

DIAC's Regional Workforce Study 2013: A Skills Gap Analysis



Education Aligned with Industry

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Introduction

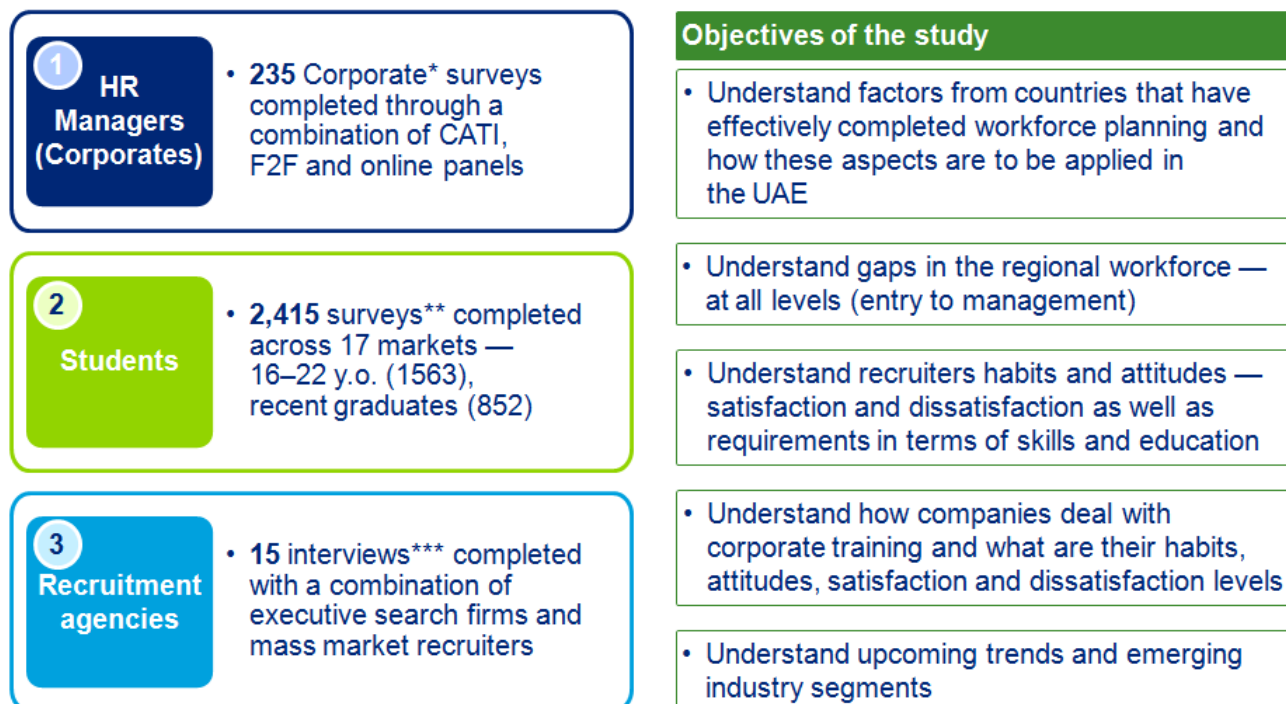
In late 2012, TECOM Investments’ Education Cluster (comprising Dubai International Academic City and Dubai Knowledge Village) and Deloitte jointly conducted an assessment of the workforce planning landscape in the UAE. The study highlights best practices in workforce planning and service delivery across six markets, providing an important yardstick to benchmark UAE’s workforce planning and development efforts. Supported by interviews conducted across 17 markets, amongst current students, graduates and corporate recruiters, the study examines the perception of Dubai as a centre of higher education and training, Dubai’s positioning versus other emerging educational hubs and the current skills in demand across sectors. The study offers insights into areas of strengths for the education sector in the UAE while laying out the building blocks for a robust workforce planning and development effort in the UAE.

Methodology

An analytical framework was used to identify best practices in workforce planning policy and service delivery based on benchmarking across six markets. The markets selected for the study embraced different stages of economic development with varying workforce profiles, while demonstrating strong alignment between economic objectives and education reforms. Best practices were identified across the policy framework, systems oversight and service delivery continuum.

