

The then and now of the uae economies



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INTRODUCTION

Dubai's population has grown by nearly seven per cent in the first nine months of 2010 to reach 1. 87 million. This indicates that the emirate is back on track in economic recovery. As a fact, the emirate's actual population becomes higher by more than one million during the day as Dubai remains a target for workers and businessmen from neighboring emirates.

Aref Al-Muhairi, Executive Director of the Dubai Statistics Centre, projected Dubai's economy, the UAE's largest after Abu Dhabi, would grow by around 2. 3 per cent in 2010 after expanding in the first half. Surveys show that there was a growth of seven per cent in the first nine months as the population with permanent residence was estimated at 1. 87 million at the end of September, but the active population is estimated at 2. 9 million during the day as many businessmen and workers from other cities and emirates stay in Dubai most of the day.

DEMOGRAPHIC DETAILS OF UAE

Total Population – 8, 190, 000 (2010 National Bureau of Statistics est.)

Age structure

0-14 years : 25. 3%

15-64 years : 71. 1%

65 years and over: 3. 6%

Population growth rate – 3.83%

Net migration rate – 0.84 migrant(s)/1,000 population (2005 est.)

Ethnic groups –

Emiri (Emirati) – 19%

Other Arab, Iranian, South Asian (Indian, Pakistani, Bangladeshi, Sri Lankan)
– 50%

Other expatriates (includes Westerners and East Asians) – 8%

(Note: less than 20% are UAE citizens)

EXPATS VS LOCAL POPULATION

Dubai is full of expatriates. Majority of the Dubai expats are Indians and South Asian nationals such as Pakistanis, Sri Lankans and Bangladeshis. There are many Phillipine nationals also.

Majority of the Europeans are from UK. US, Canadian, South African and Australian among the other major nationals in Dubai.

The gap between locals and expatriates in the GCC workforce has remained huge with the expatriates recording a dominating presence in virtually all job categories. It is seen that up to 58 per cent of the GCC's workforce is made up of expatriates.

Much like in other GCC countries, the UAE Government has been aggressively pushing for its Emiratisation program, which aims to increase the number of qualified UAE workers in the job market. However, because
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the bulk of UAE nationals are absorbed almost exclusively in the public sector, the local job market will remain dominated by a growing expatriate population. It is concluded that increasing the adoption of local professional workforce in the private sector will play a critical role in achieving a sustainable economic development for the UAE. It further stated that available jobs in the public sector will not be sufficient to accommodate the rapidly growing number of UAE professional workers, particularly on account of the growing number of local graduates, making it crucially important to establish new gateways for locals to be absorbed in the private sector.

UAE – THEN AND NOW

The whole world is developing. There are some countries which are developed faster than the others. The UAE was one of these countries which showed a recognizable development in the last thirty years.

Thirty years ago the UAE was one of the least developed countries of the world. Today, it has achieved an income level comparable to that of the industrialized nations. The UAE did not pass through the hypothetical development ‘stages’ that most developed countries seem to have experienced. Rather, its large oil revenues have allowed her to leap these stages to the stage of high mass consumption. Massive oil revenues have enabled the UAE to short-cut the usually difficult and lengthy process of saving and capital accumulation necessary for economic development.

1. 3. 1 Economic and Institutional Constraints

Before the discovery and export of oil, the economy of the Trucial States (which today form the UAE) depended mainly on subsistence agriculture, nomadic animal husbandry, the extracting of pearls and the trade in pearls, fishing, and seafaring. The period before the discovery of oil, therefore, reflected the country's limited natural resources, and resulted in a simple subsistence economy. The epoch of economic development in the UAE (or the UAE's First Development Decade) began in the early 1970s, the federation's formation on 2 December 1971 (and the establishment of its formal economic, social, and political institutions) coinciding with a massive increase in oil production and oil exports, followed by the explosive rise in oil prices in 1973.

