

Qatar's Labor Markets at a Crucial Crossroad

Claude Berrebi, Francisco Martorell, and Jeffery C. Tanner

With the discovery of large quantities of natural gas, the Qatari economy has experienced sustained economic growth. Similar to what has occurred in other Gulf states, a consequence of this economic boom is that the demand level for skilled and unskilled labor far outstrips that which Qatari nationals can provide. As a result, Qatar has imported foreign labor to the point where foreigners outnumber Qataris by almost seven to one. Moreover, the structure of the labor market — in particular, the system of generous and near-guaranteed public sector employment — diminishes incentives for Qataris to acquire valuable skills and to work in the private sector. The reliance on foreign laborers and the lack of skilled Qatari workers is widely seen by Qatar's leaders as a serious threat to the nation's economic autonomy and long-term economic viability. Thus a key challenge facing policymakers is to devise policies and reforms that will help develop a domestic workforce with the skills and incentives to work in the economy's most important and competitive positions. Drawing on public data sources, this article provides a detailed quantitative assessment of the economic and demographic situation that underlies the current challenges and discusses several policy options that might be used to help overcome them.

With the recent development of its natural resources, Qatar has seen a phenomenal growth in per capita income that more than doubled in the past decade, making Qataris among the world's wealthiest citizens.¹ Yet this newfound prosperity has not come without potential problems. As in other Gulf states, the labor market is dominated by expatriate labor, and domestic laborers work almost exclusively in public sector jobs. Qatari policymakers recently have expressed concern that the nation is not developing a workforce capable of competing in the global marketplace.² Support for this view

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1. Based on constant dollars, using the 2000 nominal exchange rate. Authors' calculations using data from the International Monetary Fund's *International Financial Statistics, May 2007* (Washington, DC: IMF, 2007), <http://ifs.apdi.net/imf/imfbrowser.aspx?branch=ROOT>.

2. "Qatarization in Tech Field Fails," *The Peninsula*, November 18, 2006, http://www.thepeninsulaqatar.com/Display_news.asp?section=local_news&month=november2006&file=local_news200611183932.xml. The analysis along this article reflect the Qatari state of affairs at the end of 2006, at the time we completed our information and data gathering process. Naturally, due to the continuous changes advanced by Qatari policymakers, some of the practices described, while still of

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can be seen in the composition of Qatar's labor market. Private and mixed firms are dominated by expatriate workers, while the vast majority of Qataris work in public sector jobs. Moreover, the economy is heavily dependant on revenue from non-renewable natural resource extraction (notably natural gas and oil). The dependency on both foreign workers and natural resource sales leave the economy somewhat vulnerable.³

We use data from the 2004 Census as well as secondary sources to explore the key issues facing Qatar's labor market. We begin by providing some background on the political history and governance structures of Qatar, its recent economic growth, and domestic labor's capacity to participate in that growth. We then describe the problems associated with the demand for labor outstripping the domestic supply. Next we detail the market response to the lack of qualified Qataris of importing foreign labor. Here we document the rapid population growth driven by an influx of migrant workers. At the heart of the article is a descriptive analysis of the current state of Qatar's labor market. As the civil service employs the vast majority of the Qatari labor force, we provide a detailed description of the incentives surrounding such a career choice. Finally, we report on the reactions from Qatari nationals and the national government's response of improving education and a quota system to ensure that Qataris are hired beyond the civil service. We conclude with our assessment that while the future is challenging, there is reason for cautious optimism.

GOVERNANCE, ECONOMY, AND LABOR FORCE PREPAREDNESS

GOVERNANCE

The state of Qatar sits on a small peninsula extending from Saudi Arabia into the southern Persian Gulf. After playing a central role in the peninsula's politics since the mid-19th century, the Al Thani family installed one of its own, Shaykh Khalifa bin Hamad, as the head of state following Qatar's independence in 1971 and established an emirate governance structure. Following a short period of economic growth in the late 1970s as the country internalized gains from its petroleum resources, the economy retrograded and then stagnated through the mid-1990s as oil prices sagged. In 1995 the Amir's son, Shaykh Hamad bin Khalifa Al Thani, came to power. Since that time the economy has grown rapidly and the nation's wealth has been reinvested into social programs, including universal education and healthcare systems. Political liberalization has made similar strides as the Amir has introduced the foundations for a new Constitution with plans for establishing a Parliament with a majority of democratically elected representatives, and for extending suffrage to women.⁴

ECONOMY

Qatar is one of the world's wealthiest countries. The economy grew at a very

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interest, might no longer be actively used by the time of publication.

3. Ugo Fasano and Zubair Iqbal, "GCC Countries: From Oil Dependence to Diversification," International Monetary Fund, 2003, <http://www.imf.org/external/pubs/ft/med/2003/eng/fasano/index>.

4. While at the time of this writing the new Constitution has yet to be formally instituted, many of its guiding principles are already implemented.

rapid average annual rate of nearly 8% between 2000 and 2005.⁵ According to the International Monetary Fund,⁶ the 2008 estimate of Qatar's per capita GDP is over \$80,000 — placing it squarely in the world's top 5%, alongside the leading industrialized countries.⁷ But since unskilled migrant labor makes up much of Qatar's population, the per capita income of Qatari nationals is surely much higher than that figure would suggest. This wealth derives from abundant oil and natural gas reserves. Known oil reserves are sufficient to continue current output levels for another 23 years, and its natural gas reserves constitute 5% of the global total and are the third largest in the world.⁸

Table 1 shows the relative importance of different industries to Qatar's economy. Significantly, the dominant industry is mining and quarrying — a category that includes oil and gas refinement and extraction — at about 55% of the economy's total output, demonstrating Qatar's reliance on natural gas and oil production. Government services are the second largest sector, making up 14% of all production. No other industry's share is larger than 10%.

Table 1: Industry Share of GDP

	1999	2000	2001	2002	2003
Agriculture and Fishing	0.005	0.004	0.004	0.003	0.003
Mining and Quarrying	0.570	0.591	0.570	0.569	0.546
Manufacturing	0.066	0.056	0.061	0.065	0.070
Electricity and Water	0.013	0.013	0.015	0.014	0.015
Building and Construction	0.040	0.038	0.045	0.047	0.057
Trade, Restaurants and Hotels	0.061	0.062	0.061	0.056	0.058
Transport and Communications	0.029	0.030	0.034	0.040	0.040
Finance, Insurance, Real Estate, Business Services, Net of Imputed Bank Service Charges	0.056	0.055	0.055	0.052	0.047
Social Services	0.012	0.010	0.009	0.009	0.009
Government Services	0.132	0.128	0.131	0.131	0.140
Household Services	0.009	0.009	0.008	0.008	0.008
Import duties	0.006	0.005	0.006	0.007	0.007

Source: *Planning Council of the State of Qatar*, Sample Labour Force Survey April 2001 (*Qatar: General Secretariat of the Planning Council*, 2002) and *Planning Council of the State of Qatar*, Qatar in Figures – 2004 (*The Planning Council of Qatar*, 2004), <http://www.planning.gov.qa/QIF/QIF2004/QIFIndex.htm>.

