

القطاع المصرفي كمحرك للتكوي

تقييم سياسات التوطين في الممارسة العملية

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الملخص

تتناول هذه الدراسة سياسة التكوي في دولة الكويت، مع التركيز على دور القطاع المصرفي كنموذج محتمل لدمج العمالة الوطنية في القطاع الخاص. فرغم عقود من جهود الإحلال، لا تزال الشركات الخاصة تعتمد اعتمادا كبيرا على العمالة الوافدة، مما يؤدي إلى استمرار مشكلات البطالة بين المواطنين. وتبرز الورقة مشكلات هيكلية كفجوات الأجور، وعدم التوافق بين مخرجات التعليم واحتياجات سوق العمل، والاعتماد التقليدي على الوظائف الحكومية.

وتبين دراسة الحالة أن الحوافز الحكومية الفعالة والكوادر النسبية الواضحة والبرامج التدريبية المتخصصة ترفع معدلات التوظيف الوطني بشكل ملحوظ. وتقتترح الدراسة إصلاحات تشمل مواءمة الأجور، وتحسين جودة التعليم، وتعزيز المشروعات الصغيرة والمتوسطة، وتهيئة بيئة أعمال أكثر تنافسية — مستلهمة نجاح القطاع المصرفي نموذجا قابلا للتعميم.

الكلمات المفتاحية: التكوي · سوق العمل · التوطين · القطاع المصرفي · الكويت

The Banking Sector as a Driver of Kuwaitization: Evaluating Nationalization Policies in Practice

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Abstract—This study examines Kuwait’s Kuwaitization policy, focusing on the role of the banking sector as a potential model for integrating the national workforce within the private sector. Despite decades of localization efforts, private businesses still heavily rely on expatriates, leading to ongoing unemployment issues for citizens. The paper highlights structural problems such as wage gaps, education-to-employment mismatches, reliance on public-sector jobs, and administrative inefficiencies. A case study of the banking sector demonstrates that effective government incentives, clear quotas, and specialized training can significantly boost national employment. Results indicate that while Kuwaitization in banking has surpassed official targets, other industries lag due to weak institutional frameworks, skills shortages, and unattractive private-sector conditions. The study proposes policy reforms including aligning wages across sectors, improving education quality, increasing SME contributions, and fostering a more competitive business environment. The banking sector’s success underscores the potential for broader labor market reform if policymakers address systemic barriers.

Index Terms—Kuwaitization, labor market, nationalization policy, banking sector, expatriate workforce, private sector employment, Kuwait economic reform

I. INTRODUCTION

KUWAIT faces the dual challenge of reducing reliance on expatriate workers while providing sufficient employment opportunities for its growing national workforce. The Kuwaitization policy—formally known as the National Workforce Development Strategy—aims to integrate citizens into both public and private sector employment, yet outcomes have been uneven across industries. Generous compensation packages and job security keep the public sector dominant, while limited opportunities restrict the private sector’s capacity to absorb national workers at scale.

This imbalance contributes to alarming unemployment projections: estimates indicate that unemployment among Kuwaiti nationals may reach 28% by 2035 if current structural trends persist [4]. This research evaluates the obstacles, strategies, and policy frameworks shaping Kuwaitization, with a particular emphasis on the banking sector as a benchmark case study.

The remainder of this paper is organized as follows. Section II identifies the key structural challenges impeding Kuwaitization in the private sector. Section III reviews government policies and development plans enacted in response.

Section IV presents a detailed case study of the banking sector. Section V reports findings and policy recommendations, and Section VI concludes.

II. KEY CHALLENGES IN KUWAITIZATION

Several deeply rooted obstacles hinder effective Kuwaitization in the private sector. These structural impediments interact and reinforce one another, making isolated interventions insufficient.

A. Wage Disparities

Public sector positions in Kuwait offer materially higher salaries, shorter working hours, and considerably greater job security than equivalent private-sector roles. This wage differential creates a persistent preference among national graduates for government employment, reducing the effective supply of Kuwaiti workers available to private firms [4].

B. Skills Mismatch

The national education system continues to produce graduates with skill profiles that are misaligned with competitive market demands. Curricula have historically emphasized rote learning over applied competencies, critical thinking, and technical specialization—particularly in STEM disciplines—limiting graduates’ immediate employability in knowledge-intensive industries [4].

C. Bureaucracy and Corruption

Excessive regulatory burdens and administrative inefficiencies raise the cost of doing business in Kuwait. These frictions discourage private-sector expansion and, by extension, reduce the number of high-quality positions available for national workers. Corruption further distorts incentive structures, weakening meritocratic hiring [3].

D. Social Preference for Public Employment

Deep-seated cultural norms reinforce a strong preference for stable government positions among Kuwaiti nationals. Private-sector employment is often perceived as less prestigious and more precarious, even when remuneration may be competitive, creating a social barrier that market-based incentives alone cannot easily overcome.

E. Expatriate Labor Dominance

The large supply of low-cost foreign labor creates structural disincentives for firms to invest in recruiting and training national employees. Unless policy mechanisms alter this cost calculus, market forces will continue to favor expatriate hiring [4].

Collectively, these challenges complicate substitution policies that attempt to replace expatriate workers with nationals without simultaneously addressing the underlying structural distortions.

III. GOVERNMENT POLICIES AND DEVELOPMENT PLANS

The Kuwaiti government has enacted multiple labor market reforms over the past two decades in response to growing recognition of the Kuwaitization challenge.

A. Quota Systems and Wage Subsidies

Sector-specific quotas mandating minimum ratios of national employees have been introduced across several industries. Wage subsidy schemes partially offset the salary premium that nationals command relative to expatriate workers, reducing the financial disincentive for private-sector employers to hire citizens [4].

