

The Allen Consulting Group

## **Future Skills and Workforce Needs**

Skills Gaps Research Study: Report 3

**August 2009**

Report to Tamkeen, Kingdom of Bahrain

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## Contents

Chapter 1	1
<i>Introduction</i>	<i>1</i>
1.1 Background to the study	1
1.2 Skills Gaps Research Study	3
1.3 Methodology for this report	5
Chapter 2	8
<i>Future skills and workforce needs</i>	<i>8</i>
2.1 Scenario planning	8
2.2 Key discussion from the scenario planning group	10
2.3 Key findings	14
Chapter 3	15
<i>Outcomes of the Regional Conference on Skills Gaps in Bahrain</i>	<i>15</i>
3.1 Regional Conference on Skills Gaps	15
3.2 Key discussion from the Regional Conference on Skills Gaps	15
3.3 Key findings	17
Appendix A	18
<i>References</i>	<i>18</i>

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## Chapter 1

# Introduction

*It should be noted by the reader that the data for the Skills Gaps Research Study was collected during 2008 with the conclusions being finalised in June 2009. This data is relevant to each of the four reports in the series of the Skills Gaps Research Study.*

### 1.1 Background to the study

#### **Tamkeen**

Tamkeen (formerly, Labour Fund) was founded in 2006 with the primary objectives of developing the private sector and making Bahrainis the preferred choice for employers. Tamkeen's goal is to create high-value added jobs for Bahrainis.

Tamkeen's strategy focuses on:

- capitalising and developing value added Bahraini talents and skills in rewarding careers
- supporting the development and attraction of new and emerging industries
- enhancing and leveraging existing industries.

More recently Bahrain has taken vital steps towards comprehensive labour reform aimed to develop its human capital, support the private sector and liberalise and improve inherent market systems, standards or policies.

The successful reform of Bahrain's labour market will affect the whole economy. In particular, it will raise Bahraini living standards by challenging private and public sector establishments to improve employment services, policies and standards and the working conditions within Bahrain.

#### **Economy in brief**

Bahrain has a long history as a regional centre for trade and commerce. In more recent times, since the 1930s when oil was discovered, the country's economic prosperity has been based largely on oil revenues. These have been the main contributors to national income over the past half-century. Oil revenues have enabled development of extensive, high quality national infrastructure, and allowed the government to provide Bahraini citizens with services such as free education and free or very low cost health care, with minimal taxation. More recently, other industry sectors - notably banking and finance - have become increasingly important.

Bahrain's policy makers have identified the need for longer-term investment outside the oil sector, for two main reasons.

Firstly, there are the dangers of natural resource income distorting patterns of economic development. Secondly, Bahrain's oil resources are limited, and the government has prudently sought to develop a strategy for a future where the country will not be able to rely on oil as the major source of national income. Current economic development strategies and initiatives aim to mitigate the potentially significant impacts of this situation. Prominent among these to date has been the successful effort to develop Bahrain as a regional provider of financial services and establish its position as a leader in Islamic banking and financial services.

Bahrain's economic diversification strategy, shifting focus to non-oil sectors and industrial and commercial success, has been making notable progress over the last two decades. As a result, 75 per cent of Bahrain's Gross Domestic Product (GDP) in 2007 was attributable to non-oil sectors (Central Informatics Organization 2008).

Among the economic successes of the nation, there remain some key issues that have the potential to act as barriers to future economic diversification. An example: is that income inequality is high compared to other developed nations with few middle-income households and many low income households.

In addition, the labour market is expected to change significantly over the coming decade.

- new Bahrainis will enter the labour market, many of whom will be recent graduates (from either high-school or post-secondary studies)
- an increasing number of Bahraini women will enter the labour market
- those currently unemployed and lacking skills to enter the labour market will improve their skill base in order to participate in the workforce (Economic Development Board 2004).

Continuing the aim of economic diversification, Bahrain's Economic Development Board (EDB) has been focussed on a sustainable future for Bahrain. In 2004, the EDB launched a comprehensive *National Strategy for Bahrain* to ensure future sustainability. This strategy aims to:

- re-capture Bahrain's leadership position as the pre-eminent economy in the region
- become the preferred country within the region to create and grow a business, by both nationals and foreigners
- achieve a more than two fold increase in income per capita by 2015 (Economic Development Board 2005).

