

# DEMAND AND SUPPLY OF LABOR MARKET: A CASE OF UAE

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**Abstract:** *United Arab Emirates (UAE) witnessed a progress of growth booming since its establishment, which as result pushed all economic componets to indicated a active movement in term of employment and capital investment as well. This steady economic growth has been marked by an increase in the income by the country's citizens, both national as well as the foreign residents This paper to axamine the supply and demand of labor market in UAE. The technique used to source the data is a secondary resource and methodology employed in descriptive and analytical. The study found that, the diversification of the economy, and enhance the role of private sector increased the demand for labor as well as increased the diversification for nationalities in the country. From other side, because of diversification strategy, the foreigners labor have more numbers in total employment structure.*

**Keywords:** *demand and supply, labor market, UAE, population, unemployment (JEL CODE: O12)*

## INTODUCTION

The UAE economy has transferred from an economy based of fishing and pearling together with some agriculture to an oil-based high income economy. The UAE economy experienced a great growth resound by high productivity, especially in the capital productivity. The UAE has seen a great output of prosperity and welfare that created through its gross domestic product (GDP). The UAE today considered as a major financial hub in the region, and center of international trading. Since the launched of the UAE in 1971, its economic expansion hitting 200 times. The growth in the UAE has averaged 4.8% over the final past years, driven by in services, real estate, and infrastructure spending (Yearbook, 2013) .

In 2014, the UAE's Ministry of Labor announced that the UAE's employment market hit a new high with more than 4.4 million people in employment, that the employment rate rose last year by nearly 10 percent compared to 2013. The UAE labor market has three major representatives of households are local households, the Non local households, and collective household (MoE, 2015).

In conclusion, the employment in public sector tiny compared to the private sector, which about four million workers and UAE's citizen holding about 20,000 jobs. UAE's citizen active labor force, mainly focused on public sector and they hold bout 60% of total jobs in government sectors in 2010. Therefore, the high rate of the labor force in the country worked

in the private sector, especially in construction, service, sales, and trade.

This paper aims to examine the labor market of UAE. Explore the sketch of the UAE's labor market, and explore the cycle of demand and supply of UAE's labor.

## METHODOLOGY OF THE STUDY

Information is at most gathered and composed by the UAE Federal Competitiveness and Statistics Authority (FCSA) (FCSA, 2015). Nevertheless, different, authentic sources are also used. The information utilized in this account is the most recently available. The information collected was based on availability and matchmaking data from previous years is also submitted for relative purposes. The basis of gathering data is secondary resource and methodology approach employed is descriptive and analytical type.

### *Overview of economic situation in United Arab Emirates (UAE)*

There have been many major economic developments that have taken place since the early 1971s that has led to high economic growth in United Arab Emirates (UAE). This steady economic growth has been marked by an increase in the income by the country's citizens, both national as well as

**Table 1. UAE's population and gross domestic product (GDP)**

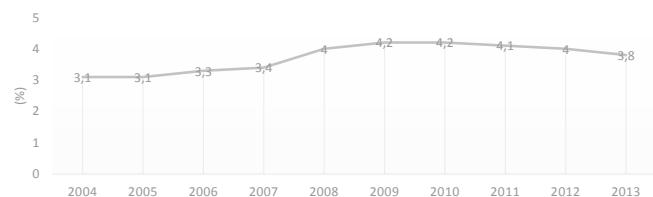
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population (Million)	3.658	4.069	4.663	5.406	6.207	6.939	7.512	7.891	8.106	8.208
GDP (Billion \$ US)	147.8	180.6	222.1	257.9	315.5	253.5	286	347.5	372.3	402.3
Labor Force (Million)	2.452	2.809	3.298	3.899	4.539	5.139	5.645	5.947	6.134	6.232

Source: (World Bank, 2016)

the foreign residents (Yearbook, 2010; Yearbook, 2013). This steady growth has been witnessed in production as well as the service sectors. Despite the fact that the Emirates are not equally developed, there has been a general improvement in terms of development in all the Emirates through at different rates (IMF, 2015).

