INTRODUCTION

An important component of a national labor market information system is a set of key indicators of the labor market. These indicators can serve different purposes:

- Highlighting the current state of the labor market.
- Providing information on the structural characteristics of the labor market.
- Monitoring progress toward or away from labor market targets or objectives that the government has identified as priorities for the country.

An additional benefit of a set of key labor market indicators is that they can be used as an initial input for policy evaluation purposes.
Considering Kuwait’s unique economic environment, the Central Statistical Bureau developed a set of key indicators through three dimensions:

**Division of the labor force between nationals and non-nationals.** Kuwait, and the GCC countries in general, have a different labor market than other countries because of the large number of foreign workers. The Key Indicators of the Labor Market framework developed by the International Labor Organization do not capture this important feature, making it difficult to use it for Kuwait. With that in mind, CSB selected indicators that would also dis-aggregate data for non-nationals to be included among the indicators.

**Kuwait’s labor market policy priorities.** The Mid-Range Development Plan of the State of Kuwait 2010/11 – 2013/14 is a key document that highlights Kuwait’s policy priorities. The Plan identifies six labor market challenges and 17 labor market policies. The most important of these priorities is Kuwaitization, which aims at improving the labor market prospects of Kuwaiti nationals.

**Availability of data.** An important element of the key indicators is accumulating trends. In order to do that, it is important to obtain reliable data on a regular basis, either from administrative data or from regular surveys, such as the labor force survey. For that reason, CSB selected indicators from reliable data sources.

### CURRENT LABOR MARKET CHALLENGES FACING KUWAIT

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<th>Labor Market Challenges</th>
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<td><strong>Heavy concentration of the national labor force in the public sector.</strong> As a result of the widening gap between the advantages of working in the public sector and the private sector in favor of the first, the number of Kuwaitis employed in the public sector employment increased in recent years by 15 thousand in 2008. The development plan suggests that the increase in public sector hiring is due to increase in hiring by various government institutions without assessing the institutions’ actual needs. This resulted in large concentration of national employment in the public sector, as 83 per cent of total national labor is in the government sector, while 17 per cent went to the private sector.</td>
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<td><strong>Low proportion of the national labor force in scientific and technical occupations,</strong> where these professions (doctors, engineers, scientists, economists, legal professionals and technicians in the engineering, medical, and science field) are 12.2 per cent of the total national labor force in 2008. This low share of professionals in the workforce affects Kuwait’s potential to become a financial and trade center.</td>
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<td><strong>Low vocational and educational levels of the non-national labor force.</strong> According to 2008 data, more than 92 per cent of the non-national labor force is in the private and domestic sector (63.7 per cent in the private sector, 29.0 per cent in the domestic sector). It is estimated that only 53.9 per cent of the non-national labor force is educated. This unfortunate situation reflects the absence of clear criteria for the entry of foreign workers and the freedom of employers (and citizens in the case of domestic labor) to hire without consideration for development objectives.</td>
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<td><strong>Concentration of expatriate labor force in the category of marginal employment,</strong> where the ratio reached 55.2 per cent in 2008. The rest of the expatriate labor force is focused in clerks, service workers and agricultural workers, as they represented about 6.6 per cent and 8.9 per cent respectively in 2008.</td>
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<td><strong>Lack of legislation encouraging the Kuwaiti labor force to work in the private sector,</strong> as well as legislation that safeguard the rights of employment and ensure the balance in the relationship between employers and labor force (the Kuwaitis and non-Kuwaitis), and to promote greater competition in the labor market in the private sector.</td>
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<td><strong>Lack of legislation that contribute to the support and promotion of small enterprises,</strong> which is one of the important mechanisms in the reduction of unemployment among the national labor force, in addition to being one of the mechanisms to provide more employment opportunities for national labor in the private sector and the importance of interdependence with other economic sectors.</td>
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THE INDICATORS

The Central Statistical Bureau identified 12 key indicators to highlight the current state of the labor market, to provide information on the structural characteristics of the labor market, and to monitor progress toward Kuwait's objective. The indicators are grouped into five main themes: Kuwaitization, Skills Development, Small and Medium-sized Business Development, Equity, and Productivity.

Kuwaitization

The most important theme in the development plan related to the labor market is Kuwaitization, which is defined as a greater role for nationals in the labor market in general and especially in the private sector labor market.

Skills

The development plan wants to make Kuwait a major trade and finance center. This type of economic activity requires a highly skilled labor force. The most general indicator of such skills is a post-secondary education. The antithesis of a highly knowledge-based economy is illiterate workers. Yet Kuwait has imported many workers who have no or limited formal schooling.

Small and Medium-Sized Enterprises

The development of small and medium sized enterprises (SMEs), particularly by Kuwaitis, is an important part of the development plan. SMEs are viewed as a significant avenue towards employment of Kuwaitis in the private sector.
Equity

It is recognized that more programs and measures are needed to ensure protection for workers. The development plan stresses the importance of equity in the development of the labor market in Kuwait. This concern is particularly relevant for foreign workers who may be vulnerable to exploitation.

Productivity

In the long run, economists stress that labor productivity growth is the most important determinant of increases in living standards. This basic rule of economic life is modified somewhat in countries with large economic rents from natural resources such as oil. Despite this caveat, productivity growth is essential for the Kuwait to increase wages of its workers. A key driver of labor productivity is the amount of capital or investment per worker. Industries with high levels of investment per worker will be more productive than industries with low levels.

SUMMARY

These 12 key labor market indicators for Kuwait provide a way to track the progress to reach the goals of the development plan and the effectiveness of labor policies. The wide availability of information on trends in key labor market indicators can lead to the identification of issues and challenges and consequently focus attention on where more analysis, and potential policy response, is needed, and action to be taken.

About the Kuwait Labor Market Information System

The Labor Market Information System (LMIS) is Kuwait’s leading source for labor market information. It is produced by Kuwait’s Central Statistical Bureau, in collaboration with other government agencies.


Photos by Ghalia Al Refaei