Making the Best Use of Consultants in the GCC

2/17/2017

by Omar Al-Ubaydli & Cameron Mirza

© Joi Ito, flick.com

Falling oil prices have forced the GCC countries to revise or, in the case of Saudi Arabia, launch their economic visions, creating a potentially important role for consultants. According to Global Research Saudi Arabia's consulting market expanded by 14.8 percent to $1.25 billion in 2015, accounting for almost half of the robust GCC consulting market, which itself grew by 9.4 percent. How can the GCC countries get the best out of the expert advice on offer?

Scholars studying management consultants have revealed that their role is often to support management's organically conceived ideas, rather than to provide their own original insights. Effecting change in large organisations is complicated, as new structures and processes create winners and losers, motivating the latter group to mobilise and block potential changes.

Anticipating this, top management will often hire consultants to propose precisely the same changes, but with the lustre of external expertise, as they seek to summon the necessary political will. This is why management consultants place such emphasis on top credentials, such as MBAs and PhDs from the world's finest universities: it renders their proposals more credible, while also providing a blanket of security for top management seeking to control risk.

This is not the sort of consulting service the GCC countries need at the moment; rather, at the procurement stage, the GCC countries should convey to the elite consulting companies that their experts are needed to provide proposals and to help implement fundamentally novel ideas, because the problems currently faced by these countries are themselves novel. Most consultants are capable of both justifying a desired policy and proposing a new one, but their client must clearly instruct them as to which service is required.

While the GCC countries are not the first to deal with secularly declining resource revenues, their highly unique labour markets, wherein migrant workers account for as much as 85 percent of the labour force, create a need to modify and evolve traditional solutions.

For example, the presence of large numbers of foreign, highly-skilled workers presents an unusually large opportunity for rapid knowledge transfer. Consultants working in the GCC regularly make proposals that promote the osmosis of skills from migrant workers to nationals, but their success has been fleeting. Among the many reasons is the fact that secure and comfortable government jobs held by many GCC nationals undermine many of the employees' traditional motives to build human capital. However, in the wake of falling oil prices, all Gulf governments are committed to shrinking public sector employment, providing consultants with environments potentially more receptive to knowledge transfer.

The stakes and exposure in the GCC are also atypically large at present. Consultants have been presented with an unprecedented opportunity to showcase their skills: the world's eyes are fixated on the GCC economic visions, and if they succeed, their reputation and future deals will rocket. Consultancy firms are focusing their attentions on penetrating the GCC market, especially Saudi Arabia, where they believe the indigenous workforce will struggle to implement ambitious plans without the support of experienced advisors.

However, is that enough to ensure good advice is forthcoming? A logical suggestion is to compensate the consultants partially based on commission: if their ideas are adopted and yield positive results, their earnings are augmented.

Yet accountability in consultancy environments can be complex. In many cases, it is difficult to distinguish between ineffective proposals, which are primarily the fault of the consultant, and poor adherence to effective proposals, for which the client bears significant responsibility.

This problem is accentuated by the fact that clients can inhibit consultants' work by asking them to focus on minor details rather than major deficiencies, and by not providing consultants with access to necessary information. Such hurdles can be inadvertent, but they can, on occasion, reflect wilful attempts at undermining reforms by members of the organisation who feel threatened.

While dealing with the client organisations' internal politics is a common problem faced by global consultants, ones working in the GCC face the additional challenge of tailoring their recommendations to the local business and workplace culture, as many traditional consulting solutions are defunct or possibly even counterproductive in the GCC.

For example, people in the Gulf place a large premium on tacit trust in relationships that emerges from familiarity with others, usually built up over time. Western consultants often incorrectly identify this as nepotism. This in fact relates to the broader issue of the complex relationship between tribal affiliation, work and daily life, since the extended family is the major source of an individual's network of friends and acquaintances. Hence, when recommending lower emphasis on personal familiarity during hiring processes, foreign experts may inadvertently harm productivity as they undermine sources of tacit trust that is otherwise crucial to organisational effectiveness.

The highest returns, therefore, will accrue to foreign consultants smart enough to adapt conventional best practices to the GCC's idiosyncratic environment, and humble enough to do this is by engaging and collaborating with indigenous talent, heeding the words of Ernest Hemingway: 'We are all apprentices in a craft where no one ever becomes a master'.

Omar Al-Ubaydli (@omareconomics) is the Program Director for International and Geo-Political Studies at the Bahrain Center for Strategic, International and Energy Studies, an affiliated associate professor of economics at George Mason University, and an affiliated senior research fellow at the Mercatus Center.

Cameron Mirza (@cmirza1) is a consultant at the Office of the President at the University of Bahrain, and has vast international experience of leading public sector reform within the UK and Middle East, including serving in the

Prime Ministers delivery Unit between 2007–10 under Tony Blair and Gordon Brown working on education reform.