

Challenges Faced by Expatriate Workers in the Gulf Cooperation Council Countries

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Abstract

Over the last six decades, the reliance of the Gulf Cooperation Council (GCC) countries' economy on expatriate workforce has increased incessantly. The majority of the private sector workforce in the Gulf Cooperation Council (GCC) countries are expatriates. Recent attempts by governments in the GCC countries to localise the workforce, through their workforce nationalisation programmes, have offered limited results. Thus, dependence on expatriate workforce will continue in the near future and GCC countries, short of professionally and technically qualified local workers will need to employ a large number of expatriates to support their economic and social development plans. This calls for a systematic approach to understand the specific challenges faced by expatriates of different nationalities in GCC countries, so that these challenges can be addressed to enable GCC countries to become a preferred destination for technically and professionally qualified expatriate workers. This paper presents an overview of GCC countries; the reasons for their dependence on expatriate workforce; key current challenges faced by expatriates in GCC countries and suggestions for facilitating adjustment of expatriate workers in the GCC countries.

Keywords: Expatriate adjustment, Migration, Foreign worker, Gulf Cooperation Council, GCC

1. Introduction

Workers working in a foreign location for more than one year are considered to be expatriate workers. (Richardson & McKenna, 2003). Expatriates are temporary workers who work in a foreign location under contracts which are of limited duration (Ward, Bochner & Furnham, 2001 as cited by McGinley, 2008). These work contracts may be renewed multiple times, thus prolonging the stay of an expatriate worker in a foreign country (Shah, 2009). Increasing numbers of expatriate workers are now accompanied by their spouse and/or children (Haslberger & Brewster, 2008), thus necessitating the need of not only workplace adjustment but also social and cultural adjustment of self and family.

A major section of the work force in GCC is expatriate population derived from different nationalities (Forstenlechner, 2008). This expatriate work force and accompanying family members face specific challenges during their stay in a foreign land. Before dwelling into the nature and reasons for such challenges, the following section first presents an overview of GCC countries.

2. Common economic features of the Gulf Cooperation Council (GCC) countries

The Gulf Cooperation Council (GCC) came into existence in 1981, when Bahrain, Qatar, Saudi Arabia, UAE, Oman and Kuwait joined hands for regional collaboration. The GCC countries are a part of the Arab world and share a common cultural, religious and historical background (Kirk & Napier, 2008). Some common economic features amongst the GCC countries are: dependence on petroleum products, young and fast paced growth of the local labour population, and high dependence on expatriates in the private sector (Sturm, Strasky &

Peschel, 2008). The sparsely populated region of GCC faces acute shortage of technically and professionally qualified nationals (MoEA, 2001).

3. Nationalisation of workforce in the GCC countries

For many years GCC has been attempting to promote higher participation of the local population in the national workforce with workforce nationalization programs such as Bahrainization (Bahrain), Emiratization (UAE) and Omanization (Oman). This has been necessitated by the fact that about 60 per cent of the local population of the GCC is between the ages of 14 and 27 (Dollman, 2007) and is speedily adding to the increasing number of employment seeking adults.

In the public sector workforce, higher participation of the local population has been achieved through lower knowledge and experience requirements for recruits (Al-Ali, 2008; Forstenlechner, 2008). Public sector employees are offered better salary, higher job security, lesser work hours, lesser work content and generous holidays (Al-Ali, 2008). This creates a privileged workforce segment of local nationals in the public sector with better compensation and less demanding work profile.