The country's growth rate is at 4.8 percent average of the past ten years. This brings about 6.91 percent<sup>1</sup> 5-year compounded annual growth. Since the population is barely 9 million persons, the UAE has a per capita of about \$43,962 according to the WolframAlpha (2016) ( Table 1).

To signify its improved economic stability, the country has an unemployment rate of about 3.8 percent, which is actually below the natural unemployment rate that is usually brought about by both frictional and structural unemployment which is usually at the rate of about 5 percent (Figure 1).



**Figure 1. UAE's unemployment rate (%)**  
Source: (WolframAlpha, 2016)

This strong economy has actually reduced the country's rate of inflation to about 1.1 percent (Table 3). This is

<sup>1</sup> The compound annual increase rate (CAGR) calculator used to limit the development rate. The UAE's GDP grew from \$286,049.33 in 2010 to \$399,451.38 in 2014 during the past 5 years, then the CAGR was 6.91% per year. Calculation done by website: <http://www.investinganswers.com>

according to the consumer price index calculation (FCSA, 2015). The country's foreign direct investment inflow is at \$10.5 billion. This is according to (Sbita, et al., 2014).

The adoption of free marketplace has contributed in the growth of the country's economy. The market based system has given the opportunity to the factors of demand and supply to determine the market prices. Lack of government intervention in both foreign as well as the local trade has actually made it possible for the country's economy to develop at a faster rate (Al Awad, 2010). The adoption of free economy policy by UAE has actually allowed and enhanced to take the major role in the country's economy to the private sector. The country relies on the incoming labor due to labor shortage of the national labor force (Randeree, 2012).

**Table 3. Consumer price index (CPI) and the inflation rate (%) in the UAE (2013-2017)**

Year	2013	2014	2015	2016	2017*
Consumer Price Index (CPI)	117.96	119.27	120.95	122.76	124.58
Inflation rate (%)	1.01	1.11	1.42	1.50	1.48

Source: (FCSA, 2015)  
\*Expectation

### Analysis of UAE's economic

There are very many key factors in both macroeconomic and microeconomic that have affected the growth of this country. Some of these key factors include; trade, inflation, political stability as well as labor force. GDP Structure as well as labor and capital productivity has been another area that has actually affected the growth of the country's economy this is according

to (Istaitieh, et al., 2007). The liberalization of a market to the free market has been one of the major steps that has actually increased domestic in the country by ensuring that the private fully participates in the building of the country's economy.

The country's current trade balance has been positive. This status has been contributed to by trade surplus in the oil industry when it comes to international trade with the rest of the world. As mentioned in the Yearbook (2013), the trade surplus resulting from oil production, which approximately contributed 21% of total country's GDP, and compared to the year 2011 was about 23% of Total country's GDP. This 21 percent translated to about AED \$82 billion. Apart from the foreign trade involving oil, the other trade balance excluding oil has resulted in a trade deficit.

As stated by Ramady (2013), the country's economic policies have been the reason behind the continuous deficit reduction over the years. In 1999 the trade deficit was about 26 percent of the GDP. This totally declined to about 28 percent of the GDP in 2004 and has further decreased over the years to an extent of having a positive figure. The capital productivity exceeds the labor productivity significantly in UAE. This is regardless of whether the calculations are based on oil or not. When it comes analysis of labor productivity in the country in terms of sectors, the oil sector has the most labor productivity. Then follows by finance sector and real estate sector, in that chronological order. After these two sectors there is transport and in the manufacturing sector.

