



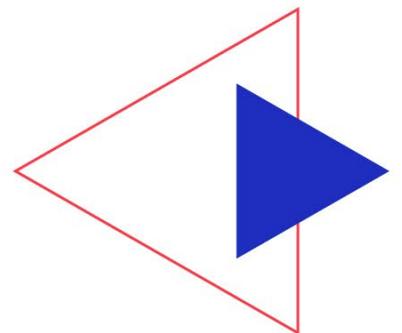
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▶ Skills needs in Kuwait following the COVID-19 pandemic



July 2022



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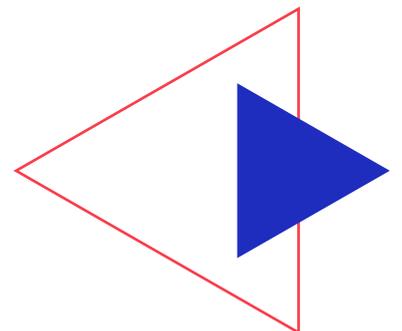
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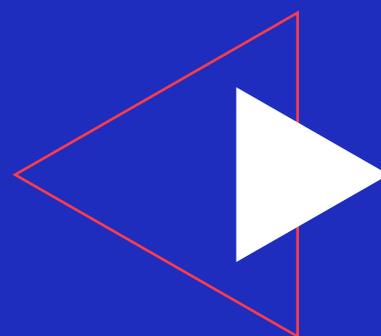
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- ▶ **Skills needs in Kuwait following the COVID-19 pandemic**



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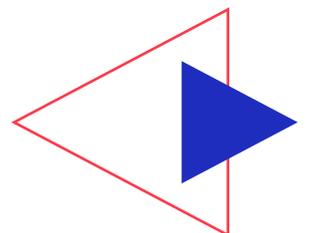


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▶ Executive summary

The COVID-19 pandemic adversely affected economies and disrupted labour markets across the world. Skills development is key to helping workers and firms recover from the pandemic and prepare for future challenges. Skills management and development are especially relevant for Kuwait, which must contend with both the skills relevance of Kuwaiti nationals and that of foreign workers, who represent over 80 per cent of the workforce. The pandemic has also accelerated global trends already underway, such as increased technological adoption. In moving beyond the pandemic, countries must be vigilant in assessing the skills mix and needs of their workforces and in supporting reskilling/upskilling efforts.

This report explores how the skills needs of Kuwait have changed following the pandemic. The issue is complex. Foreign workers in Kuwait, and other Gulf Cooperation Council (GCC) countries, are concentrated in the private sector and occupy jobs across the skill spectrum. By contrast, GCC nationals tend to hold administrative positions in the public sector. However, GCC countries have been working hard to increase the share of nationals in the private sector in preparation for a post-oil future by relying on a combination of wage subsidies, quotas and training programmes, as well as other incentives and support structures.

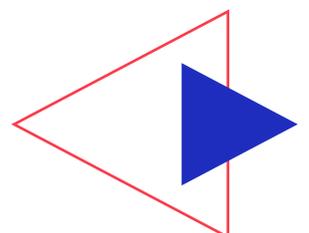
Several key points emerge from this study, which is based on desk research and a survey of 240 firms across multiple sectors carried out from October to December 2021. In terms of the actual impact of the pandemic, low-skilled foreign workers were the most heavily impacted. This segment of the population lost a total of around 260,000 jobs across all sectors between December 2019 and December 2021, representing 18 per cent of their total employment before the pandemic. The only sector that managed to recover its job losses fully and replace them with gains by June 2021 was the electricity and gas sector. Other sectors that partially recovered their employment during that period were the construction, arts and entertainment, and public administration, but they were all still behind their 2019 employment levels. Survey respondents indicated that the bulk of these layoffs were the result of government-mandated business closures, cashflow problems, declines in demand for goods and services, and difficulty reaching customers due to the pandemic. Meanwhile, Kuwaitis gained around 35,000 new jobs. However, these gains were entirely in the public sector; Kuwaitis lost around 1,000 jobs in the private sector.

A majority of surveyed companies plan to recruit for jobs that were cut during the pandemic, indicating that the impact of the pandemic is not anticipated to be long term. Nevertheless, a disproportionately high percentage of the jobs gained during the pandemic were for high-skilled jobs in the management and professional categories. The main justification for those hires was demand for new skills, the emergence of new channels for the delivery of goods and services, and increases in the demand for specific skills due to the pandemic. However, such new jobs are not expected to exceed 10 per cent of new hires in 2022. Instead of increasing high-skilled employment, companies have reportedly been resorting to outsourcing jobs to foreign companies, citing lower costs and ease of doing business internationally on the digital front.

Furthermore, companies anticipate that most of the high-skilled positions in the private sector will continue to be taken up by foreign workers, not nationals. Firms face difficulty finding nationals with the desired technical skills. Moreover, given the availability of high-wage public sector jobs, surveyed firms expect nationals to not accept their offers. There is a divergence between these findings and public policy efforts to replace foreign workers with nationals. Public officials are more aspirational about the abilities of national workers to take on private sector positions. However, it will take a concerted effort to prepare nationals, both technically and psychologically, to become productive workers in the private sector.

Employers felt positively about the skills quality of foreign workers and the alignment between these skills and their business needs. When misalignment did occur, it was mainly due to difficulties in assessing workers' skills, but these mismatches were thought to be correctable through training and repositioning. Fostering bilateral Mutual Skills Recognition Agreements (MRAs) between countries of origin and destination can help address this challenge. However, the pandemic, together with nationalization efforts, created entry and mobility restrictions leading to a gap in the supply of workers in the country. As a result, more than two-thirds of surveyed employers indicated that they had vacancies at all skill levels that were hard to fill. Employers reported difficulties with the retention and rehiring of workers, which suggests that the Kuwaiti labour market is suffering from a low supply and that existing labour may be enjoying competing offers.

Overall, the pandemic has shed light on the insecure employment situation of foreign workers in Kuwait, especially low-skilled foreign workers. Despite the key role they play in supporting private sector activity, they remain vulnerable to visa cancellations and return to their countries of origin. Training low-skilled foreign workers is not perceived as a priority, and the learning and skills they acquire on the job often go unrecognized. The prevailing attitude toward foreign labour results in a private sector that is susceptible to shortages in labour supply, especially in an environment that experiences frequent changes in immigration policy compounded by increased global volatility from economic and financial crises, pandemics, climate change, digitalization and conflict. Improving the mobility of labour that is already available within the country and enhancing the diversity and depth of their skills would provide the private sector with a more productive and reliable workforce.



▶ 1. Introduction

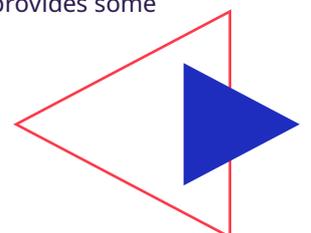
The COVID-19 pandemic adversely affected economies and disrupted labour markets across the world. Skills development is key to helping workers and firms recover from the pandemic and prepare for future challenges. Skills management and development are especially relevant for countries of the Gulf Cooperation Council (GCC), such as Kuwait, which must contend with both the skills relevance of their national populations and that of foreign workers, who represent over 70 per cent of the GCC region's workforce overall (ILO 2021a), but close to 85 per cent of the workforce of Kuwait in 2018 (Gulf Research Center 2018). GCC countries need to develop the skills of their national populations and adjust their labour migration policies to ensure that the skills mix of their workforces is aligned with the post-pandemic needs of their economies.

The pandemic affected GCC countries on two levels. The first was a slowdown in economic activity, similar to what other economies across the world experienced. GCC governments responded to this slowdown by providing economic stimulus packages to businesses, suspending loan payments and subsidizing the salaries of citizens. The second blow was a drop in revenues from oil and natural gas, due to steep declines in global oil prices through March 2021. This led GCC governments to tighten spending, upon which much economic activity is based, mainly by delaying payments and suspending government contracts. In response to these financial pressures, private companies laid off or reduced the salaries of large numbers of foreign workers. Some foreign workers returned to their home countries, others stayed and tried to weather the storm.

By late 2021, GCC countries had entered a new phase of the pandemic. With most of their populations vaccinated, they had achieved a level of "herd immunity" and were reopening their economies. However, some faced labour and skills shortages, especially those countries that relied more heavily on policies of letting foreign workers go and encouraging them to return home during the peak of the pandemic. Private firms that want to hire are being forced to raise wages, recruit new workers from abroad, reorganize the skills mix in their companies, hire nationals in non-traditional positions, or turn to technological solutions to reduce their labour needs. Kuwait is one country dealing with such changes to their workforce.

This report explores how the skills needs of Kuwait changed following the pandemic. It provides a forward-looking assessment of the reskilling and upskilling requirements of the country, focusing on how the skills mix of foreign workers is likely to change in response to evolving local conditions and global trends. The issue is complex. Foreign workers in Kuwait, and other GCC countries, are concentrated in the private sector and occupy jobs across the skill spectrum. By contrast, GCC nationals tend to hold administrative positions in the public sector. However, GCC countries have been working hard to increase the share of nationals in the private sector, in preparation for a post-hydrocarbon future, by relying on a combination of wage subsidies, quotas and training programmes, as well as other incentives and support structures.

The report is based on desk research and a survey of 240 firms across multiple sectors in Kuwait, carried out from October to December 2021. The research was commissioned by the ILO and was carried out in collaboration with the Kuwait Chamber of Commerce and Industry (KCCI). The survey results will help Kuwaiti businesses, policymakers, and organizations representing workers and employers to better assess policy options, especially as they pertain to skills-based international recruitment. Section 2 sets the context by reviewing the impact of the pandemic on economic activity and employment in the GCC, and Kuwait in particular. Section 3 analyses longer-term skills needs and trends in the GCC and Kuwait based on desk research. Section 4 presents key findings from the employer survey. Section 5 offers policy insights based on the analysis and discussions with key stakeholders. Section 6 provides some concluding observations.



► 2. The COVID-19 pandemic’s impact on economic output and employment

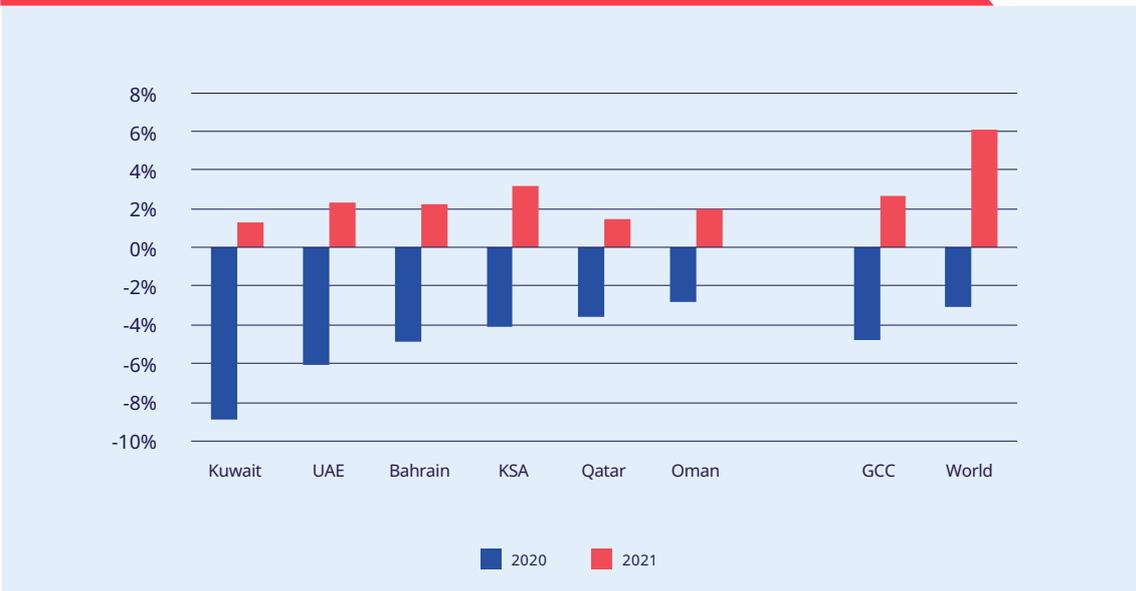
In 2020, the COVID-19 pandemic disrupted economic activity across the world. The tourism, hospitality, entertainment and transportation sectors were hit especially hard, as travel restrictions and lockdowns took their toll on national economies and people’s lives and livelihoods. Manufacturing, construction and other sectors also suffered, as global demand for products and services fell, supply chains were disrupted, and social distancing required rearranging work processes. Globally, economic output fell by 3.1 per cent in 2020 (IMF 2022a) and employment in the last quarter of 2021 was 4.7 per cent lower than pre-pandemic levels; this is equivalent to a loss of 137 million full-time jobs (ILO 2021c).

While global economic recovery has stalled due to the war in Ukraine, by 2021 economic activity had largely rebounded from the impact of the pandemic. Global output grew by 6.1 per cent in 2021 (IMF 2022a). This is an impressive recovery, even if some of this activity reflects easing monetary policy that is contributing to long-term inflationary pressures and real economic output is not expected to return to pre-pandemic trends until 2023. Furthermore, not all countries are rebounding in the same way. Developed economies have demonstrated greater resilience and agility than developing regions. Also, importantly, labour market recovery stalled in 2021. Employment remains below pre-pandemic levels. Indeed, global employment declined slightly between the first and third quarters of 2021 (ILO 2021c).

Low-productivity enterprises and low-skilled/low-paid workers were disproportionately harmed by the pandemic (ILO 2021c). Furthermore, the pandemic likely accelerated technological adoption and change, introducing disruptions that will continue beyond the period of recovery. Thus, in the post-pandemic world, countries should invest more heavily in reskilling and upskilling their workforces, both to help workers and firms prepare for recovery and to adjust for the accelerated pace of technological change (Agrawal et al. 2020).

