

2011

Projection of skilled Labor Requirements in the UAE 2011-2025

Mouawiya Al Awad

Follow this and additional works at: <https://zuscholars.zu.ac.ae/workingpapers>

Recommended Citation

Al Awad, Mouawiya, "Projection of skilled Labor Requirements in the UAE 2011-2025" (2011). *Working papers*. 48.

<https://zuscholars.zu.ac.ae/workingpapers/48>

This Article is brought to you for free and open access by ZU Scholars. It has been accepted for inclusion in Working papers by an authorized administrator of ZU Scholars. For more information, please contact lillian.li@zu.ac.ae, Yrjo.Lappalainen@zu.ac.ae.



جامعة زايد
ZAYED UNIVERSITY

Working Paper No. ZU-WP 2011-002

**Projection of
skilled Labor Requirements
in the UAE 2025-2011**

Mouawiya Al Awad

Views presented in this working paper are those of the authors and do not necessarily represent views of Zayed University

Projection of skilled Labor Requirements in the UAE 2011-2025

Mouawiya Al Awad

March 2011

Director, Institute for Social & Economic Research (ISER)
Zayed University, PO Box 19282, Dubai, UAE
Mouawiya.alawad@zu.ac.ae, +971 4 402 1582

This work has been partially supported technically and financially by the National Human Resource Development & Employment Authority (Tanmia)

Summary

The aim of this research is to shed some light on the expected future path of economic growth in the country in relation to the planned development and to assess the needs for skilled workers to achieve this. According to our models and assumptions, it is expected that the level of real GDP in 2025 will be between 1,300 and 1,540 billion AED. This refers to an average real economic growth of around 5% annually between 2011 and 2025. Currently, only around 19.8% of expatriate workers are skilled, while 70.9% of Emirati workers are considered to be skilled using our definition of skilled workers. Therefore, in total, less than 20% of all workers in the UAE are skilled.

The data point to a strong evidence of a close relationship between economic growth and labor market in the UAE under the current production technologies. Using several methods to project the total number of workers in the UAE, it is expected that in 2025, workers in the country will range from 7.1 to 9.4 million, with an average growth rate of labor from 1.6% to 3.4% annually between 2011 and 2025. The expected number of workers gets smaller if more steps are taken towards the transformation to a knowledge-based economy. On the other side, the number of workers is expected to be at its maximum (9.4 million) if the current economic conditions continue to exist in 2025.

The UAE economy requires 1.6 to 2.4 million skilled workers in the next fifteen years, compared to their levels in 2010. This represents the need for an average increase of skilled workers in the country by around 105,000 to 160,000 each year from 2011 to 2015. Close to 60% of the overall skilled labor needs between 2011 and 2025 are in three sectors, two of which are currently highly dominated by unskilled workers: the government and mixed sector (348,000 to 528,000), the trade sector (301,000 to 457,000) and the construction sector (280,000 to 425,000).

The general result of the paper quantifies the needs for skilled workers in the UAE over the 15-year period (2011 to 2025), assuming that the UAE policy makers and the business community take some minimum steps towards a knowledge-based economy. Those steps require an urgent change in the mix skilled and unskilled workers since the current mix concentrate on labor-intensive technologies that depend on large numbers of cheap and unskilled workers.