UAE's GDP is another key factor of consideration when it comes to economic issues be it micro or macro. The country's GDP has tremendously increased in value and growth. The GDP statistics have actually doubled compared to the previous years. The growth of other sectors such as the aluminum and natural gas has led to a situation whereby the oil share in the GDP has actually reduced. These key, non-oil sectors of the UAE economy have actually contributed over 62 percent of the GDP as per the 2014 (Waqas, 2015). Some of these key, non-oil products include trade, construction, manufacturing, communication, storage and finally transport. Abu Dhabi and Dubai are key trade commercial centers that contribute a lot to the generation of the country's GDP. Dubai's 28.9 while Abu Dhabi's 59 percent and 28.9 percent of the country's GDP. The existence of many non-oil sectors has actually provided the country with economic opportunities to develop its economy.

The existence of many foreign investors in the country has actually boosted the country's economic stability. The fact that the USA and UK have been the major foreign countries that have actually carried out huge Foreign Direct Investment (FDI), has had a positive impact on the country's growth. The UAE's government revenue has surpassed the expenditure significantly. This has enabled the government to use the surplus to address deficits that were initially addressed in the previous years more especially between 2001 and 2003. Right from 2005 there has been much progress when it comes to government project. This is because since this year's government budget recording a surplus of in the budget. In 2012, it recorded a trade surplus historical high of \$82 billions (UAE, 2013).

## CYCLE OF SUPPLY AND DEMAND

### *Households and Firms*

There has circular flow of demand and supply between the firms and the households in UAE (Figure 2). They have been three major representatives of households in the United Arab Emirates (FCSA, 2015). These three representatives of the households include: local households that are mainly made up of UAE nationals, the Non local households, this refers to the expatriates that live in this country; the final group of the households is the collective household (Table 4).

*Table 4. Distribution of groups and households samples by Emirate and type of household (%)*

Emirate	Type of households			
	Nationals	Non-nation-als	Collective households	Total
Abu Dhabi	29.1	57.1	13.8	3704
Dubai	13.3	69.7	17.0	2640
Sharjah	21.3	68.9	9.8	2304
Ajman	18.0	66.8	15.2	704
Umm Al Quwain	34.1	51.9	14.1	320
Ras Al Khaima	45.4	37.0	17.5	832
Fujairah	61.5	29.3	9.2	512
Total (%)	25.9	60.3	13.9	–
Total household's type	2,848	6,638	1,530	11,016

*Source: (FCSA, 2015; Labor Force Survey 2009)*

This group usually refers to the typically low skilled workers that mostly live in large collective housing units. This is according to Raven (2011) who identifies lack of adequate education as a key issue. The main role of these three households is provision of labor to the and capital to the firms. The firms usually rely on this labor and capital in the production of the goods as well as the provision of services. In return the households usually receive income from the firms in various forms. This income usually serves as the payment of the labor offered to the firms. The main sources of this revenue given to the households include: the revenue allocated to them for being a labor source in the production process. They are also paid for being investors in the firms and finally they also receive funds from the government transfer as well as those from firms, this is according to Raven (2011). The cycle also involves the households serving as the markets for the goods and services offered by the firms and even the government. The households in United Arab Emirates usually spend some of their income they had earned from the provision of labor to the firms on consumption of the products produced by the firms and government in the supply and demand model.

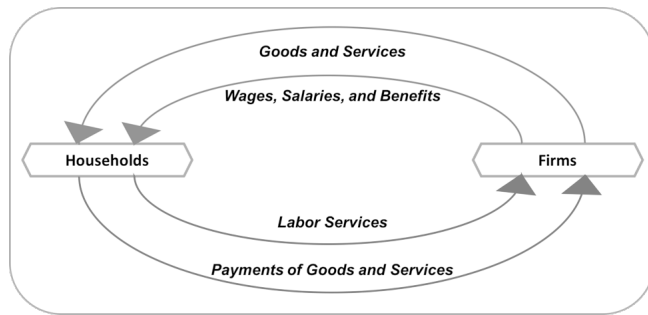


Figure 2. Circular flow of demand and supply  
Source: (OpenStax, 2014)

There have been cases of imbalance between demand and supply of the labor as well as that of the supply of the goods produced. The high demand for the goods has forced the firms and the government to scramble for the little available labor in the country. As postulated by De Bel-Air (2015), in 2009, that 90 percent of workers are nationals and 15 per cent of workers were non-nationals were used in the public sector (federal and local). Another 15 percent of non-nationals workers, were working in the domestic sector and most of them about 65 percent were in the private sector. In 2013, UAE citizens comprised 60 percent of the total work force in the public sector, while merely 0.5 percent worked in workforce in the private sector, which caused a matter of issuing policy toward engaged Emiratis to work in the private sector (Mashood, et al., 2009).

