

# **Addressing Unemployment Issue and Participation of National Human Resources in Labour Market**

**Ministry of Labour**

**May 2011**

# Presentation Topics

---

- **Challenges**
- **Root Causes of the Problem**
- **Remedial Actions**
- **Success Factors**
- **Role of Human Resources**

## Firstly: Challenges

---

### ➤ **Unemployment:**

The Ministry of Economy data (Labour Force Survey, 2009) show that unemployment among UAE Nationals is estimated at 14%, or nearly 35 thousand unemployed Nationals across UAE. Unemployment rate increases to over 25% among the youth.

The number of National jobseekers registered in The National Human Resource Development and employment TANMIA database (excluding Abu Dhabi emirate), reached 8 thousand.

### ➤ **Low Private Sector Participation:**

Data from the Ministry of Economy (Labour Force Survey, 2009) reveal that the percentage of Nationals working in the private sector does not exceed 7% of the total National workforce.

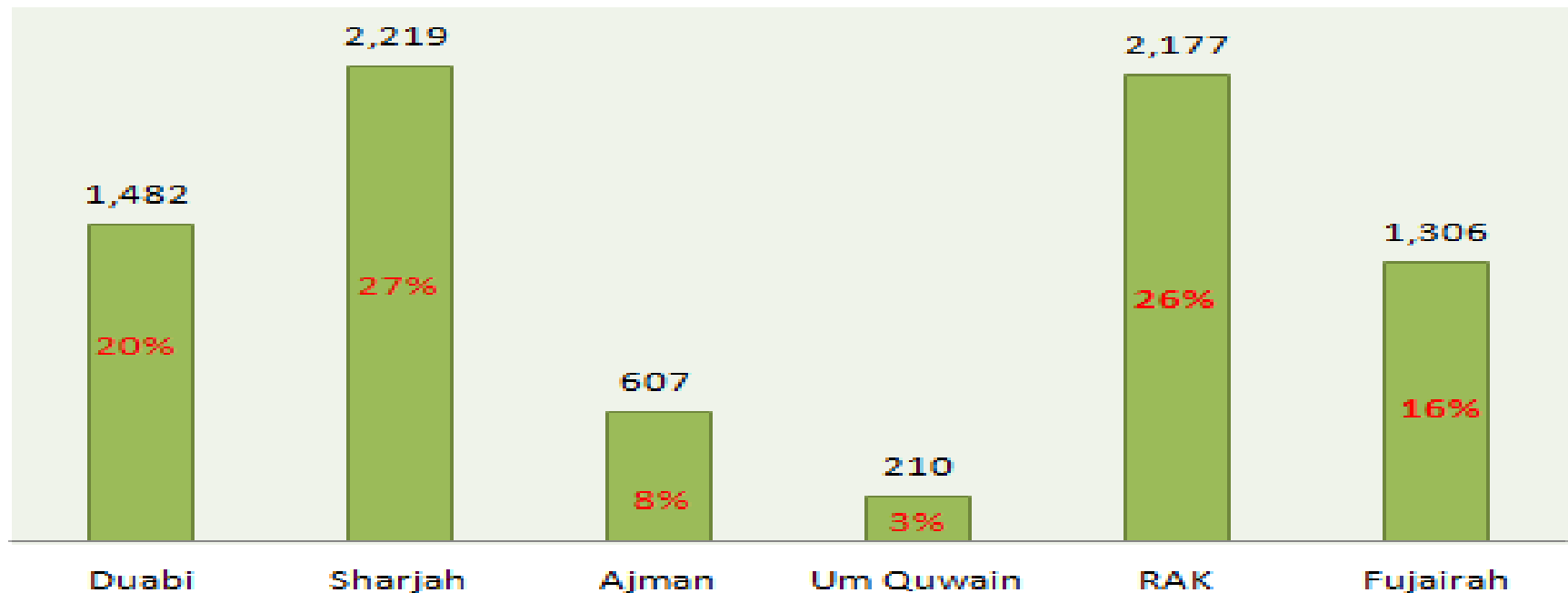
### ➤ **Increasing Numbers of Young Nationals Entering the Labour Market:**

It is estimated that some 200 thousand Nationals will attain working age during the coming 10 years, not less than 100 thousand of them are expected to enter the labour market.