The strategy is made up of three components, which are outlined in 0.

Box 1.1

**COMPONENTS OF THE NATIONAL STRATEGY FOR BAHRAIN****Enabling the private sector:**

- the removal of barriers to growth such as access to capital, land, judicial and legal infrastructures
- specific sector initiatives to accelerate growth in strategic sectors
- dedicated Small Medium Enterprise (SME) initiative and investment promotion.

**Transforming government:**

- reducing red tape
- moving from owner-operator to facilitator
- creating a modern civil service.

**Investing in people:**

- labour market reform
- education system reform.

Source: (Economic Development Board 2005).

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The reforms aim to ensure that the private sector is the driver of future growth in Bahrain and that Bahrainis are the employees of choice for this growing private sector (Economic Development Board 2005).

Bahrain has made a strong investment in education, skills and diversification. There has been a rapid increase in educational standards since the 1980s, and at the same time a strong increase in the size and value of the services sector. However, the reliance on foreign workers to address the shortage of skilled labour during a period of rapid growth, perpetuated by mismatches between the profile of skills possessed by Bahraini nationals and those required in the labour market, is a significant issue to be addressed.

Economic observers (including the United Nations, the IMF and others) have commented on the importance of resource rich nations investing in human capital. Bahrain has adopted a far-sighted program to do exactly this. This Skills Gaps Research Study is one element of that broader strategy.

## **1.2 Skills Gaps Research Study**

Tamkeen has commissioned the Allen Consulting Group to conduct a comprehensive study to analyse current skills in Bahrain's labour market, as well as future and emerging skills requirements, and to assess any current or projected gaps and needs.

The study aims to build on reforms in place and improve the quality and quantity of skills being developed, in order to ensure that Bahrain maintains a strong competitive economy and high quality of life.

The project will provide an information base to underpin strategies to improve labour force participation, and responsiveness to the demand for skills using a flexible, market based approach. The objectives of this project are outlined in Box 1.2.

## Box 1.2

**OBJECTIVES FOR THE SKILLS GAPS RESEARCH STUDY**

1. To establish a detailed understanding of the current composition of the Bahraini workforce — the deliverable at this stage will be a set of data on current labour market conditions, skills and components.
2. To provide analysis of the gaps in the current skills makeup in light of projected future demands. This will be identified on the basis of in depth analysis of the likely demands from both current employers and prospective new industry sectors.
3. To develop a strategy for overcoming such gaps. The strategy will be based on the most contemporary thinking in economics and labour market analysis.
4. Provide action plans that give clear guidance for identified priority sectors on how to implement the strategic directions proposed.

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These objectives will be addressed in a series of four reports (see Box 1.3).

## Box 1.3

**SKILLS GAPS RESEARCH STUDY — REPORTS****Report 1: Skills Gaps Research Study: A Comparable Country Scan:**

This report will develop a clear understanding of the international environment in which Bahrain operates and determine Bahrain's points of national advantage. It will also consider how other countries have aided skill development in the past.

**Report 2: Skills Gaps Research Study: Sectoral and Skills Gaps Analysis:**

This report will outline a baseline for the labour market and associated skills in eleven selected sectors, forecast the labour and skills needs for each sector into the future (assuming no predicted changes to the status quo) and identify skills gaps within each sector. It will also identify the strengths, weaknesses, opportunities and threats in terms of the labour market in each sector and associated skills gaps.

**Report 3: Skills Gaps Research Study: Future Skills and Workforce Needs:**

This report will summarise the key discussions drawn from the scenario planning exercise and the Regional Conference on Skills Gaps, conducted in Bahrain in November 2008. The report will highlight key findings that will contribute to the outcomes of the future strategy.

**Report 4: Skills Gaps Research Study: Final Report**

This report will identify the future needs of the Bahraini labour market and associated skills gaps using the information collected in each of the previous reports and incorporating economic modelling of this information. From these projections, this report will highlight a series of future scenarios that will form the base of the study's strategy.

The report will consist of a strategic skills plan for the next ten to fifteen years and will include action plans that will address the future strategy.