The economies of the GCC were hit hard by the pandemic, because of the dual shocks of reduced economic activity and lower oil prices. Economic output fell by 4.8 per cent in 2020, significantly more than the global average of 3.1 per cent, and output rebounded by only 2.7 per cent in 2021, less than half the global average of 6.1 per cent (figure 1). Lower oil prices through the first half of 2021 are partly to blame for this slow recovery. In 2022, GCC economies are expected to benefit from the higher oil prices resulting from the war in Ukraine. In addition, GCC countries have achieved high vaccination rates, even by developed economy standards. This should help further promote economic recovery.

► Figure 1. GDP growth in 2020 and 2021, GCC countries



UAE = United Arab Emirates; KSA = Saudi Arabia. Source: IMF 2022b.

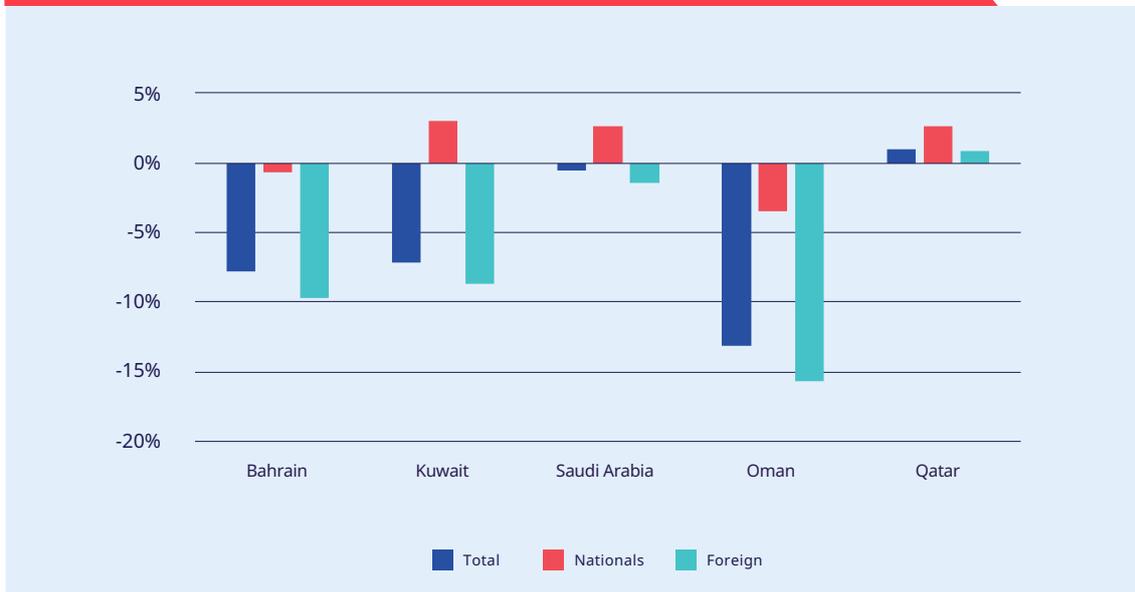
Among countries of the GCC, Kuwait was hit particularly hard by the pandemic. Output fell by close to 9 per cent in 2020, more than any other GCC country, and increased by only 1.3 per cent in 2021, less than any other GCC country (figure 1). Government revenues in Kuwait fell sharply and the Government is expected to continue to struggle with fiscal deficits over the medium term (World Bank 2021). Kuwait also witnessed one of the most sustained lockdowns globally, which had a critical impact on business.

While thousands of foreign workers across the GCC lost their jobs due to the pandemic, this impact was not uniform across sectors. Some sectors were affected more acutely, including hospitality, oil and gas, and tourism (Tahir and Bhatti 2020). Aviation and travel, accommodation, food services, manufacturing, retail, along with business and administrative activities were also affected. The United Arab Emirates' most impacted sectors included oil and gas, tourism, aviation, retail and construction; while Saudi Arabia cut its workforce in the oil and gas sector. Kuwait restructured its aviation and energy sectors, cancelling several multi-million-dollar contracts and cutting the jobs of large numbers of foreign workers (Tahir and Bhatti 2020). Sectoral activities will resume as the pandemic subsides. However, some restructuring may occur within and across sectors and should be tracked through surveys, such as the one undertaken as part of this study.

Many economies have struggled to maintain employment levels. Unemployment rates in the GCC rose from 4 per cent in 2019 to 6.6 per cent in 2020 (ILO 2021c), a historically unprecedented increase (IMF 2021). At the same time, employment rates fell from 63 to 60 per cent (ILO 2021c). Unemployment rates in the GCC tend to be low because the public sector employs large shares of national workers, greatly reducing the risk of cyclical unemployment for citizens. Furthermore, foreign workers who lose their jobs are often required to return home if they cannot find work within a short time. Both factors keep unemployment rates low. The pandemic limited the ability of foreign workers who lost their jobs to travel home, leading to increases in unemployment, though unemployment rates were projected to fall back down to 5.6 per cent in 2021 (ILO 2021c).

The divergent impact of the pandemic on national and foreign workers can be seen by examining changes in employment. In GCC countries with low hydrocarbon revenues and tight fiscal constraints, such as Bahrain and Oman, employment declined during the first year of the pandemic among both nationals and foreign workers (figure 2). In countries with a better financial position, such as Saudi Arabia and Qatar, employment among nationals increased to accommodate new labour force entrants, while remaining mostly unchanged among foreign workers. Here, Kuwait is an interesting case. Kuwait has adequate hydrocarbon revenues and financial reserves, but it faced tight fiscal constraints that were political in nature. Thus, while employment fell by 7.1 per cent, this impact was entirely borne by foreign workers. Employment among Kuwaiti nationals increased by 3 per cent during the first year of the pandemic. This finding is worth exploring further, as it has implications on the skill mix composition of the labour market.

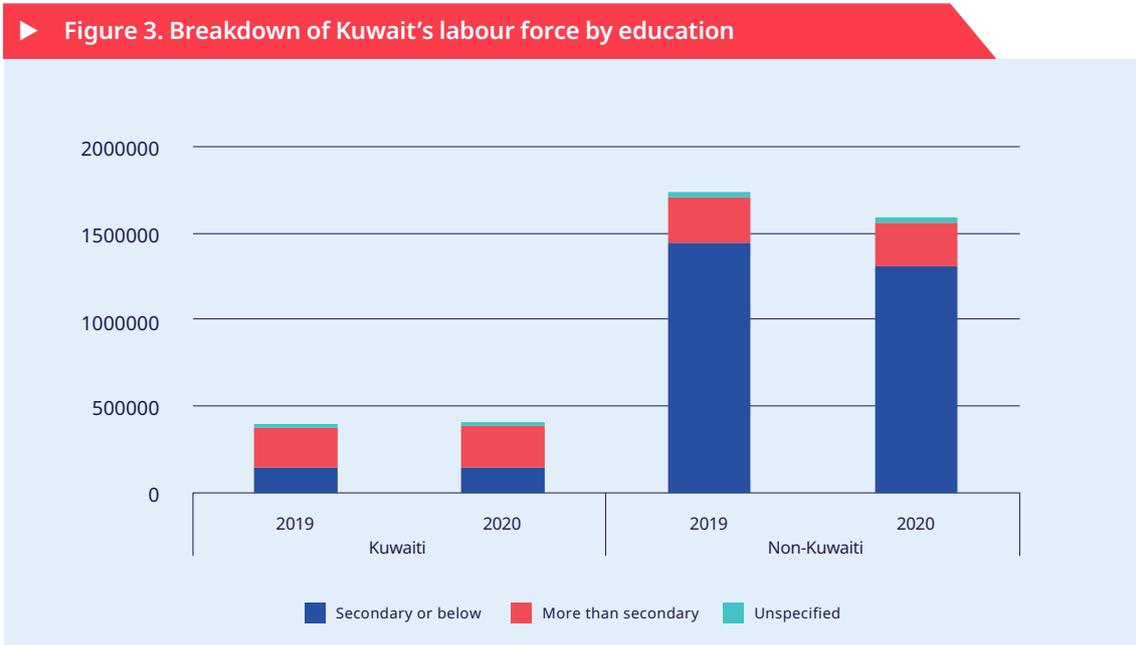
► Figure 2. Change in employment by nationality (2020)



Sources: IMF 2021; Qatar, PSA 2020; 2019.

On a global scale, workers in low- and medium-skilled jobs have experienced the highest levels of losses as a result of the pandemic. A sample of 50 countries showed that the amount of job losses was highest among low-skilled workers (an average of 11 per cent) as opposed to high-skilled workers (2.2 per cent). Job loss among medium-skilled workers averaged 7.5 per cent. High-skilled occupations demonstrated higher levels of resilience and adaptability, largely because those jobs were more capable of transitioning to telework. The losses included both loss in employment and income, in the form of lower wages. As a result, inequalities within and between countries are likely to increase globally due to the pandemic (ILO 2021c).

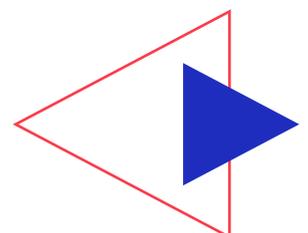
In the GCC, those trends are complicated by the fact that low-skilled labour is mostly comprised of foreign workers, who amount to approximately 74 per cent of the low-skilled labour force across Qatar, Saudi Arabia and Bahrain (GCC 2021). This is likely reflected in the skill composition of job losses. In Kuwait, for example, at the onset of the pandemic in 2019, 91 per cent of workers with a secondary education degree or less were foreign workers (figure 3). By December 2021, the number of foreign workers within that education bracket had dropped by 18 per cent. In fact, 91 per cent of the decrease in the labour force during that period was among workers who held a secondary school degree or less. In the meantime, the national labour force grew by 3 per cent in the first year of the pandemic and was 8 per cent higher than its 2019 figure by December 2021.



Sources: Kuwait, CSB 2019a; 2021a.

In other words, almost all the people who lost their livelihoods in Kuwait due to the pandemic were foreign, low-skilled workers. This is largely in line with global trends concerning the kinds of jobs that were less resilient in the face of the pandemic. The Government was able to continue to absorb new Kuwaiti workers into public sector employment during the pandemic. Nonetheless, the observed growth in the local Kuwaiti labour force was larger among Kuwaitis who have more than a secondary degree (16 per cent) in comparison to their counterparts with a secondary degree or below (5 per cent). This confirms the general trend that low-skilled work was most affected by the pandemic.

Importantly, these changes did not occur independently from national policy, which was focused on addressing the perceived demographic imbalance between foreigners and nationals. In June 2020, Prime Minister Sabah Al Sabah proposed a demographic shift that would reduce the share of non-Kuwaitis in the population from 70 per cent to 30 per cent (Al-Monitor 2020). Several policies during the pandemic were designed to specifically target low-skilled foreign workers. For instance, work permits for workers over 60 with no university degree were controversially halted in August 2020 and workers were asked to leave by December 2020. However, the policy was eventually revoked and replaced with a 500 Kuwaiti dinar (US\$1,650) work permit fee and health insurance requirements that could cost between 500–700 dinar per year (MENA Monitor 2021).



► 3. Long-term skills needs and trends in the GCC and Kuwait

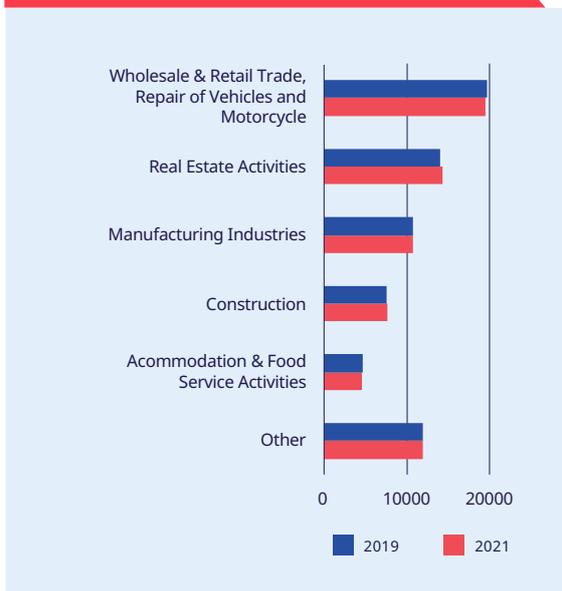
Even before the global pandemic, countries of the GCC were navigating changes to their labour markets resulting from increasing pressures to diversify their economies away from oil and gas. GCC nationals tend to hold administrative positions in the public sector. By contrast foreign workers take on most of the productive jobs in the private sector. In 2019, the share of foreign workers in the GCC ranged from 56 per cent in Saudi Arabia to 93 per cent in Qatar, and averaged 70 per cent across all countries in the region (ILO 2021a).

Revenues from oil and natural gas will fall as reserves decline. As such, Gulf economies will not be able to maintain large public sector wage bills over the long term. GCC governments are aware of this and, for decades, have been working to increase the share of nationals in the private sector, relying on a combination of incentives, mandates and services such as wage subsidies, quotas and training programmes. The first generation of such labour nationalization policies involved mandating hiring quotas that private sector companies had to fill. However, faced with a national workforce that was still reluctant to transition to the private sector, given the wage gap and a mismatch in skills, companies in some countries allegedly took to hiring “ghost workers”, who were employees that received a salary, but were not expected to work. This represented a cost burden on private companies and detracted from the countries’ broader economic diversification efforts. Since then, GCC countries have placed greater emphasis on upskilling their national workforce and aligning wage structures to reduce the gap between the public and private sectors.