## Firstly: Challenges - Unemployment

---

- **8,000 Unemployed Nationals (excluding Abu Dhabi emirate), are Registered with The National Human Resource Development and employment Authority :**
  - 83% of them are females
  - 46% diploma and university degree holders, 44% Secondary education and 10% below Secondary level.



## Secondly: Causes

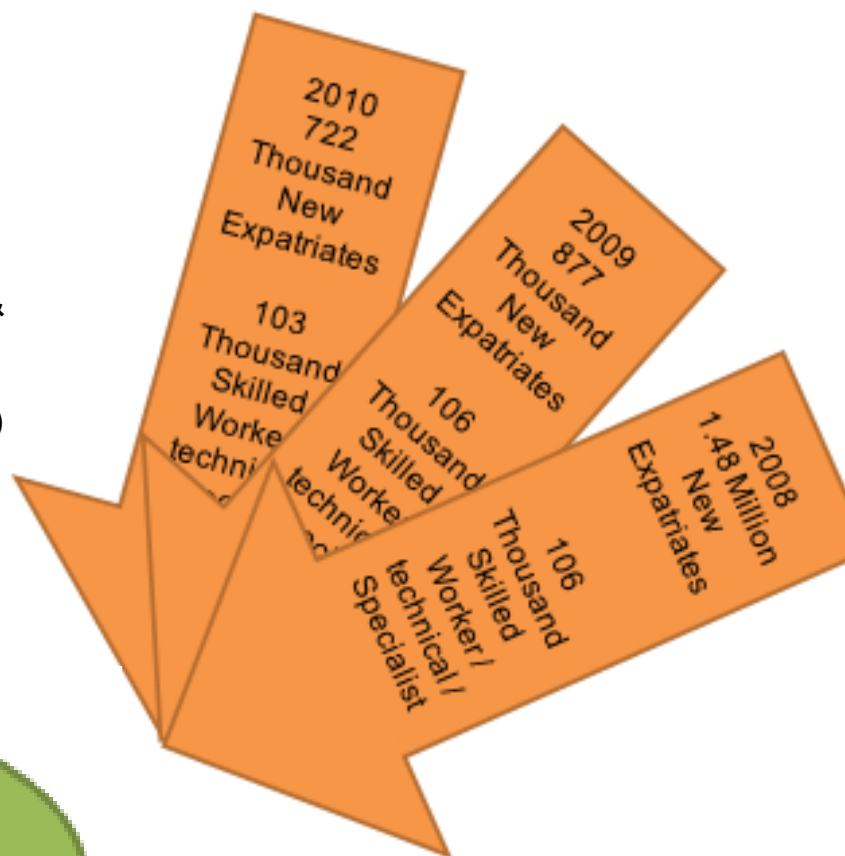
<b>Foreign Labour Policy</b>	<b>Public-Private Sector Gap</b>	<b>Increasing Demand for Low-skilled Labour</b>	<b>Constrained Mobility Between Public &amp; Private Sectors</b>	<b>Mismatch Between Education Outcome and Labour Market</b>
<ul style="list-style-type: none"> <li>- Open door, over-recruitment policy</li> <li>- Multiple recruitment venues</li> </ul>	<ul style="list-style-type: none"> <li>- Employment Requirements</li> <li>- Work Conditions</li> <li>- Level of wages</li> </ul>	<ul style="list-style-type: none"> <li>- Limited and diminishing competitiveness</li> <li>- Social cost (AED 50 billion dirham annually)</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of incentives</li> <li>- Lack of comprehensive social security (insurance against unemployment)</li> </ul>	<ul style="list-style-type: none"> <li>- Education outcomes</li> <li>- Labour market needs</li> <li>- Skills development</li> </ul>

