

EXPATRIATE WORK FORCE IN THE GULF COOPERATIVE COUNCIL [GCC] COUNTRIES: A SHORT PERSPECTIVE

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ABSTRACT

The Gulf Cooperative Council (GCC) countries [Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates] have been an attraction for expatriate workforces over the last few decades. The prime reasons behind this trend are the promise of tax-free expat salary packages, exciting and dynamic job markets and promise of high quality of life and attractive savings. Existence of huge manpower resources with much lower incomes and higher unemployment rates in the vicinity of the GCC countries and closeness of cultural aspects have been an additional reason for influx of expat workforce to these countries. Owing to booming economy in the GCC countries, the following types of workforces from abroad are rushing there; these are (a) white color jobs in the descending order: accountant, IT personnel, teachers at various levels, manager, engineer, executive, coordinator [secretary], civil engineer, senior engineers, director, sales person, mechanical engineer, analyst and junior executive, (b) shop floor workers in supermarkets, (c) common workers in agriculture, building and construction sectors, municipalities, cleaners in private and government premises and (d) house hold workers in all areas. Apart from the above types of workforce, the health sector (both private and; public) in almost all of the GCC countries constantly needs doctors and supporting staff to cater the need of their populations. In the present article, we have tried to give a brief perspective of the trend of the expatriate work force coming from other countries particularly from the Indian Sub-Continent. Concurrently we have tried to find and analyze the most probable causes attributing to this trend. The present investigation might be useful for all concerned with HR sectors inside the GCC countries and elsewhere.

KEYWORDS: GCC, Expat Workforce, Manpower, HRM

INTRODUCTION

Created on May 25, 1981 the Gulf Cooperation Council [GCC] comprises the Persian Gulf states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates ^[1]. The GCC countries are one of the highest growth regions in the world ^[2]. The size of the GCC economies has grown by 74 percent to approximately US\$610 billion with Gulf GDP growth far outpacing world average GDP growth since 2002 according to research by a Kuwait finance House in 2007 (Goss and Lindquist, 1995) ^[3]. By this time this amount might have become three fold.

Among many common features, all of these GCC countries employ a huge number of expatriates with various academic, technical, commercial and cultural backgrounds. These expatriates come mainly from: neighboring Arab countries, other Asian countries and the West. Because of diverse cultural, geographic and financial stands, the human demography and its distribution apparently play a non-unified role in these versatile sectors ^[4]. The envisaged research focuses on an analysis of an apparent time dependent variation of the expatriate work force. The pertaining political situation, mode of development of specific booming sectors, human demography forming the races, origin, nature of jobs, salary ranges, labor laws and any other relevant aspect significantly attribute to this trend. Thus the present article will address the factors affecting the trend of expat employment in various sectors.

The categories of the expat workforce based on demography, sociology, culture, finance and human resource management undergo constantly through a dynamic process depending on the necessity and evolving sectors. For an example, in the early years of the millennium, IT based industries, construction, agriculture and health sectors were booming alongside other areas. At a point demands in these sectors reached saturation; but again these are evolving as renewed demands. Presently with the high oil prices in the world market a number of sectors e.g. road and highway constructions, residential and real estate development, agro-economy, health sector, education at all levels are employing a huge volume of expatriate work force in the GCC countries; these trend is primarily aimed at developing the infrastructure of these countries where oil reserves are monotonically but gradually decaying.

The layout of the present paper is as follows: in § 2 we present an account of the historical background of the influx of expatriate work force in the GCC countries, in § 3 a brief account of the demographic perspective is presented, in § 4 a brief description of the year-wise variation of the percentages of the expatriate work force with probable causes is presented and finally in § 5 we present some concluding remarks including anticipated future trend of these fluctuations.