This high demand for labor has actually forced the firms in the private sectors to actually rely on the foreign labor in the production of goods (Al Awad, 2010). There has also been a huge demand for the goods by the households that has actually forced the firms to come up with measures of increasing it is their production in order to ensure they are able to supply and meet the increased demand. In order to effectively balance between consumption and saving of the income they actually get, the households in the UAE usually apply Stone Geary utility<sup>2</sup> function.

The households' saving capability depended on their capability their marginal propensity to save (MPS). Which usually dictate the percentage of the income that if fixed as savings irrespective the amount of income they actually earn. The role of the government in the supply and demand of labor is another one that actually has an impact on both the firms and the households. Both the local governments of the seven emirates and that of the central government of the UAE have actually had a huge say on the households as well as the firms in supply and demand of labor.

### *Role of government in supply and demand of labor and goods*

The existence of many government projects ha actually had a lot of impact on the growth of the labor force in the country.

2 The Stone Geary Utility Function, its purpose to give the increase in the expenditure system, which is demand equals the total expenditure and the price of goods. This theory was first created by Roy C. Geary.

The regulation of the firms, collection of taxes as well as the government transfers have had a huge impact on the labor mobility in both from the households to the firms as well as the flow of goods to the households. The fact that the government had actually served as one of the consumers of the goods provided by the firms has made it essential to apply the Cobb Douglas utility function<sup>3</sup> to ensure there is maximum utility that is derived from the government spending.

This has actually ensured that government as a consumer does not exceed the fixed share of the GDP that was initially stipulated. The Cobb, Douglas curve has also been vital in ensuring that the country comes up with an effective indifference curve that has enabled the UAE to have value for its money (Al Awad, 2010). The savings collected from the households, firms, government projects and even that from foreign trade has also played a vital role in the supply and demand of both labor and goods in the UAE.

### *Power supply and demand in labor market*

In the UAE the labor market is actually dominated by non-nationals workers in most occupational level due to demographic imbalances (De Bel-Air, 2015). According to Table 5, indicated the percent of occupations occupied by nationals and non-nationals. It is the private sectors in this country that usually determine contribute about 63 per cent of the total work force. The Federal Government employs only about 8 percent, while the local governments usually employ about 11 percent of the total labor force, thus leaving the about 80 percent of the labor market to the private sector.

The UAE's nationals have usually formed the bulk of the federal public sector, leaving the foreign labor to the control most of the private sector. The federal public sector contributes about 45 percent of the total labor market in the country. About 35 per cent of the Emiratis are employed in the local departments of the individual emirates. The development of the labor market in this country has actually stopped to a depression in the number of employment.

The increased cases of those working or actively looking for jobs have actually pushed the number of those unemployed for less than 1.1 per cent. As per the 2013 statistics, about 53 per cent of the country's population was employed hence part of the labor market. 19.9 per cent of the citizens had no desire of working for either the public or the private sector. This meant that this huge percentage is not part of the mark labor force. The recruitment cost per worker is about 2,674 AED on average. The cost of hiring a skilled worker is about 3,404 AED while that of unskilled labor is about 2,296 AED. After the recruitment, cash, non-cash benefits as well as wages are estimated to be about 41,000 AED annually per workers this is according to Al Awad (2010).