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The Skills Gaps Research Study is one piece of a broader forum of issues that relate to the labour market and skill development. For example, there are key issues on labour market reform (including skill development concessions such as the current training levy scheme), wage policy, labour laws, the education system structure and Bahrain's inherent cultural and social values that are not addressed within the scope of this study (see Figure 1.1).

This study has been specifically targeted to identify and create strategies to address future skills gaps in Bahrain. Specifically, Allen Consulting Group are using a definition of skill as ‘a proficiency or facility that is acquired or developed through education, training or experience’ to ensure that the study meets its objectives (see Box 1.2).

Figure 1.1

**THE MANY FACETS OF THE LABOUR MARKET**



Source: (Allen Consulting Group and Eidos).

Further, the Skills Gaps Research Study considers previous work undertaken in Bahrain on skills development, such as previous skills development analysis by McKinsey & Company for Tamkeen, and Skills Gaps & Competency Requirements for the Financial Services Industry by Ernst & Young Bahrain for the Human Resources Development Fund. Although the Skills Gaps Research Study is based on a unique methodology, key findings and lessons from other research programs are considered to improve the study as a whole.

**1.3 Methodology for this report**

There are two main components to the methodology of Report 3 — scenario planning and undertaking the Regional Conference on Skills Gaps in Bahrain. Report 3 draws together the key discussions and findings of these two study tasks to be used in conjunction with the analysis undertaken in the previous reports to draw together a future strategy for skills in Bahrain in Report 4.

***Scenario planning***

In addition to the economic and survey analysis conducted in Report 2, Allen Consulting Group conducted a second technique to identify future skills needs in the Bahrain labour market — scenario planning. Scenario planning is a style of strategic planning frequently applied in the world of business and government.

Scenario planning is a valuable tool for policy makers whether in government or business. By considering different possible futures, even some that are unlikely, policy makers can make choices that maximise their ability to deal with unpredictable events in the future.

Scenarios provide alternative views of the future. They identify some significant events, main actors and their motivations, and they convey how the world functions. Building and using scenarios can help us explore what the future might look like and the likely changes of living in it.

Decision makers can use scenarios to think about the uncertain aspects of the future that most worry them – or to discover the aspects about which they should be concerned – and to explore ways in which these might unfold. Because there is no single answer to such enquiries, scenario builders create sets of scenarios. These scenarios all address the same important questions and all include those aspects of the future that are likely to persist, but each one describes a different way in which the uncertain aspects could play out.

As they identify discontinuity as a central issue for organisations, scenarios help businesses and governments to prepare for ‘surprising’ change. An organisation that is open to change is much more likely to survive and thrive than one that is continually chasing events (Royal Dutch Shell 2005).

All organisations, whether in the public or private sector, have a tendency to anchor their thought processes in what they know best; that is, the *status quo*. Scenarios can challenge preconceived views, and help people reach beyond the limits of current ways of thinking about the world. Thus leading to better policy and strategy, and help build a shared understanding among stakeholders of the range of possible policy directions that can be pursued.

Scenario planning is not conceptually difficult, the main constraints on the usefulness of the technique are the quality of the contributors who provide their inputs to the plan and the skills and experience of the consultant facilitating the process. For this reason, the scenario planning group was comprised of participants, agreed with Tamkeen, that were identified as having a high degree of knowledge of the challenges facing Bahrain and sufficient experience to be regarded as having consistently reliable judgement.

The scenario planning group was conducted on 19 October 2008 and was attended by 13 participants, plus representatives from Tamkeen and members of the Allen Consulting Group project team.

### ***Regional Conference on Skills Gaps***

Following on from the scenario planning process, the Regional Conference on Skills Gaps was conducted on 19 November 2008 in Bahrain. The objectives of the conference included:

- to provide an opportunity for stakeholders to share their ideas and contribute to the outcomes of the Skills Gaps Research Study through workshop sessions
- initiate discussion of the outcomes of the Skills Gaps Research Study to date
- initiate discussion on possible future actions.

The Regional Conference on Skills Gaps was hosted under the patronage of the Deputy Prime Minister His Excellency Shaikh Mohammed Bin Mubarak Al Khalifa. The conference was attended by 173 delegates from Bahrain, including some representatives from other GCC countries.

