

General Articles

HUMAN CAPITAL FORMATION IN THE GULF AND MENA REGION

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Abstract – *In the ‘knowledge’ economy the provision of high levels of human skills and competencies in generating wealth are crucial. Recent developments in theories of human capital formation are particularly relevant to the Gulf and MENA regions. Recent reconfigurations of the theory in the West are discussed; much local work needs to be done to reshape theory to make it useful in the Middle East. Understanding of entry into the labour market in the West has become more sophisticated, and the impact of the global economy on skills and employment has been investigated. Despite great variation amongst Gulf and Middle Eastern states, issues relating to employment, education and training are of widespread concern. Coordinated planning and policies and the role of government there are important, and a critical factor is the ability of individuals, firms, institutions and even cultures to learn from technological innovation and change and thus to indigenise it successfully.*

Introduction

Although systematic work on human capital theory has been available for nearly forty years, significant developments have taken place in the last decade which have sharply increased its interest and relevance for development. It is of particular importance to the Gulf and to Middle Eastern and Mediterranean (notably North African) countries insofar as they lack raw materials and have limited supplies of water. They will not easily be able to follow the conventional (and outdated) path of industrialisation. Some also have serious problems of providing employment for populations where natality is still quite high and are likely to have to look to the fields of services and hi-tech employment. Yet experience from the Far East suggests that in the so-called ‘knowledge’ or ‘information’ economy, location and availability of raw materials are less important than the provision of high levels of human skills and competencies in generating wealth in what have been regarded as unpromising regions. Yet it is not enough to rely simply on the provision of quality education and training, leaving the rest to the market. Amongst the advances that have recently

characterised human capital theory is a much greater willingness to take these other conditions into account, that is, to attend to the wider political, social and cultural context, as well as to take a more sophisticated view of individuals as choice-makers.

Both in the Gulf (Badri, 1997) and in the Maghreb (Zawdie and Djeflat, 1995) writers have stressed the need for improved planning and regulatory activities of government, particularly in coordinating policies for science and technology, employment, education—particularly higher education—and overall development. Moreover, for countries which have received support from the World Bank and the IMF, structural adjustment policies designed to correct imbalances in the economies have, in the past, tended to hit education and training hard, and the legacy is still with us (Carnoy, 1995). It includes, for example in Egypt, classes of seventy students, often no reprographic facilities and limited teaching aids.

It is not my intention here to propose an overarching perspective on human capital formation in countries in this region which differ so widely. The Gulf States are often similar in their human capital policies, though Saudi Arabia is a special case. All rely heavily on imported skilled and professional labour, and except in Saudi Arabia, most male teachers are foreigners on contract. Educational systems are only twenty or thirty years old, higher education for locals is generous, but the public school systems struggle to keep up with births. They are under-resourced and there is much repetition of years by students, under-achievement, drop-out and excessive reliance on tests and examinations. At secondary level technical and vocational education is often a neglected poor relation. The modern sector relies on the expatriates; sectors such as government bureaucracies which employ locals are less sophisticated and require training. In the Maghreb, industry and scientific and technical development are much better developed than in sub-Saharan Africa, but the states vary widely. Morocco has a rudimentary market economy, and very low enrolment in elementary education. Algeria, though the most sophisticated and developed, has great problems of policy coordination, and much graduate un- and under-employment because of education/employment mismatches, in large part, and an obsolescent technological infrastructure which it has not been able to renew. Tunisia, though developed in the fields of textiles and tourism in particular, is having difficulty in keeping up with modern technological applications. The MENA region has been deteriorating technologically; unemployment remains widespread. A full discussion of these conditions is to be found in the proceedings of the MAGHTECH International Conference, Sfax 1994 and the Winter, 1995 volume of *Science, Technology and Development* which presents papers from it.

Rather than attempting to distinguish in detail among these countries, I offer a number of ideas and arguments derived from Western experience, the conference on Sustainable Development in the Gulf, Exeter, 1998 and findings by Exeter doctoral researchers over the last decade.

