Cost</td>
<td>83%</td>
<td>-9%</td>
</tr>
<tr>
<td>Fit with values</td>
<td>47%</td>
<td>14%</td>
</tr>
<tr>
<td>High impact</td>
<td>61%</td>
<td>2%</td>
</tr>
<tr>
<td>Risk</td>
<td>64%</td>
<td>-10%</td>
</tr>
<tr>
<td>Quick decisions</td>
<td>22%</td>
<td>+24%</td>
</tr>
<tr>
<td>Consensus</td>
<td>42%</td>
<td>2%</td>
</tr>
<tr>
<td>Senior support</td>
<td>39%</td>
<td>6%</td>
</tr>
<tr>
<td>Simple to implement</td>
<td>25%</td>
<td>2%</td>
</tr>
<tr>
<td>Gut instinct</td>
<td>47%</td>
<td>-24%</td>
</tr>
</tbody>
</table>

What is important to consider in decision making: 97%, 80%, 74%, 62%, 59%, 54%, 46%, 44%, 33%, 23%, 23%
What is actually considered: 69%, 75%, 83%, 47%, 61%, 64%, 22%, 42%, 39%, 25%, 47%
Gap: +28%, 5%, -9%, 14%, 2%, -10%, +24%, 2%, 6%, 2%, -24%
The traditions of the Majilis stretch back far beyond the recent past of the UAE. This region has a long-standing custom of reaching decisions through a process of deliberation and the sharing of ideas and opinions. As the conversation unfolds, the strands of the different perspectives bind together into a single common viewpoint. This is a uniquely consensual decision process that still influences decision making in the UAE today.

Indeed, it is not just the UAE that has its own style of decision making – processes can be incredibly varied across the world depending on the different cultures and styles of the people participating. However, as organisations are increasingly global in their outlook, governance structures and decision making are becoming increasingly harmonised. The pressure exerted by regulators and the scrutiny of activist international investors has to a large extent driven this harmonisation.

The challenge for regional businesses is therefore to find ways of combing the strengths of their traditional decision makings with international governance standards. By doing so, a unique, local approach to decision making could emerge. However, our research indicates three principle hurdles that must be overcome by any new governance model that is specific to the UAE.

Of the three areas highlighted in Chart 8, ‘fit with strategy’ has to a great extent been covered in previous sections. So, we will instead focus on the other two potential issues; our data shows that CEOs and Directors are frustrated that decisions are too slow and are often taken based on gut instinct. At face value, this could be perceived as entirely negative but in some situations, both are valuable decision making tactics.

Consider the following situation. There is limited data and a decision must be made with significant consequences. Perhaps the best tactic for a leader is to not rush but instead gather opinion and wait until you feel confident that you are making the right decision – in other words, move slowly and use your gut instinct.

However, in some business environments this approach might be a less suitable tactic. In fast paced financial transactions, or other similar situations, it is highly inappropriate to make a decision with limited information, using a collective gut instinct. Some of the trading activity that triggered the global banking crisis could be cited as an example of this type of mistake.

Therefore, it is critical for decision making to be supported by the right mechanism given the context of the situation. There is no single, best governance model that can be universally applied. Every region, country and business must determine...
“I am not imposing change on anyone. That is tyranny. All of us have our opinions, and these opinions can change. Sometimes we put all opinions together, and then extract from them a single point of view. This is our democracy.”

HH Sheikh Zayed Bin Sultan Al Nahyan, First President of the UAE
what model is appropriate for their circumstances and needs – only then can they have confidence they are making the right decisions.

However, there is something even worse than making the wrong decision – making no decision at all. Throughout this white paper, our focus has been to identify practical steps to improve the productivity of people working in the UAE. Productivity requires action and there is no greater cause of inaction than an absence of decisions. Without decisions, the workings of an organisation will quickly slow to a point where they will materially damage financial results. It is far better to make a wrong decision, realise your mistake and then use that knowledge to get on the right path.

Therefore, we believe that it is very important for people to first feel empowered to make decisions and second, have access to the appropriate decision making mechanism given the situation they face. In other words, put in place strong governance structures that empower the talent within an organisation to act. By doing so, an organisation can expect faster and better decisions that in turn will enable greater productivity.

