

Recruitipedia: UAE

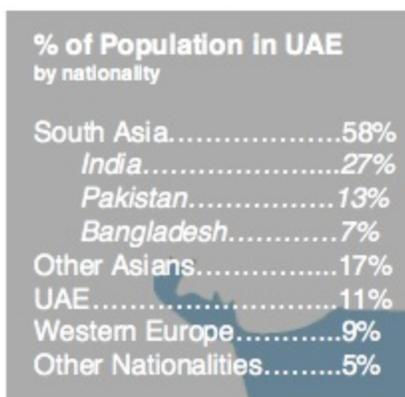


Welcome to Recruitipedia, ExecutiveSurf's occasional review of the talent landscape around the world. This time we are focusing on the United Arab Emirates (UAE). The facts reveal a tightening labour market, where 85% of the workforce comes from overseas.

AT A GLANCE

Established in 1971, the UAE is a federation of seven emirates - Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Quwain - with some powers delegated to the federal government and others reserved to member emirates.

The population of the UAE is around 9.2 million, of which about 1 million are Emiratis and 8 million are expatriates, including a big share of nationals from



South Asia (India, Pakistan, Bangladesh, Nepal and Sri Lanka), Philippines, Egypt, as well as expats from Western Europe, Australia and Latin America.

The official Language is Arabic but the main business language is English. Other spoken languages are Persian, English, Hindi and Urdu.

The major industries are petroleum and petrochemicals, fishing, aluminium, cement, fertilisers, commercial ship building and repair, construction materials, handicrafts and textiles. Recent growth areas are education, healthcare, tourism, hospitality and logistics, while industries in decline are general manufacturing and automotive.

Native Emiratis make up a very small percentage of the workforce. It is estimated that about 27% of the total population and over 50% of the workforce in the UAE are Indians.

JOB MARKET

The UAE's job market is affected by some well known peculiarities compared with other parts of the world. For example, the working week is from Sunday to Thursday; once salary and perks have been negotiated and agreed, that remuneration will be maintained for the duration of the contract - usually three years; and individuals pay no income tax and the only corporation tax levied relates to foreign banks and oil companies; there are 10 national holidays in the UAE, but Islamic holiday dates might shift according to the phase of the moon.

There are also some practical considerations to keep in mind that affect the recruitment process. Before working in the UAE two documents are required: a residence permit and a working visa. These are obtained via sponsorship by an employer, which must be registered with the Ministry of Labour. The UAE has designated a number of Free Zone areas to provide exemption from many UAE laws to encourage foreign investment. If an employee is hired by an organisation based in a Free Zone, the Free Zone Authority can be the sponsoring entity. The employer can sponsor the work visa, under the condition the candidate passes a medical test for HIV and hepatitis and obtains a health card. Therefore it is routine to be asked to take a full medical before receiving a binding job offer.

Labour Law applies to employees working in the UAE, whether they are UAE nationals or not, except for employees working in the free zones, whose employment is governed by the employment law of that area.

In addition, it should be taken into account that with so many international candidates eager to work in the UAE, a few unscrupulous recruitment agencies will attempt to collect additional fees from job seekers, an illegal practice that should be reported to the government's labour department.

In recent months the job market in the UAE has been picking up; employers are hiring and multinational recruitment accelerates. Most jobs in the UAE will be found in Abu Dhabi and Dubai. Employers are in fierce competition for junior executives; additionally, there are many graduate job opportunities in the UAE, especially in the energy sector, requiring skills in science, technology, engineering and mathematics.

The UAE job market is facing some challenges. The country's small, relatively poorly educated native population is predominantly employed in the public sector and businesses must import foreign talent for a wide variety of positions ranging from low-skilled construction to highly skilled oil and gas workers and executives. There is a lack of talent in mid-level roles in all sectors but in the healthcare, PR and publishing sectors in particular, the country is suffering acute shortages.

It has also become increasingly difficult to attract professionals from India, traditionally a major source of talent. This is in part due to economic reforms introduced by Indian prime minister Modi, where Indian executives are seeing a growth in career opportunities at home; only those with specialist skills in technical or management roles will benefit from significant salary increases by re-locating to UAE.

Furthermore, employers seeking to hire talent from countries facing political tension or civil war may run into difficulty. Visa applications for nationals of these countries are frequently rejected or delayed.

Talent retention is also a challenge for most HR departments. The UAE is often considered a temporary stepping stone in international careers, a stop aimed at rapid capital accumulation. As a result, while working in the UAE, executives tend to "job-hop", motivated by higher salaries. During 2014, Gulf salaries rose by their highest average rate since the financial crisis (6.7%) and they are forecast to have increased at an even higher rate during 2015. Dubai and Abu Dhabi are trying to develop alternative strategies to attracting and retaining talent from abroad, for example investing in advanced education systems, but so far this strategy has not made significant inroads.

Given that financial package is the main driver for the executive workforce in the UAE, employers will add many perks and incentives in order to attract the best, including a car, housing, and schooling. UAE Federal Labour Law and the Emirate of Dubai does not have a provision for minimum or maximum wages and salary packages are mostly decided through hard negotiation. Salaries vary greatly depending on the nationality of the candidate, whatever the position. Vast

differences continue to exist between Asian, Arab and Western salaries. An Asian CEO/MD of a multinational can earn 22.7% less than his Arab counterpart and 18.4% less than his Western colleague.