Human capital theory

Much has happened since the foundation work of Schultz (1961) and Becker (1975). Kossaifi (1998) has argued that the theory was elaborated in the West and Japan when experience clearly showed that post-war reconstruction required a skilled labour force. This strategy proved to be unsuccessful in developing countries. For a period theory was able to emancipate itself from a purely economic context so as to relate more fully to social and developmental issues such as poverty and employment conditions. Later, however, under the influence of Reaganomics and the more hard-nosed Thatcher outlook, it returned to narrower concerns with the economy so that social, political and cultural issues were relegated to a secondary role. More recently, it has been gradually accepted that economic growth by itself is not enough as a national aim. More balanced development socially, culturally, in health, general education and even politics, have come to be seen as a better guarantee of sustained well-being. The investment policies of bodies such as the World Bank and the IMF have moved somewhat in this direction, as have the emphases in their publications. Providing people with competencies and capabilities requires also the promotion of conditions in which they can be put to use. This raises issues of rights, opportunities, choices, and ultimately political participation and the growth of civil society that will contribute to the pursuit of equity, social cooperation, the empowerment of weaker groups, of trust and the remoralisation of work. As we shall see below, these more recent reconfigurations of the theory are actively discussed in the West because of recent changes in the nature and volume of work available and because of major issues that have arisen which relate to education and training.

Such discussion is less visible in the MENA region, especially in the Gulf where the labour market is influenced, not to say deformed, by complex demographic, cultural, social and political considerations as well as by large scale employment of contract workers. Building up human capital needs to be coordinated with the creation of employment opportunities for skilled personnel and graduates by successfully indigenising technological capability; but as Zawie (1995) notes, perverse and uncoordinated policies have neglected this. If the economies seek to survive by low cost labour and lock into a low technology equilibrium, human capital is likely to take flight abroad. Algeria

has not been able to make use of its nationals abroad because of political agendas (Oukil, 1995)

The oil-rich states of the Gulf, at any rate, are unlike what are conventionally thought of as developing countries in many respects, notably in having highly developed infrastructures and communications systems, far less visible poverty, and well-developed social services for citizens. They are rentier states, more orientated to distribution than to productivity. Civil society in the laicised Western sense is less in evidence, though growing. In many states there is a very large population of migrant workers at all levels including technicians and professionals, the less skilled of whom live outside society. There is a long history of conflict in the region, which has led to disproportionate and long-continued investments in armaments and military expenditure which also distort the economies, and to some extent employment and training, because of defence activities. Social differentiation and stratification retain ascriptive elements but have been influenced by access to oil-wealth and to educational qualifications (Hermassi, 1993). Much work needs to be done to reshape current human capital theory to accommodate it and make it useful in this special set of contexts. It will have to be empirically based and largely done by locals to take account of the considerable variation in the region. It will enrich Western thinking when results are fed into existing theory.

Recent discussions of human capital formation in the UK

Two major interacting streams of writing have appeared in the nineties relating to human capital formation. The first consists of re-analysis and criticisms of older theoretical formulations (Fevre *et al.*, 1999; Avis, 1998; Killeen, 1999; Ross, 1997). These seek to extend existing theory from its predominantly economics-based origins to take serious account of historical, geographical, cultural and social-psychological factors, amongst others. This writing is intended to reinsert older theory into the more complex world of social relationships in which choices about education, training and work-participation are made.

Such decisions when scrutinised in the field turn out to be more messy than is allowed for in the tidy-minded models of the labour market envisaged by economists. Recent work describes processes of opting for work and training more convincingly than those which characterise participants as rational egoists with good access to market information, the model of humans that underlies most of the older understanding of human capital theorising. Much of the work on which these criticisms is based is drawn from detailed empirical work in the

field. Most was carried out during the recent period of difficult employment conditions and generally unsatisfactory national initiatives to promote training and skilling the younger workforce during the eighties and early nineties. Considerable research along similar lines and informed by sophisticated theoretical understanding, would clearly be required to produce a well grounded and convincing human capital theory adequate to conditions in the Arab and Maghreb world. Even in the relatively small Gulf States this would be a formidable undertaking, and if extended to be faithful to conditions in societies as different as Lebanon, Saudi Arabia, Egypt, and the North African states, it would be even more so. Given the chronic problems surrounding employment throughout the Middle East and North Africa, without doubt one of the most central problems they all face, and the associated problems of vocational education and training, the need for systematic and well grounded knowledge is a high priority.