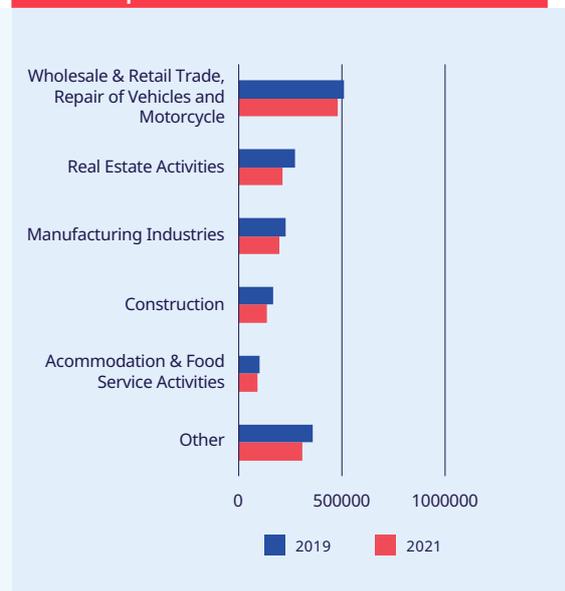
Employment in different sectors in Kuwait

According to official statistics, in 2019, only 4 per cent of private sector employees in Kuwait were Kuwaiti nationals (representing 73,000 nationals). These are people who reported the private sector as their main sector of employment, and thus did not include nationals who occupied a regular job in the public sector and who also owned or ran a private business. The largest proportion of Kuwaiti nationals employed in the private sector worked in wholesale and retail trade (27 per cent), followed by real estate (19 per cent), financial services (15 per cent) and manufacturing (10 per cent). The remaining 96 per cent of private sector workers were foreign. Foreign workers predominantly worked in wholesale and retail trade (31 per cent), followed by real estate (17 per cent), manufacturing (14 per cent) and construction (10 per cent).

► Figure 4(a). Kuwaitis in the private sector



► Figure 4(b). Non-Kuwaitis in the private sector



Sources: Kuwait, CSB 2019b; 2021b.

Overall, between 2019 and 2021, the number of Kuwaitis working in the private sector declined, by around 1,000 people, while it increased in the public sector. The employment of Kuwaiti nationals remained essentially unchanged across economic sectors between 2019 and June 2021. On the other hand, foreign workers experienced job losses across all sectors, losing a total of 260,000 jobs between 2019 and 2021. The only sector that managed to recover its job losses fully and replace them with gains by 2021 was the electricity and gas sector. Other sectors that partially recovered their employment between 2020 and June 2021 were construction, arts and entertainment, and public administration, but they were all still behind their 2019 employment levels.

While this sector-level analysis highlights the employment composition (Kuwaiti and non-Kuwaiti) of companies that belong to different sectors, it falls short of describing the types of jobs that were created by those companies. Unfortunately, sector-level employment data is not disaggregated by education or skill level. It is therefore not clear from the data whether the jobs that were recovered are similar to those that were lost, or if these jobs require new sets of skills. Those details are addressed by the results of the employers' survey in the next section.

Upskilling low-skilled workers and restrictions on internal labour market mobility

It is clear from official data that the vast majority of the labour force in Kuwait's private sector is low-skilled; 87 per cent have a secondary school degree or below. A small proportion of these are Kuwaitis – 34 per cent of the Kuwaitis working in the public sector hold a secondary school degree or less, as do around 50 per cent of Kuwaitis in the private sector. However, this latter segment represents only 2 per cent of the private sector workforce. Their work in the private sector is supplemented by social protections, which made their jobs less vulnerable to the pandemic.

The vast majority of lower-skilled workers (as proxied by education level) are foreign nationals. This wage gap contributes to a situation where foreign, low-skilled workers represent the largest, lowest paid, and least skilled segment in the labour force. As highlighted previously, this segment was also the most heavily impacted by the pandemic. This reality is true for most of the GCC, where the private sector evolved to require workers to be readily available, low-cost and low-skilled. Any push to provide these workers with a skillset that can enhance their career growth and make their livelihoods less precarious in a post-COVID-19 world will therefore have to contend with the nature of the private sector in the GCC and the structural forces that may not incentivize such skills.

One of the features of the private sector in the GCC that works against skills acquisition is the *kafala* (sponsorship) system, which ties employees to their employers/sponsors. Under this system, the sponsors are expected to cover travel expenses and provide housing. In return, workers must gain their sponsor's permission to transfer jobs, end employment or exit the country, which limits their labour mobility; although in recent years this system has undergone reforms in several GCC countries, with the result that not all of these features are now applicable in all countries. The *kafala* system is particularly problematic for lower-skilled workers, given the power imbalance between the sponsor and the worker, which makes them prone to exploitation and abuse, including through the confiscation of passports (Robinson 2021) and restrictions on their mobility. Under such a system, it is difficult to imagine how low-skilled workers could take advantage of training and skills development opportunities that may make them more mobile and enable them to transfer to better opportunities.

Compared with its neighbours, the sponsorship system in Kuwait is one of the most rigid in the region. Although in Saudi Arabia and Bahrain workers can unilaterally change employers after 12 months of service, and in Qatar they can now change jobs at any time in accordance with contractual notice periods, Kuwait has complex rules limiting workers' ability to transfer between sectors, despite some relaxation of the rules during the COVID-19 period. Whether a worker is able to change employer depends on the sector they are employed in and the type of contract (government or private sector).

Among private sector employees who work on government-contracted projects, workers are permitted to transfer only to other government-contracted projects implemented by the same sponsor and only after the end of their contract. Workers with certain technical skills are permitted to transfer to government-contracted projects run by another sponsor, if the implementing government entity approves the transfer.¹ Among workers in Free Trade Zones and the manufacturing, agricultural, cooperatives and fishing sectors, transfer is permitted within the sector after one year of continuous employment (with the approval of the employer).² Among workers in small- and medium-sized enterprises (SMEs), transfer is permitted only within the SME sector and only after three years of continuous employment (with the approval of the employer).³ Among other workers, transfer is permitted after one year of continuous employment (with the approval of the employer). Without the permission of the employer, the worker can only change after the work permit ends (usually three years),⁴ or by filing a complaint with the Labour Relations Department of the Public Authority for Manpower.

Reskilling high-skilled workers

Even though high-skilled workers – who are also proxied here by education level – may not have incurred the same job losses as their low-skilled counterparts, some significant changes still occurred for this bracket of workers, whether national or foreign. In Kuwait, the pandemic increased political attention on nationalization efforts, particularly the push to replace high-skilled foreign workers with Kuwaitis in higher-paying jobs within the private sector. There were even parliamentary discussions about halting the issuance of work permits for high-earning foreign workers (*Kuwait Local* 2021). While this discussion did not translate into policy, it is emblematic of the new push for educated Kuwaitis to make the transition to the private sector with the aim of permanently addressing the demographic imbalance within the country.

Key informant interviews with private sector business leaders reflected fears about this push to nationalize the workforce. Many hiring managers in the private sector doubt that the Kuwaiti labour force has the skills that they need, particularly for technical jobs such as software designers, systems engineers and data analysts. While business leaders expect that demand for foreign labour will grow, they suspect that it will be difficult to meet this demand due to restrictions on visas, and because skilled labour will gravitate to growing neighbouring markets. Indeed, some have considered expanding their operations to such countries as Saudi Arabia to take advantage of less stringent policies. A study on post-COVID-19 labour dynamics in Kuwait found that the majority of CEOs surveyed (62 per cent) expect that their labour demand for non-Kuwaiti workers will decline following COVID-19, presumably due to challenges with hiring foreign workers (Al-Qudsi et al. 2021).

For nationalization policies to succeed, Kuwaitis would have to have the skills and willingness to enter the private sector. The emphasis on skills can misdiagnose the problem. The main challenge to the transition of Kuwaitis to the private sector is the availability of government jobs and the higher pay and benefits available in the public sector. This, combined with shorter working hours and low education requirements, makes the search for employment in the private sector undesirable and the pursuit of advanced qualifications unnecessary. As a result, many Kuwaitis pursue fields of study with little practical use (Hertog 2020). Unless serious structural changes, which are politically fraught, are implemented, it is unlikely that Kuwaitis will make this transition to the private sector en masse, even with a dramatic reduction in the availability of foreign workers.

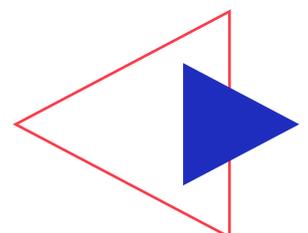
1 Administrative Decision No. 842 of 2015, article 2.

2 Administrative Decision No. 451 of 2016, modifying Administrative Decision No. 842 of 2015, article 3.

3 Administrative Decision No. 712 of 2017 on the transfer of employment for workers in SMEs.

4 Decision No. 842 of 2015, article 6. The worker is also required to provide three months' notice to the employer as per article 44 in the Private Sector Labour Law, No. 6 of 2010.

Nevertheless, surveys from the region have yielded varied results on the kinds of skills that are demanded by the private sector and that can be pursued by employers and training providers. For instance, a 2016 study on the skills gap in Middle East and North Africa highlighted demand for skills such as creative thinking, problem solving and strategic vision (YouGov and Bayt 2016). Another survey by Bayt.com and YouGov (2021) found that companies in the GCC were most likely to hire employees who master both English and Arabic (66 per cent), are team players (51 per cent), and have good leadership skills (43 per cent). The aforementioned post-COVID-19 labour dynamics study highlighted ICT skills, followed by online work, and communications (Al-Qudsi et al. 2021). Overall, there has been an increase in the emphasis on automation and technology over time, which has only been underscored by the pandemic and the transition to teleworking. The survey conducted for this research builds on these earlier surveys and more deeply explores the demand for skills in Kuwait.



► 4. Findings from the employers' survey

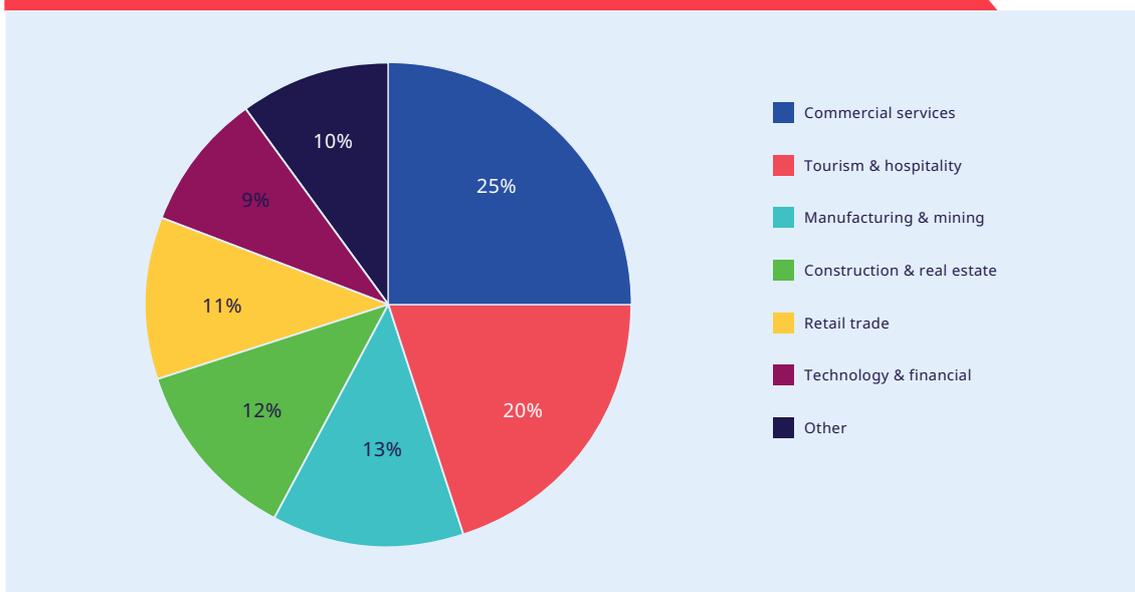
Between October and December 2021, a rapid assessment survey of employers in Kuwait was administered online in collaboration with the Kuwait Chamber of Commerce and Industry (KCCI). The survey was based on the ILO's Guidelines on Rapid Assessment of Reskilling and Upskilling Needs in Response to the COVID-19 Crisis, which aims to help countries assess the skills and competency gaps of their workforces with a view to identifying the resulting skill and labour shortages or surpluses and recommending effective measures with respect to reskilling and upskilling (ILO 2020). The survey instrument was modified to take into account the specificities of the Kuwait labour market, including the fact that it is composed of both national workers and foreign workers, each with their own unique characteristics, circumstances and needs.

The survey was distributed by KCCI to their members. A total of 240 firms responded. Despite efforts to oversample firms in underrepresented sectors of the economy to allow for a sectoral analysis of the findings, such an analysis was ultimately not possible. Nonetheless, the data provide important insights at an aggregate level and are supplemented by other available data sources, including interviews with key informants, to present a holistic picture of the skills needs of the labour market in Kuwait.

Overview of the sample

The sample consists of 240 firms, 219 of which were private corporations. The remaining firms were public, quasi-public and other types of enterprises. The largest number of firms in the sample were in the commercial services sector, which includes wholesale trade, transportation, entertainment, security, and other commercial services (figure 5). This was followed by tourism and hospitality, including food and beverage. Manufacturing and mining were next, followed by construction and real estate, and then retail trade. Communication and technology and financial and banking services were combined to form a final sectoral grouping.

