

We are delighted to present a summary of the results of the 2015 Clyde & Co Middle East workplace study. This is the first workplace study completed by Clyde & Co in the UAE and, in fact, is the first of its kind in the region generally. In compiling the 2015 workplace study we have analysed the results received from the workplace survey questionnaire which we administered in the Spring of 2015. Overall the results in the most part, demonstrate compliance with employment regulation in the UAE.

Contractual arrangements

Unlimited employment contracts are the most popular type of contracts used in the UAE with 85% of companies opting to use unlimited contracts. Interestingly, limited contracts with a notice period are over five times more popular than limited contracts without a notice period. Employers who opt to use limited contracts with notice periods may be putting themselves in a position where they could be ordered to pay up to 3 months compensation to employees if the employer terminates the limited contract prior to the expiration of the term on notice, in addition to a contractual notice period.

Probation

It is common practice in the UAE to employ persons on an initial probationary period with the majority of employers putting employees on probationary periods of three to six months. Remarkably, 12% of respondents typically put new employees on probationary periods of greater than 6 months, which exceeds the statutory 6 month maximum probationary period under the Labour Law and the ADGM Employment Regulations.

Recruitment issues

The average recruitment process most commonly takes one to three months and can often take under one month. These statistics are promising as they demonstrate a quick turnaround to recruit personnel in the region. For more specialised roles, the recruitment process can take from three to six months and in some cases over six months.

Performance and training

A striking 94% of respondents use performance based appraisals and 73% of managers/supervisors regularly discuss performance with subordinates. Despite these statistics, 46% of employers indicated that there is no clear path for career progression in the organisation that employees understand. It appears that whilst emphasis is placed on employee performance in the workplace, this is not necessarily coupled with clear career progression paths encouraged to reward and incentivise high performing employees.

Working week and hours

Almost 70% of employer's average working hours per day are in line with the 8 hour statutory maximum working hours per day under the Labour Law. Employers typically operate on a 5 day working week (96%), although some employers do operate on a 6 day working week.

Leave

Employers generally offer annual leave entitlements in accordance with the applicable employment regulations in the UAE with 44% of respondents offering 30 calendar days per year of annual leave (as per Labour Law), while 36% offer 20 - 29 working days per year (the DIFC Employment Law and ADGM Employment Regulations require a minimum of 20 working days) and 20% offer 30 working days per year.

Compliance with statutory sick leave entitlements was also documented with almost all respondents (93%) providing 15 days of sick leave per year at full pay and half pay for the next 30 days as per the Labour Law and the remainder of employers provide sick leave at full pay as per the DIFC Employment Law.

Company policies

The Workplace Study demonstrates that employers recognise the importance of having workplace policies in place and that employment regulation in the UAE appears to be having some influence on the subject matter of company policies. Almost all companies have a disciplinary policy in operation. Interestingly, however, a high number of employers have grievance policies and performance improvement plans in operation despite there being no legislative requirement to have such policies.

Family friendly

Family friendly workplace policies are promoted by 68% of respondents, although only 57% of respondents indicated that such policies are available to all staff equally. Interestingly, almost all employers simply offer paid maternity leave in accordance with statutory minimum entitlement pursuant to the applicable law. A minority of respondents reported that they do offer enhanced rights with respect to paid maternity leave with 3% offering 6 months part paid maternity leave and 1% offering 6 months paid maternity leave. A number of respondents also offer 45 working days, rather than calendar days, paid maternity leave and some offer the statutory minimum and this increases with an employee's years of service.

Remuneration and benefits

94% of respondents split up basic salary and allowances which is not surprising as end of service gratuity is calculated on the basic salary excluding allowances. Employers prefer to offer housing in the form of a cash allowance (83%) rather than providing accommodation itself (24%). 83% of respondents provide an allowance for transport and 83% of respondents provide an allowance for flights. Only 44% of respondents offer an education allowance.

Incentives and benefits

The provision of incentives and benefits can be a valuable recruitment and retention tool with 72% of respondents indicating that they have incentive practices that recognise high performing employees.

Private Medical was the most popular benefit that is provided to employees with 94% of respondents providing Private Medical. Given the obligations imposed on employers in Abu Dhabi and Dubai to provide employees with a minimum level of health insurance cover, the high number of employers providing private medical is not surprising.

Annual flights are also popular (85%) as are relocation allowances (63%) and approximately half of employers provide employee rewards and recognition awards (51%). Whilst noting that employees may be entitled to statutory overtime pay under the Labour Law, 47% of employers offer overtime pay.

Pension and gratuity

On termination of employment, for expatriate employees, end-of-service gratuity in accordance with the applicable law is the most popular approach with 86% of respondents offering the gratuity. Some employers do offer pension in lieu of gratuity (9%) and a small minority of employers offer pension as well as statutory end-of-service gratuity (5%). Where companies offer a pension to their employees, the pension scheme is most frequently offered by a group company outside the UAE and the least popular option is a pension scheme obtained by the company based in the UAE. This is surprising as the benefit of designing a pension scheme for expatriates is that it can address existing local statutory entitlements to end-of-service gratuity, something which existing international pension schemes are unlikely to do.

UAE Nationals

Despite the high degree of regulation designed to promote the employment of UAE nationals in the private sector, only 13% of employers have 10% or more of their workforces made up of UAE nationals. In addition, 42% of respondents do not employ any UAE nationals, of which 16% confirmed that this was the case even though Emiratisation policy applies to them.