The second stream is at a much higher level of generality. It is of importance for longer term planning and policy, whether at the level of the state or of the institution. It aims to relate issues now seen to cluster around human capital theory to the conditions of the global capitalist market system, and to post-Fordist patterns of work organisation. It also seeks to understand how they link to the knowledge or information economy, and to associated concerns of reforming education and training for a high-skills economy. Undesirable outcomes such as reward polarisation and the plight of those at the bottom of the employment heap are considered. Such writing amounts to an inter-related set of visions, discourses, projections and imagined life-styles thought likely to be characteristic of the next century.

The former of these two streams focuses mainly on the decision processes of individuals, influenced by family traditions, by local sub-cultures and by actual experience about whether to participate or not in education and training (Hodkinson, 1996). Deeper understanding of these processes is of particular importance for planning education and training and entry into work in the MENA region. The latter stream is much more imbued with speculations and interpretations relating to the role of national economies, with the politics of social justice in access to privileged work and rewards. It also includes ideological arguments about the role of the market and drawing lessons from, for example, the 'little tiger' economies and how their achievements might be generalised.

By way of illustration: it seems at present most unlikely that the Gulf States would be able to use nationals, or even to import labour sufficiently cheaply, to compete on a low-technology/low wage basis as more of the East Asian countries such as Malaysia, Indonesia and Vietnam come on stream as

productive economies. Even for Saudi Arabia the bonanza times of oil revenues are over and unlikely to return, yet natality is high and prolonged unemployment with reduced welfare would threaten the precarious legitimacy of these autocratic societies with unrest. Current labour market arrangements are likely to have to be further modified, with important implications for nationals. The rather weak state school systems and excessive expectations of locals mean that these states are not well placed to move quickly to become knowledge-based economies with technologically sophisticated labour forces using nationals in the private sector.

Whilst, then, the oil-rich states are embedded in the world economy by their oil exports and invested profits, by entrepot trading, increasing tourism, and perhaps even by the large numbers of their students who study abroad, the impact these more recent ideas on human capital planning are likely to have in the region is not very clear. This issue ties in with the large amount of work that has been done on labour migration, including of professionals, from other Arabic speaking regions and elsewhere. There are not a great many empirical studies in European languages of the labour market in well-educated nationals. There is a research area here. Again as an illustration, it would be interesting to know more of the work destinations of the large cluster of higher education institutions in the Sharjah/Dubai/Abu Dhabi region especially when the large campus with five institutions at Sharjah comes on stream. With the Polytechnic and Higher Technical Colleges, these higher institutions must now number around a dozen in the UAE, excluding private colleges with franchised degree courses. It was pointed out at the 1997 Exeter Conference on Higher Education in the Gulf, that it costs three times as much to employ a national as to buy in a qualified contract worker. Nationals expect a life contract and are difficult to dismiss. Of late, the most common destination for graduates has been the government bureaucracy. Here again the good days are gone and it may take eighteen months to two years before employment can be found in this field for new graduates.

Evidence from the MAGHTECH Conference suggests that North African countries still try to compete on a low wage basis. Oukil (1995) claims that firms often prefer low skilled workers who make few demands to more skilled workers who demand conditions of employment that firms are unwilling to provide, particularly in Morocco. But Zawie (1995) contends persuasively that good absorption of the highly skilled would help employment of the less skilled. In current conditions there is little point in heavy investment in ET; as he says, education then becomes part of the problem. Once again congruence of demand and supply of skills, coordination of prevailing indigenous technological possibilities with ET, along with more focussed investment policies, are key ways forward. Supply of ET does not create its own demand.