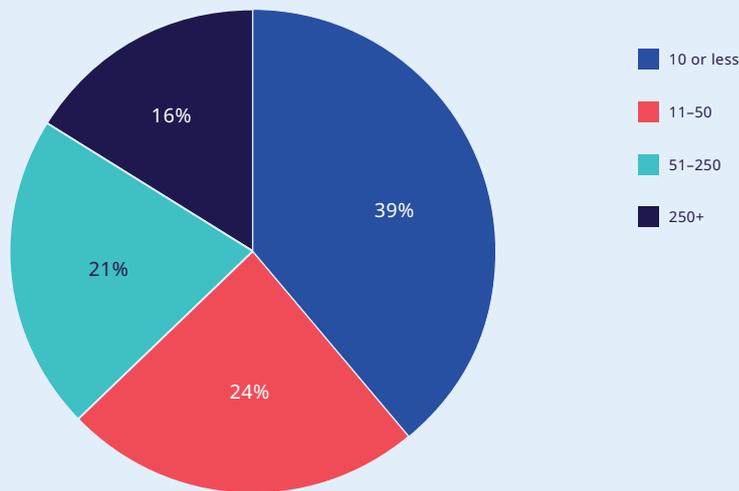
► Figure 5: Survey sample by sector



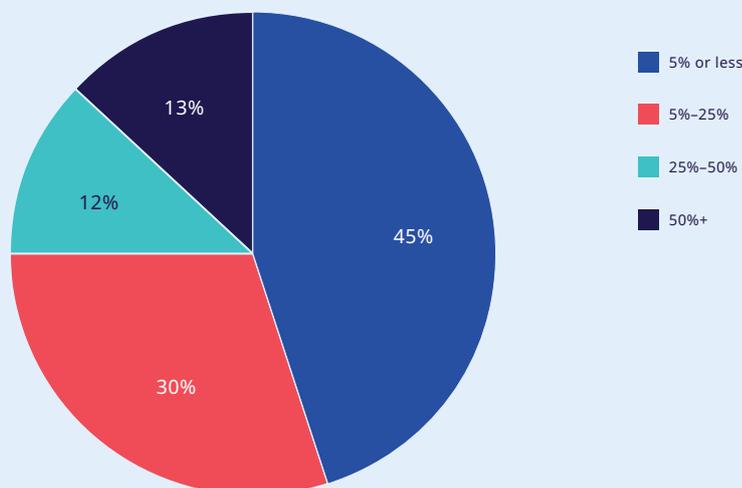
Using definitions of firm size proposed by researchers at the Kuwait Institute for Scientific Research (KISR) (2018), very small or micro firms (1–10 people) represent 39 per cent of the sample; small firms (11–50 people) represent 24 per cent of the sample; medium firms (51–250 people) represent 21 per cent of the sample; and large firms (over 250 people) represent 16 per cent of the sample (figure 6).

As expected, the representation of national workers in the private sector is much less than foreign workers. In nearly half of the surveyed firms, nationals represented 5 per cent or less of the employees (figure 7). In only 13 per cent of surveyed firms did national workers represent more than 50 per cent of employees, with the largest shares in commercial services and retail trade, noting that sample sizes are too low for a reliable disaggregation at the sectoral level. On average, private sector firms tended to have a smaller share of national workers among their employees than public, quasi-public and other enterprises.

► Figure 6. Distribution of firms by number of employees



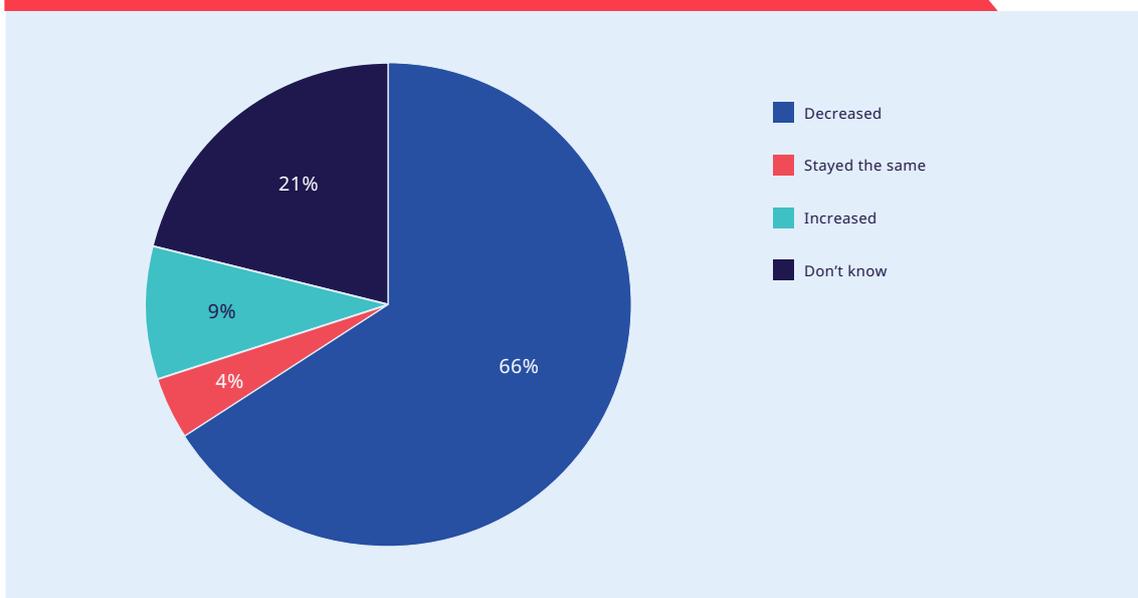
► Figure 7. Share of nationals among employees



Changes in employment: End of 2019 to end of 2021

The pandemic had an impact on employment in the private sector. More than two-thirds of firms surveyed indicated that employment in the company had declined between the end of 2019 and the end of 2021 (figure 8). This is similar to the adverse employment impact of the pandemic reported in a CEO survey one year earlier (68 per cent) (Al-Qudsi et al. 2021). Only 9 per cent of firms indicated that employment had increased since the start of the pandemic. This is higher than the positive employment impact reported by the KISR (2021) and may reflect the time required to adjust to the pandemic. There was no clear association between firm growth and firm size or sector.

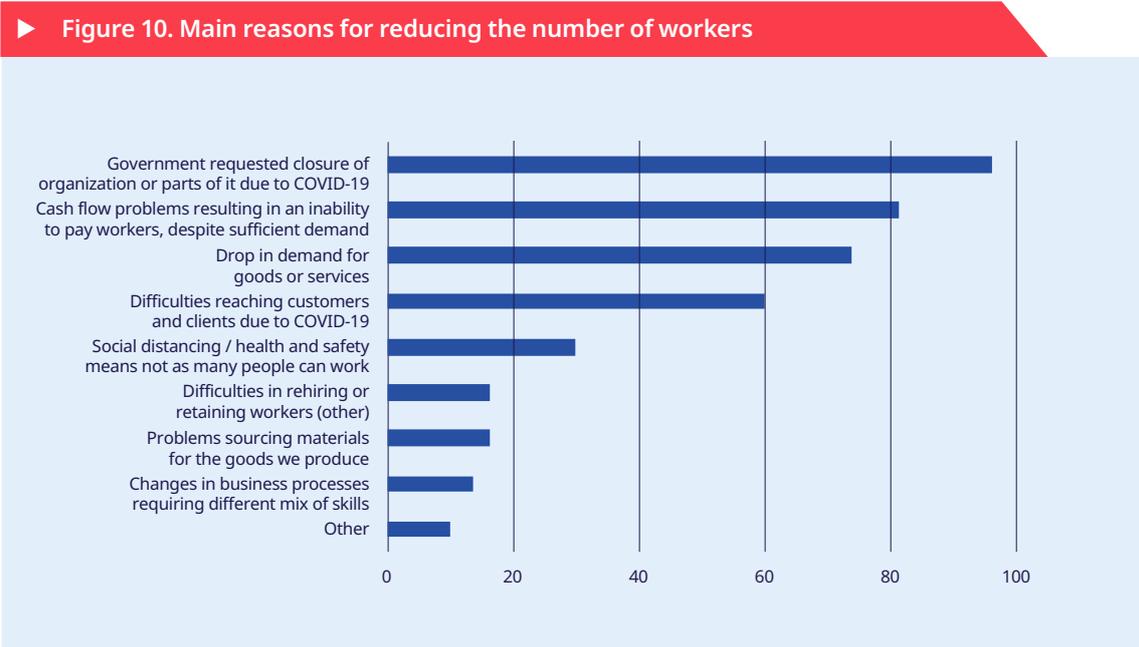
► Figure 8. Change in employment: End of 2019 to end of 2021



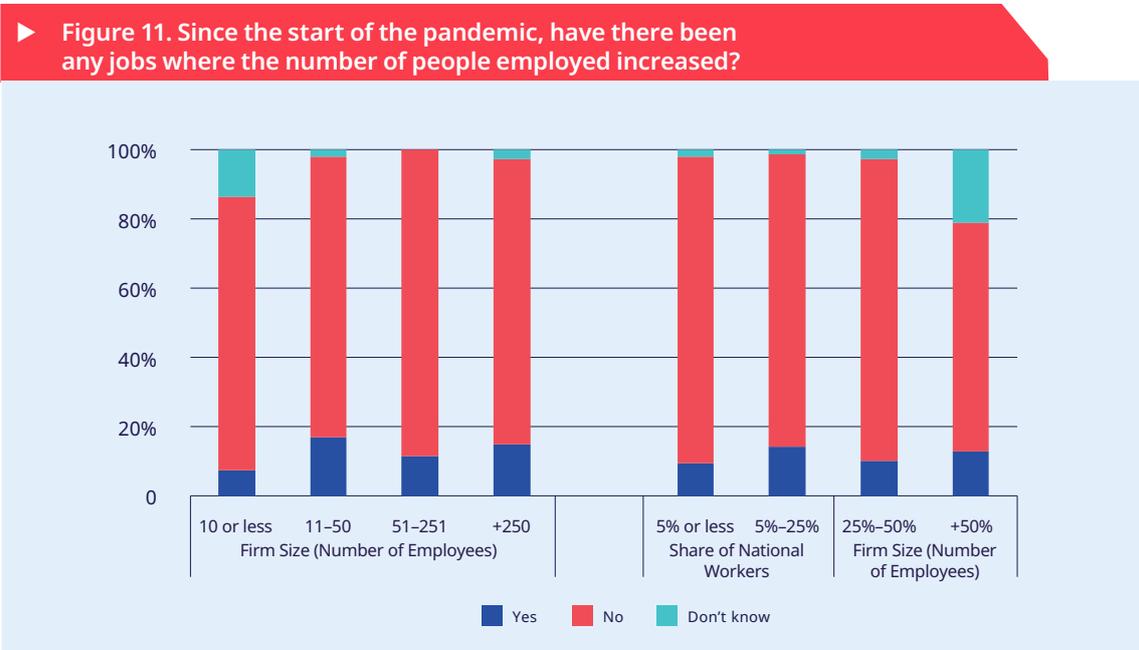
Furthermore, 54 per cent of surveyed firms indicated that they had laid off workers since the start of the pandemic. This figure remained fairly consistent across firm size, increasing slightly from 51 per cent of firms with 10 employees or less to 57 per cent among firms with more than 50 workers (figure 9). This figure was also fairly consistent among firms with different shares of national workers, falling to below 50 per cent only among firms where the share of national workers was between 25 and 50 per cent (figure 9).



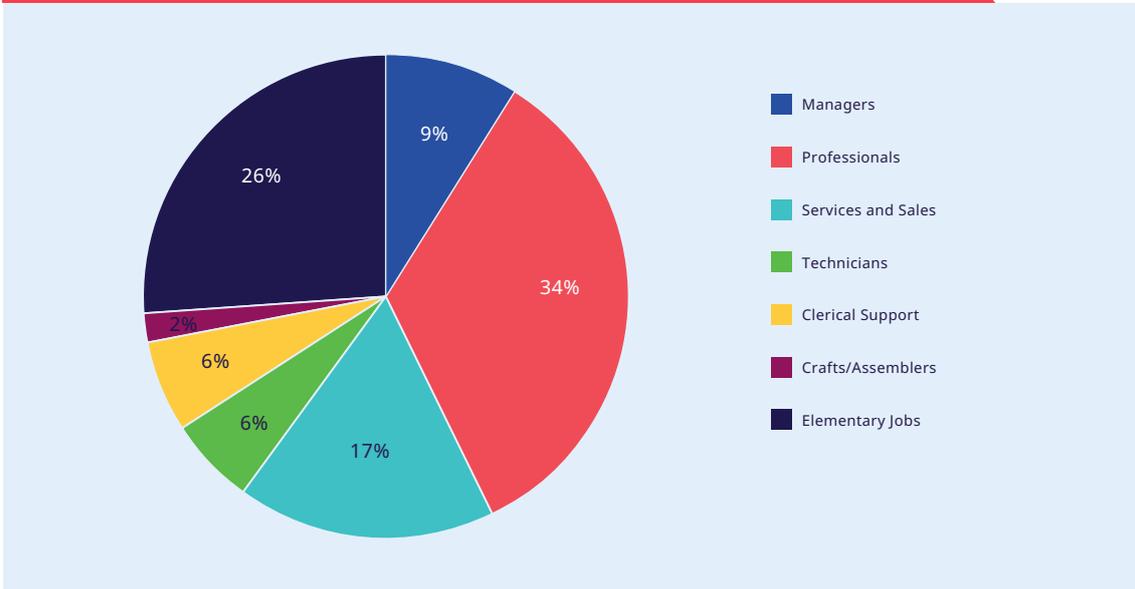
More than half the firms that reduced the number of employees during the pandemic (77 per cent) cited government-requested business closures as a primary reason (figure 10). This was followed by cashflow problems that prevented firms from being able to pay workers, despite sufficient demand for their products and services (65 per cent). Delays in payment from government contracts has been identified as a main reason behind difficulties in managing cash flow across the GCC. Actual declines in demand for goods and services was the third-most cited reason for reducing the number of employees (59 per cent), followed by difficulties in reaching customers and clients due to the pandemic (48 per cent). Other reasons that are often hypothesized to be issues of concern, such as health and safety measures, problems in sourcing materials, and the availability of skills, were not cited as major reasons for reducing the number of workers (only 24 per cent, 13 per cent and 11 per cent of firms, respectively, cited them as a primary reason). One issue worth noting is that 13 per cent of firms cited difficulties in rehiring or retaining workers. This response was not among those listed and firms were not prompted to provide this reason. As such, retaining existing workers and rehiring laid off workers could be an issue faced by a larger share of firms than indicated by the sample.