To guide discussion at the conference, two conference papers were provided to delegates — *Conference Paper 1: Potential Future Skills Gaps in Bahrain*, and *Conference Paper 2: Sector Summary*.

### **Structure of Report 3**

The remainder of this report is structured as follows:

- *Chapter 2* outlines the future skills and workforce needs that were discussed and identified by participants of the scenario planning group and the key findings from those discussions.
- *Chapter 3* provides an overview of the key discussions that took place at the Regional Conference on Skills Gaps and highlights the key findings from the conference.

## Chapter 2

# Future skills and workforce needs

### 2.1 Scenario planning

As part of the Skills Gaps Research Study, three scenarios were presented to a group of Bahraini decision makers. These scenarios were designed to help participants think about the future skills needs of the Kingdom of Bahrain in light of possible events. The main source for these scenarios was the extensive consultation process conducted by Allen Consulting Group with industry and government leaders in the Kingdom of Bahrain.

Further to this consultation, the outcomes of the international gathering Forum for the Future held on 11-12 November 2005, hosted by the Kingdom of Bahrain was considered, as were two studies produced in 2007 by the World Economic Forum (see Box 2.1).

#### Box 2.1

#### WORLD ECONOMIC FORUM — SCENARIOS FOR BAHRAIN

In 2007, the World Economic Forum produced two scenario planning studies on Bahrain — *The Kingdom of Bahrain and the World: Scenarios to 2025* together with *The Gulf Cooperation Council (GCC) Countries and the World: Scenarios to 2025*.

The three scenarios for the future of Bahrain outlined in these studies drew on a series of workshops hosted by the EDB. The research team led by the World Economic Forum asked two key questions concerning the future of Bahrain:

- will the Kingdom of Bahrain be able to implement the necessary economic and political reforms and enforce the rule of law, both in public and private governance?
- will the complex and uncertain regional situation affect the Kingdom of Bahrain's internal order and stability?

The scenarios tackle a range of critical issues for the future of the country, including — unemployment and skill levels, political reform and regional relationships, and the potential impact of conflict between the US and Iran on Bahrain's economy and social stability.

The scenarios emphasize the importance of Bahrain continuing to make strategic investments in innovation-focused ventures while enhancing the country's human capital. The scenarios also suggest that the Kingdom's continued and enhanced engagement in regional diplomacy could contribute significantly to stability in the broader Middle East.

Source: (World Economic Forum 2007).

Drawing on these inputs, three scenarios were presented to scenario planning group participants as part of this study:

- *scenario 1* — a base case, assuming conditions in the future are broadly similar to today
- *scenario 2* — a scenario where events in the world, and in the gulf region in particular, take a turn for the worse
- *scenario 3* — a scenario where the Kingdom of Bahrain and the region experience a wave of prosperity and wellbeing well beyond anything currently anticipated.

Although the Skills Gaps Research Study aims to assess potential skills gaps five years into the future — a very short timeframe in labour markets — the scenarios assume a timeframe of approximately 15 years. This was designed to stimulate innovative thinking about the possible differing skills needs the country may face in the future. The exact timeline is not crucial to the planning dimension, but longer term planning is highly desirable to ensure strategies developed now do not unduly limit the options available to Bahrain in the future.

The scenarios were developed prior to the emergence of the current international financial crisis. Recent events have reinforced the importance of planning for possible future negative as well as positive developments.

### ***Scenario One – the country continues along current lines***

Bahrain in 2023 is a leading country in the Gulf — it has a strong national income, and maintains high per-capita personal incomes with low unemployment relative to the region. It has high levels of social cohesion and stability, a universal education system, and effective regulation of markets and society. It remains one of the more liberal of the Gulf states, attractive to visitors, serviced by high quality transport links, and with high quality infrastructure in place. It continues to have a relatively small population, and where needed still supplements workforce skills gaps with expatriate workers. However, in contrast to 2008, the Bahraini workforce has continued to grow and to outpace the growth in the non-Bahraini labour force and thus the policy of ‘Bahrainisation’ of the economy which has continued over the past 15 years has by now been completed.

Skills in the economy have broadened considerably over the past 15 years. This followed a strategy developed in 2008 and 2009 by Tamkeen. The choices made then, reflected industry views and labour market trends measured by official data.