4. Growth of expatriate workforce in the GCC countries

In GCC countries, nationals are a predominant component of government workforce where as expatriates are in the majority in the private sector (Forstenlechner, 2008; Keivani, Parsa & Younis, 2003 as cited by Malecki & Ewers, 2007). The number of migrant workers in the GCC has increased from just 9 million in 1990 to 13 million in 2005 (Dito, 2008). The popularity of expatriates in the private sector workforce is due to higher productivity and better discipline (Sadi & Henderson, 2005). Poor participation of the local population in the private sector has been due to various reasons such as long and irregular work hours and focus on employee performance (Al-Ali, 2008). Private sector organisations depend on expatriates, due to following economic reasons:

- Expatriates are a major source of technical and professionally qualified and experienced workforce.
- Lesser training and induction time as expatriates learn and adapt fast to the new environment.
- Expatriates are willing to work longer hours and have lower rates of absenteeism when compared to that of the local workforce.
- In comparison to local workforce, the productivity of expatriate workforce is higher.
- The majority of Asian expatriates working in the GCC countries is available at lower salaries when compared to that of the local workforce and expatriates from the advanced western world.

Due to above mentioned reasons government supported programmes for higher nationalisation of the workforce in the GCC countries have not delivered the desired results in the private sector. Private sector organisations continue to depend on expatriate workforce for pure business reasons and will continue to do so in near future as well.

5. Gender differences in migration in the GCC countries

Though expatriate population in the GCC has grown in the last six decades, yet participation of female in the migrating workforce to GCC is one of the least in the world with only 29 per cent of the migrants being females (Dito, 2008). A substantial number of Asian female migrants in GCC are engaged in the occupation of domestic servants (Malecki & Ewers, 2007). This highlights the fact that professional expatriate women have limited opportunities in the GCC. Orthodox social and cultural factors are responsible for lack of work opportunities for single women in GCC as some of the countries do not easily allow work permits for single expatriate females or married expatriate females not accompanied by a spouse. The majority of female expatriate professionals in the GCC are those who have accompanied working spouse or parents to the GCC on a family visa and have later managed a job opportunity.

6. Gender differences in salary in the GCC countries

In the Arab world, women in the workplace suffer from bias with reference to severe differences in pay as well as a social attitude towards women in leadership position (Al-Ali, 2008) and the same applies to GCC. According to Haslberger and Brewster (2008), accompanying spouses of expatriates find it difficult to find a new job in a foreign location. With specific reference to female expatriate workers, as many of them originally accompany their working spouse under spouse sponsored family visa and with no confirmed job, they are more vulnerable to lower paying jobs. In many circumstances for the same job, with similar work content and responsibility, female expatriate workers agree to work for a lower salary in comparison to the salary paid to a male colleague, as they prefer to work for lower salary rather than to sit idle at home.

7. Social Division of labour in the GCC countries and social interaction between locals and expatriates

While adjusting in an environment of a new country, expatriates face multiple social and cultural challenges (ORC, 2007). In the social hierarchy in GCC, local Arabs occupy the highest platform, followed by skilled westerners, Arabs from other countries and the lowest position is occupied by the Asians (Malecki & Ewers, 2007). Within Asians Indians are placed slightly higher than the Bangladeshis and Sri Lankans (Malecki & Ewers, 2007). Expatriates from different foreign locations are extended a different social treatment and Asian expatriates do not enjoy the same social status as their counterparts from western world do. This social division gets further enhanced by the fact that local and expatriate populations have lower social and cultural interaction with each other.

Most expatriates in the Middle East live in housing compounds which are located separately from the housing facilities of the locals (Mesmer-Magnus & Viswesvaran, 2007). The social interactions of most of the expatriates in GCC with the local population are primarily limited to professional reasons. An exception to this may be a Muslim expatriate who may be relatively easily accepted by the local Muslims in GCC countries (Mamman, 1995)

8. Work visa requirements

The majority of migrants in GCC can not gain citizenship (MoEA, 2001; Shah, 2004; Shah, 2009). Expatriates in GCC work on a short term work visa and permanent residency status for the expatriates are discouraged on account of social and cultural reasons. The work visa is generally issued until the age of 60 years (Al-Ali, 2008) and needs to be renewed after every two years. This creates a sense of uncertainty and job insecurity in the minds of expatriates as the present labour laws are skewed in the favour of the employer and the work contracts can be terminated any time by the employer (Al-Ali,2008).

