EXPATS AND EMIRATISATION:
PLOTTING A COURSE FOR A SUSTAINABLE FUTURE

Dr Kasim Randeree
The British University in Dubai
kasim.randeree@buid.ac.ae

The 2007 Gulf Conference
4–7 July
Institute of Arab and Islamic Studies
University of Exeter
United Kingdom
Abstract

Middle Eastern countries are largely perceived as having economies of limited competitiveness in a global context. This is in large part due to the political, economic, environmental and societal challenges these nations face. The United Arab Emirates (UAE) is no exception, as it faces many challenges including current and future demographics, employment of its national workforce, sustainability issues, educational concerns, as well as diversity and gender related problems. In truth, a well designed Emiratisation process (a policy for reducing the demand for expatriate workers) coupled with the active participation of Emirati women in mainstream society, including the private sector, can help in alleviating many of the UAE’s problems. The challenge for the rulers of the UAE, is to engage its national human resource in education and employment whilst moving in step with advanced nations and respecting Arab and Islamic tradition.

Thus, due in part to the advancement and comparatively liberal nature of the UAE in comparison to other countries on the peninsula, the international community looks to the UAE, and the city of Dubai in particular, as a model for a new, prosperous and sustainable 21st century Middle East. The implications of the research presented here are that there are a number of challenges facing Emirati society and by implication the Arabian Gulf region, which need to be addressed if change and advancement envisaged by the region is to be realised.
Introduction

Previous research has indicated that in order for prospective K-economies in the Arabian Gulf region to succeed, they must first utilise their entire human resource and encourage increased participation of Arab women in the workplace (Randeree (a), 2006). This paper aims to go further, by analysing and recognising the importance of Emiratisation as a driving force for change in the vision for a modern and inclusive Arabian Peninsula, working in tandem with the greater inclusion of women.

There are distinctly four phases through which women and their participation within civil society has evolved through Gulf Arab history (Abdalla, 1996), with the emergence of the need for preserving the national identity through Emiratisation only emerging in the final phase. The first phase, from the pre-Islamic era up to circa 1900 and was characterised by tribal disputes and the appropriation of water wells and grazing land as well as herding camels (Hourani, 1991). These activities favoured male physical abilities. The second phase, circa 1500-1940, saw an expansion of trade with Europe and Asia and the beginning of seafaring and pearling, activities which were seen as incompatible with Islamic tradition in relation to the participation of women. The third phase began during the 1940’s, with the discovery of oil and the first signs of the development of affluent society. This gave rise to the education of women which began in earnest in Kuwait (Talhami, 2004) in 1937. It was only after its formation in 1971 that the UAE began educational programmes which included women. Though oil wealth brought affluence, the absence of economic necessity meant households continued to be supported by men. The final phase is the development of the K-economy, circa 1990 to date, where well educated women, low illiteracy rate, access to global information on women in other societies and the emergence of women in corporate leadership positions has led to a liberalisation of views in the UAE in particular. Furthermore, rapid growth in the region and the need to diversify the economy beyond income generation through oil-based revenue has led to an influx of expatriate workers in service and constructions sectors in particular. This has further coincided with demand for equality of opportunity in employment by Emirati women, with growth in the K-economy and the drive for Emiratisation has led to a need to utilise the female human resource.

This paper thus gives a critical review of the major issues concerning the development of the K-economy in the UAE, focussing, in particular, on Emiratisation and the role of the Emirati woman.

Demographics

The United Arab Emirates (UAE) is located at the southern tip of the Arabian Gulf and has three neighbouring countries - Saudi Arabia, Qatar and the Sultanate of Oman. The total area of the UAE is 83,600 km$^2$ and it has a tropical desert climate with very little or no rainfall. It is governed by a federal system founded on the 2nd of December 1971. The union is formed of seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Quwain, Ras al-Khaimah and Fujairah, with Abu Dhabi city as its capital (Camerapix, 1998).

The Emirates are settled by a diversity of cultural groups. In addition to UAE nationals, there are various Arab groups as well as Iranians, Filipinos, Indians and large numbers of Europeans and Americans. These are all known as expatriates or abbreviated at expats (Gaad, 2006).
The population of United Arab Emirates in 2003 was estimated by the United Nations at 2,995,000, which placed it as number 131 in population among the 193 nations of the world. In that year approximately 1% of the population was over 65 years of age, with another 26% of the population under 15 years of age, with an average age of mortality at 64 for males and 73 for females (Obermeyer, 1992). There were 186 males for every 100 females in the country in 2003. According to the UN, the annual population growth rate for 2000–2005 is 1.94%, with the projected population for the year 2015 at 3,588,000 (UN, 2007).