In terms of hiring, only 10 per cent of firms surveyed identified that there were specific positions in which they increased the number of people employed since the start of the COVID-19 pandemic. Here too, there was no clear relationship between increases in employment and firm size or firms with different shares of national workers (figure 11).

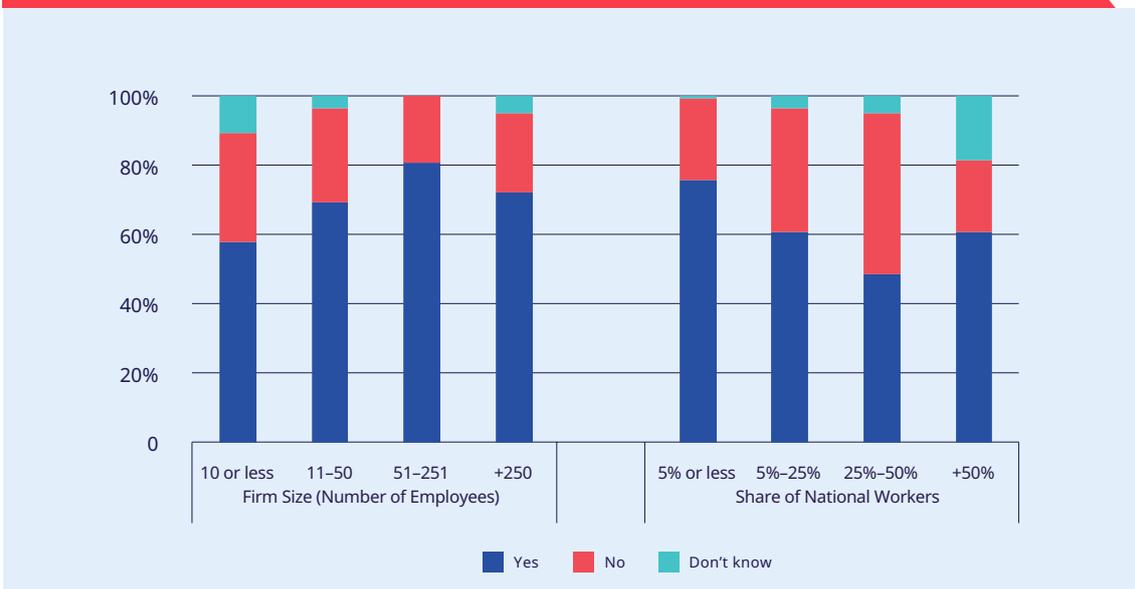


► Figure 12. Jobs with more workers

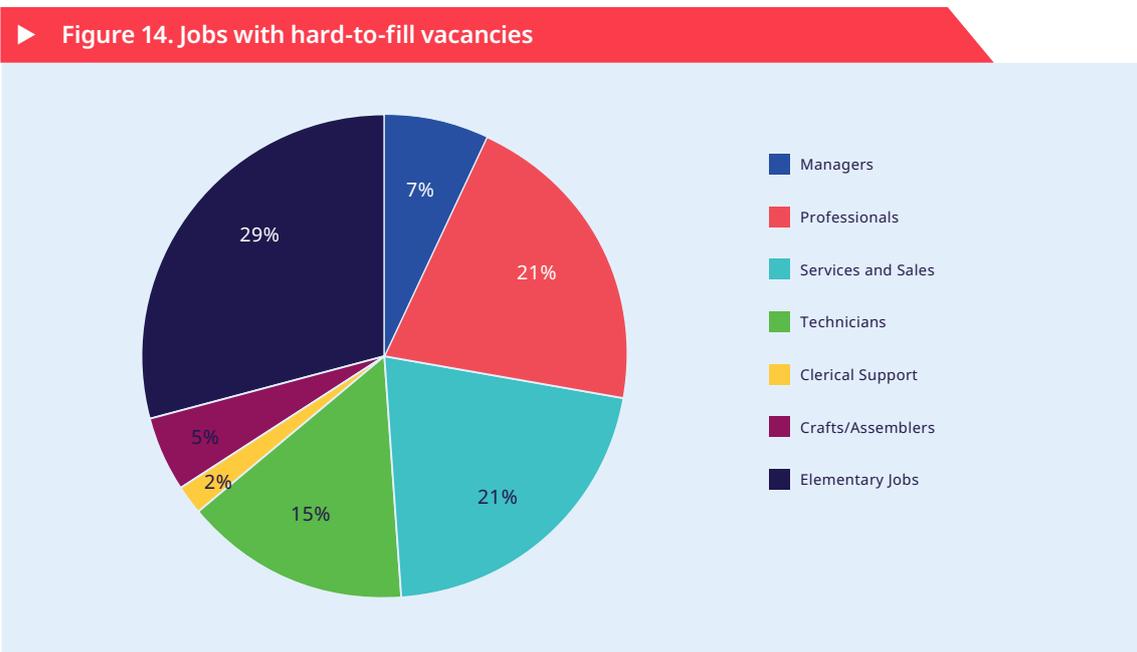


Among those firms that indicated that they had hired new workers, more than half the positions identified (51 per cent) fall into the management and professional category; that is to say, they tended to be high-skilled workers (figure 12). One-third of positions identified were lower-skilled occupations. However, given the large number of low-skilled workers in the labour market, this share is relatively low. Only 26 per cent of employed positions could be considered medium-skilled, involving technicians and sales and service workers. These findings confirm observations in the aggregate data that high-skilled workers have been more resilient to the pandemic than medium- and low-skilled workers. The main reason given by interviewed firms for hiring these extra workers was changes in business processes that required a different mix of skills (45 per cent of the firms). This was followed by a need to deliver goods and services to consumers through new and different channels and an increase in demand for specific goods and services due to the pandemic. New employment to implement health and safety measures was cited by 10 per cent of surveyed businesses.

► Figure 13. Since the start of the pandemic, have there been any vacancies hard to fill?

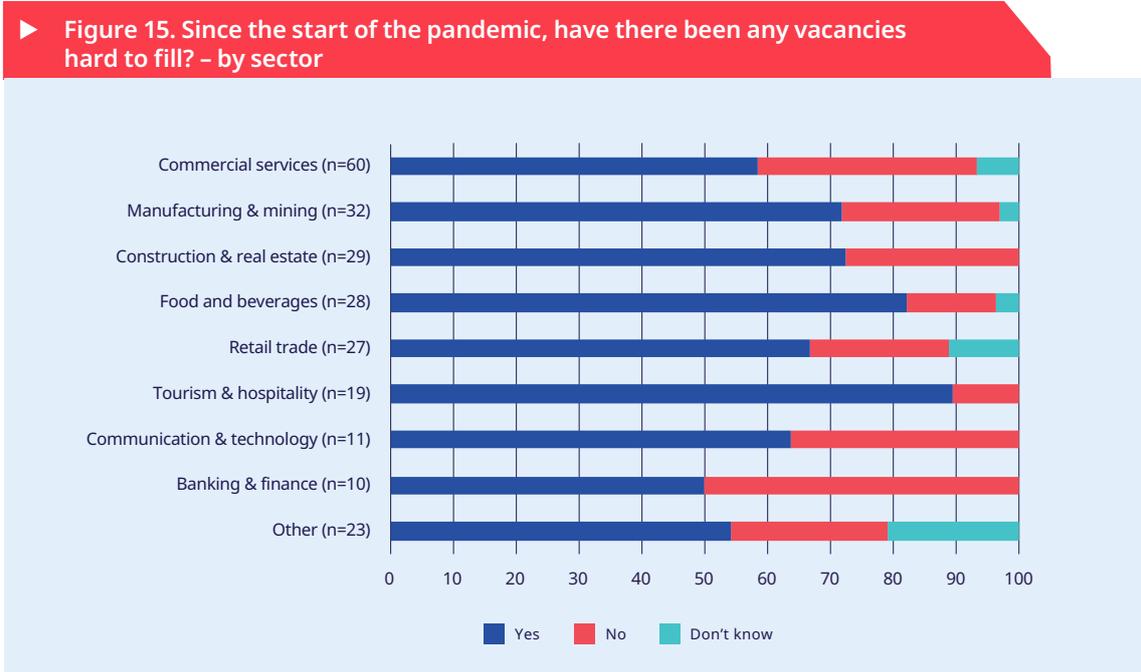


Finally, more than two-thirds of enterprises surveyed indicated that, since the start of the pandemic, there have been vacancies that were hard to fill. This applies even to enterprises that witnessed an overall decline in employment, suggesting that some of these declines could have been mitigated, in the aggregate, had firms been able to fill the vacancies they had. Generally, larger firms found it more difficult to fill vacancies, as did firms with smaller shares of national workers (figure 13). Hard-to-fill vacancies were distributed fairly evenly across skill levels (figure 14), suggesting that there is more to the story than simply the resilience of high-skilled workers in the face of the pandemic. Of special note is the number of medium-skilled vacancies that were difficult to fill involving technicians, service workers and salespersons. This suggests that skills mismatch may be an important issue, with the skills of medium-skilled workers being job-specific and less transferable.

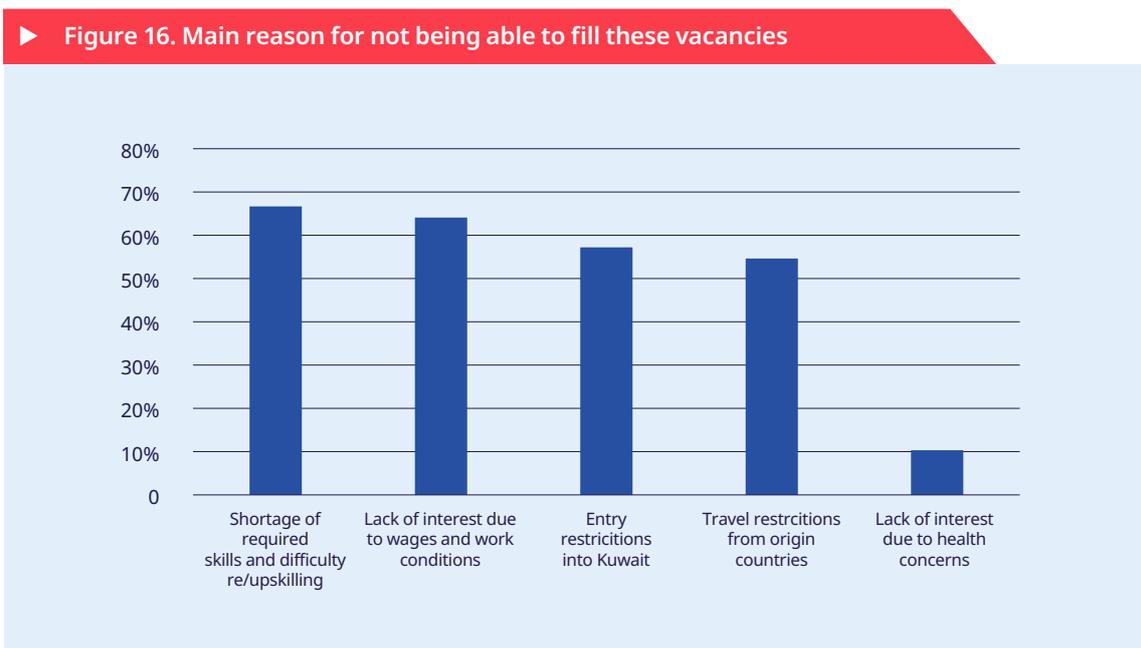


While the number of firm responses is too low to conduct a sectoral analysis, it might nonetheless be instructive to explore if there are any sectors that stand out as having vacancies that are hard to fill. The sectors in figure 15 are listed in order of the number of responses, indicating greater confidence in the estimates as one moves up the list. The survey results suggest that all sectors faced difficulties filling vacancies since the start of the pandemic. The food and beverages and trade and hospitality sectors stand out as possibly facing greater difficulties. Commercial services had relatively fewer issues.⁵

⁵ The sample size of the banking and finance sector (ten firms) is too small to mention in this regard.



The main reasons given by enterprises for not being able to hire employees for vacancies they had were mostly related to the local labour market. Firms identified a shortage of skills to fill the vacancies they had, with limited options for reskilling or upskilling available workers (67 per cent). When workers with the appropriate skills were identified, they were not willing to work for the wages or under the employment conditions being offered (64 per cent). Entry and travel restrictions in Kuwait and travel restrictions in countries of origin were also highly cited (57 per cent and 55 per cent, respectively). Thus, the pandemic prevented firms from recruiting foreign workers with the skills they needed. Again, lack of worker interest due to health concerns was minimal (10 per cent).

