

KSA MAJOR HUB FOR GREEN INDUSTRY

Nahed Taher, Founder and Chief Executive Officer of Gulf One Investment Bank.

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Creating jobs, making profits, and being environmentally friendly are three main goals that the government entities have to set for the Kingdom's development, according to Nahed Taher, founder and Chief Executive Officer of Gulf One Investment Bank.

"I believe that the Kingdom has to be the best economic location for investing in a green economy. We should work faster than before. We used to be traders and contractors in the past. Such work is a small part of bigger sectors like industry, knowledge-based and green industries. The Kingdom should move toward that to be action wise, mental wise and investment wise," says Nahed Taher in an exclusive interview with Arab News.

Taher was the first woman in a senior management position among 4,000 men in the National Commercial Bank (NCB). She was both chief economist and the chairman of the NCB Risk and Portfolio Management Committee.

Taher represented the Saudi government, the private sector, and the Chamber of Commerce in many high-level international business and banking events. Thus she was ranked by Forbes magazine as No. 72 of the 100 most powerful women in the world in 2006.

The Financial Times ranked Taher as No. 25, 24, then and 23 among the top 50 businesswomen in the world in 2009, 2010 and 2011 respectively. She was also awarded (Saudi) Businesswoman of the Year Award in 2006 and 2007.

Taher emphasized three major points during the interview: Creating jobs, making profits, and being environmentally friendly.

Excerpts:

Rapid changes

What changes will have a major impact on the lives of Saudis within the next twenty years?

I believe the Kingdom needs to work toward having a green economy. It is a must, not a luxury or choice. All our industries are burning oil and heavy fuel. Actually, we could make money out of our pollution. A lot of people in Saudi Arabia think that a green economy requires huge expenditure. I will claim the opposite and say: Now there should be a fundamental change in approach toward the green economy. It should flash a mental dollar sign, as a green economy could well be about making money and enhancing the gross domestic product (GDP). The King and his ministers could set a strategy to develop industries and activities toward becoming a green economy. The waste we produce could create many job opportunities and could also produce medical treatments and chlorine used in certain industries.

Mobile phones, computers and other electronic equipment should be recycled so the high value metals in them could be re-used. Having a green economy in the Kingdom would benefit Saudis through the creation of highly skilled jobs in manufacturing, technical and investment organizations. It could create a cluster of businesses.

Foreign investors would like to invest in a green economy. We want the government to create a legal framework and allow such investments in the country. I conducted a simple calculation, which showed that our non-sustainable economy has reduced the Kingdom's GDP by more than 25 percent."

Leadership factors

What do you think of current leadership roles in organizations in the Kingdom? What are the contributing factors?

Sustainable economic growth requires strong leadership, enforcing certain strategies and facilitating regulations for the government system and financial support. A single organization can't take that on alone. A whole system in the country should be enforced and utilized and very much automated.

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Government's entities leaders should be directed toward wealth creation and not wealth management; create money from other resources and make oil a small resource.

Challenging tasks

What are the most difficult decisions that need to be made in the Kingdom within the next twenty years?

Putting the right leaders in the right place to implement effective decisions. Business and government leaders should make their decisions to support wealth creation and not wealth management as we have been doing in the past. We should collaborate with international organizations to make a change in the economy.

Creating jobs

What goals would you set for the Kingdom's development? And how would you try to achieve these goals through your current position?

At Gulf One Bank, the goals we aim to achieve are: Creating jobs, making profits, and being environmentally friendly. All the projects we have invested in had to do with electricity, water and aviation. All were clean and friendly to the environment. I believe the Kingdom has to be the best economic location for investing in a green economy.

We should work faster than before. We used to be traders and contractors in the past. Such work is a small part of bigger sectors like industry, knowledge-based and green industries. The Kingdom should move toward being action wise, mental wise and investment wise.

Kingdom entities should work together and see competitive advantage. Work with local and international entities would help the Kingdom. Moving toward a green economy will make the Kingdom a producer of knowledge rather than receiver of knowledge in that regard.

Creative project

Give an example of a creative project you would like to establish in the Kingdom?

Being efficient with energy has never been a priority in the Kingdom. We use a lot of energy in our companies. We should follow the worldwide trend and focus on alternative resources to minimize the use of crude oil and fuel.

KSA on three words

What three words would you use to describe the Kingdom in the next twenty years, and why?

