

Strategic Aspects of Human Capital Development: Good Practices from Kuwait

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Abstract

The paper is an attempt to highlight the importance of human resources in a knowledge-based society as well as the activities related to it in the State of Kuwait. The purpose is to present the extent to which the State of Kuwait has focused on human capital development and some best practices in this area. Some of the job opportunities for young people in Kuwait are presented. The development of broad-based professionals with knowledge focused on the future and digitalization is planned. The understanding of learning and professional development is part of the value system, and in this respect future generations must be aware of their role in economic development. To support these processes the Kuwait Investment Authority, for example, offers a variety of training programmes for citizens at different stages of their careers.

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1. Introduction

Today, technological, social, and political changes are associated with a much greater variety of problems than ten or twenty years ago. One of the most important challenges is the management of the employment process of human resources, especially in the context of the modern economic crisis. Countries are facing one of the biggest challenges, namely, creating jobs for many young people reaching working age (Noland & Pack, 2007).

Providing sufficient employment opportunities for its citizens who have the right to work is a really important issue in most countries around the world. This problem becomes particularly significant after the emergency related to the

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COVID-19 pandemic and the attempt to fight the crisis with the help of technological innovations (Vitliemov & Stoycheva, 2022).

Digitalization also influences the creation of new business models that integrate digital technological innovations. This, especially when hiring people, requires adaptation of the organizations to remain competitive (Gruia, Bibu, Nastase, Roja & Cristache, 2020).

Given the fact that economies are becoming more competitive, one of the main challenges they face is the education-to-work transition of young graduates. One of the possible solutions is to involve the so-called stakeholders in the training process and promote their motivation for strategic cooperation (Yordanova, 2018).

In the Arab countries, the rapid growth of the labour force and the insufficient employment opportunities lead to certain concerns among young people. In the short term, they are related to their job prospects, and in the long run to the stability of their income (Noland & Pack, 2007). In this regard, an overview of the opportunities for appropriate realization of young people in the State of Kuwait has been made. Some good examples in this direction will be presented.

The vision of Kuwait 2035 “New Kuwait” is related to “transforming Kuwait into a financial and trade centre, attractive to investors, where the private sector leads the economy, creating competition and promoting production efficiency, under the umbrella of enabling government institutions, which accentuates values, safeguards social identity, and achieves human resource development as well as balanced development, providing adequate infrastructure” (State of Kuwait, January 2021). Bearing in mind the vision for the future of the country, the strategic pillars in its development for the period 2021-2025 can be outlined. Investing (at the macroeconomic and microeconomic level) in human capital is one of them, as it is a key factor in shaping the future well-being of its population.

It should be noted that in formulating the “New Kuwait” vision, the country adopted the ideas of the World Bank's Human Capital Project. However, it ranks 77 out of 157 countries, which is rather low compared to countries with similar income levels. A review of policy documents shows that children born in Kuwait can be twice as productive if they have completed higher education and are adequately cared for in their health. In this regard, there is an urgent need for strategic decisions and investments in human capital.

This publication is an attempt to highlight the importance of human resources in a knowledge-based society, as well as the activities related to their improvement in the State of Kuwait. The aim is to present the extent to which the State of Kuwait has focused on human capital development and to highlight some good practices in this area.

Human and intellectual capital are largely important assets for any society. The mentioned topic is modern and has increasing importance in the conditions of a dynamic business environment. According to a number of authoritative researchers, adapting human resource management activities to a knowledge-based economy is becoming an irrevocable imperative (Wiśniewska & Wiśniewski, 2012; Nicolescu & Nicolescu, 2015).

2. Good practices of managing the employment process of young people in Kuwait

In relation to the search for solutions to the outlined range of problems, it is essential for the government to integrate people's existing skills into jobs with potential or to help young people receive the skills required by the jobs of the future. For this reason, career guidance centres have been opened in almost every country in the world, but their effectiveness varies. Such guidance centres also exist in Kuwait, but observations suggest that additional measures are needed to reduce unemployment rates, especially among young graduates. An effective system for providing employment to the citizens of a country is a key factor for social stability and achieving economic prosperity.

