

UAE's per-worker cost to companies is Dh55,000 a year, study shows

Despite these costs, hiring foreign workers is an economic advantage to private companies and the UAE economy when comparing the costs to productivity levels, according to latest study.



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Foreigners make up a majority of the UAE workforce. The cost for a skilled worker is Dh144,000 and the cost of an unskilled worker is Dh33,000.

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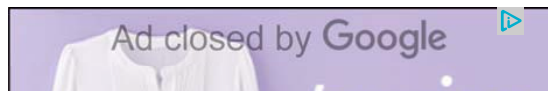
Dubai: The average total annual cost of labour is estimated at about Dh55,000, according to a paper presented at a workshop organised by the Ministry of Labour and Dubai Economic Council on Tuesday.

The cost for a skilled worker is Dh144,000 and the cost of an unskilled worker is Dh33,000, said Dr. Mouawiya Al Awad, Director of the Institute for Social and Economic Research at Zayed University, at a session on the components of labour costs.

The workshop, titled "Wages and the Cost of Labour in the UAE," addressed questions about the main elements of labour cost, their determinants, who bears labour costs, and the impact of public and labour policies on these costs.

It presented new findings about the real cost of labour in the UAE and its effect on economic growth, productivity, and labour market flexibility.

Speaking at the workshop, Saqr Gobash, the Minister of Labour, said the government and the private sector must work together to overcome issues related to the labour market in the UAE.



"A permanent and responsible partnership between the government, the private sector and academic institutions is necessary for an objective analysis of the labour market," he said, adding that labour costs are watched closely by policy makers, entrepreneurs, and all those with an interest in the UAE economy.

The overall average annual administrative and recruitment costs per worker are estimated at Dh2,674.

For skilled workers, this cost is Dh3, 404 and for unskilled workers Dh2,296. Wages and both cash and non-cash benefits are estimated at Dh41,000 per worker annually, Al Awad said.

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Despite these costs, hiring foreign workers is an economic advantage to private companies and the UAE economy when comparing the costs to productivity levels, according to the study. This suggests that competitiveness of the UAE economy may be "linked strongly" to using cheap and unskilled workers, he said.
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A skilled worker will yield Dh500,000 in terms of productivity but his cost is only Dh144,000, he said.
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With the UAE heading towards a more knowledge-based economy, he said.
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Education and experience don't pay, he said.

It would cost the UAE Dh22 billion to shift towards a 40:60 ratio of skilled to unskilled workers — but this shift must be done, he said.

In his opening remarks, Gobash hoped the workshop would lead to a "calm" and "deep" dialogue, one which is objective and open to other perspectives.

"Deep and comprehensive dialogue leads to logical and scientific conclusions that provide systematic solutions," said Gobash.

"I am confident that you share our views, that when we commit ourselves to open and critical dialogue we will be in a position to establish partnerships through the organisation of this workshop so

we can revive national dialogue about the future of the economy, the education system, environmental challenges, preservation of identity, and seek higher levels of development for UAE nationals."