3 The Cobb- Douglas production function, applied in widely range, its symbolize the relationship between technology and more than one input. Inputs, physically, labor and capital, and quality of outputs used to grow. Hence, this function is related to output. source: <https://en.wikipedia.org>

**Table 5. Employed population by nationality (Emirati and non-Emirati) and occupation category (%)**

Occupation category	National	Non-national
Legislators-senior officials & managers	9.0	7.8
Professionals	14.9	16.1
Technicians and associate professionals	18.1	12.1
Clerks	14.4	6.6
Service workers & Shop & market sales workers	19.8	21.6
Skilled agricultural and fishery workers	0.3	2.1
Craft and related trades workers	0.8	10.1
Plant and machine operators & assemblers	1.2	10.1
Elementary occupations	1.9	13.3
Armed forces	19.6	0.2

Source: (FCSA, 2015; Labor Force Survey 2009)

The labor market in terms of employment is shared between the expatriate workers and the Emiratis. The employment rate is 79 to 45 percent, expatriates workers to Emiratis respectively. The majority of unemployed individuals is mostly fresh graduates who are mostly below 25 years, this is according to Gallacher (2009), and Randeree (2012). The labor market is made up of economically active labor force that is mostly aged between 25 and 54 years (Figure 2).

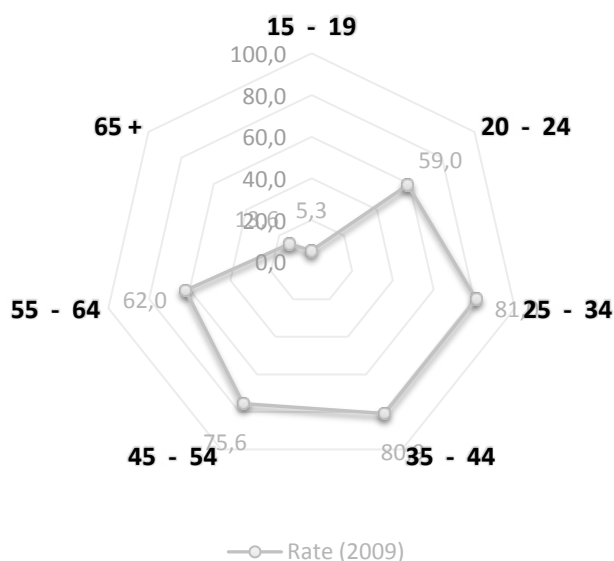


Figure 2. Employment rate by group age (%)  
Source: (FCSA, 2015; Labor Force Survey 2009)

Out of this per cent, 42 per cent of them are women, and employed women occupied 66 percent of the public sector workforce, which 30 percent were senior posts in 2010 (UAE, 2013; Omair, 2010). Furthermore, women in UAE holding nine seats in the National Federal Council from 40 seats. Agreeing to the UAE's labor survey that 43 percent of women were employed in 2010 of total employment. The use of a quota system in the labor market has actually ensured that a certain percentage of the emirates are employed in various business sectors. This measure has been applied to ensure that the foreign labor do not dominate the labor market, thus denying the locals the employment opportunities. This measure has been taken due the slump in the number of Emiratis in the private sectors. This is because Emiratis contribute only about 1.5 percent of the jobs in the private sector, leaving over 96 percent of the foreign labor; this is according to the IMF (2013).

**Table 6. Total employed of female (2006-2010)**

Year	2006	2007	2008	2009	2010
Employed female (%)	48	44	41	42	43

Source: (Yearbook, 2013).

To sum up, UAE citizen employment is intensified into the public sector, while there of nearly four million worked in the private sector, and citizen in the private sector only accounts for 20,000 occupations. In fact, that emirate occupied for 60 percent of government sector jobs in 2010. Thus, the majority of the labor force worked in the private sector, especially in service, construction, trading, and sales in different segments, which equal approximately 19.8 percent of the Emirati workforce, according to the National Statistics in year 2009 (UAE, 2013).