**K-Economy**

The discovery of crude oil and its commercial production in the UAE created a new economic situation that was reflected in the availability of substantial financial resources on one hand, and the investment of such resources by the government for development on the other (Khan 2005). The country has emerged into the mainstream of modernism over the past 40 years, with an economy driven by oil and gas and more recently tourism. The population has been directly influenced by the rapid development witnessed by the country in recent years.

The UAE is a loose but supportive federation of seven emirates with each of the seven emirates retaining considerable autonomy over political, economic and financial affairs. This has enabled a variety of different economic policies to be pursued by individual states. Hence whilst Abu Dhabi has focused on developing its extensive energy resources, holding over 90% of the UAE's oil reserves, the other emirates have sought other economic drivers as their oil reserves are relatively limited. Trade has become Dubai's staple, with the emirate re-exporting over $US 10 Billion annually. Successful strategies are copied in the other emirates and the resulting increase in competition deepens the market and allows for the spread of best practice.

This process has been supported by the UAE's heavy investment in infrastructure, principally in Dubai, where world class airports and naval ports have been built. Dubai is undergoing a $US 1.4 Billion airport expansion and has an open skies policy which has led to over 100 airlines connecting through Dubai International Airport. However, it has been the establishment of 'free zones' that has led to the UAE, and in particular Dubai, to be used increasingly as a business hub for the region. These zones grant 100% foreign ownership and exemption from taxes, tariffs and local regulations. Jebel Ali Free Zone (JAFZ) part of the emirate of Dubai, is itself home to over 2200 companies from over 100 countries, including many European and American blue chip companies. Dubai has been at the forefront of this policy and has moved into creating dedicated industrial or service zones in an effort to attract clusters of leading companies within targeted sectors. Dubai’s most recent ambitious project, the Dubai International Financial Centre is the latest and it is hoped that it will support the development of a regional capital market.

In a region that is amongst the most expensive and time consuming to start a business, the UAE's free zones are attractive propositions. Consequently, over the last twenty years, Dubai has become the leading business and trading hub in the Middle East. In other areas, too, Dubai is excelling. Although construction and real estate investment have picked up across the Middle East over the last two years, Dubai has seen the most activity, with investment in Dubai's real estate sector accounting for over 20% of the emirate's GDP.
Dubai’s 2010 vision for a K-economy is a strategy for developing the model for growth and development in the region. A K-economy, as defined by the World Bank, rests on 4 pillars (Madar Research Group, 2003), known as “infrastructure”, “incentives”, “innovation” and “intelligence”. Infrastructure relates to the information society infrastructure and the dissemination and processing of information and how effectively a society gives people access to affordable and effective information and communications. Incentives relate to the economic and institutional framework, providing a stable macro-economy, a competitive environment, a flexible labour market and adequate social protection. Innovation, brings together research and business activities in commercial applications of science and technology, with emerging sectors such as pharmaceuticals, bio- and nano-technologies and wireless communication systems. Finally, intelligence refers to education systems, where citizens acquire, share and use knowledge (Madar Research Group, 2003).

The UAE has set its sights on joining the ranks of the world’s leading K-economies with a comprehensive strategy to enhance knowledge-driven development (Arab Law Quarterly, 2000). Dubai in particular, seeks to transform itself into a knowledge-based society and K-economy by the year 2010. To achieve this objective it has set itself many strategic targets. By 2010, it aims to generate 25% of its GDP from knowledge-based industries and seeks to raise the role of Foreign Direct Investment (FDI) in the country’s economy to 4% of the GDP which will play a role in creating job opportunities in the country (Dubai 2010 Vision, 2007).