Training policies and the decision to participate in education and training

One of the key strands to move into greater prominence in recent writing has been the role of the state and its relationship with training providers and educational systems. Avis (1998, p.253), quoting from Brown *et al.* (1996), argues that the state in a post-Fordist perspective may be defined as a 'strategic trader' seeking to shape the national economy through investment in key economic sectors and in the development of human capital. More highly trained, multi-skilled workers would move to customised production and services of high value. He is quick to point out that this optimistic scenario neglects social conflict and antagonism. Concern for strengthening the economy and wealth creation may push aside considerations of social justice. Such scenarios see workers as acting merely on the basis of individual economic calculus, a view readily shattered by empirical fieldwork (Favre, 1999; Rees, 1997; and many others). Thus, in the UK for example, there is found to be a significant measure of avoidance of education and training. It is often described by respondents as getting in the way of finding a job, as leading to non-transferable skills, as used by employers to tie workers to the firm, and as not relevant to actual work. It may offer social opportunities to the age-group but not advancement. There is a high drop-out rate. Similar problematic aspects are found in the case of extended education, leading to instrumental credentialism and to credentials used as screening devices (very visible in the Middle East!) but often not to skills and competencies suitable for the world labour market. These studies show that unsophisticated and poorly coordinated plans for large-scale human capital development frequently founder on the rocks of social and cultural attitudes both of trainees and employers—as the very mixed success of vocational education and training schemes in the UK in recent decades fully illustrates. A view of human nature that is a good deal more profound than modern utilitarianism is needed. ET needs to be transformative of individuals and their employment choices, as well as backed by positive attitudes in peer-groups and the wider society. This is shown by the better experience of ET in Germany, Japan, and because of scale, more relevant to the Gulf, Singapore (Aston and Sung, in Halsey, 1997).

The above-mentioned stream of writing stresses, then, that participation choices are made within a network of social relationships and arrangements, collective norms and local cultures. To rely simply on government activity, necessary as it is, to maximise labour market information, to provide opportunities and then leave training choices and allocation to jobs to market mechanisms will not work. There are many possible value positions, particularly in Middle Eastern cultures, which deviate from and even contradict Western economic rationality.

Much more than just cognitive elements alone, then, are involved in decisions to participate in ET. Socialisation processes, which affect attitudes to education, motivation and commitment from very early years, cannot be ignored (Badri, 1997, 1998; Shaw, 2000).

It is also worth bearing in mind that any attempt to apply to other states of these concepts based on Western and also 'little tiger' economy experience, which relate to human capital formation, decisions to participate in ET and the impact of educational systems, is rather akin to technology transfer and associated issues (Shaw, 2000) The ideas are not a technology any more than understanding of, say, the physics of electricity is. But if they are used to set up or amend structures and procedures within the state, the body of ideas needs to be adopted and adapted in some depth and not superficially 'bought in'. That is, unless research is done locally and embodies detailed understanding of local conditions and cultures, and thus has credibility, borrowed theory is much less likely to make a contribution to moving the process of development forward.

Contributors to the MAGHTECH Conference present many examples of the problems of buying in foreign technology without the necessary technological and scientific experience, including skills of modern management. Purchase of obsolescent electronic systems, foreign built factories not working to capacity after ten years of operation, decisions to use systems that are too complex and advanced for the local context (Djefflat 1995; Saad 1995) and the like are frequent. Technology is not culturally neutral (McRobie) and social perspectives on modernisation in the Maghreb are largely unmobilised outside small elites. Adopting, adapting and developing high technology, whether in hardware or in procedures from overseas, requires a long learning process for which overstretched educational systems cannot easily prepare students.