5. International Monetary Fund, *International Financial Statistics*, August 2007 (Washington, DC: IMF, 2007), http://ifs.apdi.net/imf/ct_pdf/20070801/20070723_QAT.pdf. This phenomenal growth rate is more than double the global average of 2.8-2.9% over the same period. *World Development Indicators*, 2005 (Washington, DC: The World Bank, 2006).

6. International Monetary Fund, *World Economic Outlook Database: April, 2008* (Washington, DC: IMF, 2008).

7. See Table 4 below for an international comparison of GDP per capita.

8. Central Intelligence Agency (CIA), *The World Factbook 2005: Qatar* (Washington, DC: US Government Printing Office, 2005), <https://www.cia.gov/cia/publications/factbook/geos/qa.html>.

Qatari officials recognize that the dependence on hydrocarbon production leaves the economy vulnerable to fluctuations in the prices of oil and natural gas.⁹ Interest in economic diversification has been the impetus for extensive investments in domestic education opportunities and industrial diversification. Qatar has subsidized the establishment of local branch campuses of leading Western universities.¹⁰ Additionally, the country has made efforts to develop non-petroleum industries. For example, the Qatar Steel Company was formed in 1974 as a partnership with two Japanese steel companies.¹¹ The establishment of Qatar Airways in 1993 is a further example. In addition, the government has encouraged and subsidized investment in non-petroleum areas such as medical services, tourism, and construction.¹²

Still, the most successful initiatives have been the development of an industrial infrastructure focused on the production and export of petrochemicals and liquefied natural gas.¹³ Qatar's private sector is vibrant and highly advanced in several areas. The Qatar Financial Centre was established by the state in 2005 to develop an overarching commercial strategy for Qatar and to develop relations with the global financial community to attract international financial institutions and multinational corporations with the goal of making Qatar the "financial center of choice in the Middle East."¹⁴ The nation is also seeking to build an "Energy City" to be the regional business center for energy commodities in the Gulf and the world's most advanced business center of its kind.¹⁵

The nation's hydrocarbon wealth is distributed to the public in the form of a generous welfare system. Education and health care are made available to all Qatari citizens.¹⁶ Employment in government sector jobs is another important mechanism for spreading wealth (discussed below). While there is a reluctance to share wealth with non-Qataris, the government does subsidize many basic living expenses for all the country's residents. Taxes are low and the government heavily subsidizes water, electricity and other services enjoyed by all residents.¹⁷

9. International Monetary Fund, *World Economic Outlook Database: September 2003* (Washington, DC: IMF, 2003).

10. These institutions include Carnegie Mellon University, CHN University of the Netherlands, Georgetown University, Texas A&M (offering undergraduate degrees in petroleum, chemical, and mechanical engineering), the Virginia Commonwealth University of the Arts, and the Weill Cornell Medical College. The College of the North Atlantic also has a campus offering two-year Associates degrees. Cathleen Stasz, Eric Eide, and Francisco Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy" (MG-644-QATAR Santa Monica: RAND Corporation, 2007).

11. Zuhair Ahmed Nafi, *Economic and Social Development in Qatar* (London: Francis Pinter, 1983).

12. Middle East Economic Political Analysis Company (MEEPAS), "Qatar – Opportunities," 2005, <http://www.meepas.com/Qataropportunities.htm>.

13. Energy Information Administration, "Country Analysis Briefs: Qatar," 2006, <http://www.eia.doe.gov/emeu/cabs/Qatar/Background.html>.

14. Qatar Financial Centre, "About the QFC," <http://www.qfc.com.qa/about/index.asp>.

15. Energy City, "Welcome to Energy City Qatar," <http://www.energycity.com>.

16. Stasz, Eide, and Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy."

17. International Monetary Fund, *World Economic Outlook Database: September 2003*.

EDUCATION

Prior to the discovery of oil and the subsequent economic boom, few opportunities for formal education existed. As late as the 1970 Census, more than two-thirds of the population older than 15 years was illiterate.¹⁸ During the 1970s, the country's leaders began making large investments in Qatar's educational infrastructure. Government funded-education was made available to all Qataris as well as to some children of foreign-born parents.¹⁹ In 1977 Qatar University was opened to provide a local tuition-free option for Qataris interested in pursuing higher education. Unfortunately, declining oil revenues and budget shares decreased reinvestment of the nation's resources back into the country's economy and social programs.

After a flagging performance through the 1980s and mid-90s, the current government has made significant investments in the country's education system. These investments have led to important improvements in education levels. Currently, there is near-universal literacy among young Qataris.²⁰

However, important disparities in levels of educational attainment exist between men and women and between the old and the young. Census data shows that 31% of Qatari women have post-secondary schooling while only 27% of Qatari men do.

Table 2: Educational Attainment by Gender and Nationality

	More than a secondary school diploma	Hold a secondary school diploma	Does not hold a secondary school diploma
Qatari Men	0.27	0.23	0.50
Qatari Females	0.31	0.24	0.45
All Qataris	0.29	0.24	0.48

Source: 2004 Census

The aggregate figures in Table 2 mask important changes over time. These can be analyzed by examining the distribution of educational attainment across different age groups reported in Table 3.²¹ Compared to older cohorts who came of age when fewer educational opportunities existed, younger cohorts have completed considerably more schooling. For instance, less than 10% of people older than age 60 have at least a secondary degree while 66% of 25-29-year-olds do. The relative education levels of men

18. Onn Winckler, "Population Growth, Migration, and Socio-Demographic Policies in Qatar," *Data and Analysis*, Tel Aviv University, the Moshe Dayan Center for Middle Eastern and African Studies, 2000.

19. Stasz, Eide, and Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy." In general, those eligible for free government education are: Qataris; foreign nationals employed by government institutions (ministries, etc.); foreign nationals employed by certain other non-governmental institutions (this is discretionary); and certain other groups which might not otherwise qualify (this too is discretionary). For further information, see <http://www.expat-focus.com/expatriate-qatar-education-schools>.

20. According to Census figures available from the Planning Council's website, the literacy rate among 15 to 19-year-old Qataris is 98.9%.

21. Figures are reported for those ages 25 and older to focus on completed schooling levels.

and women also have changed over time. Older Qatari men are better educated than older Qatari women, but this pattern reverses among those younger than 40. And while the educational attainment (measured by the fraction with at least a secondary degree) of successive cohorts of Qatari women steadily has improved, it is not clear that it has for men for cohorts younger than 50 years of age. Thus, women drive most of the recent improvement in Qatari educational levels.