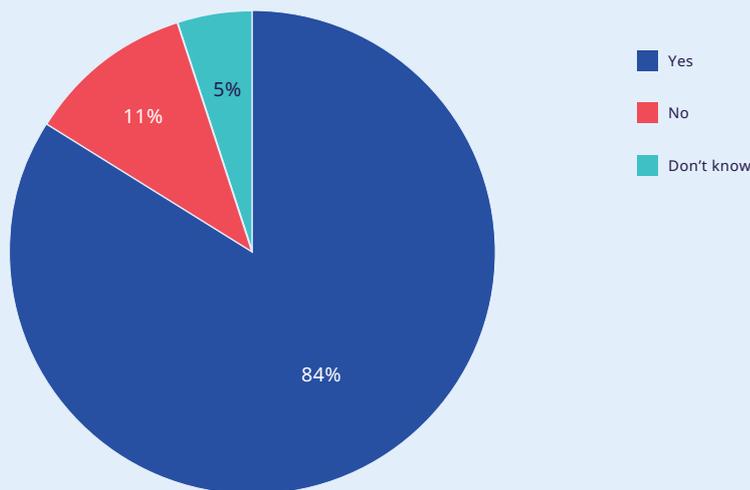


Future employment needs

Following the Omicron wave in early 2022, countries across the region and the world are hoping to return to normal economic activity as the pandemic subsides or becomes manageable. The International Monetary Fund (IMF) projects economic growth in the GCC to increase from 2.5 per cent in 2021 to 4.2 per cent in 2022 (IMF 2021b). However, to what extent will this anticipated economic growth translate into increases in employment?

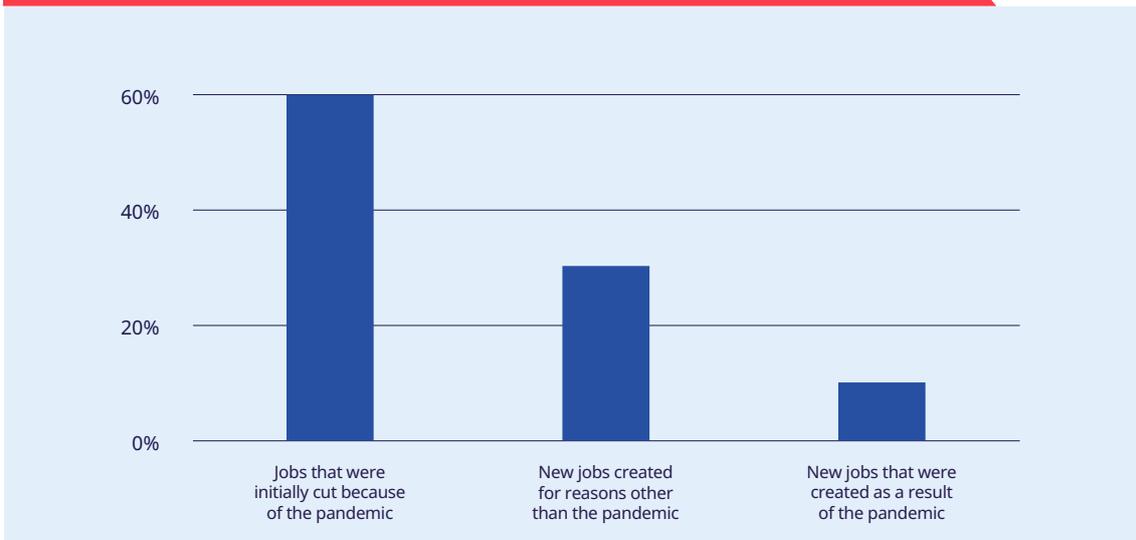
An overwhelming majority of respondents to the Kuwait employers' survey (84 per cent) indicated that their organization plans to recruit new workers in 2022. Only 11 per cent indicated that they had no plans to recruit (figure 17). This mirrors expectation of a return to normal economic activity and suggests that the return will be accompanied by more hiring. The fact that more firms indicated that they plan to hire as compared to those that indicated that employment decreased during the pandemic (figure 9 above) might suggest that firms may not have invested heavily in automation and human-job replacing technology during the pandemic, perhaps due to a lack of incentive to do so.

► Figure 17. Will you recruit in the next 12 months?



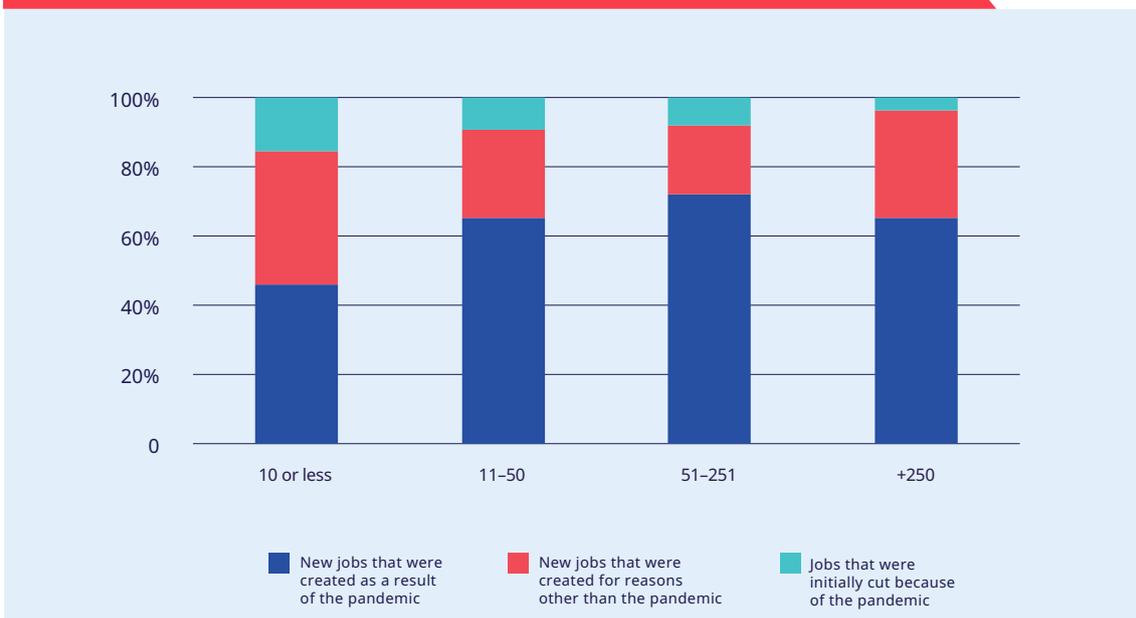
Surveyed employers indicated that 60 per cent of the jobs for which workers will be hired are re-hirings for jobs that had been terminated during the pandemic (figure 18). Only 10 per cent will be for new jobs created because of the pandemic. The remaining 30 per cent will be new jobs created for reasons other than the pandemic. Even though the exact number of new hires are not known, the pandemic appears likely to have had little effect on employment in the long run.

► **Figure 18. In which jobs do you plan to recruit the most workers?**

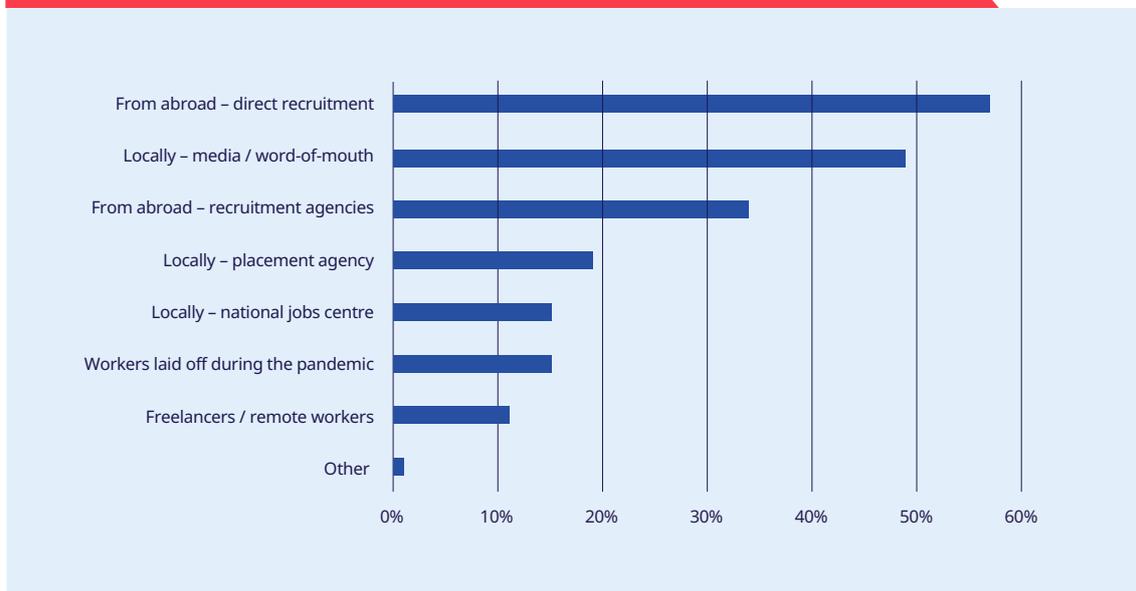


It is interesting to note that there are some differences with respect to firm size. It is mostly the larger firms that plan to recruit workers for jobs that had been terminated during the pandemic. Small firms are more likely to hire for jobs that were created because of the pandemic or for new jobs unrelated to the pandemic (figure 19). This may reflect that small firms have been forced to be more reactive and innovative in order to survive.

► **Figure 19. In which jobs will you be recruiting the most workers?**

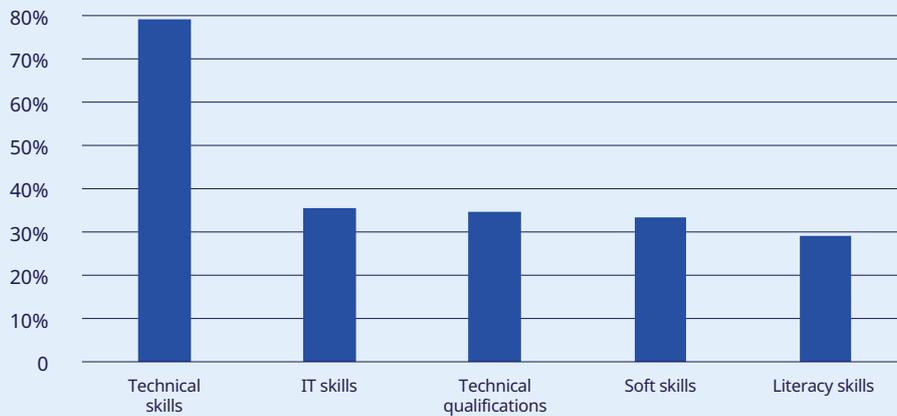


► Figure 20. How will you fill these jobs?



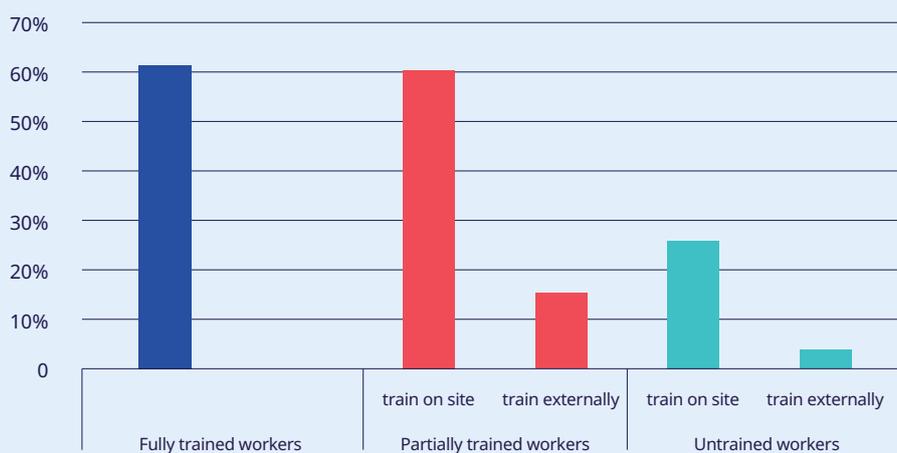
In total, 70 per cent of firms indicated that they plan to hire from abroad, either through direct recruitment (57 per cent) and/or through recruitment agencies (34 per cent). Additionally, 60 per cent of firms indicated that they plan to recruit from the local labour market, relying mainly on media channels and word-of-mouth (49 per cent) and to a lesser extent going through placement agencies (19 per cent) and national employment centres or job portals (15 per cent). Only 15 per cent of surveyed firms plan to rehire workers laid off during the pandemic, a far lower share than the share of organizations that laid off workers (see figure 9). This may indicate that laid-off workers are no longer available because they left the country or found another job. It may also reflect a view that workers are easily replaceable. Finally, 11 per cent of surveyed firms indicated that they plan to hire freelancers or remote workers (figure 20). This is a relatively low share considering that the pandemic created incentives for technology adoption and remote work. It might also reflect that a prevailing attitude that workers need to be present in the workplace remains entrenched among companies in Kuwait and, possibly, the wider region.

▶ Figure 21. What are skills you are looking for?



In terms of skills, 79 per cent of employers surveyed indicated that they are mainly focusing on technical skills and competencies when looking to hire people (figure 21). In addition, 35 per cent are looking to hire workers with industry-specific certifications or qualifications. Other skills sought include information technology (IT) skills (36 per cent), soft skills such as teamwork and problem solving (33 per cent), and language and literacy skills, such as good knowledge of English and Arabic (29 per cent).