So what should a UAE business do to empower talent to make decisions within its organisation? Many businesses implement frameworks such as ‘Delegation of Authority’ or the ‘RACI Matrix’ (Responsible, Action, Consult and Inform) to create guidelines for employees to know when and how to act in any given situation. These approaches, and other similar techniques, can provide useful structure to decision making, but tend to be highly formulaic and rigid.

It is often better to take a more tailored approach that builds on the existing governance structures of an organisation. In other words, seek to enhance rather than replace. This approach of making marginal improvements has several benefits: firstly it minimises disruption to the business by avoiding making sudden, radical changes; secondly, it retains what is good and builds on existing strengths rather than blindly replacing all decision mechanisms; thirdly, it is highly tailored and specific to the needs of an organisation. As this process requires knowledge of the existing decision mechanisms, it is typical for some sort of review to be undertaken as a first step.

Once the review has lain bare the current decisions processes, a series of questions should be asked to probe for possible areas of improvement: How long do decisions take? How many people are involved in the process? Is that effort proportionate to the decision’s risk or value? What checks are in place to audit the quality of decision making? Where decision making is working well can we reduce supervision? What committees of groups should be convened to speed
“We’ve noticed that companies correlate on decision making and speed of decision making. There are basically no companies that have made good slow decisions.”

Larry Page, Founder of Google
decision making? Are there IT platforms that can speed authorisation processes?

These questions, when answered intelligently, should uncover frustrations or issues with current practices. It is then a small step to rephrase an issue into an opportunity to make an improvement. The end result should be a clear and actionable set of governance and decision making improvements.

There is another reason for taking a more considered, marginal approach to improving governance and decision making. By avoiding formulaic frameworks and importing ideas developed by other organisations, there is an increased chance of businesses within this region creating their own, unique approach to governance. There is an opportunity to combine the strengths of local decision making customs with international best practices to create the best model for this region.

Governance and decision making processes are critical to the productivity of talent – they enable an organisation to act. A strong decision making process can also minimise risk and enhance corporate controls. However, realising benefits are dependent on the judgement and experience of the implementation team. Without the parameters of a formulaic framework to work within, there is more discretion to make the right improvements – however, there is also a greater opportunity for error. As always, the quality of implementation is the key to success.
Only 1 in 5 of UAE organisations are able to make fast decisions that are aligned to their strategy.

Organisations with leadership, mentoring and coaching programmes outperform competitors.

Less than 1 in 7 private businesses operating in the UAE are actively recruiting UAE Nationals.

Only 5% of organisations operating in the UAE recruit people who share their values / ways of working.

World Bank estimates that people investments, such as training, deliver an average return of 8.6% IRR.

UAE businesses who primarily use money to reward staff and attract new candidates underperform.

Those that primarily use financial metrics to communicate goals to their staff underperform.
Final Remarks

Starting the Process
A practical study, specific to the UAE, of talent and competitiveness has been long overdue. The productivity of the people living in this country, especially Emirati nationals, will play a critical role in local business’ ability to compete in global markets. Whilst we recognise the limitations of our research, we hoped to provide a starting point that would enable organisations to take action.

Our aim was to create a relevant and practical report that avoided a theoretical and un-actionable discussion of issues – our intention was always to provide tangible next steps. Therefore, instead of a closing discussion of ideas, we would like to provide an overview of the actions and recommendations highlighted in each section:

1. **Olympic Potential:**
   - We can’t all be Olympic champions but by investing in hiring and coaching the right people, UAE businesses can compete successfully in a global market.

2. **The Economics of Talent:**
   - Talent Management can be self-funding. Don’t increase budgets, reallocate spend
   - It can be realistic to aim to simultaneously save cost and drive productivity improvement

3. **People Power – an example:**
   - Talent Management initiatives have a tangible and measurable impact on financial results
   - Quality of implementation is key to realising a return on any investments in people initiatives

4. **Acquiring Talent**

4.1 **Attracting talent – more money more problems:**
   - Increasing compensation to drive recruitment is not sustainable for the private sector
   - Leading organisations attract talent by offering learning and development opportunities