Green, industrialized and knowledge-based. Green, because the Kingdom must tackle the challenges of sustainable growth and development. This could be done through investments in green technology. With this, we can address the increasing environmental damage that is associated with the process of economic expansion and industrialization that we will go through in the next decade or two.

The Kingdom can leapfrog some of the stages of industrialization by employing knowledge-based, innovative solutions to implement economic diversification and a physical and social infrastructure. These will create jobs, build skills and human capital, raise productivity, boost income and promote long-term prosperity."

Responsibility of officials

What characteristics do you think are important for Kingdom officials? How would these characteristics contribute toward the Kingdom's further development?

We need leaders, not managers. Unfortunately most institutions in the Kingdom have managers and not good ones. We need leaders who take initiative, create wealth and think out-of-the-box. We need to be a productive economy, not just a commercial economy. We cannot just be agents, contractors and retailers. We must adapt and find other ways to create money. A standstill creates unemployment, inflation and other economic problems, and we are not making enough money to serve the Kingdom's economy.

We should look at business leaders differently. We should hire the most qualified people that can do a lot with a small amount of money and a lot of knowledge. The whole Saudi economy is not even equal in size to the Apple Company. We think we are big, but in reality we are very small in comparison to the top

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world's economic organizations. We have to make quick decisions to move up, along with other countries.

Human rights

How can we all improve on human rights in Saudi Arabia? What are your expectations for human rights practices within the next twenty years?

Human rights should be developed massively. Human rights in developed economies should be enhanced from an Islamic perspective. Shariah ensures the improvement of our economy. For example, treating poverty is not just to make people socially happy, but also to find ways to make poor people part of the economy, by allowing them to think, work and produce for the economy.

Housing growth

There is a huge demand for housing in the Kingdom because of the increasing young population. The government has allocated SR250 billion to housing. Do you believe the housing sector needs more attention from the government and private sector?

Collaboration between the private and public sector could help people to become house owners. Current government and private initiatives, like the mortgage system, are not enough. Creating jobs with high salaries would help Saudis to obtain a higher standard of living.

Allowing for mortgage loans is also a necessity. The Real Estate Development Fund should contribute more. Now, they only give SR500,000, which is not enough to build a house. Organizations should collaborate to boost housing and I would like to see more green, sustainable buildings."

Role of SMEs

There is a need to boost small business enterprises (SME) in the Kingdom, as it creates various jobs. What role do you see for SMEs in the Kingdom's economic development?

SMEs play an important role in the economies of many countries due to their abilities to create employment. They tend to use more labor-intensive production processes than their large-scale counterparts. SMEs can also provide more innovative opportunities that add value and enhance the distribution of income. For example, SMEs in the developed countries employ more than half of the labor force in the private sector. In emerging countries, particularly in Asian countries such as China, SMEs account for over 60 percent of the GDP and provide 75 percent of jobs.

SMEs in the GCC countries face significant challenges that constrain their ability to grow and unleash their potential. Some of the challenges facing SMEs in the region include inadequate access to finance, lack of access to appropriate technology, poor managerial skills, low productive capacity and lack of government policy support. So, the Kingdom should make SMEs the focus of its long-term economic strategy to play a key role in the economic development process."

Knowledge hunt

Education has always been a priority of the Saudi government. What changes would you recommend for the education system to prepare Saudi youth for work in a knowledge-based economy?

Improving the employability of Saudi youth will undoubtedly hinge on reforming the education system to equip them with the kinds of skills and educational qualifications that are needed in the private sector. The current skills mix of job seekers is not very relevant to private sector employment. Available data for 2009 show that around 64 percent of Saudis graduated in non-scientific subjects, of whom nearly 50 percent studied arts, languages and social sciences and 12 percent chose a religious field of study. This composition of skills among Saudis has to change markedly in favor of technical and business subjects, such as science, engineering and ICT if a considerable shift or progress is to be made in terms of the composition of nationals in the private sector. As more Saudis become educated in the relevant fields, they will be well placed to compete effectively with the foreign labor in the private sector, particularly in the knowledge-based sectors.

The Saudi government has recently taken a giant stride toward reforming the education system. This includes the establishment of science-based institutions such as the King Abdullah University of Science and Technology (KAUST). The reforms aim at building and strengthening the human capital stock of the country to play a key role in the technological and industrialization agenda of the Kingdom. The

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challenge is how to leverage the skills and knowledge from such centers of educational excellence to promote and accelerate the pace of industrialization and technological advancement of the Saudi Arabian economy.