Political and Social Stability

Since its formation in 1971 the UAE has enjoyed a political stability. The existing political structures appear to suit the tribal society of the UAE, and the distribution of huge oil revenues in the form of social and economic infrastructure, high salaries, a high standard of social services, such as health and education, has raised the standard of living for UAE citizens and considerably reduced the likelihood of internal political and social unrest. It is worth mentioning that the UAE Government has maintained a relatively good record on human rights since the formation of the state. This in turn has promoted political and social stability.

The UAE is an active member of many regional and international associations such as the Arab League, the United Nations, the Non-Aligned Movement, the Arab Gulf Cooperation Council, and the Organization of the Islamic

Conference. Relations with many countries of the world, particularly the Western democratic countries, have been traditionally warm. Political and social stability has gone hand in hand with liberal trade policies and has paved the way for investment (domestic and international) in the industrial sector.

Population and Labour Force

The UAE population is essentially a small one. However, after the discovery of oil and its export in the last four decades, it has experienced very rapid growth, the result of a combination of high natural rates of increase among the UAE's indigenous population, and a massive inward migration of expatriates who now comprise more than three quarters of the population. Thus, a small indigenous population, a large expatriate population, and immense wealth generated by oil are the dominant socio-economic features of the UAE.

In addition to population size and age composition, social factors in the UAE have a great impact in determining the size of the UAE labour force. Female participation in the UAE labour force remains small, 16.3 per cent in 1999. However, incentives and legislation aim to change this situation. Greater female participation is seen as a way of increasing the UAE indigenous labour force and lessening the country's dependence on foreign labour. A two-tier labour market has emerged in the UAE. At the top is the indigenous labour force, which constitutes about 10 per cent of the total work force. Below this is an unlimited supply of foreign labour. The UAE has reaped benefits from foreign skilled and unskilled workers, who initiated its

economic development in the early 1970s and subsequently have come to sustain it.

The employment pattern in the UAE does not reflect the structure of output. The oil sector employs only 1.6 per cent of the UAE labour force, reflecting the capital-intensive nature of the industry. Nearly 39 per cent of the labour force is engaged in community, social and personal services. The unemployment rate in the UAE (0.5 per cent) is remarkably low, which means that the UAE economy is effectively at full employment. The UAE is highly urbanized. This has been attributed to the cluster of public services, transportation and communications, financial markets and service-based industries in the cities.

Industrialization

In the process of economic development, industrialization has been considered crucial to the transition. Industrialization is linked to the idea of stimulating forward and backward linkages with the rest of the economy. In addition, industrialization creates new employment opportunities. In common with other developing countries, the UAE, whose economy has been significantly dependent on the export of one primary product, namely oil, pursued a strategy of industrialization to diversify the sources of its national income and reduce its dependence on oil.

The main factors which have acted as a constraint on UAE industrial development are limited raw materials, and the size of the domestic market. On the other hand, the abundance of natural mineral resources, the ready availability of financial capital, a well-established infrastructure, a flexible

labour and employment policy, the availability of cheap energy, industrial zones and various incentives in legislation, plus political and social stability have been the main

resource and incentive for UAE industrialization.

Educational Institutions

In the past the number of educated people was lower than the present which is reaching 90% of the UAE citizens. The students are going to schools and colleges to study as opposed to the past where they used to go to the mosques, but in both situations people are/were willing to learn as much as they can/could.

It is no secret that there was little development anywhere in the Arabian peninsula prior to the discovery of oil. The reason is simple: there was no money for it. The economy in those days was a simple one, based upon pearl diving, fishing, coastal trade and the most rudimentary agriculture. In 1962, when oil production began in Abu Dhabi the country lacked virtually everything: schools, hospitals, airports, seaports, a dependable supply of safe drinking water, electricity plants and, most importantly, proper housing for the majority of the people.

In 1962 there were only 20 schools in the country with less than 4000 students — and most of those boys. By the time the UAE was established in 1971, there were still less than 28, 000 students and education was pretty well confined to the towns. Today there are over 290, 000 children at government schools all over the country.

In the past, post-secondary education was government-financed and of course meant going abroad to other Arab countries or even to Britain or America. At present, however, the UAE can offer higher education at home. In 1977 the Emirates University was set up in Al Ain. Since that time there have been some 14, 500 graduates with half of them women.