### Supply and demand at work in labor market

The formulation of labor friendly measures has actually ensured that the country is able to progress economically and hence effective supply and demand of labor in the work. Initially, foreign expatriates were not willing to actually work in the UAE due to what was being treated as a case of poor labor practices. Some of these labor practices that have affected supply and demand of labor in the workplace include: No-Objection Certificate (NOC). This law meant that one had to work for the employer for a period of more than 2 years for him or her to be allowed to change his change the employer.

This actually limited the mobility of labor, thus increasing the demand, but limiting the supply of labor at work place. The elimination of NOC revolutionized the labor market in UAE. Another policy that affected the supply and demand of labor in the workplace has been the striking of a contractual balance in the relationship between the employee and the employer (Al Awad, 2010). This has ensured that the contracting parties have to cordially end the job relationship. This has given the worker a say when it comes termination of his services at the workplace. Another advantage of this policy has been to

ensure that the worker has to be his workplace for at least 2 years for his or her services to be terminated. This has actually reduced cases of unfair sacking of employees by their employers.

According to Yearbook (2013), as a part of UAE government committed toward the migrant labor forces in country for improving the protection of migrant workers. The UAE government agreed to adopt in full 161 measures out of 180 in June 2013, that suggested by United Nation (UN) through its annual review, the mechanism of human rights that intended for the human right post to each member of the UN. The measurement, including the institution of human rights institutions which called the welfare of migrant and domestic workers. The protection rights applied to foreign workers under the constitution of the country which respect the rights of each individual, ensure quality and social justice, safety of every individual, freedom of religion. Furthermore, under the UAE's kafala<sup>4</sup> system, a several rights were given to workers in the country to the right to have accommodation, Health insurance, and the repatriation of the body in case of death.

### *Factors shifting supply and demand in labor market*

As noted by IMF (2014), there are various factors that have actually led to the shift in the mobility in the factors of production more specifically labor in the UAE. The major factors have been the diversification of the economy. The diversification of the economy has led to increased demand for labor, hence the need to increase its supply. This has forced the nation as well as the private sector in particular to try and outsource foreign labor in attempts to meet the labor demands of its new sectors of the economy. Some of these new sectors that led to an increase in demand for labor include the manufacturing sectors, the natural gas, construction as well as the transport sector.

**Table 7. Employment by economic sector (%)**

Sector	2004	2007	2010
Construction	38.76	44.16	40.04
Wholesales & Retail trade	24.06	21.01	22.37
Manufacturing	13.49	12.10	10.50
Real estate and business service	5.43	6.88	8.74
Transport, storage & communication	7.10	6.31	6.65
Hotels and restaurants	4.35	3.39	3.43
Community & personal service	2.08	1.84	3.04
Education	1.34	1.30	1.47

<sup>4</sup> The kafala system, means (sponsorship system) is a system used to supervise migrant workers, working mostly in the sector of construction and sector of domestic, in many countries in Arab countries including GCC countries. The system names for all unskilled workers receive an in-country sponsor, usually their employer, who provides sponsorship and responsible for costs such for visa and legal entry.

Financial service	0.98	1.00	1.03
Mining	0.74	0.55	0.95
Healthcare	0.69	0.65	0.87
Agriculture	0.41	0.42	0.61
Utilities	0.04	0.08	0.15
Fishing	0.50	0.31	0.14
Not stated	0.04	0.00	0.01

*Source: (Yearbook, 2013)*

Thus, from Table 7, that economic sectors were participated in increased in demand were constructed, trade segmentation, manufacturing, and existent estate and business services, their percentage of total employment in the year 2010, 40.04%, 22.37%, 10.50%, and 8.74% respectively. Another fact that has also led to the shift in the demand and the supply of labor in the country has been the formulation of better policies that have protected the labor force. Some of these policies have included the scraping off of the No-Objection Certificate (NOC) policy which initially limited the mobility of labor and gave the employer more power over the employees (Ramady, 2013).

