

# Streamlining job market in UAE

Companies will be categorised based on compliance with labour legislations

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Abu Dhabi: A new firm classification system has been introduced by the Labour Ministry to regulate the job market.

Saqr Gobash Saeed Gobash, Minister of Labour, has issued Resolution No 1187 for 2010 laying out new regulations and criteria for classification of firms, and introducing a new penalty and black-point system against offenders.

Under the new resolution, Emiratisation rate should not be less than 15 per cent of the total number of staff at establishments in the top three categories.

The move comes in the implementation of the Cabinet Resolution No 26 of 2010 issued on August 11 on classifying establishments into groups in accordance with the degree of their compliance with labour legislations, systems and standards, cultural diversity approach and on-time payment of salaries, provision of accommodation, and Emiratisation quota.

Gobash said the ministry is keen on creating a balanced working environment that stimulates projected economic growth and facilitates the process of productivity through a sound management of skilled human capital.

## **Stable environment**

"Our ethical and legal mandate requires us to strive to explore and roll out mechanisms that embody the sincere commitment of the political leadership to put in place a safe and stable environment and to protect rights of all categories in the community," he added.

The new system replaces the current cultural diversity-focused classification policy, which has been implemented since 2005. The resolution calls for introducing practical and real mechanisms for voluntary Emiratisation.

"The new classification system was designed after consultation with prominent local labour market experts and embraced best practices from experiences of international community and neighbouring countries.

"While the old system revolved primarily on the cultural diversity mix in firms, the new one allows the firm to move higher on the classification scale giving them a slew of rewards based on their commitment to certain standards like Emiratisation, wages and housing, " the minister said.

Under the new classification system, companies are divided into three main categories; the first group which tops the scale, the second which includes the current three categories A, B and C and the third one which along with the first are the new-comers.

The resolution ranks the firms if they meet three main conditions, including the percentage of workforce should not be less than 20 from the professional levels (1-2-3) of the total manpower.

The conditions also include that a worker's monthly payment should not be less than Dh12,000 if he is in level 1, Dh7,000 in 2 and Dh5,000 in 3, and Emiratisation rate should not be under 15 per cent in these levels.

The creation of this first group aims at opening up new professional jobs for Emiratis and avoid mock Emiratisation," the Labour Minister said.

For the second group, the resolution arranged firms to A, B and C, according to cross-cultural policy. A company is sorted in group A if it does not commit itself to this policy by at least 25 per cent. A non-compliance of 25 to 50 will place the company in grade B and C if the percentage crosses the 50 mark.

### **Time given**

The resolution grants firms time until January 1 to correct their status and fall in line.

The resolution introduced a new penalty and black-point system against offenders which can downgrade firms to a lower group and drop black points after one year.

So far as the third group is concerned, the resolution indicated that a firm on the second group which accumulates 100 black points will be downgraded to the newly introduced third group.

A company can be placed in this group if it is convicted by a court for recruiting infiltrators, committing human trafficking or bogus Emiratisation and providing wrong information to the Wage Protection System with the aim of evading the system.

In case of recruiting infiltrators or committing human trafficking, the company's former category will not be restored until one year is elapsed from the date of downgrading and only after the violation is corrected.

Fines on any of these irregularities can range between Dh15,000 and Dh20,000.