HISTORICAL BACKGROUND OF EXPATRIATE WORKERS IN THE GCC COUNTRIES

The majority of foreign workers started coming to the Middle East after the oil price boom in 1973 when Arab nations produced an enormous surge of wealth and prosperity. The Arab nations were going through large development plans but with a shortage of workforce which was only 1.36 million in total. Initially, both skilled and unskilled workers from other neighboring Arab nations (mostly, Yemenis, Egyptians, Palestinians, Jordanians and Sudanese) and from Asia (mainly Indians, Pakistanis and Bangladeshis) almost doubled the populations of Saudi Arabia and Kuwait within 1975 and 1985. Between 1980 and 1985, over two million shares of Asians in the foreign workforce were present in Saudi Arabia. In early 1980, an increasing number of migrants were recruited from South East Asia (Thailand, Philippines, Indonesia and South Korea). They accounted for over half of Asian migration to the Middle East. Workers from Sri Lanka and Bangladesh increased their share of Asian migrants to over 20 percent of the Asian workforce in the Middle Eastern region (Fasano and Goyal, 2004) ^[5].

Oil prices fell rapidly in 1985 prompting a reduction in development of infrastructure in the Gulf countries and migration from Asia fell by one third. According to Abella (1995) ^[6], the fall would have been more severe if not for the growth of employment in the service sector (hotels, personal services, transport, construction, building) which brought in an increasing number of workers from Sri Lanka, Bangladesh, Indonesia, and the Philippines. Many of these workers were women, travelling alone, in many cases, becoming major breadwinners for their families, leaving husbands and children back home (Birks, 1980) ^[7].

The volume of expatriate migrants from other Arab nations was being reduced for mostly political reasons and tension in the Gulf. For example, the political encouragements of Yemenis, Egyptians and Palestinians were seen as threatening and more expensive. On the other hand, Asians did not represent any threat to the Gulf nationals and were preferred to the Arabs for several reasons. They were less expensive to employ with, easier to lay off and believed to be efficient, obedient and manageable (Megarbane, 2001) ^[8]. They were also used to leaving their families at home whereas Arab immigrants usually brought their families hoping to settle there permanently and the possibilities of this aspiration were not acceptable to the GCC countries. In turn, Asian governments were more involved in the recruitment of their workers to the Middle East. A high number of cheap foreign laborers from Asian and African countries continue to fulfill

the demand for unskilled workers. These workers mainly perform the dirty and difficult jobs where the locals in the Arab nations refuse to undertake them despite the quite high levels of unemployment and poverty. Employment growth of foreign labor continues to occur in the Middle Eastern nations mainly due to this high demand for unskilled labor force, despite the intentions to reduce the foreign labor force in some gulf nations.

A BRIEF DEMOGRAPHIC ACCOUNT OF THE LABOR FORCE

It is reiterated here that the major expatriate countries as mentioned in many contemporary documents ^[9] are Indians, Pakistanis, Egyptians, Bangladeshis, Filipinos, Sudanese, Sri Lankans, Jordanians/Palestinians, Indonesians, Syrians, Iranians, Turks, Nepalese with Iraq as a new member. Since the vast majority of the expats hail from the Indian subcontinent the present article will primarily concentrate on the labor forces coming from this region. If we divide the demographic account of the labor force in the GCC countries, job classification is a very relevant factor in this regard. Indians are the dominant expat force amongst all three of the south east nations, mainly due to long-term establishment of economic and political links with the Gulf nations ^(a). Among both white-color and ordinary unskilled jobs, Indians are still predominant; followed by Pakistanis and Bangladeshis. Below are the estimates of expats from these 3 countries:

Table 1: Non-Resident Indians (NRI) Population in the GCC Countries (in Thousands) ^[10]

NRI Population in GCC Countries (in Thousands)			
Country	1991	2001	2010
Bahrain	100	130	350
Kuwait	88	295	579
Oman	220	312	558
Qatar	75	131	500
Saudi Arabia	600	1500	1789
UAE	400	950	1703
GCC Total	1483	3318	5479

^(a) India receives 45% of its international remittance from the GCC countries ^[10]

Table 2: Non-Resident Bangladeshis (NRB) Population in the GCC Countries (in Thousands) ^[11]

NRI Population in GCC Countries (in Thousands)			
Country	1991	2001	2010
Bahrain	35	45	55
Kuwait	36	98	230
Oman	101	150	255
Qatar	37	58	103
Saudi Arabia	400	800	1100
UAE	80	150	300
GCC Total	689	1301	2043

Table 3: Non-Resident Pakistanis (NRP) Population in the GCC Countries (in Thousands) ^[12]

NRI Population in GCC Countries (in Thousands)			
Country	1991	2001	2010
Bahrain	25	45	50
Kuwait	57	95	155
Oman	35	68	125
Qatar	56	85	130
Saudi Arabia	500	700	1900
UAE	240	560	800
GCC Total	913	1553	3160