9. Weak labour laws in the GCC countries and labour market liberalization

The labour laws in GCC are weak. Following facts related to unskilled and semi-skilled expatriate workers highlight the poor compliance of existing labour laws by a large number of employers in GCC countries (ILO, 2009; Rajan & Prakash, 2009; Saif, 2009).

- Poor safety condition at workplace
- Forced daytime outdoor work when the temperature is very high
- Poor housing conditions
- Delay in payment of salary
- Forced overtime coupled with non payment for overtime work
- Forced surrender of passport

For an expatriate to change a job from one employer to another, while remaining in the same country in the GCC, once required a NOC (no objection certificate) from the current employer. On account of international pressure on the GCC countries to reform its labour laws, such practices are being gradually abolished (Gulf Talent 2008), but still more worker friendly labour laws are the need of the hour.

10. Economic problems of expatriates in the GCC Countries

According to Haslberger (2008) adjustment of an expatriate in a foreign location is also influenced by living cost, house rents and other expenses. High inflation in the last few years has become an important feature of GCC economy. Average inflation in GCC increased to above 6% in 2007 (Sturm et al., 2008) and further increased to double digit figures in 2008 (Saif, 2008). This directly influences the capacity of an expatriate to save and remit money to the parent country.

10.1 Rising house rents

In GCC, residential rents contribute to inflation in a major way. Residential rents rose in different GCC nations in the range of 15 to 42 per cent during 2007-2008 (Gulf Talent, 2008). In UAE in 2008, 35 per cent of the income of an employee was being spent on paying residential rent, in Oman it was 28 per cent and in Bahrain 26 per cent (Gulf Talent, 2008). Rise in residential rents in most of the GCC countries has been attributed to the large inflow of expatriate workers, opening of real estate markets to foreign buyers and upgrading of housing facilities by the nationals (IMF, 2008). The current recession has had some impact on housing rents and the rents have declined in certain cities and regions such as Dubai (UAE) and Doha (Qatar) but still a large section of expatriate population has to pay a significant part of their monthly salary as house rent.

10.2 Rising other expenses

The current economic slowdown has not had any impact on the cost of living of expatriates in GCC countries. Most of the cities in the GCC are witnessing higher costs of housing, transportation, food, clothing, household goods and entertainment. A recent survey conducted in March 2009 by global human resource consulting firm Mercer found Dubai rising from 52nd rank to 20th rank in the global list of most expensive cities (BI-ME, 2009). Other GCC cities also witnessed rise in ranks in the list of global most expensive cities. Abu Dhabi in UAE jumped 39 places, from 65th to 26th, Kuwait city rose from 94th to 77th, Manama in Bahrain rose from 112th to 82nd, Riyadh in Saudi Arabia rose from 119th to 90th rank (BI-ME, 2009).

10.3 Increasing gap between salary growth and inflation

According to Bayt (2007) research report, the average increase in salary in GCC was 15 per cent but the average increase in the cost of living due to inflation and other related factors was 24 per cent. This rising gap between increase in salary and inflation resulted in reduced disposable income in the hands of expatriates. Similar findings were stated by Gulf Talent (2008) report, in which many expatriates reported a fall in net disposable income. For example in the UAE, 40 percent respondents reported lower savings due to inflation and poor growth in salary (Gulf Talent, 2008).

10.4 Salary gap within different expatriate communities

For similar educational qualification, work experience and job responsibilities, expatriates from western advanced nations are paid a higher salary in GCC in comparison to expatriates from Asian countries. Arabian Business Salary Survey for the year 2009 highlighted the fact that British expatriates working in GCC countries are paid salaries, which amount to more than two times of the salaries paid to their Indian counterparts (Sambidge, 2009). Differences in salary combined with differences in social treatment of expatriates on the basis of different regions/ countries create two categories of expatriates. First is the preferred category of expatriates from the western advanced nations and the second is the general category of Asian expatriates.