4.2 **Selecting talent – it’s not what you do, it’s the way that you do it:**
   - Culture and ways of working are integral to the success of leading organisations
   - Recruitment processes must test candidates’ ‘cultural fit’ as well as qualifications / experience:
     - Candidates must be interviewed by as many people as possible

**Final Remarks: ‘Start the Process’**
5. Managing Talent

5.1 ‘People Investment’ – the long and the short of it

- UAE businesses prioritise short-term, corrective talent management initiatives
- Organisations must invest in employees who want to build a long-term career with them:
  - Build a ‘talent spotting’ function to identify people the organisations should retain
  - Create career paths for people at all levels of an organisation to provide opportunities
  - Identify drivers of attrition through exit interviews and feedback processes

5.2 Communication – simply inspiring

- Productivity is intrinsically linked to the motivation and commitment of employees
- Communication and leadership are vitally important tools for engaging with employees
- Goals should be value based – simple and easily applied to the day-to-day job of all staff

4.3 Prioritising talent – some people are more valuable than others:

- Some people in an organisation are critical to the strategy and success of a business
- Every organisation must have a clear view of which roles and functions are critical
- People investment (e.g., pay, benefits and training) should be focussed on critical talent:
  - People investments should be as flexible as possible, e.g., bias rewards towards performance linked financial rewards
  - Proactive management is key – HR should be integrated into the strategy process
  - Recruitment is only part of the solution – existing employees can acquire critical skills
  - ‘Best-in-class’ make constant, small adjustments to people strategy (no sudden, radical changes)

- Interviews should be long to test consistency of answers and traits
- Candidates should be evaluated in a social setting with their future peers
Manner in which a message is delivered is just as important as the message itself
- Test the message with different audiences to gauge variations in their response
- Make a message personal – use interactive mediums to connect with audiences
- Start with managers – ensure they are briefed so that they can answer staff questions

5.3 Performance Management – a measure of success
- Successful organisations have sophisticated techniques to reward the ‘right behaviours’
- Data / information flow is the foundation for well-run Performance Management processes
- Due to extensive nature of the topic, we will publish our recommended approach to Performance Management at a later date

6. Making Decisions
- UAE businesses are frustrated at consensual and slow paced decision making processes

- Conventional frameworks are formulaic and rigid – importing ideas is not ideal
- Process of marginal improvement to existing governance and decision structures has benefits:
  - Minimises disruption to the business by avoiding making sudden, radical changes
  - Retains what is good and builds on existing strengths (i.e., not wholesale replacement)
  - Highly tailored and specific to the needs of an organisation
- Approach requires intelligent questioning of data revealed by a governance review / diagnostic

We recognise that this list is not an implementable project plan. Given the breadth of our topic, a project plan would be generic and meaningless when applied to any specific organisation. Instead this list is meant to serve as a starting point. Each organisation must interpret how these actions could be applied to their own business.

What is true for every business operating in the UAE is that enormous benefits can be acquired by making targeted investments in Talent Management. In some cases, tangible financial returns can be realised. In other cases, people
initiatives can result in significant capability gains. In either case, the prize is real and proven by empirical data.

Above all else, we wanted this research to serve as a practical guide that will help organisations to begin the process of realising the available opportunity. Our experiences as implementation specialists have taught us that actions create value, not advice. Therefore, our final recommendation is that any business seriously considering a Talent Management investment should act now.
“Most of people talk, we do things. They plan, we achieve. They hesitate, we move ahead. We are living proof that when human beings have the courage and commitment to transform a dream into reality, there is nothing that can stop them. Dubai is a living example of that.”

HH Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai
Dedication: To a friend who believed in our potential and helped put us on the path to realise it...
About Aleron
Aleron Partners UAE is a professional services firm that specialises in Talent Management and Enterprise Performance Management. We work alongside our clients to implement the most valuable elements of their strategy. Our ambition is to provide a superior alternative to business consultants: a firm of implementation experts focused on achieving measurable results. Learn more at www.aleronpartners.com

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About Boyden
Boyden Middle East is a pioneer and global leader in the executive search industry with more than 70 offices in 40 countries. Founded in 1946 Boyden specialises in high level executive search, and human capital consulting across a broad range of industries. Boyden Middle East has been a market leader in the region since 1999 and more recently opening an office in Cairo. Learn more at www.boydenme.com

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