Table 3: Educational Attainment by Age and Gender, Qataris Age 25+

	All			Men			Women		
	More than secondary	Secondary degree	No secondary degree	More than secondary	Secondary degree	No secondary degree	More than secondary	Secondary degree	No secondary degree
25-29	0.36	0.29	0.34	0.26	0.30	0.43	0.46	0.29	0.26
30-34	0.44	0.21	0.36	0.38	0.21	0.41	0.50	0.20	0.30
35-39	0.42	0.18	0.40	0.38	0.19	0.44	0.46	0.17	0.38
40-44	0.41	0.15	0.44	0.42	0.17	0.41	0.39	0.13	0.47
45-49	0.34	0.12	0.54	0.40	0.14	0.45	0.28	0.10	0.62
50-54	0.23	0.10	0.67	0.36	0.15	0.49	0.10	0.06	0.84
55-59	0.11	0.07	0.82	0.20	0.12	0.68	0.03	0.03	0.94
60-64	0.05	0.04	0.90	0.09	0.08	0.83	0.02	0.01	0.97
65-69	0.03	0.03	0.94	0.05	0.05	0.90	0.01	0.01	0.99
70-74	0.02	0.02	0.96	0.03	0.03	0.93	0.01	0.00	0.99
75+	0.02	0.01	0.98	0.02	0.01	0.97	0.01	0.00	0.99

Source: 2004 Census

Clearly, literacy is a necessary condition for successful participation in a global economy. Similarly, a country hoping to prepare its children to compete with the most dynamic economies in the world may be expected to need to spend an amount on per-pupil education commensurate with those dynamic economies. Table 4 reveals that although the Qatari literacy rate²² of 89% is superior to the regional average of 85.4%, it is still significantly behind countries outside the region with similar levels of per capita income.

22. Defined as the share of the population, age 15 and older, who can read and write (2003 estimates).

Table 4: International Comparisons: Literacy Rates, GDP per Capita, and per Pupil Expenditure (PPE) as % of GDP per Capita²³

Country	Literacy rate (2003 est.)	GDP per capita (PPP in USD, 2004)	PPE as % of GDP per capita
<i>Intra-regional comparison</i>			
Qatar	89.0	30,566	10
Bahrain	89.1	18,576	18
Iran	79.4	7,488	12
Israel	95.4	22,388	23
Jordan	91.3	4,609	15
Kuwait	83.5	16,038	16
Lebanon	87.4	6,601	n.a.
Oman	75.8	16,162	15
United Arab Emirates	77.9	27,799	7
<i>Extra-regional comparison</i>			
Australia	99.0	29,859	17
Austria	98.0	32,232	24
Finland	100.0	29,952	18
France	99.0	28,288	18
Germany	99.0	29,581	17
Japan	99.0	29,288	22
Netherlands	99.0	29,957	18
New Zealand	99.0	23,794	19
Sweden	99.0	28,524	23
Switzerland	99.0	31,583	24
United States	99.0	39,377	21

Sources: Central Intelligence Agency (CIA), The World Factbook 2006: Qatar (Washington, DC: US Government Printing Office, 2006), <https://www.cia.gov/cia/publications/factbook/geos/qa.html> and International Monetary Fund, World Economic Outlook Database: April, 2006 (Washington, DC: IMF, 2006).

While lower literacy rates can be partially explained through age — older cohorts

23. Qatar data is based on PPP GDP per capita in 2004 USD from the International Monetary Fund, *World Economic Outlook Database, April 2006*. Qatar per pupil expenditure (for school year 2004-2005) is PPP \$3,180.063. The 2004 PPP conversion rate used is 4.416QAR/\$1. All other PPE as % of GDP per capita data is from 2002, with the exception of Japan and the US, for which data is from 2001, data for these countries is reported in UNESCO, *Global Education Digest 2004: Comparing Education Statistics Across the World* (Montreal: UNESCO Institute for Statistics, 2005).

did not have the benefit of current levels of education spending and economic strength — Qatar’s current per pupil expenditure as a percent of GDP per capita is still relatively low. Countries with similar GDP per capita levels invest on average twice as much on their students (see Table 4). This suggests that Qataris will join the labor market with less preparation than their counterparts from other countries.

PROBLEM: NOT ENOUGH QUALIFIED QATARIS TO LEAD THE NATION’S INDUSTRIES

In such a dynamic economy with such high literacy and education rates, it would be surprising to find any sizeable amount of unemployment. Yet according to the 2004 Census, women provide just over a third of the Qatari labor force and unemployment, especially among women and first-time job seekers, is pronounced. Using data from the 2001 Labor Force Survey, Table 5 shows the unemployment rate among Qataris to be about 12% — 50% higher than France and far higher than any country with a comparable level of per capita income.²⁴ However, over 22% of females are unemployed, while male unemployment is only 7%. This three-fold difference in female unemployment over male unemployment may elucidate the reason for such a high proportion of women choosing not to participate in the labor force at all. Alternately, the high unemployment and non-participation rates could jointly be reflective of a labor market not amenable to the working preferences of Qatari women, including a high reservation wage, social norms, and preferences for a gender-segregated work environment.

Unemployment is concentrated among those seeking work for the first time; the unemployment rate conditional on being previously employed is only 1%. These figures suggest that some Qataris, especially women, have difficulty finding work upon first entering the labor force. However, after securing a first job, unemployment is exceedingly rare.

Table 5: Unemployment Rate (UR) among Qataris

	UR — First Time Job Seekers Only	UR — Previously Employed Only	Total UR
Males	5.9%	1.3%	7.2%
Females	21.7%	0.4%	22.0%
Total	10.6%	1.0%	11.6%

Source: 2001 Labor Force Survey

Two main factors contribute to the high concentration of unemployment among first time job seekers. First, the waiting queue for government jobs is relatively long. Second, Qataris tend to lack the educational and professional training required to obtain jobs outside the government, making public positions the only employment possibility for the vast majority of Qataris. Thus, once Qataris obtain a public service position, they rarely leave — likely because they would be unsuccessful finding a job anywhere else. Those Qataris who do hold a secondary or tertiary degree often choose fields of study of limited value in the broader labor market. While employers are interested in individuals with English proficiency, computer skills, engineering degrees, a finance or accounting

24. Central Intelligence Agency (CIA), *The World Factbook 2006: Qatar* (Washington, DC: US Government Printing Office, 2006), <https://www.cia.gov/cia/publications/factbook/geos/qa.html>.

background, or marketing and public relations training,²⁵ most Qataris graduating from Qatar University (QU) majored in the liberal arts with a humanities or religious studies degree.²⁶ Even more concerning is the fact that many Qatari males are not pursuing tertiary degrees and enter the labor force directly upon the completion of their secondary education. Indeed, Qataris with a tertiary education are far more likely to be females (55%) than males (45%). Other research also has shown that among secondary school graduates in 2004/05 only a third chose their secondary school major in a science field while the remaining two-thirds chose a literature field.²⁷

It is apparent, then, that in spite of the improvements in education, there are still too few Qataris who are both qualified and willing to work in the country's private industries, as evidenced by the high levels of unemployment and the long waiting time for government posts. Qataris are either insufficiently skilled to be hired by the private sector or would prefer to work for government. We argue that a combination of both factors are at play.

