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

Ministry of Labour

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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

<table>
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<tr>
<th>Foreign Labour Policy</th>
<th>Public-Private Sector Gap</th>
<th>Increasing Demand for Low-skilled Labour</th>
<th>Constrained Mobility Between Public &amp; Private Sectors</th>
<th>Mismatch Between Education Outcome and Labour Market</th>
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<tr>
<td>- Open door, over-recruitment policy</td>
<td>- Employment Requirements - Work Conditions - Level of wages</td>
<td>- Limited and diminishing competitiveness - Social cost (AED 50 billion dirham annually)</td>
<td>- Lack of incentives - Lack of comprehensive social security (insurance against unemployment)</td>
<td>- Education outcomes - Labour market needs - Skills development</td>
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TANMIA, Unemployment & UAE Nationals’ Participation in the Labour Market
Public-Private Sector Gap

<table>
<thead>
<tr>
<th>Labour Force Survey, 2009</th>
<th>Public Sector</th>
<th>Private Sector</th>
</tr>
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<tbody>
<tr>
<td>Salaries (monthly salary rate for university degree holder)</td>
<td>Federal Government: AED 21,500</td>
<td>8,500 – 17,500</td>
</tr>
<tr>
<td></td>
<td>Local Government: AED 26,900</td>
<td></td>
</tr>
<tr>
<td>Daily working hours</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Annual Leaves</td>
<td>30 – 45</td>
<td>30</td>
</tr>
<tr>
<td>Official holidays</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Paid sick leaves</td>
<td>Full year</td>
<td>15 days</td>
</tr>
<tr>
<td>Weekend days</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Performance</td>
<td>No incentive for high performance</td>
<td>Performance-based culture</td>
</tr>
<tr>
<td>Social environment</td>
<td>• Working with Emiratis&lt;br&gt;• Strong local knowledge network</td>
<td>• Working with multi-nationalities&lt;br&gt;• Exclusion from local social networks</td>
</tr>
</tbody>
</table>
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)
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