Education

The UAE experienced major challenges during its process of nation building and economic development. A major uncertainty during the process was the training and development of national human resources to enable them to take an active role in supporting and contributing towards the country's rapid development. This was a complex task and indeed a huge challenge given that until 1962, when oil production started in Abu Dhabi, the country had just 20 schools for less than 4,000 students, most of them boys (Education, 2007). However this has been changed and developed dramatically by introducing the government and private education with different educational levels and experiences (Arab Law Quarterly, 2000). Thus, the UAE has enshrined for men and women, both in its Constitution and through the commitment of the rulers of the various Emirates, the rights and opportunities for education for all its citizens (Randeree (b), 2006). Education has become imperative in the acquisition of a higher standard of living (Hutton, 1959). Furthermore, according to the World Economic Forum (2005), access to education is one of the primary indicators of women’s status and is the root of women’s emancipation. Though the UAE has the second highest GDP in the Gulf, it is lowest in terms of percentage GDP spent on education. However, the number of girls completing secondary education is 88% and 69% of Emirati graduates are women. Furthermore, according to World Bank statistics, female illiteracy dropped from 29% to 21% between 1990 and 2000, whereas male illiteracy only dropped from 29% to 25% during the same period. The educational level in the county also plays an important role in shaping the capabilities of UAE nationals to be able to compete in the workplace. Education is a national priority, especially in the light of technological revolutions and scientific advancement witnessed by the entire world which could only be encountered by a well-developed and effective educational system.

To address this disparate composition of the workforce, many of the Gulf Cooperation Council (GCC) countries embarked on training and development programs in order to promote the employment of nationals in the labour market (Khalaf, 1999). This was
accompanied by the government-mandated Emiratisation policy, mechanisms to stem the inflow of foreign workers and encouragement of the employment of UAE nationals. Measures to control the growth of foreign workers typically included mandated targets for Emiratisation in the private sectors, permit requirements and levy for foreign workers and attractive incentives and preferential treatment for companies adhering to nationalisation policies (Ruppert, 1998) and (Maloney, 1998).

The experience of Emaratis of national development and economic growth is similar to neighboring GCC countries. The distinctiveness of the Emarati experience lies in its history as a developing country. The UAE shares similar constraints with the other GCC countries in terms of availability of educated and experienced local workforce. The socio-political and economic circumstances of UAE during most of the twentieth century, coupled with the lack of modern educational facilities prior to 1971, has resulted in its under-development as well as a shortage of educated citizens (MERIP Reports, 1975). This predicament affects all sectors but is particularly acute in the private sector (Bahgat, 1999).

**Emiratisation and Employment**

Emiratisation is a development that seeks to replace a reliance on foreign expatriate workers (or expats) with Emarati citizens or nationals in the UAE. To date this has been largely accomplished through various employment quota targets. Expatriate labour accounts for nearly 80% of the workforce in Dubai, with over 50% being Indian men (Madar Research Group, 2003). This is largely due to the fact that these workers undertake work that the native population would be unwilling to do. Even so, the reliance on expatriate males rather than the utilisation of native females means that the gender gap continues to grow. However, the scarcity of a native male population can enhance women’s opportunities in an effort to hasten Emiratisation. Local laws and regulations give Gulf employers extensive powers over their expatriate employees, often to the detriment of the rights of their employees. While everyone is exposed to such practices, illiterate and unskilled workers from South Asia and the Far East, with poor understanding of their statutory rights, are the most likely victims.

In the GCC countries, rapid development financed by oil revenues resulted in robust economic growth, infrastructure development and the expansion of public goods provisions. In order to support and sustain this growth in the wake of a shortage of supply of native labour, foreign workers, primarily from the Indian sub-continent, were imported to fulfill this role (Halliday, 1977). Over time, many of the GCC countries became dependent on cheaper and more qualified expatriate labour. In addition, expatriates generally work longer hours, accept lower wages, and tolerate poorer working conditions and more physically demanding jobs as opposed to UAE nationals (McMurray, 1999). Consequently, in most of the GCC countries, over 60% of the labour force are foreign (Ruppert, 1998).

However, in the context of this research, though the advancement in economic terms in Dubai has been outstanding, the consideration for the working class expatriate needs analysis. The Asian construction worker for example, often has limited or no material possessions in his native land and is often desperate for work, frequently because he is compelled to settle the debts in his homeland. A qualitative survey carried out as part of a broader research on this topic has uncovered a serious lack of job satisfaction. Workers cite an absence of job security, physical surroundings where work is often hazardous without adequate safety precautions, most of their work being under extreme weather conditions, they complain of no prospects for promotion, senior management handling of their workers is considered
inhumane, pay for work done is seldom received on time and is insufficient to live an average lifestyle in the city and the accommodation that is offered lacks “compassion” with often a dozen or more workers to one room and the absence of healthcare and recreational facilities. Furthermore, there is a lack of organisational commitment with workers having no sense of loyalty towards their employers. Workers feel their psychological contracts have been violated by their employers and a large proportion of the workers who come from developing countries take up loans to pay manpower supply agencies for finding them work in the Gulf.