▶ Figure 22. Recruitment and training

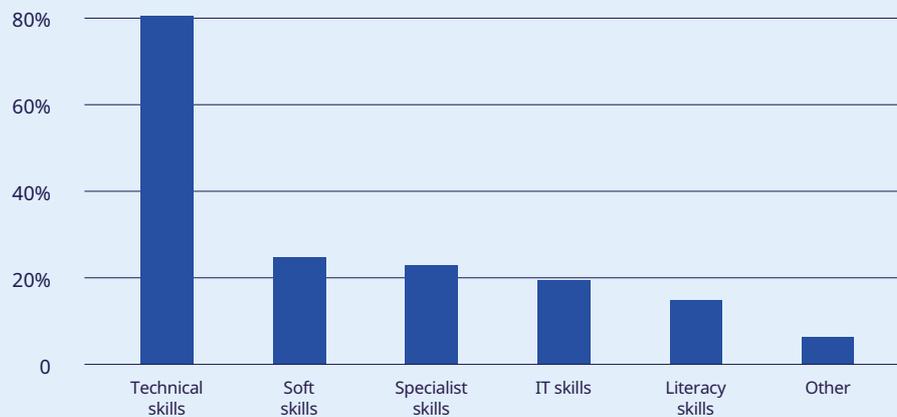


A majority of firms plan to recruit fully trained workers (61 per cent) or partially trained workers and train them on site/on the job (60 per cent). Around one-third of firms plan to recruit untrained workers and train them on the job. For the most part, firms do not appear interested in using external training providers to train partially trained or untrained workers. These findings, together with those in figure 16, suggest that policies that promote the pre-recruitment application of technical qualifications and certifications rather than post-recruitment training support would be most helpful to firms in Kuwait in filling vacancies faster.

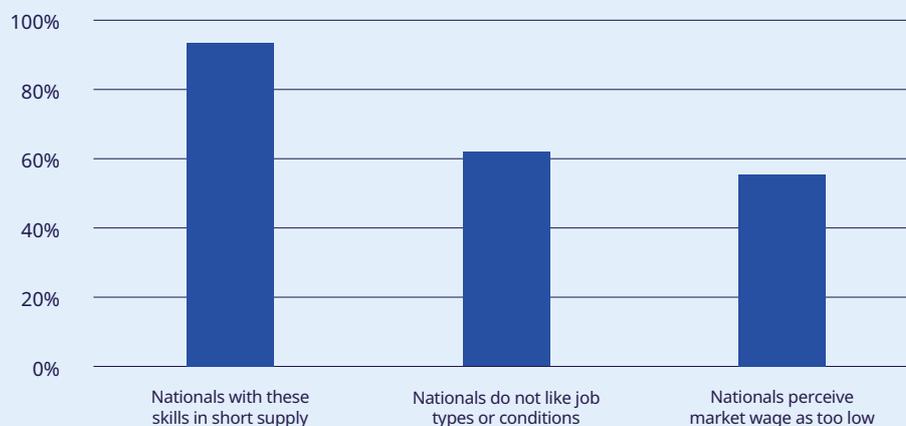
The skills of national and foreign workers

As discussed, the private sector in Kuwait is predominantly staffed by foreign workers. National workers mainly work in the public sector and hold management positions in the private sector. Thus, the skills of nationals and foreign workers tend to be complementary. While there is a national effort to encourage nationals to develop their technical skills, 83 per cent of firms surveyed indicated that it is hard to find national staff with the technical skills they need (figure 23). There is less of an issue finding nationals with other skills, including soft skills (25 per cent), specialists (23 per cent), IT skills (19 per cent), and literacy skills (14 per cent). Only 11 per cent of firms surveyed indicated that they had no issue identifying the skills they need in the national workforce.

► Figure 23. Hard to find skills among nationals

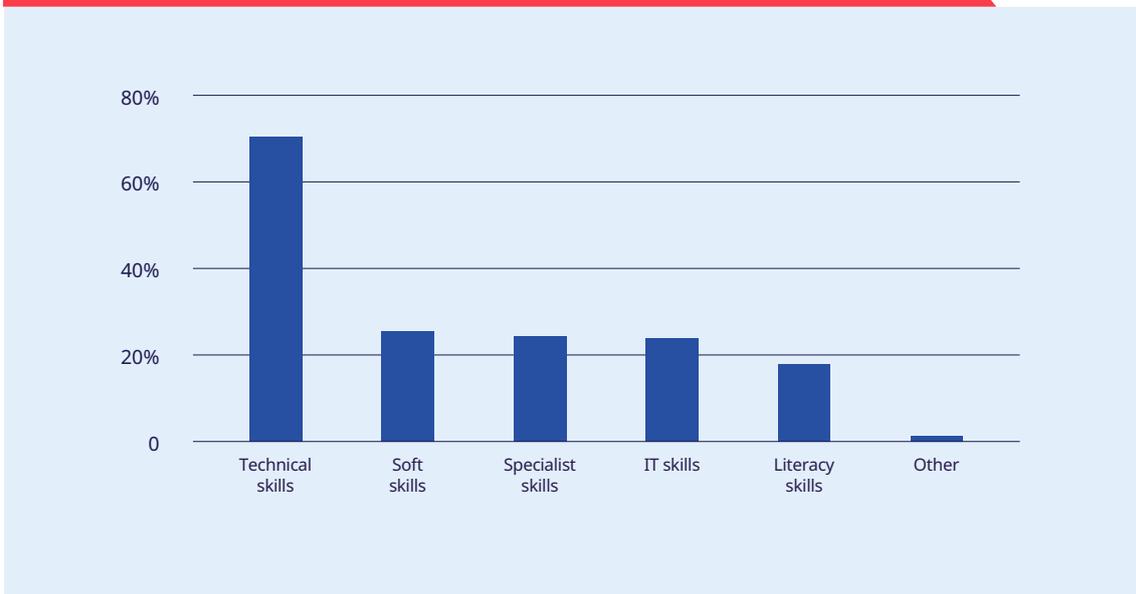


► Figure 24. Why is it difficult to hire nationals with these skills?



A number of reasons were cited for their difficulty in finding nationals with the required skills. By far the most prevalent issue is that nationals with the required skills are simply in short supply, as noted by 94 per cent of firms surveyed (figure 24). The other reason is that national workers with the required skills do not accept the jobs on offer, either because of issues with the working conditions or the nature of the job itself (62 per cent) or because the prevailing market wages do not meet their expectations (56 per cent). This is not surprising, as other research has shown that national workers expect that jobs will be aligned with wages and benefits in the public sector, which incorporate a premium for nationals supported by revenues from natural resources. There are substantial differences in wages, benefits and roles that are maintained between national and foreign workers in the public sector. Such arbitrary distinctions are less prevalent in the private sector.

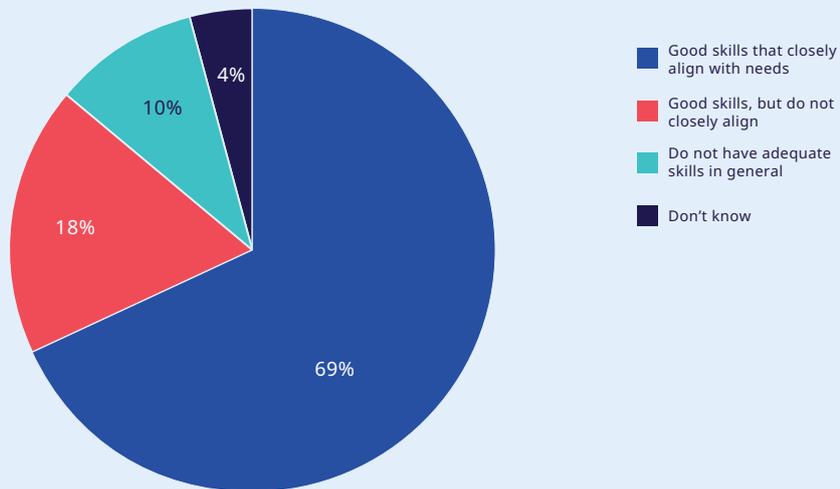
► Figure 25. Hard to find skills among foreign workers



Interestingly, 71 per cent of employers surveyed also identified technical skills as being difficult to find among foreign workers (figure 25). Difficulty in finding other skill sets were reported at rates similar to those of national workers. However, the reasons given were quite different. The main issue with finding foreign workers with the right skills is due to entry restrictions, such as visa restrictions imposed by the Kuwaiti Government (66 per cent) and travel restrictions, ostensibly due to the pandemic (62 per cent). Also, 38 per cent of respondents identified the lack of competitive wages as an issue. To a large extent these are barriers that can be addressed through policy adjustments, as compared to skills deficits in the national workforce that are structural in nature.⁶

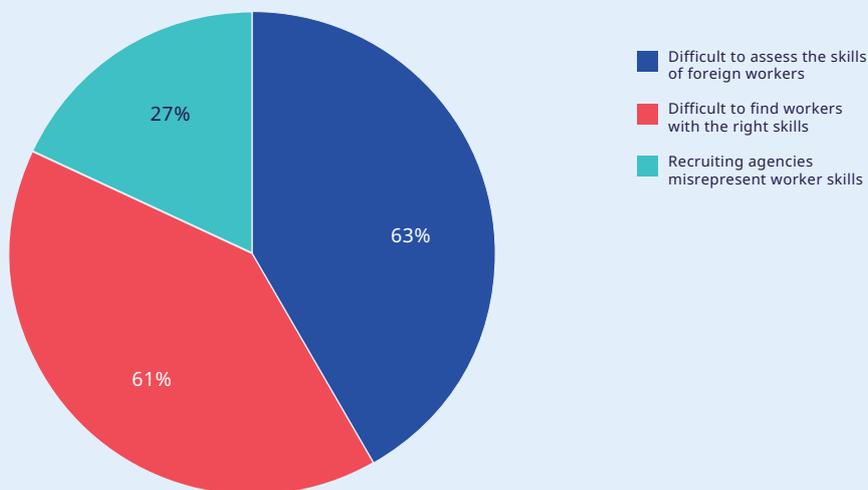
⁶ The survey focuses on issues in Kuwait and is not able to assess issues in sender countries that might be contributing to skills gaps. For example, sender countries may have no system to know what occupations are in demand and the skills sets that are needed for those occupations in order to train their workers accordingly.

► Figure 26. Alignment of foreign worker skills with business needs

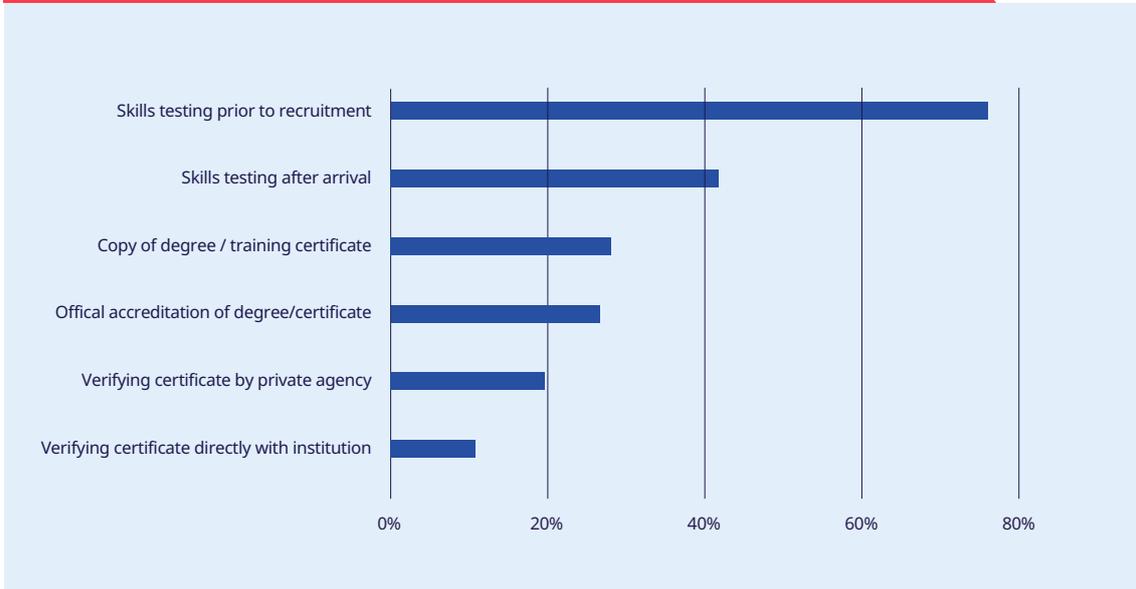


A large majority of survey respondents (69 per cent) were quite positive in terms of the quality of foreign workers' skills and alignment with the business needs of their firms (figure 26). A further 18 per cent indicated that foreign workers' skills were good, but not well aligned with their needs. Only 10 per cent indicated that the skills of foreign workers were not adequate. The main reasons surveyed firms gave for skills misalignment among foreign workers, when they did occur, was due to difficulties in assessing their skills (63 per cent) due to lack of common systems and the prevalence of qualifications and certifications that do not accurately reflect the skill levels of foreign workers. Firms also faced difficulties in finding workers with the right skills for their needs (61 per cent), an issue highlighted above. In addition, a minority of firms (27 per cent) indicated that recruiting agencies tend to misrepresent the skills of workers they send to them (figure 27).