Observations show that Kuwait lags high-income countries in terms of human capital development but continues to report robust fiscal buffers. The country's strategic intentions are to reform the education system with the aim of better training young people and competitiveness in the global labour market. It is planned to create 13 new colleges and increase student capacity by 40,000 units (State of Kuwait, January 2021).

In Kuwait, the understanding is that increasing human capital is the most essential investment (Kuwait Investment Authority, 2022). The development of broad-based professionals with knowledge focused on the future and digitalization is planned. An understanding of learning and professional development is part of the value system, and in this regard future generations must be aware of their role in economic development. To support these processes, the Kuwait Investment Authority for example offers a variety of training programs for citizens at different stages of their careers, based on the understanding that people can manage change and their professional development. Some of these programs are presented and analysed as examples of good practice in the strategic development of human capital in Kuwait. They show the relationship between different groups – training organizations, users of personnel and the trainees themselves. Three of the programs were analyzed:

- Fresh Graduate Training Program
- MBA Sponsorship
- Job Opportunities at the World Bank Group

The Fresh Graduate Training Program is an eleven-month program that combines hands-on training in seminars and on-the-job training. It is aimed at recent graduates entering the financial sector. The program is the first of its kind, developed in 1995 and operating to this day. It is highly respected by local and international financial institutions and has more than 600 graduates, which is indicative of a very good practice. Many of the program's graduates have gone on to develop highly successful careers in Kuwait and around the world. The program seeks to provide participants with an up-to-date and comprehensive foundational knowledge and form the most important financial competencies necessary for success in the workplace. It

is unique in its teaching method, which combines the work of highly regarded professional training teachers as well as practicing financial experts from the world's most prestigious financial institutions, ensuring that graduates learn not only theory but also its application in practice.

The structure of the program deploys a wide range of disciplines related to the skills to support more informed decision making in choosing professional development. The program is designed to provide the most relevant knowledge and skills for financial professionals, whether they will be working in Kuwait or abroad. Conceptually, the Fresh Graduate Training Program is based on the requirements for the CFA Level 1 certification program and the theoretical content is divided into three phases:

Phase 1: Training courses at the Kuwait Investment Authority Training Centre

This phase covers several courses organized by the Kuwait Investment Authority dedicated training centre, conducted by local and international training organizations, as well as financial institutions with which the Kuwait Investment Authority has stable partnership relations. Areas such as investment, economics, accounting, finance, and administrative skills are covered.

Phase 2: International Assignment

This is a phase of on-the-job training at renowned international financial institutions located in multiple financial capitals. Over the course of ten weeks, trainees gain practical experience and key skills in the field of investment and finance as a result of their internships in institutions operating in global markets.

Phase 3: On-the-job training at the Kuwait Investment Authority

This phase involves on-the-job training in Kuwait and provides trainees with experience in the activities of the Kuwait Investment Authority and the markets in which it operates.

After completing the program, graduates gain experience in the best financial institutions within a ten-week international internship, as well as a four-week internship at the Kuwait Investment Authority. The idea is to acquire a better understanding of a range of activities carried out by financial institutions and to be suitable for the labour market. Combining such practical experience with theoretical knowledge of the essence of the financial sector and skills to solve specific problems gives people the opportunity to make accurate and reasoned decisions, which makes them competitive in the labour market in dynamic conditions.

The presented program shows an in-depth analysis of the educational level, tailored to the specifics of the labor market. It is suitable for people with high achievements who want to build a career in the field of finance. The aspiration is that the highest performing graduating trainees will be encouraged to apply for prestigious positions.

Principally, all candidates who meet certain criteria are encouraged to occupy prestigious positions. They must be citizens of Kuwait and not older than 26 years at

the date of application. The candidates must have a bachelor's or master's degree recognized by the Kuwaiti Ministry of Higher Education, awarded no later than two years prior to the date of application, or no more than three years in the case of a completed master's degree. An important condition is that, after being accepted into the program, candidates must not work for another organization. Requirements are set for the level of proficiency in Arabic and English, willingness to travel abroad within ten weeks, etc.