Courses offered include the traditional university subjects as well as various kinds of engineering, agriculture, various scientific disciplines and a highly-rated Faculty of Medicine which is recognized by Britain's prestigious Royal College of Surgeons. Overseas scholarships are still available for higher degrees and are still financed by the government.

Early on, the government realized the importance of technical and vocational training for its citizens — both male and female — so that they could help in meeting the demands of the local job market. To help meet these demands, in 1988 a system of Higher Colleges of Technology was set up. As in the university and the government schools, tuition at the Colleges is free and curriculum has been produced in consultation with potential employers such as banks, airlines and the local oil industry. Additional technical education and training is also available in institutions such as the Dubai Aviation College, the Emirates Banking Training Institute or the Career Development Centre of the Abu Dhabi National Oil Company.

Outside the government sector, there exists a wide range of private schools with an enrollment of some 150, 000 students. A number of these teach in the language of one of the expatriate communities living in the UAE and follow the curriculum of their countries. For example, there are English,

French, German and Urdu schools preparing children for life in their home countries. In the last few years, a number of universities and colleges from overseas have begun to offer partial or full degree courses through affiliates in the UAE. This means that a full range of education is available for both citizens and expatriates.

The President of the UAE, Sheikh Zayed, has said: “ Youth is the real wealth of the nation” and if the income from oil can be used to create an academically and technically qualified citizenry, there can be no doubt of the wisdom of the immense expenditure.

All these factors combined together give result to a need for studying the interests and pattern trends in higher education, of the graduates working in the UAE. This project will aim at understanding the needs and scope of higher education among the working graduates in United Arab Emirates. This will be achieved by carrying out a survey to predict the demand forecast for the same amongst the target population. The data will be collected through questionnaires aimed at organizations. The subsequent chapters will present these survey result and inferences will be drawn from the data collected to arrive at the conclusion regarding higher education interests of expats in the UAE.

CHAPTER 2

HIGHER EDUCATION IN UAE

EDUCATIONAL HUB

The UAE is an intriguing case of educational development because of the multiple layers of education, and thus hubs, that exist. This is different than <https://assignbuster.com/the-then-and-now-of-the-uae-economies/>

any other nation. The UAE is comprised of seven Emirates, which operate semi-independent of each other. Higher education has historically been the responsibility of the federal government under the Ministry of Higher Education and Scientific Research. There are three public higher education institutions, which serve the seven Emirates through several campuses. In addition, all private institutions are required to have licensure and accreditation from the federal accrediting body, CAA. However, the semi-independent nature of the Emirates has led several of them to develop “ free zones,” which exempt the organizations operating within each zone from federal regulation. Originally developed to attract foreign investment from corporations, these free zones have been used during the 2000s to attract foreign educational institutions. Now, several emirates, including Abu Dhabi, Dubai, and Ras Al Khaimah, have declared intent to become educational hubs. A description of each Emirate and/or relevant free zone seeking to become a hub is included below.

Abu Dhabi

This Emirate has not been as aggressive as the other Emirates in seeking to attract foreign institutions. It has opted for a more targeted approach of attracting and investing in institutions with recognizable names. At present, both the Sorbonne (France) and New York University (USA) operate campuses in UAE’s capital city. NYU accepted its first class of students in fall, 2010. Abu Dhabi seeks to capitalize on the presence of these elite education institutions to develop itself into a hub of ideas.

Dubai

Over the past decade, Dubai has garnered a great deal of international attention for the aggressive pursuit of international branch campuses and their desire to become an educational hub. Rather than solely investing in their own system, various sub-hubs within Dubai have targeted the development of IBCs in order to provide a diverse set of educational opportunities to the local expatriate population, as well as, attract foreign students to study in Dubai. Presently, more than 25 IBCs representing 13 different national curriculums, (e. g. Indian, American, Australian, British, Russia) provide undergraduate and graduate degrees in Dubai. The IBCs are spread across four different free zones.