### ***Scenario Two – the world takes a turn for the worse***

By 2023, the gulf region has experienced a series of dramatic and destabilising economic and political upheavals affecting the ability of the GCC States. Tensions have risen throughout the region. The resurgence of cold war style differences between Russia and the USA has produced a period of dangerous and fraught diplomacy worldwide, and increasingly countries are being drawn into proxy conflicts around major power disagreements.

World economic growth has slowed in the wake of a lingering and deep recession and demand for the gulf region’s major export, oil, has fluctuated wildly. The impact of global warming has begun to be felt, with adverse storms and coastal erosion becoming an increasing threat to all the countries in the Gulf. Food prices worldwide have continued to rise, putting pressure on food importing countries and reducing choice for consumers.

All of the countries in the region, including Bahrain, have experienced increased levels of discontent amongst citizens, and loss of confidence in the institutions of government and society. Key industries such as banking and construction have been hit hard by the volatility in the regional economy. In other industries, company collapses in manufacturing, retail and transport have displaced large numbers of workers in all Gulf countries, and there is an increasing reluctance among neighbouring countries to support movement in labour from one country to another.

The rise of protectionism in the region, the tense geopolitical environment, the impact of climate change, and the loss of confidence in governments worldwide have all acted to make the task of governing the country more difficult than ever in its history.

### ***Scenario Three – all is better than hoped for***

By 2023, the gulf has established itself as one of the world’s most innovative, globally aware and economically prosperous regions, and Bahrain is a leader among the GCC countries. It has become the international headquarters for a number of leading multinational companies, who are attracted to the country because of its skilled workforce, quality of services, outstanding infrastructure and orientation towards the future. New industries that had not even been thought of in 2008 have been established and provide a foundation for prosperity; a clinic that adds 30 years to human life, and a virtual retail centre with 2 million trades per day, are only some of the many success stories.

Bahrain has also become the regional leader in sustainability and environmental care, which has enhanced its attractiveness to visitors and improved quality of life for all. A major tourist attraction is the centre for Bahraini culture, a magnet for international visitors.

The success of the Kingdom of Bahrain has been built on regional peace and stability, fears of tension in the region have proven unfounded. In fact the reverse has happened — there has been growing integration of economies and a flowering of cooperation to an unprecedented extent in the gulf region and beyond.

The infrastructure available to Bahraini’s and visitors to the country is world leading — a model of innovation in transport, communications and information technology, with unlimited broadband capacity available to all.

## **2.2 Key discussion from the scenario planning group**

Scenario planning group participants reacted to the three scenarios in two ways — firstly, to further define what each scenario may look like, and secondly, to identify and discuss specific skill sets that would be required under each scenario.

The key discussion on each scenario is outlined below.

### ***Scenario one***

Participants highlighted that under a scenario where Bahrain’s economy and labour market continues along the same lines, there would still be some room for change. For example, one participant highlighted that the strategies associated with the *Economic Vision 2030* for Bahrain would continue to be implemented and this would result in moderate change relative to the current labour market in Bahrain.

Further, a number of participants raised the point that under scenario one there would be increased foreign investment over time that would likely coincide with a ‘common currency’ with other GCC states and a gradual decrease in construction in Bahrain over the next 15 years.

Participants also noted that with the Government's support to improve transport links to the rest of the GCC region (including, for example, the Qatar Bahrain Friendship Bridge and expected improvements to the Bahrain International Airport) would result in a labour force that would be more mobile and that this may result in greater immigration/emigration opportunities for Bahrain.

Finally, several participants commented that under scenario one, Bahrain's education system would have a continued need to change, solely for Bahrain to maintain its current position in 2023 — more extensive changes would be required in either of the other two scenarios.

Given these clarifications to scenario one, participants then considered specific sectors that would be a focus for a future Bahrain operating under scenario one. The key sectors identified by participants were the:

- transport and tourism sectors — in particular aviation and tourism generally, given the conducive environment that greater mobility will bring to Bahrain
- education sector — including developing educators to provide higher quality education services throughout all levels of the education system
- business and ICT sectors — including developing small businesses in Bahrain, continuing to develop the strengths of the banking and finance sector, and also building consultancy and business advisory capacity within Bahrain
- health sector — participants considered that as the economy and labour market grows naturally, so to will the need to provide greater health services not only for Bahrain but neighbouring gulf countries .