Emiratisation is not only recruiting UAE nationals to replace expatriates, it is a major process that requires training these nationals to acquire the skills and competencies for the assigned work, to ensure a successful Emiratisation process. According to the Ministry of Labour, the process of Emiratisation has been quite successful in government and banking sectors (Ministry of Labour, 2007). Decisions taken by the Ministry of Labour such as Emiratisation of HR management positions before the end of 2008, reflects the seriousness of the government with respect to the process of Emiratisation. Additionally, the financial penalty incurred for organisations lagging behind the target rate of Emiratisation would be utilised for training and development programmes for Emirati nationals.

Emiratisation as a concept does have forces working to its detriment. Most notable is economic migration, the high rate at which expatriate workers continue to flow into the country, largely because of more attractive employment opportunities, better standards of living and higher incomes, as well as better healthcare and educational services for themselves and their families, which are to be found in the UAE.

In terms of Emirati employment, government sector jobs are considered most favourable to most Emaratis. Compared to the private sector, salaries are generally higher, non-monetary benefits are better and hours of work tend to be shorter (Feulner, 1989). Many private sector establishments operate on 10-hour days, six days per week, with a split shift day. In contrast, the government sector operates on a single-shift, eight-hour-day, and five-day-week system.

However, as society expands ever further and the private sector flourishes, there is now greater urgency to find alternative ways of addressing Emiratisation issues (Cameron, 2002). Among these is the gradual replacement of expatriates with nationals though greater private sector employment of nationals. This, however, presents a dual problem. Firstly, private sector employers have negative perceptions of nationals as less productive than expats and so are unwilling to employ them, despite the fact that ownership of any private establishment must be 51% owned by an Emirati (Arab Law Quarterly, 1996) and (Angell, 1986). Secondly, Emirati nationals are legislated to higher salaries than expats for the same work, which translate into higher costs for firms. Furthermore, nationals themselves are reluctant to take private sector employment for several reasons. Among these are the perception of lower private sector salaries and benefits compared to the government sector. Other issues include religious observance, translating into the need for nationals to be afforded greater flexibility in working hours (Cameron, 2003). Though legislation has been developed restricting immigration (Shah, 1995), it is likely that the demographic imbalance between Emirati and expatriate will continue to expand for the foreseeable future, so long as the UAE continues to develop and expand its infrastructure.
Emirati Women

Over two thirds of university graduates in the UAE from government universities are Emirati women. However, women as a whole account for less than 12% of the entire workforce of the country. Furthermore, if the number of employees in the areas of Health and Education were removed, the figure would be substantially less. What is worse is that very few of those who make it to the labour market, make it to the boardrooms or upper echelons of leadership and management.

Attitudes of women in the UAE are changing. Young women are joining the workforce and the challenges they face are a source of much intrigue in the international media (BBC, 2005). Furthermore, women in Dubai are diversifying into sectors and activities not traditionally occupied by women. TV presenters, forensic scientists, Dot Com entrepreneurs, medical professionals and taxi drivers are amongst some of the wider professions where women are playing an active role. Consequently, the direction of the Middle East in the growing K-economies is changing.

The support for women in education and in the workforce is well supported by those in power. HH Sheikh Zayed bin Sultan Al-Nahyan, the former President of the UAE, said (as cited by Sayed, 2001):

“The means to develop a country and modernise its infrastructures is a magnificent burden that should not be taken up by men only. The loss would be huge, for women will be paralysed without any participation and productivity. It would lead to an unbalanced rhythm of life. Hence, women's participation in public life is required and we must be prepared for it.” And: “Nothing could delight me more than to see woman taking up her distinctive position in society. Nothing should hinder her progress. Like men, women deserve the right to occupy high positions, according to their capabilities and qualifications.” (United Arab Emirates Yearbook, 2003)

Such participation has been established since 1974 with the creation of the Dubai Women's Development Society, a pioneer of the women's movement in the UAE. The UAE Women's Federation was established a year later. Committees formed within this organisation established a variety of women’s activities. These committees include those dedicated to religious affairs, childcare, social affairs, cultural affairs, sports, heritage and the arts. Some of their activities include running nurseries and kindergartens thus permitting mothers to go out to work. Other activities include the dissemination of nutritional information for pregnant women and new mothers, a United Nations Development Programme for reviving the close association of some of the country's women with the land, classes for tailoring, embroidery and housekeeping, missions to rural areas and mothering and childcare classes supported by UNICEF. Furthermore, they facilitate the free borrowing of library books, an activity that has indicated rising levels of social and literary consciousness in areas formally of high illiteracy (United Nations, 2003). These activities are on the whole supportive of traditional values but do not address the broader issues relating to the K-economy and the participation of women therein.