Dubai Knowledge Village / Dubai International Academic City:

Launched in 2003, Dubai Knowledge Village (DKV) is owned by TECOM Investments, which is a subsidiary of Dubai Holding, and is one of TECOM's many business parks. It was founded as part of a long-term economic strategy to develop the region's talent pool and become a knowledge-based economy. This education hub is set up to complement TECOM's other business parks, including, Dubai Internet City and Dubai Media City. DKV has attracted 15 international universities from Australia, India, Pakistan, Iran, Russia, Belgium, UK, Ireland, and Canada. It is also home to approximately 150 training institutes and learning centers, HR development centers, professional training institutes, R&D organizations, and e-Learning companies.

To account for the need to provide more campus facilities due to the rapid expansion of higher education in DKV, TECOM created Dubai International Academic City (DIAC). Approximately one square mile, DIAC is located in Dubai Academic City, and is set-up as a free zone for higher education. Currently home to over 20 international universities, including Cambridge College International Dubai, University of Phoenix Dubai, and University of Exeter, among other, DIAC caters to over 4, 000 students.

Dubai International Financial City

Dubai International Financial city has been one of the fastest growing financial hubs in the Middle East and one of the largest importers of foreign academic programs. To help achieve its mission, the DIFC created the DIFC Center of Excellence with purpose of becoming “ hub for excellence and professional development and education.” To achieve this goal, the Center has partnered with several leading business schools to offer a variety of MBA degree programs. Programs have their own offices and offer their own degrees, but share academic space.

Dubai Health Care City

Dubai Health Care City desires to serve as a hub of medical education in the region. When the city was initially designed, the intent was to import medical programs from several institutions, as well as, create a teaching hospital.

The economic slowdown has caused this free zone to postpone the development of the teaching hospital. In turn, Harvard University, which currently offers continuing education courses, has delayed the offering of academic degree programs. Currently, the only IBC offering degrees is Boston University’s Institute for Dental Research and Education, which is

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offering Master's degrees and certificates in; Endodontics, Orthodontics and Dentofacial Orthopedics, Pediatric Dentistry, Periodontology, and Postdoctoral Prosthodontics.

Dubai Silicon Oasis

Silicon Oasis was established by the Government of Dubai in 2004 to become a hub of technological research and production. It has not declared an interest in becoming an education hub, however, it is home to the branch of a successful American institution, Rochester Institute of Technology (RIT). RIT, a technology-based educational institution, was recruited to support the overall mission of Silicon Oasis. The institution began by offering technology and management-oriented graduate degrees in 2008, and in 2010, accepted its first class of undergraduate students.

List of public universities and colleges:

Higher Colleges of Technology

Zayed University

Dubai Medical College for Girls

Michigan State University in Dubai

List of private universities and colleges:

Centre for Executive Education, Dubai Knowledge Village

London Centre for Human Resources Management

Hult International Business School

RIT Dubai

Cass Business School

Heriot Watt University

Al Ghurair University

Dubai School of Government

American College of Dubai

Skyline University College

American University in Dubai

British University in Dubai

Canadian University Of Dubai

Manchester University Business School

Dubai University College

European University College Brussels (Hogeschool-Universiteit Brussel)

Mahatma Gandhi University

MAHE-Manipal

SAE Institute

Birla Institute of Technology & Science, Pilani – Dubai

University of Wollongong in Dubai

S. P. Jain Center Of Management, Dubai

Institute of Management Technology, Dubai

The Emirates Academy of Hospitality Management

Murdoch University International Study Centre Dubai

Emirates Aviation College

Boston University Dental School

Dubai Aerospace Enterprise University

Dubai Medical College for Girls

University of Dubai

University of Waterloo

Islamic & Arabic Studies College Dubai

Middlesex University – Dubai Campus

Universal Empire Institute of Medical Sciences

DATA COLLECTION

The primary data for the study was collected via method of questionnaire. A questionnaire was directed to some of the major companies in UAE to

determine the demand forecast and the target population of the study (attached below).