International labor migration from Bangladesh began to expand in the 1990s beyond the GCC states, however, to include a wider range of countries including Japan, Lebanon, Malaysia, Mauritius, Singapore, and South Korea. Of these newer destinations, Malaysia has been the most important, officially receiving 698,736 Bangladeshi workers from 1976 to 2009. Figures 1(a-b) display the chronological fluctuations of the labor migration from Bangladesh to the GCC countries from 1980 – 2010

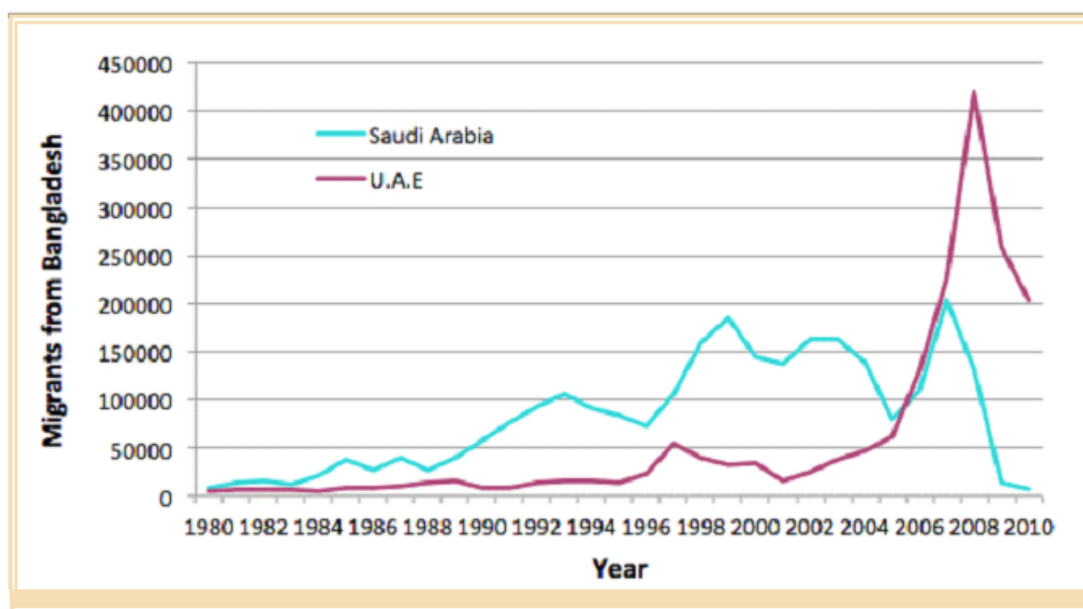


Figure 1(a): Labor Migration from Bangladesh to Major Destinations: Saudi Arabia and UAE ^[13]