In order to understand the perception of Dubai as a centre for higher education and training, market research was conducted amongst students and recent graduates across 17 markets including the Middle East, China, the Indian subcontinent, central and southeast Asia. In addition, 235 corporate interviews across the Middle East provided deep insights into current skills gap in the regional workforce across 10 sectors while identifying trends in recruitment and corporate training.

Exhibit 1: Methodology and Objectives of the Study






A strategic view: Workforce development is critical to the achievement of UAE's Vision 2021

A key tenet of UAE's Vision 2021 is the development of a competitive economy driven by knowledgeable and innovative Emiratis. To this end, the UAE aims to harness the full potential of its national human capital in the creation of a sustainable and diversified economy where growth is founded on knowledge and innovation. The Vision 2021 statement further outlines that universities are expected to listen closely to the needs of Emiratis and their future employers and balance their teaching with the demands of the workplace.

In this context, a cohesive workforce planning and development effort is needed to ensure that UAE's workforce is nurtured with the right skills to drive economic change and steer the economy to the cutting edge of innovation. For those industries, where Emiratis can learn from global expertise, the UAE will continue to draw upon the best talent from across the world.

Our study examined six markets which have achieved some success in their workforce planning efforts. To ensure that our analysis is broad based, we examined a wide cross-section of markets and benchmarked their approach to workforce planning. Our study suggests that while some markets have benefited from a centralized, state-led workforce planning effort (e.g. Singapore) others adopt a more decentralised posture relying on regional and state-level micro-institutions to drive workforce planning efforts at the grass-root level (e.g. USA). A strong investment led approach, steers the development of skills in sectors which are critical to the development of the national economy. The exhibit below highlights some of the best practices emerging from the benchmarking exercise.

Exhibit 2: Workforce planning best practices – Some learnings for the UAE

Key workforce planning strengths	
Australia 	<ul style="list-style-type: none"> • Strategic direction provided by the Central Government with involvement of micro-institutions • Demand led approach at the national, industry and enterprise level • Strengths in VET (Vocational Education Training)
Finland 	<ul style="list-style-type: none"> • Pockets of excellence in terms of industry-academia collaborations supporting the development of a strong competitive advantage in specific industries (e.g., medical devices and ICT) • Learning networks
Singapore 	<ul style="list-style-type: none"> • State led, coordinated workforce planning effort with clear roles and responsibilities across the workforce planning process • Strong linkages with economic goals/nation building; low policy churn supports actionable plans/programmes • Strengths in standard setting and workforce planning processes
South Korea 	<ul style="list-style-type: none"> • State led approaches to workforce development with strong involvement of micro-institutions in service delivery • Role of KRIVET as the link between vocational education and industry
UK 	<ul style="list-style-type: none"> • Overarching coordinating agency with strong micro-institution involvement through Skills Councils • Robust data collection mechanisms i.e., through ONS, surveys, blue sky research • Performance based funding mechanism • Strengths in VET (Vocational Education Training)
USA 	<ul style="list-style-type: none"> • Fragmented workforce planning practices at the regional/state level • Investment led approach; involvement of State and Local workforce Investment Boards • Significant pockets of innovation in the collection and use of data

The UAE faces inherent challenges in developing a strategic approach towards workforce planning and development owing to the preponderance of a large, transient expatriate population in the workforce. While several government and quasi-government agencies appear to be involved in workforce planning, the effort remains un-coordinated and at times disjointed. Further, paucity of data related to employment and skills in need, hinders the efficacy of an informed workforce planning effort. The UAE could potentially benefit from focused workforce development initiatives led by government/quasi-government agencies with a clear mandate to develop a vibrant workforce which will drive the development of skills in non-oil sectors of the economy. The exhibit below highlights possible workforce planning initiatives for consideration.