The introduction of free market policy has also been phenomenal in shifting of the labor patterns in the country. This has led to rise in the supply of the foreign workers since many people have flocked the country in an attempt to get better jobs that are well paid (Al Awad, 2010). The shift is justified by the fact that about 4 million foreign laborers are the ones working and regulating production in over 260,000 private establishments this is according to (IMF, 2014).

### *Impact of technology in labor market*

Technology has brought about both positive and negative impact on the labor market in UAE. Some of the impacts have been positive. These impacts include: the increased demand for highly trained workers to actually run the machines. Most of the technical advancement has actually been brought about by the countries doing direct foreign investment in the country. Agreeing to a UAE Labor Survey (2009), shows the percentage of increment of demand for high skilled labor in professional, senior officers, and technicians, rated 46.4%, 19.8%, and 17.7, respectively (Table 8). It is therefore arguably right that the technical advancement that has actually revolutionized the country's labor market has actually been imported from the United Kingdom and United States. This has enabled the country to create more employment. The application of technology in manufacturing and construction sectors has also increased the demand of labor that has made non-oil products to be the main contributor of the country's GDP (MoE, 2015).

Despite the increased demand of labor as a result of the use of technology in the non-oil sectors, the use of technology has also reduced the employment by replacing unskilled human labor by the use of machinery in some of the key sectors of the economy (IMF, 2014). This has actually increased the

number of unemployment of unskilled workers. Technology will also use traditional nature of work since it has come with a lot of mechanization that has affected the way work is done thus negatively affecting the labor market in the country. There have also been cases of increase in the rate of unhidden unemployment.

**Table 8. Employed population with university educational level and above by occupation according to sex and nationality group (%) distribution of occupation**

Occupation	Sex		Nationality group		Total
	Males	Fe-males	Nation-als	Non-nation-als	
Legislators, senior officials & managers	22.7	8.9	19.3	19.8	19.8
Professionals	46.7	45.0	41.2	47.0	46.4
Technicians and associate professionals	17.2	19.3	21.1	17.3	17.7
Clerks	6.0	18.7	9.8	8.6	8.7
Service workers & shop & market sales workers	3.8	7.5	3.6	4.7	4.6
Craft and related trades workers	1.0	0.1	0.2	0.8	0.8
Plant and machine operators & assemblers	1.1	0.0	0.2	0.9	0.9
Elementary occupations	0.6	0.3	0.1	0.6	0.6
Armed forces	0.8	0.1	4.4	0.2	0.6

Source: (FCSA, 2015; Labor Force Survey 2009)

## PRICE FLOOR

Price floor is a situation in which the price charged is more than or less than the price determined by the demand and supply factors in the market. This has greatly affected the labor market in UAE. Despite the liberalization of the market whereby the price charged is supposed to be as a result of demand and supply, the employers have most of the time taken advantage of the employees and given a lower pay compared to that determined by the market forces of demand and supply. This has reduced the fairness in the compensation for the labor offered by the households to the firms. This has mostly been the cases when it comes to foreign labor and the unskilled workers (Ramady, 2013).

Granting to the UAE labor law; article 63, that the minimal salary and cost of living that is generally payable to workers or in the particle field or business should be defined and approved by the Minister of Labor and Social Affairs (Yearbook, 2013; MoE, 2015).

However, the UAE made great efforts toward protecting the rights of workers within the country through implemented of the Wages Protection System in the year 2009. This ran in order to monitor and insure full payment of wages and timely through accredited and certified financial institutions offering this service.

## The benefits of skilled labor for society

One of the benefits of the high labor with knowledge and skills is the production of quality goods, hence reducing the company's cost of quality. This has also ensured that the society is not exposed to harmful products that would have otherwise been produced by incompetent employees who lacks both skills and the knowledge. Another benefit of this type of the labor of the society is that it reduces the cost of production by increasing efficiency in the production system (IMF, 2014). This makes sure that the production cost transferred to the society is a bit more favorable.