QUESTIONNAIRE SURVEY

(This questionnaire survey is conducted by Akash Jatania, Ankita Lamba and Sneha Maturu, final year students of BITS – Pilani, Dubai in partial fulfillment of their project under Prof. Dr. Tanmay Panda. The survey is meant for academic purpose and the data collected will be confidential and the information will be used only for academic studies.)

Total number of employees - _____.

Percentage/ Number of employees having qualifications up to Bachelor's degree - _____.

Nationality of the majority of employees from the above population - _____.

NAME OF THE COMPANY: _____.

DESIGNATION OF THE RESPONDENT: _____.

ACTIVITY OF THE COMPANY: _____.

S. NO.

Company Name

Total No. of Employees

No. of Graduates

Major Nationality

Target Population

1

Asea Brown Boveri, Abu Dhabi

150

30

Indian

30

2

Abu Dhabi Cables

80

17

Indian

17

3

Aluma

30

15

Indian

15

4

BMTC

95

63

Indian

63

5

Chalmers

540

270

Indian

270

6

Cluttons LLC

50

50

British

0

7

Dafnia

78

31

Indian

31

8

DBA Group

8000

4800

Indian

4800

9

DUBAL

4000

1000

Indian

1000

10

EmQube

3

3

Indian

3

11

ESMA Group

75

25

Indian

25

12

ESMOD Dubai

12

11

French

0

13

FabTech

700

105

Indian

105

14

Food Specialties

102

72

Indian

72

15

Frequency Events

5

5

Indian

5

16

Giordano

260

223

Indian

223

17

Gulf Sea Food

120

16

Indian

16

18

Gulf Wireless & Television

48

16

Indian

16

19

Herbiger Service

63

32

Indian

32

20

Icon Management

6

6

Indian

6

21

Infratech Control

9

8

Indian

8

22

Jones Lang LaSalle

110

35

Arab

0

23

Kingsmen

102

30

Indian

30

24

Microsol International

250

25

Indian

25

25

Orient Express Lines

20

19

Indian

19

26

Procal

20

9

Indian

9

27

Redcube Systems

16

8

Indian

8

28

Reitz

3

3

Indian

3

29

Roto Packing

206

47

Indian

47

30

Schaefer Power

10

6

Indian

6

31

Schering Plough/ MSD

200

200

Egyptians

0

32

Serck Sevices International

400

78

Indian

78

33

Six Sigma Solutions

10

10

Indian

10

34

SRFO

130

26

Indian

26

35

Star Elevator

317

31

Indian

31

36

Super Cement

56

10

Indian

10

37

Tasnee Petrochemical

2500

875

Indian/ Saudi/ European/ American/ Philippine

100

38

Telephony Telecom

150

112

Indian/ Pakistani/ Bangladeshi/ Nepali/ Sudani

25

39

United Diesel

170

60

Indian

60

40

Western Digital

6

3

Indian/ Pakistani

3

41

Zarca Interactive

300

195

Indian

195

42

DNV

128

115

Indian

115

TOTAL

19530

8695

Indian

7537

Table 2. 1: Data Collected through the questionnaire

INFERENCES DRAWN FROM THE COLLECTED DATA

The tabulation of the data clearly indicates that the majority of the employees in the companies are of Indian nationality.

The results are as follows:

Number of companies surveyed: 42

Total population of the above mentioned companies: 19530

Number of graduates from the total population: 8695

Percentage of Graduates : 44. 52 %

Number of graduates of who are Indian nationals: 7537

Number of graduates of other nationalities (including British, French, Arab, Egyptian, Pakistani, Bangladeshi, Philippine, Saudi, Sudani, American and European): 1158

Percentage of Indian graduates: 38. 59%

Fig 2. 1: Distribution of nationalities of Graduate employees in companies

In this mid semester report, from the data collected so far we can conclude that the majority of the graduate employees are Indians who are working in UAE. Further analysis on the target population will be done in subsequent chapters, which will be introduced in the final report. It will include a specific survey catering to the demand and scope of higher education amongst corporate executives in the United Arab Emirates.