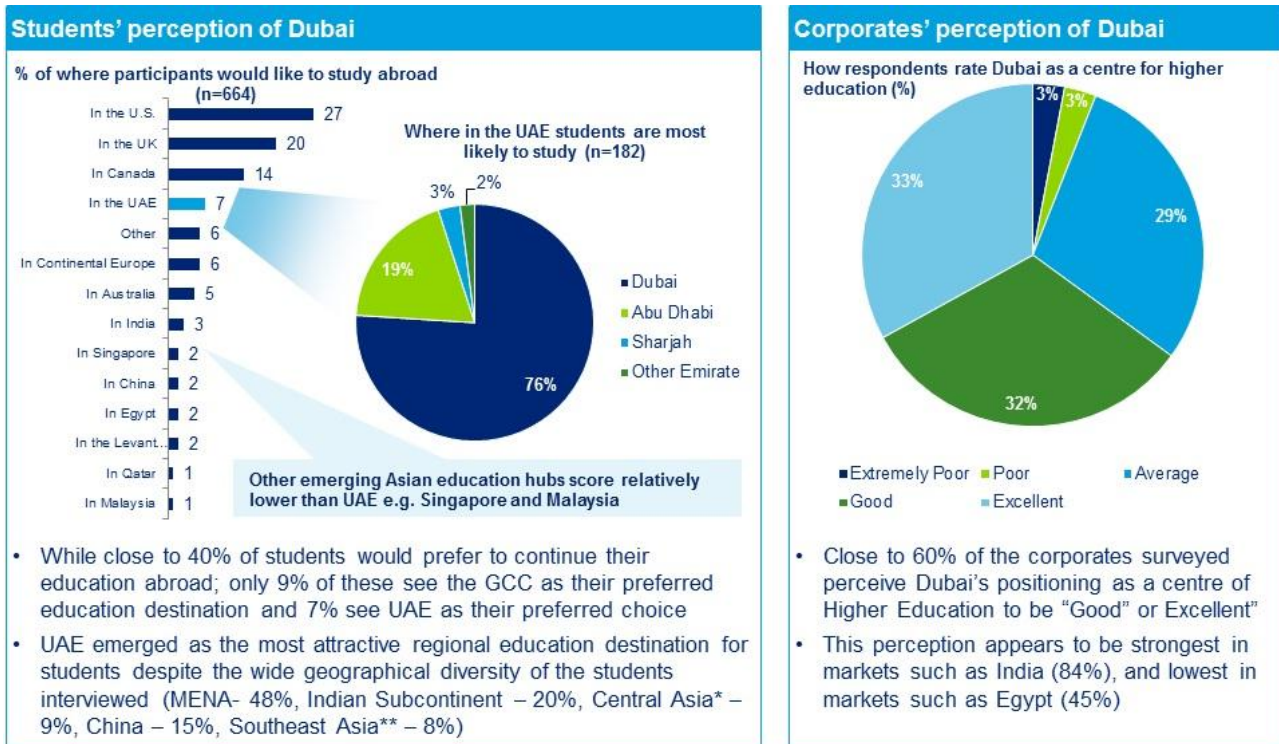
Exhibit 3: Current challenges in workforce planning and possible initiatives



Dubai is the most attractive education destination for students in the region

Based on the survey findings, Dubai is positively perceived as an education hub by students and corporates. Seven percent of respondents who are willing to study abroad see the UAE as their preferred destination, with an overwhelming majority identifying Dubai as their most likely study destination in the UAE. Significantly, the UAE scored higher than other emerging education hubs in students’ estimation of their preferred destination for higher education and is perceived to be the most attractive destination for higher education in the region. On a similar note, at least 60% of the corporate entities interviewed perceived Dubai’s positioning as a centre of higher education to be “Good” or “Excellent”. The positive perception of Dubai as a centre of education appears to be strongest in markets such as India, suggesting opportunity for universities in the UAE to develop stronger linkages with a vast student pool who have unmet needs for high quality education.