A standard executive employment package in the UAE consists of:

- Basic salary
- 30-days annual paid leave (21 for the first year)
- Medical insurance
- Recruitment and visa-processing fee and associated costs
- Bonus
- Return flight to home country at the end of the contract

In addition to these, there are a number of benefits that are often negotiated:

- Relocation allowance
- Accommodation
- Car/ transport
- Regular annual family return flights home
- Phone
- Schooling
- Health club family membership

It is important to note, and it sometimes comes as a brutal surprise to foreign recruiters, that once all benefits have been priced up, the basic salary component often represents less than 50% of the total, wiping out any benefit gained from an absence of social charges.

As Dubai Expo 2020 approaches, it is estimated that over 275,000 jobs will be created in and around the region to service the event, across sectors including tourism, aviation, construction and real estate, engineering and infrastructure, logistics and transportation, and hospitality and retail. Real estate will most likely be the major beneficiary of the expo, and that will have a significant impact on employers' hiring budgets.

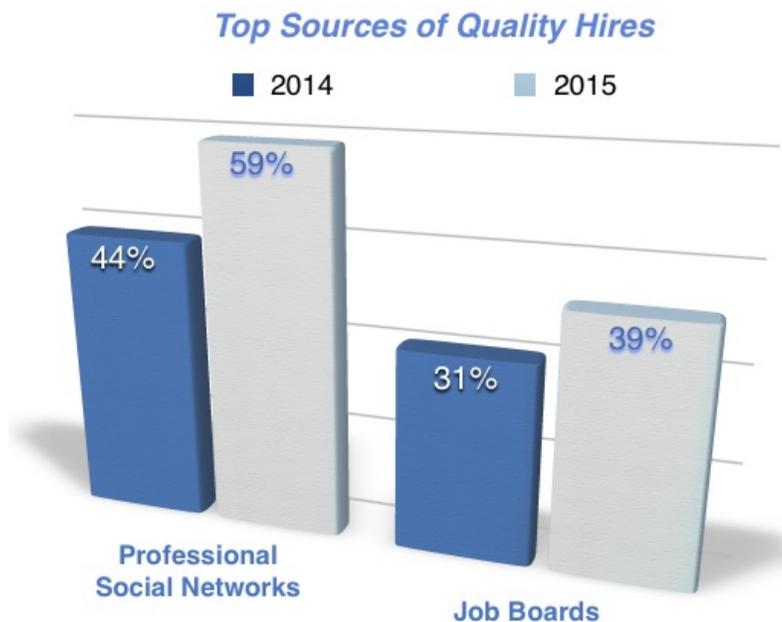
RECRUITMENT TRENDS

The oil industry has traditionally been the driver of growth in the UAE's professional recruitment market. This year, the professional recruitment market will see a 5 to 10% growth rate in the number of new jobs available, with the number of job seekers significantly decreasing.

UAE employers rely on recruitment agencies, due to the high percentage of expat talent. Dubai is home to hundreds of different recruitment organisations that serve the Middle East: from generalists to niche players. Most recruitment outfits in the UAE offer both executive and non-executive recruitment services for both permanent and contract roles.

Despite this variety, when recruiting for senior roles, companies often rely on recruitment providers based in European countries, mainly London. The stated reason for this is one of discretion although it's tempting to think it may have more to do with the aggressive sales policies of those companies.

Online hiring is constantly gaining currency. With 59% share, professional social networks have become an essential source of quality hires and relationship building with job seekers, while job boards continue to be a key piece in the recruiting mix.

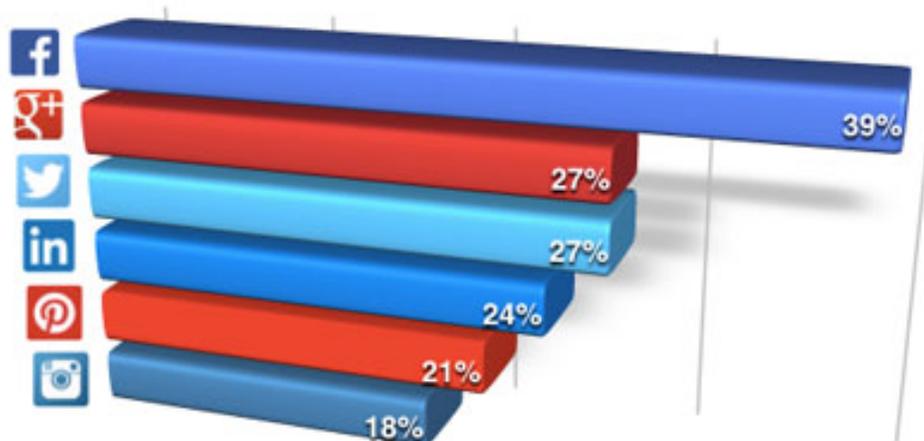


There are over 5.4 million active social media accounts which amount to more than 56% of the population. On average, UAE residents spend close to 3.6 hours on social media.

In 2015, the UAE experienced a 23% growth in active social media accounts, led by Facebook (39%). The country has consistently boasted one with the highest LinkedIn penetration rates in the Arab world (24%) and ranks 22nd globally by number of LinkedIn users.

Google+ and Twitter are gaining ground on Facebook, already capturing 27% of the UAE's social media pie. Instagram seems to have had a slow start in the UAE, as only 18% of the population uses the platform.

Top Active Social Networks



Going forward, there are certain areas that will continue to remain dominant, such as leveraging social professional networks to source passive candidates.

From a cultural perspective, building a strong network is of major importance for Emiratis. A correctly formatted request to connect on a social network to an Emirati professional has around a 90% chance of being accepted and will lead to a conversation about a specific career or business opportunity. Frustratingly for the recruiter, for exactly the same cultural reasons, an openness to talk about a role is by no means an expression of genuine interest.