Given a focus on these sectors, some participants noted that there may be an increased demand within Bahrain for higher levels of skills and training and a continued need under scenario one for expatriate workers, but perhaps at a higher skill level.

On this basis, participants then considered the specific skills that would be a focus under scenario one. These key skills included:

- technical ICT, banking and finance skills — including stakeholder management and relations skills
- specific aviation skills — including operations, marketing, pilots and crew, as well as skills in logistics (for example, engineering)
- entrepreneurial skills — including skills in ICT, finance, marketing and sales
- hospitality skills — including catering, and hotel management. One participant recommended that a specific vocational school be utilised to improve these skills
- interpersonal skills — including an improved attitude to work.

Under scenario one, most participants identified that a focus on skills development should be split 50/50 between generic and technically specific skills.

### **Scenario two**

Participants highlighted that under a scenario where Bahrain's economy and labour market takes a turn for the worse (as a result of a world crisis) there would be significant changes to the Bahraini environment. For example, participants highlighted that this scenario would see significant increases in unemployment and poverty that would stem from extensive business closures. As a result, construction would decrease, Bahrain would be a less attractive place for expatriate workers to live and a decrease in this population group would result. One participant provided the example, that such a scenario would be likened to the 'effects of a new gulf war on Bahrain'.

Further, participants considered that foreign investment would decrease in Bahrain, and in particular, the banking and finance sector would suffer from such a decrease in the economy. Participants noted that entertainment options for people in Bahrain would also be impacted, with sports and cheaper forms of entertainment becoming more popular.

Given these clarifications to scenario two, participants then considered specific sectors that would be a focus for a future Bahrain operating under this scenario. The key sectors identified by participants were the:

- public sector — in particular, national security in terms of internal policing, border control and protection
- education sector — for example, replacing lost skills that would come with a decreasing expatriate labour force, including electricians, plumbers, and other crafts and tradespeople. Further, the education of Bahrainis needs to be maintained in a time of crisis to assist the nation in recovery from such a period in time
- agricultural sector — including a focus on food processing, fishing and aquaculture to become less reliant on imports for food sources
- health sector — would be in high demand, in particular for mental health services as people become more stressed with the economic climate and the potential of losing their jobs.

A number of participants also highlighted that at a time of crisis demands there is a need for greater creativity and innovation in the labour market to be more efficient and assist in recovering from a crisis situation.

On this basis, participants then considered the specific skills that would be a focus under scenario two. These key skills included:

- fundamental skills — for example, Arabic and English skills, and skills to reinforce Bahraini culture
- financial and business skills — required for insurance, risk management and legal purposes. Further, analytical and statistical skills would be required to re-penetrate markets and re-invigorate the economy
- transport skills — particularly in public transport, such as buses and trains as an economic downturn makes private transport less affordable

- disaster management skills — including ambulatory, nursing and emergency services skills.

Under scenario two, most participants identified that a focus on skills development should be split 60/40 between generic and technically specific skills.

### **Scenario three**

Similar to scenario two, participants highlighted that under a scenario where Bahrain's economy and labour market are better than hoped for there would be significant changes to the total Bahraini environment. Participants identified that 'the sky is the limit' with this scenario. There would also be a significant increase in imports (in particular for luxury goods) the arts, music and food cultures in Bahrain would flourish.

Participants identified that construction would increase in the short-term, but would decrease towards the end of the fifteen year time period.

Given the increased activity involved in this scenario, participants then considered specific sectors that would be a focus for a future Bahrain under scenario three. The key sectors identified by participants were:

- health — including luxury medical services, health tourism, an increase in optional medical procedures and mental health services
- trade — linked to the increase in the demand for luxury goods, there would be a requirement to focus on sales, maintenance and support capabilities to cater to this increased demand
- transport, tourism and hospitality — as people become more affluent, they will consider greater transport and tourism options (such as monorails, limousine services and hotels). In addition, entertainment options would likely increase as people demand greater and more expensive entertainment options. Hospitality options, including fast food, would also increase over time
- education — staying in such an advantageous position will require business and succession planning. One factor to assist is to have increased education services that will provide a greater pool of talented people to take advantage of the strong position that Bahrain finds itself in
- business services and banking — as the economy grows, so too with these sectors, in particular private banking, investment banking and legal services.