ECONOMIC RESPONSE TO THE SHORTFALL OF SKILLED QATARIS: IMPORT LABOR

Where the domestic labor supply is insufficient to meet demand, Qatar's economy has responded by importing foreign labor. This response has drastically altered the country's demography and labor market.

DEMOGRAPHIC RESPONSE

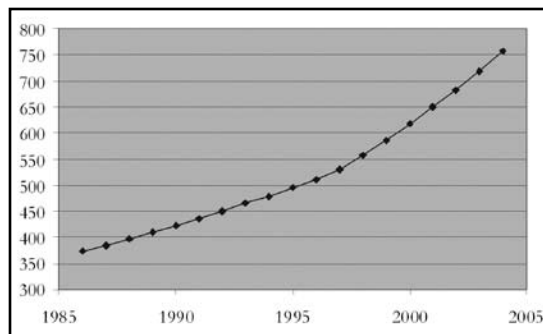
Qatar's demographic trends can be characterized by three striking patterns: rapid population growth, population growth fueled by migrant workers, and a severe gender imbalance. First, although the population is small — just under 750,000 at the time of the 2004 Census — it has grown very quickly in the recent past. Figure 1 shows Qatar's population level from 1986 to 2004. In that relatively short period, the population has more than doubled. The implied annual population growth rate of just over 4% in 2005 was the highest in the world.²⁸ This rapid population growth mirrors the economic boom that Qatar, and the other Gulf states, have experienced. Projections made by the US Census Bureau suggest Qatar's population will continue to grow rapidly. In 2020, the population is expected to exceed 1.1 million people.

25. Stasz, Eide, and Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy."

26. Data, obtained from Qatar University's Office of Institutional Research and Planning's Student Information System DataBase on 2004/05 graduates, revealed that less than 6% of Qatari students graduated with engineering degrees compared with 8% who graduated with a degree in *Shari'a* or Islamic Studies. Similarly, while over 12% of Qataris graduates majored in geography, history, or Arabic, only 2% majored in mathematics or statistics, and none majored in computing, construction, or information technology.

27. Gabriella Gonzalez, Lynn A. Karoly, Louay Constant, Hanine Salem, and Charles A. Goldman, "Addressing Human Capital Challenges: Assessing the Experiences of Four Countries in the Arab Region" (RB-9383-RC Santa Monica: RAND Corporation, 2008).

28. CIA, *The World Factbook 2005: Qatar*.

Figure 1: Qatar's Population from 1986 to 2004 (in Thousands)

As suggested previously, the country's astounding population growth is largely attributable to immigration. This fact is underscored when considering that in contrast to its overall population growth rate, Qatar's birth rate is in the bottom quarter globally. As shown in Table 6, among individuals age 15 and over, more than four-fifths of the population residing within Qatar's borders is not Qatari-born. Most non-Qataris are migrants drawn to the employment opportunities in Qatar. These immigrants are from all over the world, but mainly come from much poorer Asian countries that do not offer Qatar's economic opportunities. Indians constitute the largest expatriate group, followed by Pakistanis, Filipinos, and Bangladeshis.²⁹

Table 6: Population (Age 15 and Over) by Nationality

	Males	Females	Total
Qatari	54,482	55,923	110,405
	13.2%	33.9%	19.2%
Non-Qatari	356,734	109,272	466,006
	86.8%	66.1%	80.8%
All Nationalities	411,216	165,195	576,411
	71.3%	28.7%	100.0%

Source: 2004 Census

In Table 7, we examine these numbers further to observe the relation to the labor force by nationality as well as a subdivision by gender. Here we see that labor force participation (LFP) rates are higher among non-Qataris than Qataris. Eighty-four percent of non-Qataris age 15 and over are in the labor force compared to less than half of Qataris of the same age group. These discrepancies are not surprising, considering that most non-Qataris go to Qatar for the employment opportunities and most foreigners require sponsorship from a Qatari employer in order to enter the country. Part of the difference in LFP rates is due to the fact that Qataris who are older than 15 years of age are much more likely to be students than are non-Qataris (22% compared to 5%).

29. Suyahl W. Rouag, "Information Technology in Qatar," <http://www.american.edu/carmel/SR3362A/QATAR.HTML>, 1998. These proportions may have changed over the past decade due to reactions among some Filipinos to local treatment.

Table 7: Relation to Labor Force (LF) by Nationality and Gender (Age 15+)

		In LF	Student	Neither
Qataris	Male	0.68	0.20	0.12
	Female	0.29	0.24	0.48
	Total	0.48	0.22	0.30
Non-Qataris	Male	0.95	0.04	0.01
	Female	0.47	0.11	0.42
	Total	0.84	0.05	0.11
Total	Male	0.92	0.06	0.02
	Female	0.41	0.15	0.44
	Total	0.77	0.09	0.14

Source: 2004 Census

The third important fact regarding Qatar's population is that men substantially outnumber women: among individuals age 15 and over, men make up a little more than 70% of the population. The gender imbalance is not surprising, as the bulk of Qatar's population is comprised of migrant workers who, as in other countries, tend to be male and come alone. Anecdotal evidence suggests that this saturation of Qatar's labor market with single men is attributable to demographic, economic, and governance features. First, most male migrants are relatively young and unmarried. Furthermore, the wages of a non-Qatari, though presumably better than the alternative in the guest worker's home country, are often insufficient to cover the costs of moving a married expatriate's spouse and family. Finally, though foreign workers are allowed to bring their families with them into the country, employers have a disincentive to hire workers who may do so, as the employer then also becomes the sponsor and liable for the worker's family.³⁰ Qatari sponsorship in immigration legislation reinforces selection bias of immigrants towards migrant workers as opposed to persons migrating for other reasons. Though the resultant gender imbalance in the country is not surprising with nearly 77% of all non-Qataris being male, the overwhelming numbers of non-Qataris to Qataris makes the gender skew of the general population quite severe: Qataris comprise just 13% of the male population and Qatari females in the labor force are outnumbered by non-Qatari males by more than 22 to one, according to the 2004 Census.

