

NEWSLETTER

INTERNATIONAL

 ENGLISH VERSION

UNITED ARAB EMIRATES



NAVIGATING TALENT MANAGEMENT IN THE UAE



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"THE INTERSECTION OF INTERESTS IS SIGNIFICANT"

What current trends and developments do you see in the UAE and other countries in the Gulf region?

We see the most exciting developments in our host country, the United Arab Emirates, not only because our headquarters are located there. The Emirates are implementing a national economic vision with great commitment, seriousness, and financial commitment. The pace of reform is breathtaking. There are facilitations in residency rights, a strong liberalization of the investment law, and the opportunity to acquire real estate.

The Emirates position themselves as an attractive location that attracts not only companies and entrepreneurs but also talent from around the world. At the same time, the UAE is forging new trade alliances with strategic partners such as Israel and India, and there seems to be no end in sight.

Which industries currently offer the greatest potential in the Gulf states?

The Gulf region continues to be a highly attractive market for the construction industry, including suppliers of building materials and technologies, as well as related services. Our members are currently very active in business in Saudi Arabia, and in the last ten years, there have been strong impulses from the Emirates and particularly from Qatar.

A major future topic is the development of hydrogen value chains. Due to the extremely low production costs of solar energy, the Gulf states are exceptionally well positioned to become one of the world's leading suppliers of green hydrogen. In the Emirates, the Mohammed bin Rashid Al Maktoum Solar Park is one of the world's largest solar parks, with its capacity currently being doubled to 5 GW. We also see interesting opportunities for the production of green hydrogen in Oman due to its potential for wind power.

How far have the plans for economic diversification in each country progressed?

The picture is quite diverse. Even among the seven Emirates, there are significant differences regarding economic diversification. Overall, the UAE has certainly made the most progress. They have a highly developed tourism and events industry, as well as a wide range of industry-related services and manufacturing activities carried out in around 50 free trade zones.

Together with the two world-class airlines - Emirates and Etihad, as well as the top 5 port operator DP World, the UAE is one of the world's leading trade and service hubs. The Emirates are already relying on several pillars alongside fossil energy resources.



Oliver Oehms
CEO of the AHK Gulf
Region, Dubai

In Qatar and Kuwait, we see that revenues from the export of fossil energy resources are also invested in Germany. Both countries have been involved in German companies for decades, always with a long-term perspective.

What specific challenges do companies in the Gulf states face?

The Gulf region is characterized by many relatively small markets that often pursue a national economic agenda. Therefore, market access and distribution efforts need to be carefully examined on a case-by-case basis. Moreover, more than in Europe, personal relationships are important. Without local engagement, it will be difficult to succeed in the market. However, the great advantage is that the Gulf region, especially the UAE, is excellently connected logistically, both to Africa in the west and Asia in the east. This makes the country a gateway to a very large region.

What could policymakers do to further enhance the attractiveness of the Gulf states as a location?

Actually, I see the greater need on Germany's side. Given the political push for greater diversification of the German economy's international portfolio, the focus should not only be on Asia and America.

Already, the Gulf states are one of Germany's top trading partners outside the EU. At the same time, the states themselves are highly interested in further engagement in our home country. Considering this, a more intensive look at the Gulf states would undoubtedly be beneficial. The intersection of interests is significant!

INTERVIEW

"PRIORITIZE CULTURAL FIT"

What is the current demand for executive search in the GCC countries?

The demand for executive search in the GCC countries is currently high. With the region's rapid economic growth and development, companies are expanding and looking for top-level talent to drive their businesses forward. The GCC countries, particularly, Saudi Arabia and the United Arab Emirates, have witnessed an increase in the number multinational companies, which in turn has increased the need for executive search services. These countries are also focusing on diversifying their economies, attracting foreign investments, and developing new industries, all of which require experienced executives to lead these initiatives.

Regarding executive recruitment, what types of assignments do you primarily handle in the GCC countries?

In the GCC countries, our executive search business primarily handles assignments for senior-level positions across various industries. We specialize in recruiting top executives, such as CEOs, CFOs, and senior management, for com-



Aouni Kawas

is the Director of the CT Executive Search regional hub office in Beirut, Lebanon and Managing Partner at Kawas Consulting. The CT Executive Beirut office handles assignments across the Near and Middle East and supports searches in North and West Africa.

panies ranging from large corporations to family-owned businesses. Our focus industries include oil and gas, construction, finance, healthcare, hospitality, and retail. We also cater to the needs of government organizations and public institutions in their quest for exceptional leaders who can contribute to their strategic objectives.