Exhibit 4: Perception of students and corporates of Dubai as an education hub

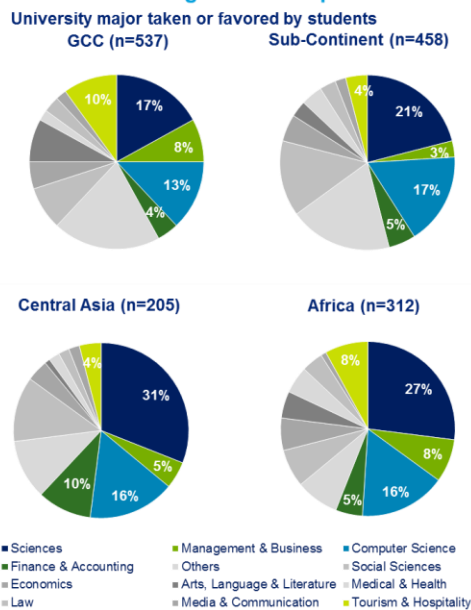


* Includes Iran and Kazakhstan
 ** Includes Singapore, Malaysia and South Korea
 Note: Participants were asked to list where they would study in general. We have presented the ones that listed the GCC and LEVANT
 Source: YOUNG & RUBICAM research 2012, Deloitte analysis

A deeper examination suggests that Dubai is strongly perceived as a centre of higher education in disciplines such as the Sciences, Finance, Accounting and Economics. The majority of students surveyed across the markets tend to favor these disciplines. On the other hand, UAE tends to score less favorably in terms of perception in disciplines such as social sciences, literature, the arts, medicine and health.

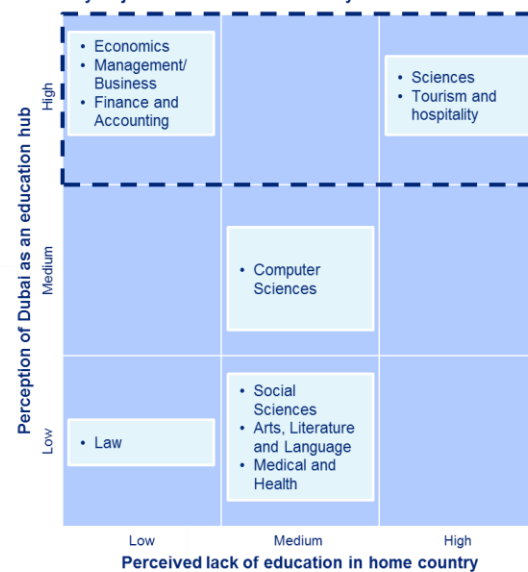
Exhibit 5: Dubai's positioning across academic disciplines

Strong in Sciences, Finance, Economics and Management — aligned with the majority of target students favoring these disciplines