Among Qataris, on the other hand, no such gender imbalance exists, with approximate parity existing between the number of men and women. However, labor force participation rates are much lower for women, especially among Qataris. As seen in Table 7, only 29% of Qatari females are in the labor force as opposed to 68% of men, and almost half of Qatari women are neither students nor in the labor force. Yet Qatari women — especially among the young — are better educated than men. This disconnect between education levels and labor force participation is partially attributable to Qatar's cultural norms. Indeed, despite some recent social changes, men and women have different economic and educational opportunities. For instance, at Qatar Univer-

30. For further information on Qatar visa protocols, see <http://www.explore-qatar.com/living.php?s=1>.

sity, some majors are only available to men or to women.³¹ Furthermore, many Qatari women are reluctant to work in jobs that require them to spend long hours at work and away from their families or that involve working in a mixed-gender environment.³² As a result, the subgroup of the Qatari population most able to immediately fill positions of skilled labor and leadership in the private sector, women, is unable to do so.

QATAR'S LABOR MARKET

Economic growth, domestic education levels, and immigration play important roles in shaping the current labor market situation in Qatar. Where the domestic labor supply has been insufficient to fuel Qatar's strong economic growth, the economy has imported astounding numbers of foreign workers. The level of labor demand combined with the lack of skills and incentives to be employed by the private sector has resulted in a distorted, even segregated, labor market.

Qataris and non-Qataris essentially work in separate labor markets. Table 8 shows the distribution of the economically active population across different economic sectors by nationality and gender. Most members (61%) of the workforce work for private sector employers, but this is because 70% of non-Qataris, who represent 80% of Qatar's total workforce, work in the private sector. By contrast, only 4% of Qataris work in the pure private sector. Furthermore, only 0.75% of private labor is supplied by Qataris, according to the 2004 Census. Similarly, foreign women seem to be concentrated in the household sector; yet this reflects the large number of foreign women who come to Qatar and work as domestic servants. The share of Qatari women earning a wage in the household sector is near zero. Three-quarters of the Qatari labor force works in government administration in spite of the fact that this sector employs only 18% of the total workforce. An even larger share of Qatari women (85%) works in the public sector, which is partly due to the fact that more than half of Qatari women who work, work in education. The importance of government-related employment becomes even more striking when including jobs in "government establishments" (firms such as Qatar Petroleum that are owned by the government), and "mixed" sector employers (firms that are partially owned by the government, such as Qatar Airways, 50% of which is owned by the government).

31. Stasz, Eide, and Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy." For example, Qatar University offers Bachelor of Science degrees in Agricultural Science, Geology, and the double major of Geography and Urban Policy exclusively to men. Conversely, only women may pursue degrees in Biomedical Science or Food Science and Nutrition.

32. Stasz, Eide, and Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy."

Table 8: Distribution of Economically Active Population Across Economic Sectors

	All			Qataris			Non-Qataris		
	All	Men	Women	All	Men	Women	All	Men	Women
Household	0.12	0.06	0.46	0.00	0.00	0.00	0.14	0.07	0.60
Private	0.61	0.69	0.15	0.04	0.05	0.02	0.69	0.76	0.18
Mixed	0.03	0.03	0.03	0.05	0.06	0.02	0.03	0.03	0.03
Government Establishment	0.06	0.05	0.08	0.13	0.15	0.10	0.05	0.04	0.07
Government Administration	0.18	0.16	0.29	0.77	0.74	0.85	0.10	0.10	0.12

Source: 2004 Census

Table 9: Distribution of Qatari Workforce by Education and Economic Sector

	More than Secondary	Some Secondary	No Secondary
Men			
Government Administration (Includes Diplomatic International and Regional)	0.70	0.67	0.81
Government Established Company	0.15	0.20	0.11
Mixed	0.08	0.08	0.04
Private	0.06	0.05	0.04
Household	0.00	0.00	0.00
Women			
Government Administration	0.90	0.65	0.83
Government Established Company	0.07	0.24	0.12
Mixed	0.01	0.06	0.02
Private	0.01	0.04	0.02
Household	0.00	0.00	0.01
Total			
Government Administration	0.80	0.66	0.81
Government Established Company	0.11	0.21	0.11
Mixed	0.05	0.08	0.03
Private and Household	0.04	0.05	0.04

Source: 2004 Census

Among Qataris, skill level is an important determining factor in the labor market. Table 9 shows the distribution of the Qatari workforce across economic sectors by level of education. While Qataris of all educational levels tend to work in government administration, this is especially true for individuals with the most and the least educa-

tion. The prevalence of highly educated women working for the government again reflects the fact that more than half of all economically active women work in education. Those with low levels of schooling, on the other hand, often work for the police and the military and are therefore included among government workers.

As has been mentioned, female Qataris seem to possess a better skill set than Qatari males. This view is supported by Table 10, which illustrates the tendency among Qatari women who are in the labor force to congregate in occupations in the government sector that require more education. Of those high-skilled government occupations held by Qataris, 58% are held by female Qataris. This high female representation is particularly notable when considering that 73% of the Qatari labor force is male and almost all Qataris work for the government.

Table 10: Share of Males and Females Engaged in the Government Sector by Type of Occupation³³

	Qatari Male	Qatari Female
Legislators, Senior Officials, and Managers	0.64	0.36
High Skilled Occupations	0.42	0.58
Medium and Low Skilled Occupations	0.60	0.40

Source: 2004 Census

The high concentration of females over males in skilled positions in the government is indicative that Qataris do respond to labor market incentives. The authors' conversations with Qataris suggest several potential labor market explanations for the pro-female gender gap in education among Qataris. Employment for Qatari women is most culturally acceptable when the woman can wear traditional dress and work in a gender segregated environment. As these jobs are most likely in higher-skilled occupations, women are not seen as ready to start working right after completing secondary school and instead go on for further education. Consequently, women may pursue more schooling because acquiring higher education is seen as more important for women's job prospects than it is for men's.

In aggregate, Qataris are better-educated on average than non-Qataris, as shown in Table 11. Fifty-two percent of Qataris have at least a secondary school degree as compared to only 39% of non-Qataris. This is unsurprising given that many non-Qataris are relatively unskilled laborers from impoverished countries. Importantly, the gender disparity in education seen among Qataris is even more pronounced when examining the labor market as a whole. Immigrant women are better educated than immigrant men: 31% of women have some post-secondary schooling as compared to only 20% of men. While the share of Qatari and non-Qatari women with an advanced education is the same, Qatari men are better educated than non-Qatari men. To the degree that education level is correlated with skill level, it seems that the vast majority of immigrant laborers are doing unskilled work.