## Public-Private Sector Gap

Labour Force Survey, 2009	Public Sector	Private Sector
<b>Salaries (monthly salary rate for university degree holder)</b>	Federal Government: AED 21,500 Local Government: AED 26,900	8,500 – 17,500
<b>Daily working hours</b>	6	8
<b>Annual Leaves</b>	30 – 45	30
<b>Official holidays</b>	14	10
<b>Paid sick leaves</b>	Full year	15 days
<b>Weekend days</b>	2	1
<b>Performance</b>	No incentive for high performance	Performance-based culture
<b>Social environment</b>	<ul style="list-style-type: none"> <li>• Working with Emiratis</li> <li>• Strong local knowledge network</li> </ul>	<ul style="list-style-type: none"> <li>• Working with multi-nationalities</li> <li>• Exclusion from local social networks</li> </ul>

## Increasing Demand for Low-skilled Labour: Distribution of 3.8 million foreign workers by skill levels

50%	1.9 million foreign workers at skill level 5 (unskilled)
29%	1.1 million foreign workers at skill level 4 (semi-skilled)
11%	418 Thousand foreign workers at skill level 3 (skilled)
2%	76 Thousand foreign workers at skill level 2 (technical & professional)
7%	266 Thousand foreign workers at skill level 1 (Specialist)



**10 to 20 Thousand Nationals enter labour market yearly**

# Thirdly: Remedial Actions

---

**Short-term Intervention**

**Long-term Intervention**



## Thirdly: Remedial Actions - Short-term Intervention

---

- **Active Labour Market Programs:** Implementing UAE-wide programs targeting employment of 5,000 jobseekers annually through:
  - Direct support for the National employee for a limited period of time
  - Financial incentives to employer (--% of salary) for a limited period of time
  - Support the National employee's training
- **Establish Khalifa Fund for Emiratization Empowerment:** to enhance demand for National labour force and implement active labour market program.
- **Company Classification System:** reduced foreign labour fees for firms committed to Emiratization percentages. 15% of skilled labour in firms classified in group A, and 10% of skilled labour in firms classified in group B.

## Thirdly: Remedial Actions - Long-term Intervention

---

### A set of Policies including Foreign Labour Restriction and Nationals' Empowerment:

1. Review current foreign labour recruitment policy (new policy) to focus on Emiratization:
  - Promote Nationals' participation in the private sector
  - Promote attraction of qualified and experienced candidates to facilitate transition to a knowledge-based economy
  - Minimize foreign labour in-flow, reduce dependence on expatriate workers, especially unskilled, and encourage labour market mobility.
  - unify labour market by issuing work permits at one point.

## Thirdly: Remedial Actions - Long-term Intervention (Cont.)

---

### A set of Policies including Foreign Labour Restriction and Nationals' Empowerment:

2. A new proposed policy to motivate Nationals' participation in the private sector through securing comprehensive social protection, and public sector development:
  - Proposed law on insurance against unemployment
  - Review the Social Security Law to facilitate public-private sector mobility of National workforce.
  - Reform employment requirements and work conditions in the civil service to encourage Nationals to join the private sector.

## Fourthly: Success Factors

---

- Focusing on comprehensive measures to address the problem by adopting an integrated set of programs and policies that insure carefully planned, short-term actions, as well as long-term reform policies.
- Building an effective partnership between federal and local entities, based on joint responsibility basis. Establishing a partnership with the private sector and adopting a mechanism to ensure its implementation.

## **Fifthly: Role of Human Resources**

---

Prospects of joint work between the Ministry and Human Resource functions:

- What is the role of human resources?
- What is the role of the Ministry of Labour?

# Thank You