Source: YOUNG & RUBICAM research 2012, Deloitte analysis

University majors: Dubai vs. home country of students

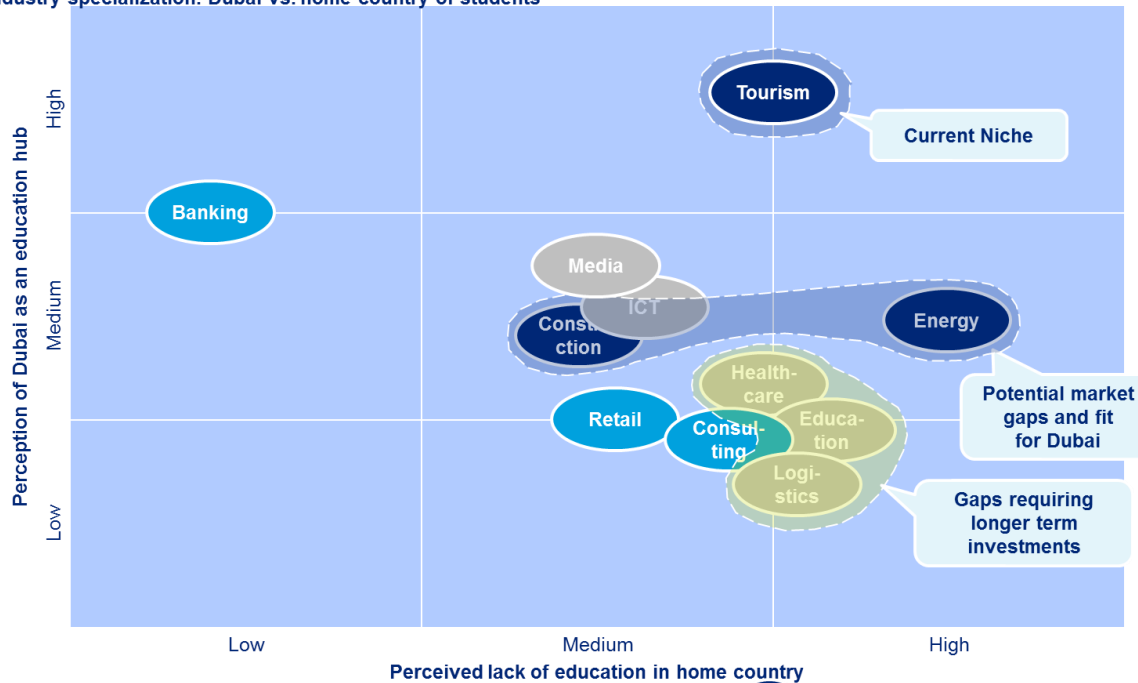


In terms of industry verticals, Dubai appears to have developed a strong niche for itself in the tourism domain with students seeing gaps in the current education courses in their home countries. Other sectors where Dubai could potentially improve its positioning to emerge as a preferred education destination include energy, construction, healthcare, education and logistics.

Exhibit 6: Dubai’s positioning across industry verticals

Dubai has built a strong niche in the tourism and hospitality sector but there remain some significant untapped opportunities in other sectors such as Energy

Industry specialization: Dubai vs. home country of students



Source: YOUNG & RUBICAM research 2012, Deloitte Analysis

Note: (*)Workforce attractiveness is an index computed by Deloitte including the hiring trends in this sector, number of employees in the sector (GCC only), contribution of the sector, GDP contribution of the sector (GCC only), etc.

● Top 3 industries in terms of workforce attractiveness*

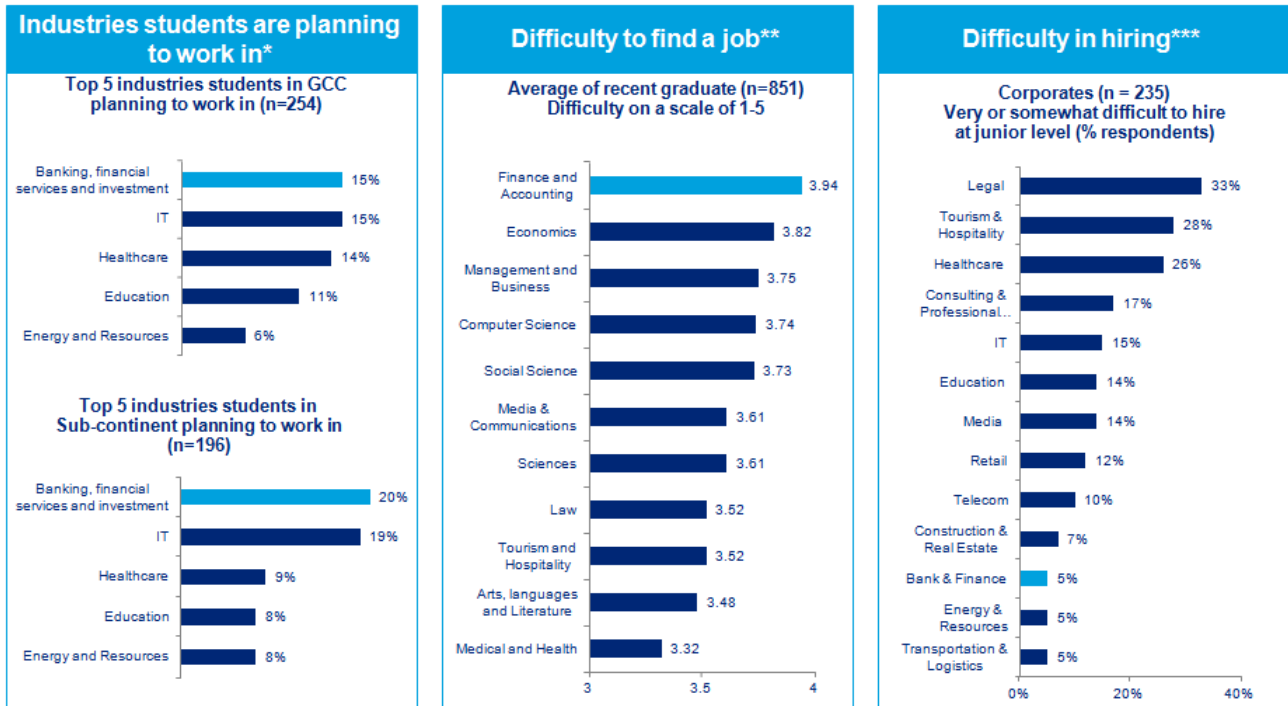
● Bottom 3 industries in terms of workforce attractiveness*