33. High skilled occupations include professionals, technician and associate professionals, and skilled agricultural and fishery workers. Medium and low skilled occupations include clerks, service workers, shop and market sales workers, craft and related trade workers, plant and machine operators, elementary occupations, and unclassified individuals.

Table 11: Educational Attainment by Gender and Nationality

	More than a secondary school diploma	Hold a secondary school diploma	Does not hold a secondary school diploma
Qatari Men	0.27	0.23	0.50
Qatari Females	0.31	0.24	0.45
All Qataris	0.29	0.24	0.48
Non-Qatari Men	0.20	0.15	0.65
Non-Qatari Females	0.31	0.22	0.47
All Non-Qataris	0.22	0.17	0.61
All Men	0.21	0.16	0.63
All Females	0.31	0.23	0.47
Total	0.23	0.18	0.59

Source: 2004 Census

Still, the area of concern here is the ability of Qataris to take positions of skilled labor and business leadership in their own economy. There is a sizable group of well-educated non-Qataris working in the country; 22% of non-Qataris have some schooling beyond secondary school. This high level of skilled expatriates partially reflects the presence of well-educated Western employees of multinational corporations, many of whom work in the petroleum industry. Thus, even though Qataris are on average better educated than foreign workers, they are still not sufficiently educated to fill the positions of highly skilled labor. There is not enough high quality domestic labor to meet demand. The supply of high quality Qatari labor in the private sector could potentially well exceed the 4% of Qataris currently employed therein. Therefore, while there are not enough high skilled Qataris — so that even if all the currently high-skilled Qataris were to assume skilled labor positions it would still fall short of the needs — most of the currently available skilled Qataris choose not to assume these positions, thereby exacerbating the aforementioned shortage.

Where expatriate workers are largely concentrated in the private and household sectors, Qatari nationals overwhelmingly work for the government. This is largely because employment in the civil service is used as one of the key ways for the government to distribute the nation's oil wealth among Qatari citizens. In sharing that wealth the government has established considerable benefits for civil service jobs. An unfortunate and perhaps unintended consequence of this policy, however, is the almost complete absence of Qataris from the private sector.

THE PUBLIC SECTOR AND CIVIL SERVICE

Why do so few Qataris work in the private sector? As we outlined in the previous section, part of the answer is that Qataris do not have the skills to compete in the private sector. The other major reason is that work in the civil service is simply a more attractive option, because of a combination of factors which differentiate public and private sector employment. These factors can be usefully grouped into employee characteristics, including skill-based competitiveness and cultural preferences, and employer charac-

teristics, including benefits, wages, retirement, job security, unemployment security, and the inability or unwillingness of the civil service to punish poor performance.

We believe that the main economic reason that so few Qataris engage in private sector work is competition around skill-based qualifications. First, for jobs requiring few skills, expatriates are willing to do the work for much lower wages than what Qataris expect. In positions that require more specialized skills, a common sentiment among private sector employers is that expatriates simply have better education and training.³⁴ This sentiment is borne out by the fact that although education levels have increased considerably over recent years, most Qatari university graduates have degrees in the humanities rather than the science-based technical fields that the economy demands.³⁵ On the other hand, the fairly rigid salary schedule used by the civil service does deter highly skilled workers from joining the civil service, because they can command higher offers outside the civil service from employers like QP.³⁶

Another part of the answer rests in cultural aspects of Qatari society. When Qataris do work in the private sector, they almost always do so in a managerial capacity, owing to the current strong cultural preference not to work in jobs that involve substantial manual labor.³⁷ As Gause³⁸ notes, the dislike of hard physical work should not be viewed as an immutable cultural feature. On the contrary, before the oil boom, Qataris primarily lived a hardscrabble life characterized by physically demanding work.³⁹ Nonetheless, the remarkable wealth enjoyed by Qataris has allowed them to pay others to do most of the difficult work — in both the physical and intellectual sense — and this has led to a shift in attitudes about what constitutes socially acceptable work. Still, a recent media report indicates that though Qataris' opinion of technical trades has deteriorated since the 1960s, attitudes are slowly improving for the better.⁴⁰ Stasz *et al*⁴¹ note that there has been a slight increase between 1998 and 2006 of high school graduates' willingness to work in the private sector, a fact potentially corroborated by the study's interviews with public and private sector employers.

Still, as a result of their skill levels and preferences, most Qataris are looking for high paying jobs requiring a low skill level. As the competitive market is unable to sustain such positions in any large scale, civil service employment becomes particularly attractive. Funded by resource revenues, the public sector often requires low skill levels

34. F. Gregory Gause III, *Oil Monarchies: Domestic and Security Challenges in the Arab Gulf States* (New York: Council on Foreign Relations Press, 1994).

35. Hend A. Jolo, "Educational Outcomes and Labor Market Between Supply and Demand: A Qatari Perspective," *Journal of Business & Economics*, Vol. 11 (2004).

36. High-skilled labor denotes those who are more valuable to the firm because of performance, training, skills, or motivation level, as opposed to low-skilled laborers who are not as valuable to the firm because they are lacking in these dimensions.

37. Winckler, "Population Growth, Migration, and Socio-Demographic Policies in Qatar."

38. Gause, *Oil Monarchies*.

39. Typical pre-oil boom occupations included pearl-diving, fishing, long-distance trade, and nomadic pastoralism. Gause, *Oil Monarchies*.

40. "Qatarization in Tech Field Fails," *The Peninsula*, November 18, 2006, http://www.thepeninsulaqatar.com/Display_news.asp?section=local_news&month=november2006&file=local_news200611183932.xml.

41. Stasz, Eide, and Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy."

but offers relatively high benefits without requiring demanding physical labor.

Employee characteristics constitute institutional differences between the sectors, which also contribute to the decision of all but 4% of economically active Qataris who choose to work in areas with at least some public sector interest, be it the civil service (government administration), government establishments, or the mixed sector.

Qatari citizens are theoretically eligible for benefits independent of whether they choose to work in the public or private sector. However, some of these benefits are, in reality, limited to government employees. For example, every Qatari is eligible for the land and mortgage benefits,⁴² but one cannot get the mortgage from the bank unless one has proof of steady income — and again, this is most easily secured through public sector employment. Though most employers provide some sort of housing benefit for managerial employees, nearly all government employees have between 20 and 40% of their interest-free housing loan forgiven,⁴³ in addition to a housing allowance which is collectible only by those working in government.⁴⁴

Even when ignoring additional allowances and non-pecuniary benefits provided to Qatari public sector employees in general and civil servants in particular, data from the 2001 Labor Force Survey shows large differences in the average monthly wages earned between the public and private sectors (see Table 12).⁴⁵

Table 12: Employed Persons (Age 15+) by Sex, Average Monthly Wage (QR) and Sector

	Total		Female		Male	
	Average Monthly Wage	Number of Employees	Average Monthly Wage	Number of Employees	Average Monthly Wage	Number of Employees
Government Administration	5,721	64,325	6,370	11,343	5,582	52,982
Government Establishments	5,751	18,127	4,829	3,078	5,939	15,049
Mixed	5,677	9,149	3,948	951	5,877	8,198
Private and Households	1,696	215,127	1,238	28,308	1,765	186,820
Diplomatic International and Regional	5,300	476	4,337	119	5,623	356
Total	2,902	307,204	2,887	43,799	2,904	263,405

Source: 2001 Labor Force Survey

42. All Qatari nationals who have been citizens for at least ten years are eligible to receive a plot of land from the state on which they can build a house.