In terms of the role of women in the workplace, there are numerous myths. Although stereotyping of women in particular has been around through history, it is particularly interesting that many of these characteristics are actually attributes in the K-economy. For example, it is often said that women are naturally too emotional for business decision making. In fact, emotion, or more specifically “emotional intelligence” is highly desirable in
the K-economy and assists in decision making particularly in aspects of human resources. According to Handy (1994), the management style of women fulfils the demands of new organisations better than their male counterparts. Contrary to some stereotypical views, Handy argues that women are better managers because of their qualities of adaptability, the ability to juggle several tasks at a time, are overall more interested in getting things done rather than seeking status or title, they are more instinctive and intuitive than men, tough but tender, focussed but friendly. Further criticism, particularly in the Middle East is that a woman’s role as mother and housewife would be impossible if she were to take on an additional role outside the domestic arena. However, these judgements are being proved wrong by the growing number of energetic young women in the region who are proving that a balanced life is possible, together with growth in western-style day-care centres in addition to centralised family support. Emirati society is based strongly on family ties. Lewis (1997) states “Formal 'family friendly’ policies, including flexible or reduced hours of work and periods of leave, designed to help employees to balance work and family demands have the potential to challenge traditional models of work and organizational values.” In this regard, the UAE is already ahead of the game. Centralised families allow for day care provision within the family unit. This, together with the ease of hiring domestic help in the UAE allows working mothers the growing freedom and flexibility to join the workforce. For its part, the federal government has facilitated this activity by enshrining its support for women and their rights in the workplace into law. UAE Labour Law thus ensures that a woman’s remuneration is equal to that of a man’s if she performs the same work, that she receive 45 days maternity leave with full pay and even allows breaks for breastfeeding, or leaving work one hour early for 18 months post partum (Ministry of Labour UAE, 1980).

However, with a female population of only 27% in Dubai, significant issues of gender equity are raised. Male population growth is extremely high due to the influx of male expatriate workers. Though in 1980 only 8000 women were employed in Dubai compared to over 60000 today, employment levels significantly favour men and is disproportionate compared to the west. Approximately 20% of the labour force in the wider Middle East are women. Though all women in Dubai (Emirati and expat) represent only 11% of the total workforce, Emirati women seem to be doing rather well amongst nationals, representing 41% of the total Emirati workforce in Dubai. However, one third of all female employees in Dubai are housemaids (who account for only 5.5% of the total workforce) and only two sectors, education and healthcare, demonstrate employment levels where women exceed men. Furthermore, the majority of Emirati women work for the federal government (Dubai Municipality, 2004).

It may be concluded therefore that although women in Emirati society have come a very long way towards achieving full equality, societal attitudes need to change towards their role if it is seen to be anything more than merely an increase the number of women in the workforce. Though Emirati society has therefore made great strides in this direction, it needs to go further in understanding that equal opportunity is more than a courtesy, but rather the right of all citizens. Many still need to be educated that women do not have to prove that they are as intelligent or capable as men are and are fully functional members of society (Webb, 1997).

**Conclusions**

This paper has clearly highlighted areas of improvement in education and human resource issues from the perspective of Emiratisation, diversity and gender in the UAE. It is further
appropriate to indicate that the UAE ever-increasingly appears to be a benchmark for the wider Middle East in terms of the development of a sustainable K-economy.

References

Angell, Nicholas B., (1986) Regulation of Business under the Developing Legal System of the United Arab Emirates. Arab Law Quarterly, 1, 2, 119-140. Published by BRILL.
Arab Law Quarterly. UAE: Recent Developments. 11, 1. (1996), 50-68.
McMurray, David. Recent Trends in Middle Eastern Migration. Middle East Report, No. 211, Trafficking and Transiting: New Perspectives on Labor Migration (Summer, 1999), 16-19.