In addition, participants highlighted other areas where a focus on skills would be required under scenario three, such as fashion and jewellery design, fine arts and music. Further, participants noted that in these times there would be an increase demand for environment management and preservation, and eco-friendly energy sources.

Given these key sectors, participants then considered the specific skills that would be a focus under scenario three. These included:

- management skills — in particular for health, real estate, sales and development areas

- entrepreneurial skills — including skills in banking and finance, marketing and sales. Participants also mentioned consultancy, and advisory and advanced political negotiation skills would be required under this scenario
- ICT and telecommunications skills — including capabilities in highly skilled ICT, information security, mobile telephony, broadband technical skills and the development of advanced telecommunications infrastructure
- health service skills — including nursing and mental health service skills, as well as skills required to perform and service optional medical procedures (such as cosmetic surgery).

One participant also mentioned an increase in shipbuilding skills. Given that there is a base for this kind of activity in Bahrain already, an advantageous economy and labour market could be utilised to provide world-class shipbuilding services in Bahrain.

Under scenario three, most participants identified that a focus on skills development should be split 40/60 between generic and technically specific skills.

### **2.3 Key findings**

By considering different versions of the possible future, even some that are unlikely, policy makers can make choices that maximise their ability to deal with unpredictable events in the future. Some of the key findings from the scenario planning group were that:

- under any possible scenario, there is likely to be a decline in the relative importance of the construction sector
- labour will be increasingly mobile
- creativity and innovation are important under any scenario, but in the event global conditions were to deteriorate they will be even more critical
- the education and health sector were of key importance to Bahrain's future, no matter which scenario was presented
- in the event that Bahrain continues along current lines, or the situation improves, small business development and associated entrepreneurial skills were seen to be highly important
- in the unlikely event of a significant loss of confidence in the region for whatever reason (economic or political), Bahrainis will need to possess a range of fundamental skills (such as plumbing, carpentry, vehicle repair, fishing and food production) in order to maintain quality of life.

One implication for skills gap planning is that a risk-based approach is needed to ensure that not only highly skilled, but also more broadly based skills are covered by skills and labour force strategies.

## Chapter 3

# Outcomes of the Regional Conference on Skills Gaps in Bahrain

### 3.1 Regional Conference on Skills Gaps

The Regional Conference on Skills Gaps was designed to consider the implications of the initial findings of the Skills Gaps Research Study. This conference not only provided an opportunity to share these preliminary results with an audience of key strategic thinkers but also encouraged the group to consider the implications of the current analysis for future skills gaps.

The structure of the conference was such that in addition to plenary discussions and the presentation of preliminary results of the Skills Gaps Research Study, there were five workshop groups that discussed two major topics. These topics were to provide feedback on the initial results of the study, and discuss the future skills needs in Bahrain (based on suggestions put forward by Allen Consulting Group and Tamkeen to guide workshop discussion).

### 3.2 Key discussion from the Regional Conference on Skills Gaps

Significant feedback was provided to Allen Consulting Group and Tamkeen as part of the Regional Conference on Skills gaps which has been incorporated as stakeholder feedback in Report 2. Some key discussions that participants highlighted to develop the Skills Gaps Research Study further are discussed below.

#### **Skills gaps**

A large number of delegates noted that there were significant skills gaps (including both generic and technically specific skills) across all eleven sectors included in the study.

Many delegates also agreed with the preliminary results of the study, in that to achieve success in the future, Bahrain must focus on skills gaps in targeted sectors, rather than try to improve skills in a broad and *ad hoc* manner. In addition, delegates noted that although a mix of skills need to be developed in the future, the crucial decisions would come when identifying the balance between generic and technically specific skills within each of the targeted sectors and the nature and extent of development required.

The major skills gaps that were identified by delegates were management skills across all sectors (specifically leadership and people management skills). Some delegates noted that it was common for workers to be promoted to a position of management and leadership without possessing the necessary skills to successfully undertake a management role.