43. The interest free housing loan is up to 350,000 QR for junior staff and up to 608,000 QR for senior staff.

44. For those who earn a salary of more than 3,730 QR/month the basic housing allowance is 2,200 QR/month. For those who are not provided free government housing, a new provision allows for an additional sum of 1,000 QR/month for those with children and 500 QR for those without children. The allowances are reduced for lower salaries.

45. The reader should cautiously interpret the figures since they represent an average of Qataris and foreign workers (of whom the latter are much more prevalent in the private sector). Similarly, there is no presumption that the skills and characteristics of employees across sectors are comparable.

Beyond public sector salaries and benefits, retirement income comprises yet another remunerative aspect differentiating the public and private sectors. A recent law⁴⁶ extended generous pension coverage to all public agency employees beyond just civil servants, which might attract some additional workers to public agencies. However, Qatari employees of private companies registered as a limited liability remain uncovered under the new law.

In terms of hiring procedures, we already have alluded to the government's practice of practically guaranteeing a public sector job. Indeed, until recently lucrative civil service jobs were guaranteed for all college graduates. Obviously, in the private sector Qataris have to compete with foreign labor. Even if a private sector job were to be secured, retaining that job is far more difficult than in the public sector. As Table 13, indicates 71% of Qatari employees in the government administration have more than five years on the job whereas only 31% of the Qataris who are employed in the private sector enjoy a similar length of job tenure. The difference in tenure length reflects the fact that historically the public sector brings more job security.⁴⁷

Table 13: Share of Qatari Employees by Tenure and Sector

	Four years or less on the job	Five years or more on the job
Government Administration	0.29	0.71
Government Establishments	0.61	0.39
Mixed Sector	0.53	0.47
Private Sector	0.69	0.31
All Sectors combined	0.39	0.61

Source: *Planning Council of the State of Qatar*, Annual Abstract, 2005, http://www.planning.gov.qa/AnnAbs/annabst_2005/annabst/2005/First-Section/LabourFource/T24.htm.

Related to job security are layoff policies. If a Qatari's civil service job is made redundant, responsibility for the former employee is transferred to the Ministry of Civil Service Affairs and Housing (MoCSA&H). The employee is then assigned to the Central Service List and continues to receive a sizeable share of his salary regardless of their work status. This arrangement potentially continues until retirement age; it is also applicable to former employees of government agencies and government corporations.⁴⁸ No comparable mandatory unemployment security exists in the private sector.

Similarly, the ministries lack the power to penalize their employees. For example, if a manager is frustrated by an employee's performance, he does not have the authority to punish the individual. Instead, many ministries will simply ask the employee to not show up for work, though the employee's salary continues to be paid. In other cases employees who are not wanted in the public sector will be transferred to MoCSA&H

46. Law 24 of 2003 creating the Public Authority for Retirement and Pensions.

47. This large gap might also be partially explained by relatively reduced recruitment into the government administration in recent years.

48. Note that these policies are currently being evaluated for reform.

and assigned to the Central Service List where they will receive their full salary including all allowances for six months, after which they will receive 60 to 70% of their previous full salary until death⁴⁹ or retirement, at which point the sanctioned employee begins receiving a state pension. This public sector job security contrasts sharply with the absence of mandatory unemployment insurance for private sector employees.

Wage data suggests that the gap in the attractiveness between the public sector and the private sector is widening over time. It is likely that on average Qatari public employees' salaries and benefits constitute a wage far higher than what they could expect to earn in the private sector and probably higher than their marginal product of labor. However, as alluded to above, it is important to distinguish between high- and low-skilled workers. Whereas the aforementioned employment conditions and benefits present low-skilled workers with a relatively lucrative option, the invariance in compensations and the parallel inability of managers to reward good performance appropriately deter high-skilled workers from joining the civil service. These conditions have resulted in an overstaffed civil service bureaucracy with limited efficiency.

PUBLIC RESPONSE TO THE SHORTFALL OF SKILLED QATARIS

The tremendous influx of foreign labor as a result of Qatar's inability to supply its own workers to satisfy the needs of its growing economy has met with mixed reviews by Qataris. Meanwhile, the Qatari government has pursued two major policies to increase Qatari labor force participation outside of the public sector: improving education and mandating a quota for the share of foreign workers allowed to be hired by firms in the private, "mixed," and governmental sectors.

QATAR'S ATTITUDES TOWARDS EXPATRIATE LABOR

Foreign workers are at the center of the labor market debates in Qatar as they provide nearly all of the labor in the private sector. Qataris themselves take a variety of positions regarding the importation of foreign labor, depending on the economic position of the Qatari. Qatari business owners, whose main interest is to maximize profits for their privately owned businesses, benefit from expatriate labor as these laborers are cheap, have limited rights, and because foreign workers' visas are tied to an invitation to a specific Qatari or firm, they generally lack competing opportunities. Yet Qatari employees interested in increasing opportunities and security for themselves may wish to restrict the flow of foreign workers who compete with them for jobs. Still, Qataris as citizens seeking to maximize the overall welfare of Qataris may exhibit contrasting arguments. On the one hand Qataris will want fewer foreign workers because of the associated negative externalities on infrastructure (housing, sewage, security), society (discrimination, potential assimilation, loss of culture), stability (source of discontent, political pressure), and national pride (dependence on foreigners for key functions and associated vulnerability). On the other hand foreign workers, as a source of both high-skilled and cheap unskilled labor, contribute to Qatar's international competitiveness,

49. Persons placed on the Central Service list can even continue to receive these benefits posthumously. The benefits are passed on to children younger than 21 years of age.

its ability to attract investments and, more generally, its economic growth. In addition, expatriates fill demand in the household service industry (e.g., nannies, domestic cleaners, drivers, and cooks), a segregated sector in which native Qataris do not participate.