► Figure 27. Main reasons for misalignment of foreign workers skills



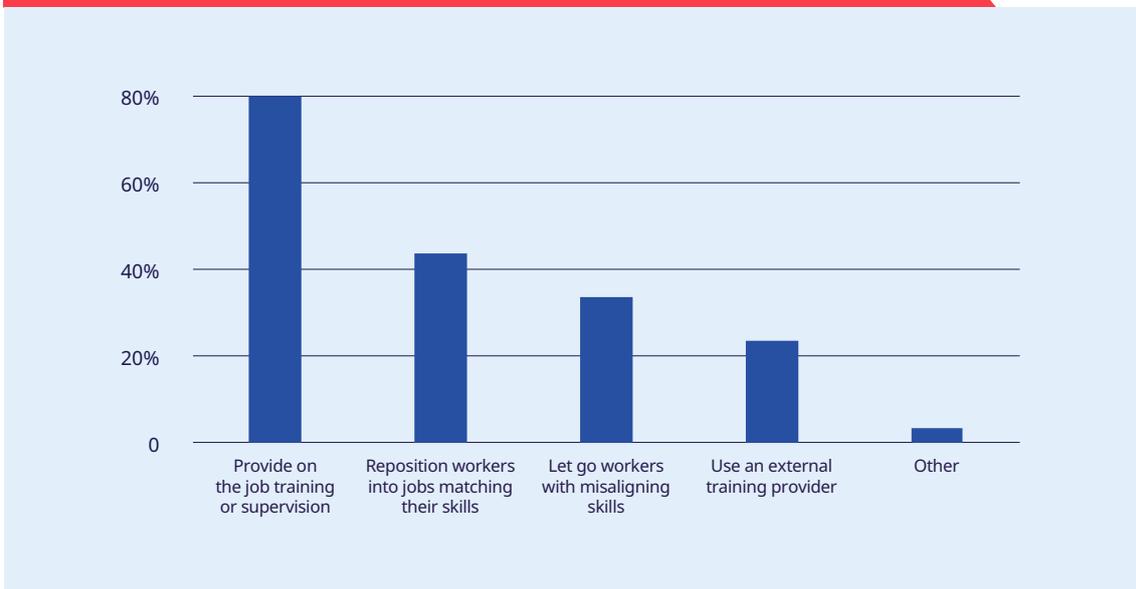
▶ Figure 28. Assessing foreign workers' technical skills



Surveyed firms indicated that they do make a considerable effort to assess the skills of foreign workers (figure 28). In terms of technical skills, 64 per cent of firms surveyed test workers' skills prior to recruitment and 42 per cent test their skills after their arrival. Around 28 per cent are satisfied with viewing a copy of workers' education degrees or training certificates, but significant shares require verification of the degrees or certificates, either by means of official accreditation (26 per cent) or through a private agency (19 per cent) or by contacting the training institution directly (11 per cent).

Finally, when faced with a misalignment of skills among foreign workers, firms are most likely (80 per cent) to provide the workers with on-the-job training or supervision (figure 29). A further 43 per cent would reposition workers into jobs that match their skills, 33 per cent would let workers go. Only 23 per cent indicated that they would use an external training provider, mirroring the low usage of external firms in recruitment and training mentioned above.

▶ Figure 29. Dealing with skill misalignment among foreign workers



► 5. Key findings and policy analysis based on discussions with key stakeholders

The survey results confirmed many of the findings of the desk research and the analysis of official data in Kuwait. Overall, several key points emerge from this study. In terms of the actual impact of the pandemic, low-skilled foreign workers were the most heavily impacted. This segment of the population lost a total of around 260,000 jobs between December 2019 and December 2021. Survey respondents indicated that the bulk of those layoffs were the result of government-mandated business closures, cashflow problems, decline in demand for goods and services, and difficulties reaching customers due to the pandemic. Meanwhile, Kuwaitis gained around 35,000 new jobs. However, these gains were entirely in the public sector, Kuwaitis lost around 1,000 jobs in the private sector, suggesting that nationals were not replacing foreign workers in the private sector.

The surveyed companies expect to recover most of these employment losses following the pandemic. An overwhelming majority indicated that their organization plans to recruit new workers in 2022. Moreover, 60 per cent expected that they will be recruiting for jobs that were initially cut due to the pandemic. This mirrors an expectation of a return to normal economic activity and suggests that the return will likely be accompanied by more hiring, possibly with the aim of returning to pre-pandemic levels. However, interviews with key stakeholders suggested that online platforms that were built to accommodate changes in the delivery of goods and services during the pandemic will continue to operate and require employees to develop, expand and maintain them, suggesting that some new jobs that were created will persist in the long run.

Indeed, a disproportionately high percentage of the jobs gained during the pandemic were in the management and professional categories, which are high-skilled jobs. The main justification for those hires was a demand for new skills, the emergence of new channels for the delivery of goods and services, and increases in the demand for specific skills due to the pandemic. But such new jobs are not expected to exceed 10 per cent of new hires in 2022. Furthermore, most of these high-skilled new jobs are being taken up by foreign workers, not nationals. Kuwaitis continue to gravitate to public sector employment. Moreover, when it comes to the tasks of developing and maintaining digital platforms to reach customers, key informants interviewed for this report have reported that companies often outsource those jobs to foreign companies, citing lower costs and ease of doing business internationally on the digital front.

The reasons identified in the survey for the continued low uptake of Kuwaitis in the private sector confirm findings of previous studies. Firms reportedly face difficulty finding nationals with the desired technical skills. Importantly, these skills are not the same as certificates and qualifications (35 per cent of firms reported that they were looking for technical qualifications, while 83 per cent were looking for technical skills). Key informant interviews shed some light on the distinction. Qualifications do not always reflect actual skill and experience; and that is not necessarily a function of where a person received their degree. This is particularly true for jobs that require more in the way of “hard skills,” such as healthcare, engineering, computer science and data science.

Moreover, employers do not perceive experience in the public sector to be an effective means of turning qualifications into actual skills. This puts most of the training burden of Kuwaitis on the employer, which is not always possible. Many firms do not have the capacity for internal training. Indeed, most employers were interested in recruiting fully or partially trained workers. This training burden is perceived to be less for high-skilled foreign workers who are more likely to arrive with real experience. This issue is also compounded by the easy availability of public sector jobs for Kuwaitis. As a result, most surveyed firms expected Kuwaitis to not accept their job offers, often because the prevailing market wages would not meet their expectations.

These findings shed light on one area of divergence between the results of the survey, which highlights a skills and willingness gap among nationals to take on jobs in the private sector, and the public policy during the pandemic of letting foreign workers go with an eye to eventually replacing them with national workers. This latter position is also reflected in a survey of Kuwaiti CEOs conducted a year earlier by Al-Qudsi et al. (2021). Public officials and CEOs appear to be more aspirational about the abilities of national workers to take on these roles, whereas survey respondents, who tended to include more director level staff, have been more reflective of the realities on the ground. This is not to say that change cannot take place, only that it will take a concerted effort to change the nature of the Kuwaiti labour market and to prepare national workers, both technically and psychologically, to become productive workers in the private sector. Such an effort would also have to carefully consider how jobs are being outsourced to other countries, and whether such outsourcing effects job availability for Kuwaitis.

Employers felt that technical skills among foreigners were also lacking, but primarily due to entry restrictions and the pandemic. In fact, they felt positively about the quality of foreign workers and the alignment of these workers' skills with their enterprise's needs. And when misalignment did occur it was mainly due to difficulties in assessing the skills of the workers, but those mismatches were thought to be correctable through training and repositioning. The pandemic, however, created restrictions in what was a more freely flowing labour market. Combined with the new push to nationalize the workforce, entry and mobility restrictions created a real gap in the supply of workers. As a result, more than two-thirds of employers indicated that they have had vacancies that were hard to fill, and that was true among all skill levels. Moreover, employers reported difficulties with the retention and rehiring of workers, which suggests that the labour market is suffering from a low supply of labour, and that existing labour may be enjoying competing offers.

For example, restrictions on foreign labour in Kuwait affected the availability of drivers in the labour market during COVID-19. The pandemic saw a significant increase in the demand for drivers, given their crucial role in the delivery of goods and services to clients. Even though taxi drivers were hit by the decline in tourism, drivers from that industry were not able to transition to other industries. This was exacerbated by legal limitations restricting foreign workers from obtaining driving licenses. In order to be eligible to obtain a driving license for occupations other than taxi driver, migrant workers have to have been in Kuwait for at least two years, earn a monthly salary of 600 dinar, and have a university degree (United States, ITA 2020). This is well below the market wage for drivers within the country and the majority of foreign workers do not have a university degree. This created a scarcity in the availability of drivers that was crippling for many companies and made their transition to online delivery systems costly. Such struggles could have been easily addressed through an ease of restrictions on mobility and driving.

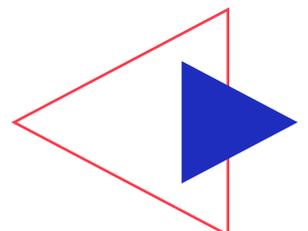
Overall, the pandemic has shed light on the insecure employment situation of foreign workers in Kuwait. Despite the key role foreign workers play in supporting private sector activity, they remain vulnerable to visa cancellation and deportation. This is particularly true for low-skilled foreign workers. Such insecurity was exacerbated during the pandemic due to layoffs and the susceptibility of the crowded conditions of foreign worker camps to the spread of the virus. In the case of Kuwait, the *kafala* system has long tied employees to their sponsors and limited their workplace mobility (Oliver 2020). Given the predominance of low-skilled labour in the market, the fact that the skills of foreign workers were reported to be aligned with employee demands may not be because they have the required technical skills. Instead, it may be because they are expected to perform jobs that require less advanced skills. They are also simply open and willing to work for lower wages and under more precarious circumstances.

This might also explain the reported openness of employers to training foreign employees on the job while being less inclined to use training providers that cost money. Training foreign workers is not perceived as a priority. Rather foreign workers are viewed as replaceable. Moreover, employers may hesitate to support the training of low-skilled employees because it would make them more expensive and/or harder to retain. As such, there are few opportunities for foreign workers to develop and grow professionally within the country. While this approach reflects a prevailing attitude in the Gulf region,

and while it is a condition that foreign workers are resigned to dealing with, it is not entirely clear that it is in the best interest of employers either. Research has repeatedly demonstrated that workers are more productive in organizations that value them, provide them with a modicum of security, and support their professional development.⁷ Worker satisfaction and productivity then translates into higher returns for the enterprises themselves.

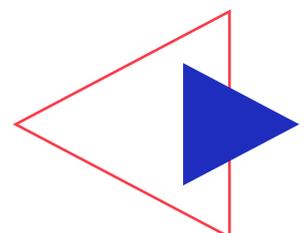
Moreover, the prevailing attitude towards foreign labour is not sustainable in the long term. It results in a private sector that is susceptible to shortages in labour supply, especially in a domestic environment that experiences frequent changes in immigration policy and in a global environment that is susceptible to volatility from economic and financial crises, pandemics, climate change, digitalization and conflict. Improving the mobility of labour that is already available within the country and enhancing the diversity and depth of their skillsets will provide the private sector with a more reliable labour market within Kuwait regardless of immigration policies or global challenges. This can address lags and delays in the supply of necessary labour and prevent shocks that result from changes in the ease of recruitment and retention of labour from abroad. Workers that are already in the country also have a deeper knowledge of local culture and employment needs and are able to more quickly adapt to the needs of new employers within the county.

7 See, for example, Koster, de Grip, and Fouarge 2011.



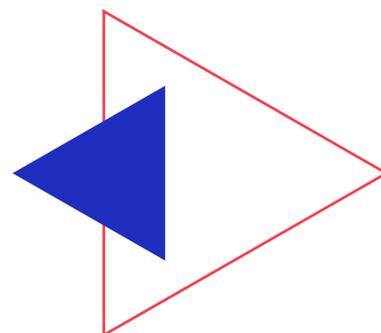
▶ 6. Considerations for policy

- ▶ While the pandemic did create some new employment opportunities in the private sector, those jobs are primarily being filled by foreign workers, which will likely continue to be the case until the skills of nationals become better aligned with the needs of employers. This is a long-term proposition that requires reforms to public sector hiring that make private sector options more attractive, including technical and vocational courses of study. Nationals currently can gain access to public sector jobs through degrees in such subjects as literature or humanities. Incentivizing fresh high school graduates to pursue more technical courses of study can enhance their positioning for employment in the private sector in the long term. Another important issue is a lack of work experience and limited transferable skills acquired from the public sector. This can be amended through well-designed internships and exchanges with the private sector. However, the success of such skills and education policies and, consequently the desired increase of nationals in the private sector, is strictly dependent upon the implementation of serious structural changes to reduce the wage gap (and benefits) between the public and private sectors.
- ▶ Low-skilled foreign labour in Kuwait have been the most impacted by the pandemic. Policies should be geared to better supporting this segment of the population, which represents the largest group of workers in Kuwait. Instead of reconstructing the country's demographics through restrictions, the shortage of labour supply associated with the pandemic can be used to enhance labour training and greater internal labour market mobility for foreign workers. Indeed, the pandemic and resulting shortages in labour supply offer a rare opportunity for improving the situation of low-skilled foreign labour while also addressing the needs of the business sector. Those needs can be further advanced through fostering bilateral agreements that share information about the skills that are in demand in receiving countries, thereby encouraging sending countries to foster and develop those skills within their populations. The pandemic also exposed vulnerabilities associated with workers' housing conditions and restrictions on driving, making those important areas for policy action. Other important areas for action include standardized employment contracts, better project tendering procurement procedures, and fair, ethical, and compliant recruitment (Jureidini 2016).
- ▶ Accredited recruitment agencies from countries of origin can play a stronger role in facilitating the recruitment of foreign labour. The survey showed that Kuwaiti firms often face challenges with assessing the skills of foreign workers due to a lack of harmonized systems and the fact that the qualifications and certifications of foreign workers do not accurately represent their skill levels. Accreditation by the Kuwaiti Government is reportedly slow and often misleading. Seeking a stronger role from countries of origin in this process may help in facilitating and improving it. Fostering Mutual Skills Recognition Agreements (MRAs) through bilateral agreements between sending and receiving countries is key to address this challenge. Embassies can also help fill this gap through developing relationships with firms through their commercial offices. However, recruitment agencies should be monitored closely to avoid malignant practices such as charging workers to secure employment. The need for such collaboration was expressed in several interviews with both firms and embassy officials.



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