Regarding executive recruitment, what types of assignments do you primarily handle in the GCC countries?

"Saudization" refers to the Saudi Arabian government's policy of prioritizing the employment of Saudi nationals in the private sector. This policy aims to reduce unemployment among Saudi citizens and create more job opportunities for them.

From a recruitment and personnel planning perspective, Saudization presents both challenges and opportunities. On the one hand, it can limit the pool of available talent for specific roles, particularly, for positions requiring specialized skills or industry experience that might be scarce among local candidates. On the other hand, it encourages companies to invest in training and development programs to bridge any skill gaps and enhance the employability of Saudi nationals. This can lead to a more diverse and inclusive workforce in the long run. However, it also means that international companies seeking executive talent may need to align their recruitment strategies accordingly, by actively engaging in local talent development programs and focusing on knowledge transfer.

What advice would you give to European companies seeking to recruit for management positions in the GCC countries?

To European companies seeking to recruit for management positions in the GCC countries, we would offer the following advice:

- a) Understand the local business culture: The GCC countries have a unique business culture influenced by their traditions, religion, and societal norms. It is essential to familiarize yourself with the local customs, business etiquette, and values to ensure the successful recruitment and integration of executives within the organization.
- b) Partner with a reputable executive search firm: Engaging a local executive search firm with a deep understanding of the GCC business landscape and relevant industry networks can help streamline the recruitment process. They can provide valuable insights, market intelligence, and access to a broader pool of qualified candidates.
- c) Prioritize cultural fit: In addition to evaluating candidates based on their qualifications and experience, cultural fit should be a crucial criterion. Seek individuals who understand and respect the local culture, adapt to the regional working environment, and can build effective relationships with stakeholders.

d) Leverage local talent development programs: Given the focus on Saudization and nationalization policies, partnering with local institutions, universities, and professional associations can help tap into emerging talent. Investing in training and development programs can enhance the skills and competencies of local candidates, aligning them with the organization's requirements.

e) Consider relocation and compensation packages: For European executives considering GCC positions, it is important to understand the relocation support and compensation packages offered. Factors such as housing, education allowances, healthcare, and tax implications need to be carefully considered to attract and retain top talent.

By being proactive, adapting to the local culture, and understanding the unique dynamics of the GCC countries, European companies can successfully recruit and retain management talent to drive their business growth in the region.

ANALYSIS

OVERVIEW: EMPLOYMENT LAW IN THE UAE

Introduction:

The United Arab Emirates (UAE) is a nation characterized by its rapid economic growth and a diverse workforce, attracting both local and foreign talent seeking employment opportunities. To maintain a balanced and just working environment, the UAE has established a robust legal framework for employment, safeguarding the rights of employers and employees alike. This article delves into the intricacies of Employment Law in the UAE, providing comprehensive insights into its key provisions and their factual impact on the workforce.

The UAE Labor Law - The Cornerstone of Employment Regulations:

At the core of employment regulations in the UAE lies the Federal Law No. 33 of 2021, commonly referred to as the UAE Labor Law. On February 2, 2022, this new legislation took effect, repealing Federal legislation No. 8 of 1980 and its amendments. This comprehensive legislation governs various aspects of the employer-employee relationship, ensuring fairness and adherence to legal standards. While it applies to all private sector employees, it does not encompass individuals working in free zones, as they have their own independent labour regulations. Under the UAE Labor Law, both employers and employees have specific rights and responsibilities that contribute to the maintenance of a well-regulated working environment. These provisions encompass areas such as employment contracts, working hours, wages, termination, and employee benefits.



Dr. Alexander Brexendorff,
Managing Partner
MENA LEGAL, Dubai

Employment Contracts and Offer Letters - Ensuring Clarity and Protection:

A fundamental aspect of employment in the UAE is the requirement of a written employment contract. The UAE Labor Law mandates that employment contracts be in writing and in Arabic, outlining crucial terms and conditions, including the nature of employment, remuneration, working hours, and the duration of the employment relationship. The use of offer letters is also common practice to communicate the initial employment terms before the formal contract is signed.