Whatever the stand an individual Qatari takes, collectively Qataris face a delicate situation of competing objectives. While there is a need to continue to increase the number of foreign workers in order to maintain the remarkable growth that Qatar has experienced over the last decade,⁵⁰ Qatar also needs more Qataris to be actively involved in the economy to avoid excess reliance on foreign nationals and to maintain the Qatari identity. Finally, it is also in Qatar's national security interest to have its nationals distributed over the country's main economic activities.

IMPROVED EDUCATION

As a response to these challenges, the government of Qatar has sought to improve education in order to increase the number and quality of Qataris able to work in high-skilled areas, even while seeking a policy of "Qatarization" to be able to place their new graduates in firms outside of government service.

In 1995 the Amir asserted that the country's most valuable resource is its people.⁵¹ Since then the Amir and his government have invested heavily in the education system with the hope of increasing the supply of qualified Qataris entering the private labor market. With 5,671 Qatari students enrolled at Qatar University during 2005-6, Qatar University accounts for more than 90% of all Qataris attending four-year tertiary education institutions.⁵² The government also has instituted a generous scholarship program that allows high school graduates to study abroad⁵³ and made agreements with major Western universities to open Qatar branches of their campuses.⁵⁴

Student Enrollment in Four-Year Post-Secondary Institutions in Qatar, 2005–2006

Institution	All Students		Qatari Students	
	Number Enrolled	% of Total Enrollment	Number Enrolled	% of Total Enrollment
Qatar University	7,660	91	5,671	74
CHN Univ. Netherlands	257	3	96	37
Virginia Commonwealth	181	2	121	67
Weill Cornell Medical College	135	2	27	20
Texas A&M University	140	2	88	63
Carnegie Mellon University	47	1	18	38
Georgetown University	25	0	12	48
Total	8,445	100	6,033	71

Source: Stasz, Eide, and Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy."

50. The CIA World Factbook reports a yearly average GDP growth rate of over 5%. CIA, *The World Factbook 2005: Qatar*.

51. Qatar Foundation, "Our Vision and Mission," <http://www.qf.edu.qa/output/page293.asp>.

52. Stasz, Eide, and Martorell, "Postsecondary Education in Qatar: Employer Demand, Student Choice, and Options for Policy."

53. Winckler, "Population Growth, Migration, and Socio-Demographic Policies in Qatar."

54. See Footnote 10 above.

We previously have illustrated that the major beneficiaries of the country's efforts at higher education have been women. Qatar's education levels certainly have improved and there is reason to hope that they will continue to improve. Indeed, the high number of Qataris currently being educated is promising for the future. As we saw in Table 7, 22% of all Qataris age 15 or over are students. Still, if past trends hold, we must wonder how many of those who are currently students will choose to engage in the difficult but needed fields of mathematics, engineering, and science over continuing the current trend of majoring in the humanities and religious studies.

QATARIZATION

The second governmental policy thrust to increase the share of Qataris working outside of the public sector is a quota system termed "Qatarization." This plan carries a mandate on the share of Qatari nationals a firm in a particular industry must employ. This share varies by industry.

For instance, the Strategic Qatarization Plan set a goal that 50% of the workforce in the energy industry would be made up by Qatari nationals by the end of 2005.⁵⁵ This makes employment in a targeted industry very attractive to a job seeker for two reasons. First, it gives Qataris an important "leg-up" in the hiring process; employers might be compelled to hire a Qatari in place of a more qualified expatriate because of pressure from the government. Second, these quota policies drive up the wages of qualified Qataris.

While most men with post-secondary schooling also work in government administration, a sizable share is also employed in public sector establishments and mixed companies. Qatarization policies help draw well-educated Qataris to upper management positions by creating a sizable premium for those individuals who have the skills necessary to work in such a capacity.

Certainly there exists a class of policies which can improve the representation of Qataris outside of the government. For example, because they are better educated than their male compatriots, devising culture/gender-sensitive policies that would make it easier for Qatari women to assume a larger role in the professional life of the country would seem to be in line with the government's interest in increasing the share of Qatari nationals working in the private and quasi-private sector. In fact, numerous government policies have tried to increase the relative share of Qatari nationals working in key industries.

Still, the presence of large numbers of foreigners continues despite government initiatives such as the Qatarization policies that are intended to reduce the country's reliance on foreign workers.⁵⁶ And though the magnitude of the efficiency costs is not known, to move downward from 77% of all Qatari laborer working in government administration to anything approaching parity with the other sectors may entail real efficiency losses for the private sector.

55. The Strategic Qatarization Plan applies to 23 companies operating in the energy industry in Qatar. As of mid-2005, 31% of the workforce in these companies was Qatari. See http://www.qatarization.com.qa/qatarization/qat_web.nsf/newsletter/current?opendocument.

56. Winckler, "Population Growth, Migration, and Socio-Demographic Policies in Qatar."

LOOKING AHEAD

Qatar faces a challenging economic environment consisting of a contingent of expatriate workers which dominates the labor force, a public sector which offers Qataris employment as low-skilled workers but which falls short in its ability to lure highly skilled individuals, a resultant overstuffed and inefficient civil service bureaucracy, high unemployment among those looking for their first employment, a lack of incentives for Qataris to seek private sector employment, and a lack of Qataris with the relevant education and training needed to find employment outside of government.

Thus far Qatar has not experienced the recent drop in economic productivity seen in some other Middle Eastern nations. If the economy continues along its present path, these defining features are likely to become further entrenched. Qatar's economy would effectively be run by foreign workers and management in every field, including those sectors crucial to the country's national and economic security. Alternatively, restrictions on foreign labor would cripple the economy and limit potential growth.

Fortunately, Qatar's leadership has recognized the tenuous policy position in the country's labor market. It has discussed making changes to the civil service which would improve efficiency and restructure benefits to be available for Qataris employed in the private sector. The government also has taken steps to improve the curriculum of its public school system in an attempt to better prepare its citizens to take a leading role in the future of their economy.⁵⁷ The decision to extend an invitation and funding to prominent Western universities to establish campuses in Qatar, for example, is a promising step. Hopefully an improvement in the quality of Qatar's graduates will lessen the efficiency costs of the country's "Qatarization" policy of mandating the share of a firm's jobs to be held by Qatari nationals. Finally, in a symposium held on April 9, 2006, key organizations voiced their support for a National Action Plan dealing with labor market strategies aimed at addressing many of the issues raised here.⁵⁸ This leads us to express cautious optimism that the adoption and implementation of measures discussed in and subsequent to that symposium will strike the proper balance between growth, efficiency, and autonomy.

57. See, for example, Gonzalez, Karoly, Constant, Salem, and Goldman, "Addressing Human Capital Challenges."

58. "11 Projects Chosen to Boost Qatarisation," *Gulf Times Newspaper*, March 14, 2007, http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=132828&version=1&template_id=36&parent_id=16.