Fair opportunities

How do you see Saudi women contributing to the work force and the political arena in the future?

Despite key challenges, Saudi women are increasingly playing an important role in the Saudi economy. Recent policy initiatives encouraging them to participate in the economic and political arenas will enhance their role in the coming decades. In the economic arena, Saudi women are actively engaged in businesses, owning enterprises across a wide range of sectors. Recent changes in labor market regulations are also providing job opportunities for Saudi women, which will increase their labor force participation rate. Policy priority for empowering and educating women will undoubtedly help to enhance the role of women in the economic sphere.

"On the political front, the appointment in 2009 of Nora bint Abdullah al-Fayez to the Cabinet as the Deputy Education Minister in charge of girls' education in Saudi Arabia marks the beginning of women's participation at the highest echelon of government. King Abdullah's decision to allow women to participate in the Shoura Council as well as in local council elections by 2015 will strengthen women's contribution in the political and socio-economic spheres in the Kingdom.

Women's future role

What should Saudi women do to make your image of the future become reality?

Women should strive to seek knowledge and develop a positive attitude toward work and entrepreneurship to unlock their potential as key drivers in the Saudi knowledge-based economy. This will, however, require significant policy support and changes to create an environment where women can unleash their creative and innovative qualities and achieve a sustainable, greener, and wealthier knowledge-based economy."

Media standards

What measures and standards are yet to be applied in Saudi media? What are your expectations for the next twenty years?

Saudi media play a central and important role in the dissemination of information about what goes on in the country and abroad. They are also relied upon for entertainment and general education on our religion, culture, history, citizenship, sports, etc. While doing that, the media should stay focused on the social norms and ethical standards of the society in which they operate. The media are expected to uphold the ethical standards and cultural norms and values of society while at the same time conform to journalistic codes and practices of accurate and factual reporting. Adhering to these standards is more important now than ever before. Saudi media are operating in an era where people have instant access to a wide range of media operating from overseas with different ethics and social values. The challenge for the Saudi media is to develop the skills and expertise to whittle the chaff from the grain without any margin of error.

Social media

What impact will social media have on change in the Kingdom?

Social media have enabled people, especially the youth, to become media consumers and media producers at the same time. They share stories and experiences with each other. Sometimes these may be with people from outside the Kingdom. Social networking platforms can help to build social capital and bring awareness about job opportunities, economic opportunities and market opportunities in business-to-business communications. It can also be used as a learning tool in education. There is no doubt that social media can play a meaningful role in the Kingdom's change process. However, in the Western world, there is a huge debate around the undesirable side effects of social media, especially the demographic age known as the Facebook generation. Social media are fast, unedited, and not professionally produced. Messages cannot be verified, yet their wide circulation could have undesirable consequences."

Traditional media

What impact has social media had on the Kingdom's traditional media?

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These still have a role to play, but the advent of social media has undoubtedly reduced the importance of traditional media, especially among the youth. Middle-aged people, however, still value traditional media highly.

Learning from the past

What main mistakes have been repeated in the Kingdom over the past ten years? How could we eliminate these to help the Kingdom develop?

I would prefer the word 'inaction' to 'mistakes'. This is because Saudi Arabia has one of the best economic blueprints in the world. The challenges emanate largely from implementation. One key policy priority area that is repeatedly emphasized but hardly implemented relates to economic diversification. Another area is the exchange rate policy. The Saudi riyal has been pegged to the US dollar since 1986, and volatility in the value of the dollar has caused consternation and knee-jerk reactions when the dollar declines. But as soon as the dollar finds a temporary reprieve, the problem is forgotten until it resurfaces. Privatization is another area of interest. If the private sector is to play a meaningful role in the economic development and industrialization process of the Kingdom, privatization should be implemented vigorously. Education and labor market reforms are two additional areas that deserve urgent and special attention.

Message to youth

Youth make up the majority of the Saudi population. What message would you want to give to them?

And what else would you say to the rest of the population?

Saudi youth should aim to develop themselves through life-long education and upgrading of skills that will guarantee them a job and income security. The rest of the population should take knowledge acquisition seriously and act as role model to the teeming youth population. There is also a need for a change in mindset with regard to work ethics.