Further, numerous delegates highlighted that some employees (particularly Bahraini employees) lacked good work ethics and employer loyalty. However, many other delegates commented that Bahrain's pool of human resources was rich compared to other countries in the region with many people (including younger Bahrainis) ready and willing to work.

### ***Meeting skills gaps***

Conference delegates also considered how skills gaps could be met in the future. There were several key discussions on this topic that many delegates noted in conference workshops. Firstly, in order to meet skills gaps there would need to be a crucial link with the education system and education reforms. A number of delegates commented that without a developed process that links the skills needs of the labour market to the skills that are taught in the education system there would be limited progress in meeting skills gaps.

Other delegates noted that training would need to come in a number of forms, including external training and facilities, and support for on-the-job training where most appropriate. On methods of training, a significant number of delegates made suggestions to meeting skills gaps, including:

- in order to progress the development of training in the private sector, training assistance (perhaps in a revised form of the training levy) would be important in future labour market development
- a formal framework for part-time employment to be established as this is currently an underused source of permanent employment that is in demand (particularly by Bahraini women) but is complicated by legal regulations for both public and private sectors employees
- a regulatory body to accredit and register specific jobs (for example, plumbers, carpenters and electricians) would not only improve skills and the quality of service, but may also result in higher wages for these professions
- the apprenticeship model of training could also be utilised more as a combination of both on-the-job and vocational training.

In addition, a large number of delegates highlighted the strong correlation between skills gaps and wages. Many delegates noted that only so much can be done about skills gaps in sectors (such as construction and manufacturing) when the wages paid do not engage new entrants into the labour market or provide motivation for existing workers to improve their skill base.

Delegates also noted that meeting skills gaps would require a significant timeframe and the results of changes to the labour market might not be seen for some years. Further, a group of delegates identified that the best way to meet skills gaps was to introduce one reform at a time, allowing the impacts of the reform to bed down before evaluating the impacts and considering further reform.

Finally, delegates identified that in order to meet skills gaps in specific sectors with Bahraini workers (such as construction, tourism and hospitality, and trade) there must be some work undertaken to change the current perception of these sectors. For example, to change perception from those sectors seen to have poor working conditions, low wages, and are attributed to low socio-economic status, to sectors where Bahraini workers would want to participate.

### ***Feedback on preliminary results***

In addition to discussing current and future skills gaps and how these gaps could be met, conference delegates provided additional feedback on the preliminary results of the Skills Gaps Research Study.

The key piece of feedback provided by numerous delegates was that the banking and finance and petrochemical sectors had not been included in the study at that point in time. Several delegates noted that although some work on identifying skills gaps may have previously been undertaken in these sectors, there was always more work that could be undertaken in these areas. Also, for completeness of the Skills Gaps Research Study (and for comparison purposes between sectors), delegates identified that the two largest sectors in the Bahrain economy should be added to the scope of the study.

In addition, a large number of delegates noted that the Information Communication Technology and Business Services sectors could be suitable sectors for targeted skills development in the future. However, several other participants highlighted different sectors that could be considered for future skill development, including the health and education sectors.

Delegates also noted that ideally, skills shortages should be reported separately for the Bahraini and non-Bahraini population to provide a more accurate reflection of Bahrain's labour market needs.

### **3.3 Key findings**

There were three key findings from the Regional Conference on Skills Gaps. Firstly, that the key discussions outlined in the section above were to be considered when completing the final sectoral reports (presented in Report 2), and brought together with other project inputs to form the future strategies for Bahrain in Report 4.

Secondly, it was found that many of the key discussions raised in the Regional Conference on Skills Gaps were very similar to those highlighted as part of the scenario planning. Given the expanded audience at the conference and the consistent findings from both the scenario planning group and the conference, the feedback on the preliminary sectoral results and the future skills and workforce needs can be considered as reliable commentary from key stakeholders in Bahrain.

Finally, the discussions at the conference led to the identification of two further economic sectors to be included in the Skills Gaps Research Study for completeness — the banking and finance sector and the petrochemicals sector. These two sectors were not part of the original study, given that work had been previously undertaken to identify skills gaps to some degree in those sectors. However, the outcome of the discussions at the conference highlighted a need and demand to include these sectors in an expanded study.

## *Appendix A*

### References

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