B. National Development Plans

The Kuwait National Development Plans (2010–2020), commonly referred to as Vision 2035, outlined comprehensive strategies to enhance economic competitiveness, diversify revenue streams away from hydrocarbons, and expand SME contributions to GDP. These plans provided the overarching policy architecture within which Kuwaitization measures were embedded [4].

C. National Fund for SME Development

The National Fund for SME Development (NFSD), established in 2013, plays a critical role in supporting entrepreneurship, financing early-stage ventures, and generating private-sector employment that can realistically absorb national workers. SMEs are increasingly recognized as more capable than large enterprises of employing nationals at the unit-cost levels that are institutionally feasible [4].

Despite these interventions, limited sectoral diversification and weak coordination across ministries have hindered the full realization of policy goals. Enforcement mechanisms have been inconsistent, and monitoring frameworks have lacked the granularity needed to identify where policies succeed and where they fail.

IV. CASE STUDY: KUWAIT'S BANKING SECTOR

A. Performance Record

The banking industry has emerged as the most successful sector in implementing Kuwaitization by a significant margin. National labor participation in banks rose from approximately 35% in 2000 to over 78% in 2022, substantially exceeding the official sectoral quota of 70% [5], [6]. This trajectory represents a sustained, multi-decade improvement attributable to deliberate institutional effort rather than demographic change alone.

B. Sectoral Significance

Although banks employ less than 1% of the total private-sector workforce in numerical terms, they account for more than 15% of all Kuwaiti nationals employed in the private sector [5]. This disproportionate contribution makes the sector a uniquely significant component of national employment despite its limited headcount relative to the wider economy.

C. Enabling Factors

Several institutional mechanisms explain the banking sector's outperformance:

- **Clear, enforced quotas:** Unlike many other sectors, the banking quota of 70% has been consistently enforced by the Central Bank of Kuwait, creating genuine compliance pressure.
- **Specialized training infrastructure:** Kuwaiti banks collectively fund the Kuwait Institute of Banking Studies (KIBS), which delivers structured training programs aligned with current industry requirements and international banking standards.
- **Competitive compensation:** Banking salaries for nationals are sufficiently competitive with public-sector equivalents to attract and retain qualified Kuwaiti employees.
- **Regulatory alignment:** The sector operates under a coherent regulatory framework administered by a single authority, reducing the coordination failures that plague multi-ministry enforcement in other sectors.

D. Limitations of the Banking Model

It is important to note that the banking sector operates under conditions—high profitability margins, concentrated regulatory oversight, and a white-collar professional environment—that are not easily replicated across labor-intensive industries such as construction, retail, or hospitality. Generalizing the banking model requires careful adaptation to each sector's cost structure and governance context.

V. FINDINGS AND RECOMMENDATIONS

A. Key Findings

The empirical evidence examined in this study yields several findings relevant to Kuwaitization policy design:

- 1) Quota systems are necessary but insufficient on their own. Their effectiveness is contingent on enforcement rigor and complementary institutional support.
- 2) Sector-specific enabling conditions—profitability, regulatory coherence, and training infrastructure—substantially determine whether Kuwaitization targets are achievable without distorting market efficiency.
- 3) The wage differential between public and private sectors remains the most persistent structural barrier to national workforce integration in private employment.
- 4) Skills mismatches between graduates and industry requirements reduce the returns to quota enforcement and limit the sustainability of Kuwaitization gains.

B. Policy Recommendations

The research concludes that Kuwaitization requires a holistic reform agenda that extends well beyond sectoral quota systems. The following recommendations are presented in order of policy priority:

- 1) **Wage and benefit convergence:** Progressive alignment of total compensation packages between the public and private sectors would reduce the most powerful incentive distortion undermining voluntary national participation in private employment.
- 2) **Education quality reform:** Curricula at both secondary and tertiary levels should be restructured to emphasize applied competencies, STEM disciplines, professional ethics, and entrepreneurial skills. Closer collaboration between academic institutions and private-sector employers in curriculum design is essential.
- 3) **SME ecosystem development:** Expanding financing access, reducing regulatory barriers, and providing mentorship support for SMEs would broaden the range of private-sector employment environments capable of absorbing national workers sustainably.
- 4) **Anti-corruption and regulatory efficiency:** Streamlining business registration and licensing processes, while strengthening accountability mechanisms, would lower entry barriers for new firms and improve the quality of the business environment in which national employees work.
- 5) **Replication of the banking model:** Policymakers should systematically analyze the institutional conditions that enabled the banking sector's success and design adapted versions of those conditions for high-potential sectors such as finance, insurance, information technology, and healthcare.

VI. CONCLUSION

Kuwait's Kuwaitization challenge is fundamentally structural rather than cyclical. The banking sector's achievement of 78% national employment—far exceeding the official 70% quota—demonstrates that ambitious nationalization targets are attainable when institutional prerequisites are in place: enforced quotas, sector-specific training, competitive compensation, and coherent regulatory oversight. However, the conditions enabling banking's success are not automatic features of Kuwait's broader private sector.

Addressing Kuwait's projected 28% youth unemployment rate by 2035 will require a coordinated reform agenda spanning education, wage policy, SME development, and regulatory reform. Piecemeal interventions have historically produced limited and unsustainable gains. Policymakers must treat the banking sector not as an isolated success story, but as a replicable institutional template whose enabling conditions can be deliberately engineered across other high-potential industries. Long-term sustainability of the national workforce requires structural transformation, not incremental adjustment.

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