In conditions of high skilled workers, there was an advantage of the range of salaries were given in UAE. High educated works have an advantage of the economic, workforce as well and worker himself (Al Awad, 2010). Noticed that the pay range in UAE considered from higher countries for distributing wages. As noticed from Table 8, that the monthly mean and median are \$7450. 59, and \$3200 respectively. At long last, another benefit of this case is to Helps to improve income distribution and equality of opportunity and cycles the flow of demand, supply, and recruit investment and savings in term helps the economy as whole. In conclusion, salaries and financial rewards, has a positive impact on workers and the economic system. Therefore, in UAE an important that skills turn into net income.

**Table 8. Monthly mean and median wage of paid employees by some socioeconomic and demographic characteristics (\$)**

Characteristics	Monthly mean	Monthly median
Occupation		
Legislators, senior officials & managers	6,005.08	4,768.39
Professionals	3,729.89	2,752.04
Technicians and associate professionals	2,785.12	1,907.36
Clerks	1,946.76	1,362.40
Service workers & shop & market sales workers	1,002.73	340.60
Skilled agricultural and fishery workers	343.33	272.48
Craft and related trades workers	651.92	408.72
Plant and machine operators & assemblers	871.59	681.20
Elementary occupations	489.67	408.72
Armed forces	5,710.90	5,177.11
Educational status		
Illiterate	421.11	272.48
Read& write	462.46	326.98
Primary	736.96	367.85
Preparatory	1,093.41	517.71
Secondary	1,955.86	1,089.92
University & above	3,858.84	2,724.80

Source: (FCSA, 2015; Labor Force Survey 2009)

### Emiratisation program

Several years ago, the UAE government has developed an Emiratisation program within the strategy and vision of the need to go on the principle of enhancing employment opportunities for male and female for locals and filled them in the public sector and more attention to the private sector (Omair, 2010).

In support of that country's government it has worked to implement a range of policies and initiatives emanating from a comprehensive national plan directed at creating an attractive study environment for national human cadres in the public and private sectors. As an instance, the UAE's government launched governmental body called UAE National Human Development and Employment authority (Tanmia), its role to develop emirates skills to compete and be more effective beside expatriate labor. Thus, the government announced in November, 2012 that year 2013 will be the year for producing jobs to emirates and move them to private sectors in different sectors such service sector, sales sector, banking sector, and retail and commerce sector.

According to Yearbook (2013), that 35.4 percent in the banking sector was employed by emirates in end 2010. Another initiative called "Absher", established in 2012 by UAE President, HH Sheikh Khalifa bin Zayed al Nahyan, to encourage emirates to enter the private sector as result for creating 3,768 jobs and targeting to create 20,000 jobs by 2017. More than that in June, 2013, launched a second phase of Absher by HH Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the Armed Forces, that forming partnership with 17 new companies that recruiting emirates and each national has to enter two years of preparation and its cost paid by government and 30 percent of salary bearing from government for recruiting individual (UAE, 2013).

In conclusion, emiratisation program is one of the highlights of the policies and initiatives pursued by the country to raise the localization ratios in the economy sector specifically in the private sector.

### CONCLUSION

Indeed, labor is one of the key factors of production that plays an important role in a growth of the UAE's economy. Without labor, all the other factors of production such as capital, land as well as entrepreneur cannot actually facilitated production. This is the main reason the growth of the UAE's economy has been realized after labor market was made one of the key priorities in the country by scrapping of laws and policies that hindered the mobility of labor this is according to (Ramady, 2013). The country's current economic growth has been due to the availability of both skilled and unskilled labor. The technology has actually has mixed effects on the supply and demand of labor. The increase in the number of countries carrying out FDI has also been a key factor that affected the supply and demand of labor this is according to (Sbita, et al., 2014). The diversification of the economy, which has reduced over reliance on the oil has increased the country's GDP as well as increased the demand for the labor in the country.

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