Human capital formation in the global and post-Fordist context

In the special case of the Gulf, but doubtless elsewhere too, it is possible for a knowledge *economy* to come into being without a knowledge *society* to develop in tandem. This would mean that the physical and procedural aspects technologies are transferred on quite a large scale, perhaps led by transnational companies, and actually lead to significant social changes. An obvious example is the installation of electronic media, which, despite the attempt to control it by the activities of the thought police and insistence on cable rather than satellite t.v. as in Saudi Arabia, has a great impact. To a large extent such developments are underpinned and staffed by expatriate specialists on contract. Locals frequently use them as a matter of course but purely instrumentally, divorced from any cultural context of

technology-as-knowledge and with little likelihood of autonomous technological development. Much of the official belief system remains traditional, even defensively so. The state educational systems have many weak features, including in the Gulf a huge majority of expatriate teachers, and are tightly controlled. Many in the Inspectorate and Ministries have received a traditional religious education and adhere to a very narrow conception of education, especially for girls. The systems are underfunded, not well equipped since the bulk of resources is consumed by salaries, and the pedagogy is often unenlightened and narrowly assessment-led. Locals tend to avoid science and technology in favour of arts and religious studies; social and economic motivation is low. Vocational education is neglected and often seen (outside the defence forces) as an activity for school drop-outs. There are few think-tanks, the press is controlled, critical thinkers are frequently driven abroad or co-opted into the regimes. The labour market in most of the Gulf states shows many peculiar features. The salary and rewards systems are related to distribution rather than productivity and distort motivation. The private sectors are small and do not attract locals, whilst the bureaucracy is bloated, poorly or not at all, trained. Women's employment is hedged around with many difficulties and, in many circles, any financial contribution their work might make to the family is regarded as insulting to the male as provider. The work ethic, very strong in the pre-oil area and with an important role for women who held the household together when men were away, as in pearl fishing, is depleted amongst many locals.

The countries of the Maghreb are not able to import skilled expatriates to anything like the same extent. Despite their degree of industrialisation and longer development of technological capability, technological progress in the sense of widespread support for inventiveness, flexibility, skilled management and a large pool of skilled workers is still lacking. Firms have not learned in depth from imported technology which is often not properly integrated into local production (Cooper, 1995). Know-how and information make up two thirds of each dollar spent on imported hardware, and is of critical importance for the learning and innovation processes underlying economic development. Too often, firms have not discovered how to learn; they create low skill jobs and seek to compete by low wages. Existing educational systems do not deliver science and technology, even when students do choose these subjects, in ways that can be turned into innovation and technological progress. Such skills and knowledge often need experience of intermediate technologies to develop, and also modifications in social attitudes. As many examples, notably from Saudi Arabia and Oman, show much can be done about this situation by the rulers. Indeed, much is being done, such as improving vocational education and training in Oman or giving grants to Technology College qualified leavers to set up their own businesses as in Saudi

Arabia. But it is patchy and could hardly be said to challenge cultural and social attitudes to employment. No doubt there will be some opportunities to develop industries based on derivatives from oil and gas, tourism and the like, but all the signs are that this phase of development elsewhere will be by-passed in most of the region. I am here arguing that states will need to move deliberately towards becoming knowledge-based economies if they are to find employment in the modern private sector for their nationals. But as Brown (1999, p.230) has argued, the more economies move in this direction, the more the social and cultural issues of identity and motivation and high trust become central to effective learning, to motivation and to productivity.

Just as in the case of managing technology transfers successfully, experience has shown that many social and attitudinal matters need careful handling alongside the technicism which is often the dominant approach. Technical skills are not learned and exercised in isolation. These higher competencies sometimes cannot be mastered and mobilised for development unless individuals are committed morally and in values, so that communication, creative skills, interpersonal and intercultural teamwork can be fostered effectively. Al-Saeed's (1999) study of bureaucracy in Dubai shows that though the system exists, standard operating procedures are not observed. Communication is hampered because few will use writing rather than the preferred face-to-face meetings; formal meetings are poorly attended; decision making is avoided; leaders of sections work in isolation; training is weak and promotion unrelated to effort. 'Skill acquisition and utilisation are social acts' (Brown, 1999). Structures are not enough. Particular elements in the culture need to be deliberately promoted and sustained.