MBA Scholarships is a program that considers the advantages of continuing education and financing under conditions, i.e., with proven educational and scientific results. The Kuwait Investment Authority provides twenty academic scholarships annually to Kuwaiti nationals who wish to pursue a Master of Business Administration (MBA) degree at one of the world's top universities. A specific feature is that during their studies, the students are under the academic supervision of the cultural attachés of the Kuwaiti embassies in the countries where they are studying. Applicants for funding under this program cannot receive a scholarship from another source, must be full-time students and must not already hold an MBA degree. The monthly stipend is within KWD 1,500, with an additional annual study literature allowance of KWD 500, a one-time computer purchase allowance of KWD 500, an annual air ticket of KWD 750, an annual research and journal subscription of KWD 50.

It is worth noting that during the training, participation by presenting a report at least one professional conference is encouraged. A mandatory condition is that the conference is recommended by the university and approved by the Kuwait Investment Authority. Kuwait Investment Authority provides an economy class plane ticket to attend a conference, but only if it is in the subject of the student's major.

As part of the study funding program is the provision of a two-month grant upon completion of study, a KWD 750 air ticket and KWD 200 for cargo transportation of the student's personal belongings.

Financial support through the MBA Scholarships program is an example of good practice in Kuwait in terms of strategic human capital development. The relationship between the different groups of interested persons such as the state, the citizens and the business are obvious.

Job Opportunities at the World Bank Group is a program implemented based on the memorandum of cooperation signed in 2004 with the World Bank. It is part of the Kuwait Investment Authority's role in supporting Kuwait's national development plan. Under this agreement, the World Bank grants five Kuwaiti nationals a two-year employment contract each year to provide them with experience in one of the world's leading international financial institutions. This, in turn, contributes to building the capacity of the World Bank as well, and both sides have a mutual interest. It is a strategic decision that has yielded very good results over the years.

Under this program, the Kuwait Investment Authority covers 100% of the costs, as it considers it particularly important for the development of the workforce in Kuwait. The idea is to build the professional capacity of Kuwaiti youth working in international financial institutions. The announcement of job positions at the national

level, as well as the nomination of candidates for them, is carried out by the Kuwait Investment Authority, and the World Bank makes the final decision on hiring. A very important condition is that the candidates simultaneously meet all the requirements for holding the position specified by the World Bank, namely, a master's degree and a minimum of two years of relevant experience, proficiency in English as well as another language used by the World Bank.

The presented good practices are indicative of dealing with the main challenges, namely the transition from education to work for young graduates. They are an illustration of well-considered and practically implemented strategic decisions related to the development of human capital in the State of Kuwait.

3. Conclusions and implications for future exchange of ideas

The good examples of strategic decisions and actions related to the development of human capital in Kuwait once again show that the chosen topic has a growing importance in the conditions of a dynamic business environment. In it, the interests of many interested parties are intertwined, and the management of mutual relations and dependencies between them is of essential importance.

With a view to future studies on the subject, it is good to synthesize the experience of solving similar problems in some Balkan countries such as Romania, Bulgaria, Croatia, and others. For example, in Romania (Dima, Vasilache, Ghinea & Agoston, 2013), a model for social responsibility of universities is implemented based on some important understandings of alumni-oriented projects, intra-university cooperation, cooperation between university and secondary schools (other educational institutions), cooperation between university and institutions and business, international cooperation of universities. In Bulgaria (Stoencheva, 2021), practical training in a real work environment is applied in many areas, which are undoubtedly essential for students studying business majors. These trainings enable students to get to know the industry, to model and develop their skills according to business requirements and, last but not least, to assess the strengths and weaknesses for working in the specific position, which is important for their career development. In Croatia (Mihanović, Pepur & Šustić, 2012), studies have shown that better cooperation between the lifelong learning institution and teaching staff leads to greater job satisfaction and motivation. This, in turn, increases the effectiveness of practical training and creates a better image of trainees and graduates, a corresponding advantage when starting work.

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