Recruitment activity is on the rise; UAE’s workforce can benefit from a sectorial view of skills gap

Recruitment activity appears to be picking up across GCC markets with close to 80% of companies in Qatar and 70% of companies in KSA looking to hire in the next three months. Sectors with the most intense recruitment activity in 2012 included healthcare, construction, oil and gas.

While banking and finance emerge as preferred industries for students and recent graduates, hiring in this sector remained relatively muted in 2012, suggesting an oversupply in the workforce particularly at junior levels. Corporate recruiters expressed difficulty in hiring candidates for junior positions in industries such as tourism and hospitality, healthcare, legal and professional services.

Exhibit 7: Preferred industries and recruitment trends



At a sectorial level, UAE’s workforce clearly needs a review of the current skills base in line with evolving market trends. Our study identified 64 skills in demand across the 11 sectors covered by our analysis, presenting higher educational institutions in the UAE with the challenge of ensuring that their course content remains current and relevant to industry needs. In fact, countries such as the UK have benefited from Sector Skills Councils – dedicated bodies which work closely with academic institutions to address strategic priorities in terms of skills shortages across sectors.

Exhibit 8: Preferred industries and recruitment trends

Selected skills from the research

Construction (5) <ul style="list-style-type: none"> Health and safety Cost and value management ... 	Tourism and Hospitality (5) <ul style="list-style-type: none"> Customer relationship management Event management 	Education (4) <ul style="list-style-type: none"> Professors/lecturers for economics Vocational training courses ... 	Energy and resources (5) <ul style="list-style-type: none"> Quality assurance/quality control Safety and training
IT (5) <ul style="list-style-type: none"> Cloud computing Analytics management ... 	Finance and Banking (5) <ul style="list-style-type: none"> Islamic banking Financial risk management ... 	Retail (4) <ul style="list-style-type: none"> Customer psychology and buying behavior Luxury brand management ... 	Media (7) <ul style="list-style-type: none"> Social media Sports management ...
Telecom (5) <ul style="list-style-type: none"> Customer analytics/data mining Product development ... 	Transportation/ Logistics (6) <ul style="list-style-type: none"> Freight clearing/forwarding Multi modal transport ... 	Healthcare (12) <ul style="list-style-type: none"> E-healthcare Clinical data management/telemetry ... 	xx Number of skills identified

Specialized skills which received a ranking higher than 30% in the corporate survey

Vocational Education Training (VET) is in a nascent stage in the UAE and the region, large corporates are increasingly taking on the role of setting up in-house academic training centres to address specific skills gap amongst their workforce. In spite of this, Dubai is strongly perceived as a training hub with 62% of corporates surveyed identifying Dubai as “Good” or “Excellent” in this area. Our study identified that at least 56% of corporates interviewed opt to outsource their training programmes with a strong preference for local (38%) and regional (44%) training options. While training for junior/entry level is conducted in the country of operation; at mid and senior levels, a significant proportion of training takes place overseas.

Another key insight from the study is the potential of the UAE to benefit from stronger linkages between higher education and VET through regular forums of interaction.