

# Labour Costs vs. Productivity Levels in the UAE

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# Labour Costs in the UAE

Large Expatriate Workforce

Tax-free

AED pegged to USD

Labour law

Basic salary

+ **Visa Costs**

+ Training / Overtime Pay

+ **Housing / Transp. Allowance**

+ Medical Cover

+ **Annual Leave Flight Ticket**

+ Bonus Scheme

+ **Family Visa / School fees**

+ Pension Scheme

NATIONALS OF	POPULATION	% OF TOTAL POPULATION	YEAR OF DATA
India	2,600,000	27,15%	2014
Pakistan	1,200,000	12,53%	2014
UAE	1,084,764	11,32%	2015
Bangladesh	700,000	7,31%	2013
Philippines	525,530	5,49%	2014
Iran*	400,000 – 500,000	4,18% – 5,22%	N/A
Egypt*	400,000	4,18%	2014

# And Productivity?

## One Example of MNC:

“Our warehouse in Jebel Ali is only half as productive as the DC in Spain, which is only 80% as productive as our Hub in Germany”

⇒ Here we need almost 2-3 workers to do the same job of 1 in Europe

⇒ Reasons for that?

**Professional / Vocational Training**

**Process Design / Automation**

**IT System & Technology Support**

**Management Style**

....



## So why optimize?

Workforce optimization in UAE not solely driven by costs...

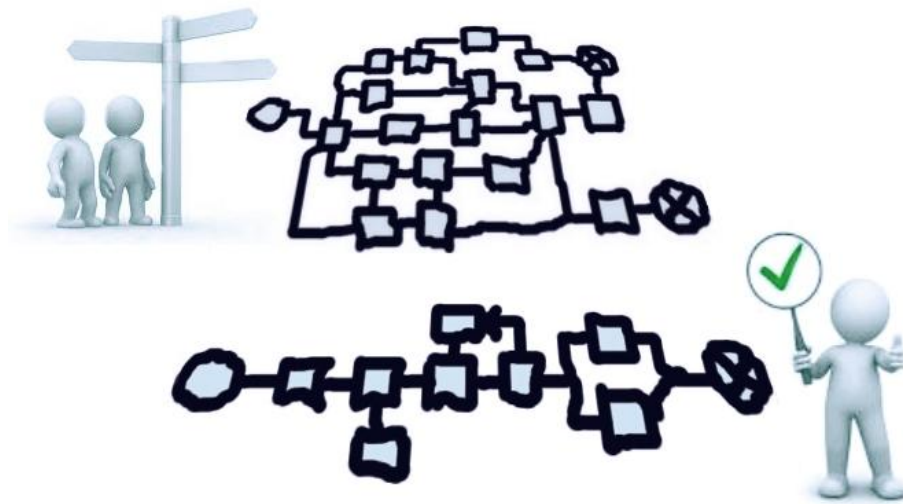
- ⇒ If less people could do the same job, their salary could be better
- ⇒ Better salary, attracting and retaining talent, more training
- ⇒ Higher motivation & loyalty translates in better quality / service
- ⇒ Better quality is a key differentiator to not just compete on price
- ⇒ Better margins due to less damage/delays/customer complaints
- ⇒ Attracting premium clientele due to good reputation
- ⇒ Gain market share and ensure sustainable growth
- ⇒ Be employee of choice, also attract & retain local employees



... so there is a really good reason to embark on the working time change journey and organize workforce in a more efficient way

# Budget for Continuous Improvement

Does your company actively keep a budget for improvement initiatives every year? They invest in more staff, new equipment, buildings, fleet, IT etc. but do they utilize them efficiently?



Need to constantly invest in processes, people and systems, not just in terms of money but also allow time for employees to engage in such activities.

# Work-life balance

It is a legal management responsibility to ensure staff is not exposed to prolonged periods of stress and over-time work (e.g. 60h per week)

Are we giving incentives to be less productive and avail overtime pay?  
Is it then fair not to pay overtime at all?

Promote a healthy work-life balance

... some expats only here to earn as much money as possible, they don't have private life with families far away...

Offer more flexible working hours in a fair framework

What happens if an employee comes on Tuesday afternoon at 2 pm and says "I've finished my tasks for today, I want to go home and spend the afternoon with my kids and family"?

# Lead & engage instead of micro-management

Innovative leaders not only at C-level, but also in the mid management to shape the companies future

Managers should overcome daily fire-fighting and stamping, they should design smooth processes and realize innovation

Implement a business environment that enables their team to run on “auto-pilot” while they are monitoring the KPI dashboard



## Focus on creating value

Customers only want to pay for a **better service and quality**, they don't want to pay for **inefficient staff allocation**, errors because of non-existent or **outdated IT systems**, **chaotic processes** in the office and warehouse and the least they want is to speak to **exhausted and demotivated employees**. So we need to think every day on how to **streamline** our operations, save costs and **re-invest** our time and efforts in providing superior products and services, **make our clients happy** and be an **employee of choice**.