These written contracts serve as a protective measure for both employers and employees. They create a clear understanding of expectations and obligations, minimizing potential disputes that may arise during the course of employment.

Wage Protection System (WPS):

Introduced in 2009 to ensure timely and accurate payment of wages to workers in the UAE. It monitors the payments of workers' salaries in the UAE and allows the Ministry of Human Resources and Emiratisation (MOHRE) to keep a record of private sector salary payments to ensure that employers failing to pay their staff on time can be identified.

Unemployment Insurance Scheme:

The employment insurance program is a form of insurance/social security that provides United Arab Emirates Residents and residents working in the federal and private sector financial assistance. If they lose their occupation due to being fired by their employer. It aims to ensure decent living for the unemployed and establish a competitive knowledge-based economy by attracting and retaining the best international talent.

Scope of the Scheme – The scheme applies to all workers in the private and federal sectors except:

- Investors, business owners who own and manage their business themselves.
- Domestic workers.
- Employees on a temporary basis\juveniles under the age 18.
- Retirees who receive pension and have joined a new employer.

Employee Leave Entitlements - Promoting Well-being and Support:

The UAE Labor Law provides a range of leave entitlements to ensure the employees' well-being and cater to various life situations. Annual leave is a crucial benefit, and employees are entitled to a minimum of 30 calendar days of paid leave after completing one year of continuous service. For the first year of employment, annual leave is calculated on a pro-rata basis.

In cases of illness or injury, employees are entitled to sick leave with full pay for up to 90 days per year, depending on the duration of service. This provision aims to support employees during times of health-related challenges.

Female employees in the UAE benefit from 45 days of fully paid maternity leave, provided they have completed at least one year of service. Additionally, there are provisions for paternity leave and bereavement leave, ensuring that employees have adequate time to address significant life events.

Equality and Reinforcement of non-discrimination:

Discrimination on the basis of race, colour, gender, religion, nationality, social background or disability, which may affect equal opportunities or lead to prejudice against equal opportunity employment or its continuation, as well as the enjoyment of their rights is prohibited.

Termination and Resignation - A Regulated Process:

The UAE Labor Law lays down specific guidelines for the termination of employment contracts, emphasizing the need for valid reasons for dismissal to prevent arbitrary termination and safeguard the rights of employees. Both employers and employees have well-defined grounds for termination, and the law outlines notice periods based on the duration of employment.

In cases of arbitrary dismissal, employers may be held liable for compensation and end-of-service benefits. Similarly, employees who resign without fulfilling their contractual notice period may face legal consequences, including potential employment bans.

End-of-Service Benefits (ESB) - Ensuring Financial Security:

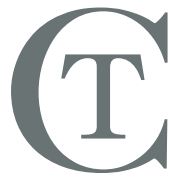
The UAE Labor Law mandates that upon termination of employment, employees are entitled to end-of-service benefits, providing a financial cushion during their transition out of employment. ESB calculations are based on the employee's length of service and last received salary. Employees who have served five years or more are eligible for a gratuity payment, while those with less than five years may be entitled to a partial gratuity.

UAE Labor Disputes - A Structured Resolution Process:

To address employment-related disputes, the UAE offers a well-structured legal system. The Ministry of Human Resources and Emiratisation (MOHRE) plays a pivotal role in mediating conflicts between employers and employees. In the event of a failure to reach an amicable resolution through MOHRE, the matter may be taken to the labour courts, thus, ensuring fair and impartial judgment.

Conclusion:

Employment Law in the UAE serves as a vital pillar in maintaining a balanced and equitable working environment. Rooted in the UAE Labor Law, these regulations govern various aspects of the employer-employee relationship, safeguarding the rights of both parties. The legal framework encompasses employment contracts, working hours, leave entitlements, termination, and dispute resolution, ensuring a fair and just working landscape in this dynamic and growing nation. Comprehending and adhering to these essential provisions is crucial for employers and employees alike, fostering a harmonious and prosperous workforce in the UAE.



EXECUTIVE SEARCH



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CT Executive Search focuses on placing key positions in Eastern Europe and the Emerging Markets – in CIS, Africa, the Middle East and Asia. We are experts in cross-border search processes and identifying high-performing candidates, adding value to international companies. Leveraging a broad network of analysts and consultants across Eastern Europe and the emerging markets, CT Executive Search has established itself as a reliable partner to well-reputed multinational companies.

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