The knowledge economy requires a much wider range of employees to be problem definers and solvers, to be able to manage the self in an accountable way, to be life-long learners, confident decision makers, able to tolerate ambiguity and take risks. These are abilities which are hard to learn and use unless there are institutionalised relationships of trust. A mind-set needs to be developed from an early age through appropriate relationships and processes of socialisation, schooling, training, and employment relationships. These are deeply influenced by society and culture rather than by the market situation and the needs of economic competitiveness. Some traditional child-rearing practices, an authoritarian atmosphere, a heavily transmissive pedagogy, and rather primitive assessment systems in school (Badri, 1996; Shaw *et al.*, 1995; Hokal, 1999) are not calculated to promote the mind-set and the high-trust work relations that are needed by symbolic analysts. In sum, skill formation relates to many aspects of wider social structures and the political economy. Decisions to pursue and make use of training are in Rees's (1997) terms 'socially embedded'. There is a 'learning

identity ' amongst trainees and students which needs to be understood and taken seriously into account by providers. It has emotional and cultural as well as cognitive components.

Education and training

In the light of all that has been said, it is important not to lose sight of the arguments and evidence which stress that the relationships between educational achievement and economic productivity are problematic. Killeen *et al.* (1999) argue persuasively that the sequence 'education > trainability > productivity', the all-win pay-off for educational and training investment, is open to serious criticism. Schooling which leads to credentialism may simply act as a screening device for employment selection regardless of the material which has been studied. General levels of credentials may improve but social differentiation remains the same. What really matter are not routes and structures but destinations. There are plenty of unused qualifications especially amongst girls. Arts and Islamic Studies graduates proliferate and employers' screening costs are passed to the state. Coordinated planning, at present not very common in the Middle East and North African states, is needed. Indiscriminate investment which draws candidates away from high quality VET into traditional academic routes and provides credentials chiefly of use for screening is surely misguided. In Jordan, the UAE and Yemen there has been mushroom growth of degree granting institutions whilst the educational base in schools and especially in vocational schools is neglected. The oil-rich countries send large numbers of (usually male) undergraduate students abroad at great cost, though about forty per cent return without degrees. Quality has been sacrificed to numbers. As a proportion of government spending, the percentage devoted to ET looks high in many countries of the region. In relation to the Gross Domestic Product, however, it is low by Western standards and most expenditure is on staff salaries to the detriment of equipment and support costs. There is a widespread deficit in inventiveness and a clear need, and a significant unmet demand, for vocational courses orientated to Design which hardly figure in the school curricula. Girls perform better at school than boys, but their employment prospects are still very limited in some parts of the region.

It is entirely understandable that relatively newly established educational systems should take building the nation as their first priority. Defending a language, cultural traditions and even a religion perceived as under some threat from the West, must be recognised as of great importance. But the post-colonial outlook, for all its value as a political mobiliser, must at some point take account

of the needs of the economy and of survival in the global market. The latter view, which stresses the creation of human capital, as I have attempted to show, has its myths just like the former. Careful local research and a clear-eyed determination to work steadily at the undramatic, day-to-day tasks of school improvement, with the skill needs of the economies given greater emphasis, together with increased professionalism at all levels of the educational services, might figure alongside the older priorities.

Conclusion

In this paper I have drawn on recent work in the UK which argues that governments and other participants in the provision of education and training in the West have had limited success in their response to changes in the nature of work and in the structure of the labour market as these impinge on people's decisions about training, skills and competencies acquisition. The official view of human nature and motivation to participate has been too much influenced by economists' oversimple model of rational calculation. Changes likely to follow as a result of the evolution towards a 'knowledge economy' have not been well appreciated. Reforms in the West in education and training have only partly met expectations. These lessons should not be lost on Middle Eastern and North African countries. Defending the local culture and the great traditions of Islam are certainly important for morale and social cohesion as well as for their own sakes. But all cultures are hybrids, borrowings need not be damaging if they are genuinely indigenised and built upon. The issue is to create a climate for productive, creative learning, not 'blind' learning for credentials, nor shallow competencies to use hardware and procedures without adequate grasp of technology as knowledge. To do the latter is indeed to prolong dependency rather than strive to find ways of being modern that are not Western bolt-ons.