Source: Government of Bangladesh, Bureau of Manpower, Employment, and Training

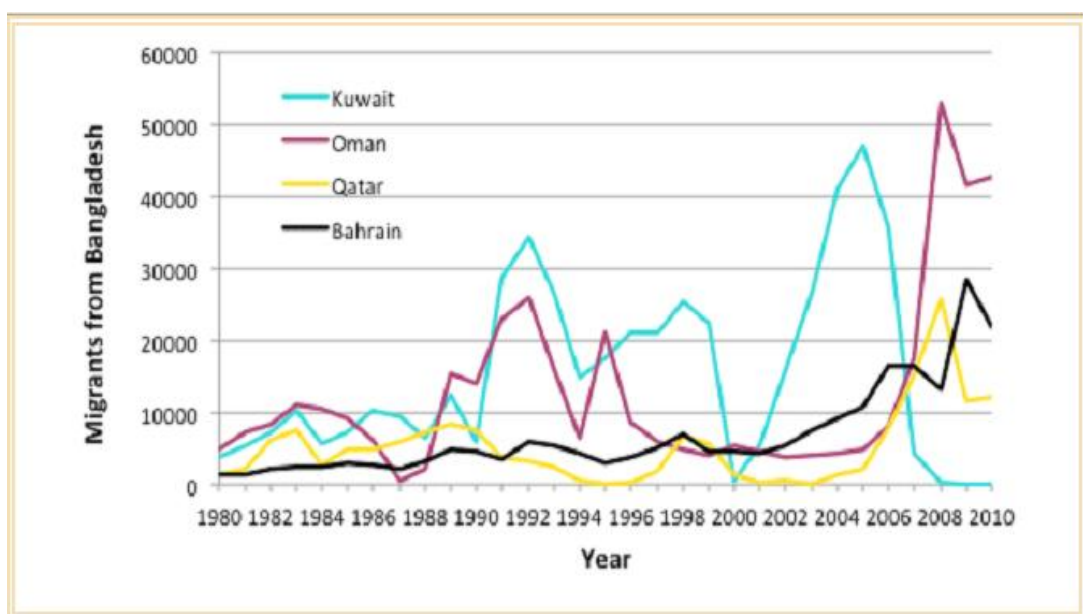


Figure 1b: Labor Migration from Bangladesh by Major Destinations: (a) Saudi Arabia, UAE and (b) Kuwait, Oman, Qatar and Bahrain between 1980-2010 (Calendar Year) ^[13]

Source: Government of Bangladesh, Bureau of Manpower, Employment, and Training

In addition to the emerging demand of the host countries the domestic socio-economic and socio-political situations also greatly attributed to these fluctuations. An Army backed Interim Government around 2008 in Bangladesh eased the bureaucratic bottlenecks allowing a huge number of laborers to go to the GCC countries and combining this development with the soaring oil prices in these countries resulted in the peaks as revealed in the Figure.

The United Arab Emirates continues to be a major attraction for expatriates in general including Bangladeshis particularly from 2005 Figure (1a). The high standards of living and vast economic opportunities and a large multicultural scenario amongst expats make the UAE almost better than any other gulf countries or Asian nations. Malaysia used to be the second largest employer of Bangladeshi workers. However, since the Asian financial crisis of 1997, the number of Bangladeshi migrants to Malaysia has decreased and the UAE has taken the place (Rahman,2011) ^[14]. By 2008, the UAE and Malaysia remain as the second and third important destinations of Bangladeshi migrants occupying 20.58 percent and 10.85 percent migrants, respectively (Kabir and Mozumdar, 2009) ^[15]. Saudi Arabia alone constitutes more than one-third share of overseas employment. Again Saudi Arabia and the U.A.E., both are the destinations of more than half of the exported manpower of not just Bangladesh, but also Pakistanis and Indians (Gilani, 2008) ^[16].

According to Figure (1b), from the four GCC countries, Kuwait and Oman have had the highest fluctuating percentage rates of Bangladeshis between the late 1980s and early 2000s and then again from 2000 to 2010. This is mainly due to the retention of these expatriates in these countries, including their families employed mainly in the agricultural, construction and domestic sectors of the economy. In addition to this, there was a huge increase of Bangladeshi labourers from the early 1990s as at that phase, many of the GCC's major turn key projects had started where low skilled, low wage labour was at a high demand. Bahrain and Qatar have attracted lower percentage of Bangladeshi workers mainly due to political unrest (Almazel, 2005) ^[17].

According to BMET, the vast majority of Bangladeshi workers who migrated between 1976 and 2008 were unskilled and skilled laborers. Unskilled laborers such as domestic and agricultural workers constituted 50 percent of the outflow of labor migrants from Bangladesh during that time, while skilled workers such as manufacturing and garment workers, computer operators, and electricians made up 31 percent of labor migrants.

FACTORS ENHANCING THE EXPAT POPULATION GROWTH IN THE GCC COUNTRIES

A number of socio-economic factors existing in many Arab and South East countries during the last few decades prompt up the rate of expatriate population flow to the GCC states. In parallel a steady increase of this flow has been supplemented by a number of growth factors in the host countries. Now if we look at the chronological growth of these expat work forces we observe the following factors that have played major roles:

- **Growth of Oil and Gas Industries:** Starting in late 1960s, discovery of oil wealth, popularly known as liquid gold, drew the attention of the expat work forces from the neighboring Arab countries particularly North African and economically weak Arab nations. Almost a regular invent of oil rigs and gas fields in the GCC countries has created job opportunities at every level directly and indirectly expanding the job market. The government, semi-government and private organizations are equally involved with this industry.
- **Infrastructural Development:** Following a regular expansion of the oil-based industries the governments in all the GCC countries started their infrastructural development in the field of education, power supply, municipality, information technology, health sector from the early 1970s aspiring raising standard of living for their nationals and the residents. These developments necessitate a huge work force attracting skilled and non-skilled from the low-income populations around the globe. By and large Indians have been the most dominant country in terms of expat work force among the GCC countries.
- **Construction Development:** A continuous growth of construction sectors e.g. road and high ways, over-bridges, normal and exclusive residential areas, air-ports, shopping malls, recreational centers has opened doors for

construction work force for the expat workers. In early 1990s the sliding down oil prices hinders the development work to an alarming extent. Again starting in 2000s followed by a series of political mishaps in the middle-east oil prices started going up prompting up the mode of construction work. Over the last couple of years an unprecedented construction development is going on in all the GCC countries. The concept of free-hold properties has added additional interest among the construction companies in these countries.

- ***Development in Education Sector:*** In parallel with materialistic growth of the standard of life of the nationals and residents, government and non-government sectors in these countries have been rendering a lot of attention to building academic and professional institutions. In one hand this trend is inviting expats to build the infrastructure and on the other hand this is helping the countries to produce human resources (HM) for their ongoing and future development. Recently the governments in the GCC countries have been encouraging familiar foreign institutions to open their campuses in exclusive zones of their cities. This trend necessitates a huge white-color expat force from the developed and developing countries alike.
- ***Health and Municipality Sector:*** With economic and infrastructural growth the health sector in conjunction with the municipalities in these countries have been employing a huge number of expats at all levels to cope up with the growing quality of life. Starting with scavengers and street cleaners, thousands of workers are regularly being employed in this vital sector.
- ***Agricultural Sector:*** Owing to hostile weather, the agricultural sector until recently has not drawn much attraction by these countries. However, there have been some efforts by some of these countries to develop this sector despite the hostile weather. For an example, the southern parts of Oman, where the tail of the Indian monsoon regularly hit the hilly areas, have been producing a huge amount of tropical fruits and vegetables. Likewise, the concept of green house is being popular to most of these countries. Despite the related high expenditure of production, still the price levels of the green products and poultries are much lower in comparison to those imported. This is a sector where, the sub-continent work force is being employed on a large scale and it is assumed that it will take a long time for the nationals to come to this sector.
- ***Tourism and Service Sector:*** With a rapid growth of the sectors mentioned as above, a continuous growth of the tourism and service sector has been noticed over the years. It is believed that in Dubai alone the number of tourists and short visitors overwhelmingly is growing and this number often exceeds the number of the nationals. It is noticed that the two countries, namely India and Philippine by and large are dominant in this sector followed by other South East Asian countries. There is a belief that the Arabs are not that prepared yet for these service oriented jobs.

SOME CONCLUDING REMARKS

Despite the economic growth in the home countries, there has been a regular flow of work force to the GCC countries. In my opinion, this trend will continue for the years to come. The reasons of this observation are as follows:

- The volume of the work in the GCC countries is much higher than the volume of work force meaning even if the nationals opt to go for any work, there will be a huge vacuum in the sectors mentioned as above.
- The nationals of the GCC countries, with certain exceptions though, are not mentally and culturally prepared yet to take up the jobs in all the sectors spelled out as above. Even though the governments in these countries are trying to restrict certain types of work for the expats, but they are not succeeding except certain government

sectors. This picture indicates that expat work force will be increasing rather than decreasing in the coming years or for an indefinite time.

- The recent Arab Spring is a manifestation of the unemployment existing in the GCC and by and large in the Arab World. This is a reality of the situation. Keeping in mind this reality almost all the GCC countries have been trying to open positions in every sector for their nationals; this is temporarily easing the situation but many private companies owned by the nationals are not satisfied with the performances of the national employees. They think with lower salaries they can hire expats for much better performance; this is another reality and this will be spelled out in our future work.

The factors spelled out as above might be influenced by the following major reasons: The development trend and oil pricing in the host countries, and the socio-economic and or socio-political situation in the labor exporting countries

In the conclusions I may mention that, expat work force needed by the GCC countries is a reality until these countries are ready with a work force that will be ready to accept work as per qualification.

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