

Talent management in Covid -19 crisis – how Dubai manages and sustains its global talent pool

Article

Accepted Version

Haak-Saheem, W. (2020) Talent management in Covid -19 crisis – how Dubai manages and sustains its global talent pool. *Asian Business and Management*, 19 (3). pp. 298-301. ISSN 1476-9238 doi: <https://doi.org/10.1057/s41291-020-00120-4> Available at <https://centaur.reading.ac.uk/90818/>

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To link to this article DOI: <http://dx.doi.org/10.1057/s41291-020-00120-4>

Publisher: Springer

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Talent Management in Covid -19 Crisis – How Dubai Manages and Sustains its Global Talent Pool

“The reality of work will change & the post-COVID-19 world needs new provisions.”

Sheikh Mohammed Bin Rashid Al Maktoum, Ruler of Dubai

Taking stock is a difficult task to get right, particularly in a world where future outlooks are changing all around us, shifting the landscape on which we stand. Predictably, policy makers and business leaders feel anxious as they struggle to marshal and mobilize their talent pool through this global health crisis. Unlike other global crises, this exogenous shock has speeded up the adoption of social and physical distance and remote working and may be pointing the way to the future of global talent management. The increased IT capacity and a move away from traditional work arrangements make talent more mobile, which means cities and business compete for the best employees globally. This is in particular true for geographic locations in which demographic trends drive talent shortage, such as in Dubai.

The Dubai Context

While Dubai is not a country, but one of the seven emirates within the United Arab Emirates (UAE), it is a locality with own national characteristics. Its dynamic economic activities, originally mainly rooted in pearl fishing and merchandising, and then in oil and more latterly tourism, drove Dubai’s progress prior to its becoming a part of the UAE in 1971. Whilst there are no official statistics about the population in 1950, it is estimated that the total population then consisted of around 20,000 individuals. Its population grew by 2019 to an astounding 3,355,900.

Table 1: Number of Population estimated by Nationality

Nationality	2017	2018	2019
Emirati	245,200	254,600	263,450
Expatriates	2,731,255	2,937,675	3,092,450
Total	2,976,455	3,192,275	3,355,900

Source: Dubai Statistical Centre

Table 1 summarizes the number of the population by nationals and expatriates from 2017-2019, a development that was almost exclusively due to the increasing number of expatriates (Haak-Saheem & Brewster, 2017). Most recent government reports show that Dubai has been particularly successful in attracting foreign direct investment (FDI) in advanced technology and specialized talent via the international labour market. In addition to the rapid growth of FDI inflows, domestic firms (e.g. Emirates Airlines) made significant progress in becoming internationally more competitive. These domestic companies are, almost by definition, owned by local Emiratis but employ a high number of expatriates. The organizational hierarchy reflects to a great extent the social order in the Emirates, with Western expatriates reporting directly to the Emirati bosses, then Arab and Asian middle managers and a high number of mainly Asian blue-collar workers (Haak-Saheem & Brewster, 2018).

In order to reduce the reliance on foreigners, governments across the Gulf Cooperation Council states have attempted to enforce localization policies (Al-Ali, 2008), including ‘Emiratization’ in the UAE. Consequently, the region has seen various politically led nationalization strategies designed to encourage and support the employment of nationals in preference to expatriates. However, research reveals that 99% of the employees in the private sector are foreigners (Al Waqfi and Forstenlechner, 2014) and the public sector remains the prime employer of nationals across the Gulf States. These expatriates are all, at their different status levels, economically driven. They come to Dubai because of the attractive salary packages, compared to those they could have received at home, no income tax, and for all but those at the lowest levels of society,

the comfortable living conditions (Ewers, 2017). Fundamental to the legislation in Dubai is that expatriates' employment and their residency visa are intricately bound up together, so that losing one means losing the other. This, of course, gives the employer considerable leverage and given the importance of the income to these workers leads to acquiescence rather than complaint.

Given the need for continuing flows of foreign labor and knowledge, macroeconomic shocks such as COVID-19 have the potential to harm how cities and business attract and retain the labour force they need. Understandably, it creates concern and uncertainty among individuals and organizations. The International Monetary Fund has announced a global recession, and the International Labour Organization expects working hours equivalent to 195 million full-time workers to be lost globally in the second quarter of 2020. Full or partial lockdown measures affect around 2.7 billion workers, representing around 81% of the global workforce (UN, 2020). In addition, travel restrictions and border closures affect the mobility of talent across the world. The government of Dubai has started to implement measure to absorb the devastating impact of this global health crisis.

Policy makers' response

In response to the crisis, the Ministry of Human Resources and Emiratization issued two new ministerial resolutions to mitigate the impact on its international workforce. These resolutions apply to all businesses in Dubai and its free zones, excluding the Dubai International Financial Center (DIFC) which has its own employment legislation. The Employment Stability Resolution will remain on place for as long as the current precautionary measures are required. It says that affected employers shall progressively take the following five steps to navigate through this pandemic (steps 3, 4 and 5 requiring employee consent): (1) implement remote

working; (2) grant paid leave; (3) grant unpaid leave; (4) arrange a temporary salary reduction; and finally (5) arrange a permanent salary reduction (mohre.gov.ae, 2020).

A key change introduced by the Employment Stability Resolution was the creation of a Virtual Labor Market (mohre.hyrd.com, 2020) to manage surplus labour. Unlike in the past, where employees' career decisions were bound to employers' sponsorship, the Virtual Labor market provides greater flexibility and autonomy to expatriates to switch jobs. While firms in need of temporary workers are expected to use this platform to announce job vacancies, current job seekers can also apply through the system. The Ministry manages the Virtual Labor Market as an electronic platform to manage expatriates' movement by issuing temporary work permits for those employees who transfer their employment to another employer.

These amendments also provide that temporary reductions of salary will require the employer and the employee to execute a temporary supplement to existing employment contracts which must be provided to the Ministry on request. If the salary reduction is permanent, then the Ministry's approval is required in advance. To ensure the needs of the international workforce are met, the government has introduced flexible visa schemes which, for the first time, allow expatriates to remain in the country until the end of 2020, even if they have lost their job.

Overall, the orchestrated effort to address the needs of the government, businesses and individuals is expected to lead to long term changes for global talent management. To remain competitive, the ability to attract and retain new skills and competencies will remain critical. The introduction of new measures, such the Virtual Labour Market, will most likely remain in place post Covid-19. The combination of a lower degree of central control and a higher level of flexibility may be the renaissance of global talent management in Dubai's labour market. Working remotely and more independently will become a new norm to be addressed in labour market structures post Covid-19. Taking it all together, the new level of flexibility introduced into Dubai's employment market is likely to result in (1) stronger competition for jobs and

talent, (2) increased flexibility of work, space and time, (3) active support to assist individuals to find jobs, and (4) increased investment in talent retention.

Should these new measures remain in place and even be developed further, Dubai's future outlook as a city able to attract the best global talent can be sustained. The government's priority should be to maintain a considerable degree of this newly infused labour market flexibly to meet the diverging need of the global talent pool.

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