Important decisions concern whether greater investment in vocationally relevant education and training should follow identified market needs or be more orientated to the perceived longer-term needs of the economies. Both Badri and Saeed, who have extensive experience as well-placed insiders, and who have years of research experience locally, have drawn attention to the lack of coordinated planning in the Gulf and the MAGHTECH contributors make the same point. This is surely essential for an active response to globalisation. It is also important to attempt to foresee the effects such efforts might have on the development of civil society through offering choice and participation, and consequently the potential for bringing the political dimension into greater prominence. At the other end of the employment spectrum the development of the knowledge economy may

further exclude those at the bottom of the heap, with consequences for increased social unrest.

However the processes of indigenisation of borrowed technologies, by which is meant techniques of all kinds for dealing with reality not just hardware, is inevitably culture and value laden. Also, much of the knowledge is tacit 'know-how' needing direct experience. Without some measure of shared cognitive framework (the 'mind-set') such tacit knowledge may not be grasped in depth. To achieve such a framework may involve new learning strategies and some revision of attitudes. Unless deliberate elements in education and training to promote them can be implemented, foreign technologies are likely to be shallowly rooted and little more than a support system for transnational business or in the interest of limited elites—a Faustian bargain indeed!

Finally, technology differentially empowers groups and may be politically destabilising. Writers in the Halsey (1997) volume stress that the relationship between ET and economic productivity is mediated by power. The competition for credentials and training occurs in a social context in which power is exercised through selection, admission, or exclusion by a range of agencies. Sultana (1997) has shown how employers in Malta seek to resist the offer of ET to craft trainees in case they are encouraged to demand higher rewards and more interesting work. The professional middle class and the male-dominated craft trades unions have sought to control access to desirable occupations by social and academic screening. In the MENA region, ethnicity (Palestinian, Kurds, Bedu), Shi'a affiliation (Saudi Arabia, Bahrain, Iraq) gender, tribe and family networks, 'wasta' and patronage and doubtless much more, play a part in the competition for credentials and employment. Writing about this tends, understandably, to be scattered and impressionistic rather than systematic, since it involves matters of considerable delicacy. Education, increasingly 'marketised' in the West, is no less so in the MENA region, by the movement of the better-off to invest in private education. For a host of reasons, then, employability does not guarantee employment. Deliberate governmental intervention to promote a degree of equity and social justice is thus often seen as a serious need. As the example of Singapore shows, the state can have a forceful role in coordinating ET planning with the needs of the economy as a whole.

Power, though, whoever exercises it, is not brought to bear in a static situation. Changes I have mentioned are bringing about changed structures within which people work, and redefining the nature of skills and knowledge required in the workplace. Cultural and social capital, symbolic gifts that may go beyond what ET regularly offers—speech patterns, confidence, self-presentation skills, taste, relationship networks, cultural tolerance and so on—also matter. Moreover, as Levin and Kelley (in Halsey 1997) stress, good management, investment, new

methods of work, new technologies are needed for increased productivity. Many such factors, beyond employees' skills, competencies and credentials enter into the promotion of productivity, effectiveness and development.

If, as seems likely, globalism and the knowledge economy lead to widening inequalities (Henry, 1999), these cannot be handled by the workings of markets, especially imperfectly developed ones. Social authority is needed to regulate them. This leads to the claim that democratic participation is the best safeguard of national stability and social justice. Yet this is a very difficult issue for many of the notoriously undemocratic MENA states. Secondly, opening the economies of the MENA states which have protective policies on the domestic and trade sectors would encourage the adoption of ideas from abroad and increase the incentives to firms to introduce new technologies and employ more technologically skilled employees because of greater competition. But to succeed, this requires more than foreign exchange. As I have stressed throughout, it requires developed learning capabilities in people, firms and educational systems Thirdly, and this ties in with democracy, there needs to be greater openness in public discourse, so that those who are privately supportive of change are less inhibited from publicising their dispositions. These economic, political and social conditions interact. It will need movement in these linked systems before human capital theory can play its rightful role in planning and theoretical understanding which will support the region in making needed responses to the new global circumstances now obtaining.

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