INTERVIEW

Education is the answer

**Abdulaziz A Al-Sowailim, Chairman and CEO, Ernst&Young Middle East** feels that there has to be a better connect between the requirements of the private sector and what is being produced by educational institutions in the region. Mayank Singh reports

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*bdulaziz A Al-Sowailim has been a member of the Executive Committee/Management Team of E&Y’s Middle East practice for the past six years. After graduating from King Saud University, he joined E&Y’s Riyadh office. He served as the managing partner of AlKhobar and Riyadh offices prior to assuming the responsibility as the country managing partner of the Saudi practice. The Saudi practice includes three major offices, Riyadh, Jeddah and Al Khobar. It comprises over 1,000 professionals and 32 partners. Historically, the Saudi practice represents almost one third of the Middle East revenues and the number of professionals and partners.*

*Abdulaziz is a member of the American Institute of Certified Public Accountants, Saudi Organisation of Certified Public Accountants and is licensed to practice in the Kingdom of Saudi Arabia. He is also a board member of the Saudi Organisation of Certified Public Accountants which has a role similar to the PCAOB in the USA. In addition, he has served as vice chairman of the Saudi Accounting Association. Excerpts from an interview:*

**How has business been in the last one year for E&Y in the region?**

I can look at business from various angles. The global economy was going through a boom and the opportunity was there but when the global financial crisis hit everyone got affected. We have been lucky in this region as we were less affected by the crisis. While we were not immune to the crisis, the measures taken by various governments ensured that the impact of the crisis was not anywhere close to what some other parts of the world went through. A lot of people are in agreement that globally we are witnessing a trend that can be summed up as – LUV. The letter L demonstrates the shape of Europe as the downturn there was sharp and is continuing. In the US, it is a U – so while improvements are taking place they are taking a long time to recover. The emerging markets in the GCC region represent a V shape as the recovery is happening very fast. In terms of business we have been affected but not much. At E&Y we looked at what was happening and decided to consolidate. As a business we have the flexibility to adapt to new situations as we are a completely networked organisation. We could mobilise people from different sectors and industries and that was helpful for us. We also worked with our clients to help and support them wherever needed.

**There have been concerns about what is happening in the region lately in terms of protests, demands and agitations. What are your views on the recent turn of events?**

It is very difficult to give one answer as it is not a one-size-fits-all situation. We have seen what happened in Tunisia, Cairo and Libya but these have to be viewed individually in their context. In the GCC, there have been demands for more transparency and jobs and governments are sorting out the issue. I can see us coming out of this very quickly, so I am not concerned about it. I recently read some statistics about Spain which stated that 60 per cent of people around the age of 25 are unemployed, compared to this we are doing much better in the GCC region.

**There are economic reasons underlying these protests – whether it is the demand for more jobs, better wages or improved working conditions. What can be done to address these concerns?**

The biggest focus for all governments needs to be education. The private sector expects someone who would come in with a certain amount of knowledge and expertise. Once this employee gets some training he or she can starts delivering results. This requires a better correlation between the demands of the job market and what educational institutions are producing, I think that currently there is a bit of a gap between the two and that needs to be bridged.

**Oil prices seems to be on fire breaking every resistance level, while it may be good news for oil producing countries it can adversely impact the global economy. What in your view would be the ideal price level?**

It is difficult for us at this stage to know as to what levels we are talking about, because the risk is still too high. Any turbulence that happens in the region is going to inflate oil prices. Saudi Arabia has announced that it will bridge the gap if there is any shortage of oil. The governments in the region are taking care that no major turbulence happens in respect to oil production and prices and that should fix the situation. Oil prices are rising and in the short term it would rise a bit more, but if the political situation turns for the worse like say something happens in Iran then it would hike oil prices significantly.

**Has the global financial crisis changed the way E&Y did its business and have clients started demanding new services?**

Clients are asking more about what they can do themselves, they are also looking at risks both internal and external and ways to improve corporate governance. These are two critical elements that have come in because of what happened in the recent past. They are also looking at reorganisation and streamlining their businesses. The global financial crisis was a liquidity crisis and professionals dealt with it very well. Regulators on their part have started stressing on better risk management and that augurs well for the future.

**E&Y’s Oman practice has been a leader in the market by a stretch and you have restructured operations with Oman playing a more prominent role in E&Y’s practise in the region. Can you take us through these recent developments?**

The Oman office was managed by one of our partners Philip Stanton, when I took over the leadership of the MENA region as the chairman in July 2010, I decided to make Stanton the COO and because of the success that we are having in Oman, he continued to stay in the Sultanate. Various MENA heads like people, technology and finance are now located in Oman. Sridhar Sridharan has been made the managing partner for the Oman operations. We have also moved some of our functions from other GCC countries to Oman. As we are the leading firm in Oman (and in the region) in terms of manpower and operations, I am spending a considerable amount of my time to support the practice here and I am sure that it will only grow in future.

**What are your plans for E&Y in the region?**

A major part of our strategy is to focus on the National Development Programme and this applies mainly to the Gulf region. We are monitoring the growth of the nationalisation programme in every country in the region. In Oman we have 65 Omanis out of which 25 are seniors and we are very proud of this. We have a five year strategy in place up to 2015. Though we are an international firm we operate like a local business. We are pleased that our leadership teams in most countries in the GCC comprises of capable and highly skilled nationals from the country in which we operate. This is our contribution to countries and the people. This has been a hallmark of E&Y for the last 25 years. This is the result of the training and development opportunities that we give to our staff.