11. Some solutions to challenges faced by expatriates in the GCC Countries

Expatriates are in general perceived to be temporary worker, but in GCC a large number of expatriates have been living for a longer duration (Coffman, 2003). Further, a large number of expatriates in GCC want to stay back. According to a recent survey, 77 per cent of expatriates want to continue working in UAE, further, 54 per cent in Bahrain and 46 per cent in Oman want to continue working (Gulf Talent, 2008). Above mentioned findings suggest that to a large extent expatriate workers in GCC countries have been able to overcome the hurdles they face while adjusting in a foreign land.

Successful expatriate adjustment in the GCC countries is a joint effort in which the GCC governments, employer and expatriate themselves participate and jointly attempt to remove the roadblocks for expatriate adjustment. Expatriates do not get to socialise much with the local community and this brings a bonding amongst the expatriates of similar social status, common regional background, language, religion or profession (MoEA, 2001). Hundreds of expatriate cultural/ recreational associations / clubs are active throughout the GCC (MoEA, 2001) thereby providing a platform for the expatriate community to connect socially. Thus expatriates themselves successfully overcome the challenge of social isolation.

Some GCC countries such as Bahrain and Kuwait are attempting to address the drawbacks of work visa requirements and are trying to simplify the procedures in favour of the expatriate workers. Bahrain is in the process of granting expatriate workers, some freedom of movement in the labour market by allowing them to transfer jobs without paying any penalty (Shaikh & Sinclair, 2009). But still more needs to be done by governments in the GCC to legally protect the work related interests of expatriates.

Proactive governments of Bahrain, Kuwait and UAE are in the process of establishing a free labour market and in near future stronger laws to protect the interests of expatriate workers are expected. But till then the employers will continue to enjoy the higher bargaining power under the protection of present labour laws skewed in the favour of employers. Thus the GCC governments are attempting to ensure a more liberal and hassle free work visa system for the expatriates. Gaps between the salaries of expatriates of advanced western nations and Asian expatriates have narrowed in the recent past with specific reference to Indian expatriate workers. Indian expatriates are the single largest segment of the GCC workforce. The economic boom in the early years of the current century has resulted in growth in salaries in India, and this has put pressure on employers in GCC. They have two choices, either to stop / reduce recruitments from India or to increase salaries of Indian expatriates. According to Gulf Talent (2008) survey, Asian expatriates, the majority of whom are Indian expatriates, were recipients of the highest increase in salary during 2004-2008. This has resulted in narrowing of the salary gap between the Asian expatriates and Arab/ Western expatriates. But this reduction in salary gap is limited to highly qualified and technically skilled workers, and majority of Asian expatriates still suffers from the drawback of bias and gap in salary due to their origin.

12. Conclusion

Though some of the solutions have been implemented in the recent past to facilitate expatriate adjustment in the GCC countries, yet a lot more is still required to be done by the governments and private sector organisations in the GCC countries. To become an attractive destination for qualified expatriate workforce, governments in the GCC countries need to immediately address the following issues:

- Introduction of more stringent labour laws to protect expatriate workers from forced overtime, poor living conditions, working under hazardous conditions.
- Introduction of more stringent laws to protect expatriate workers from arbitrary increase in house rents
- Simplification of work visa rules to enable an expatriate to freely change employer
- Joint initiatives with the private sector to reduce salary bias against Asian expatriates.

To become an attractive destination for qualified expatriate workforce, governments in GCC countries also need to further promote participation of female expatriates in the workforce. To attract larger number of professionally qualified female workers, following initiatives by governments of the GCC countries are required:

- Reduction in gender differences in migration by simplifying work visa rules for female expatriates.
- Better enforcement of labour laws to protect the interests of female workers, especially unskilled and semiskilled female workers.

- Joint initiatives with the private sector to provide a work environment where female expatriate workers do not suffer from any work related bias, especially with reference to salary bias.

While protecting their cultural heritage and sentiments, governments and private sector employers in GCC countries need to implement programmes for enhancing social and cultural interaction between expatriate and local population. The GCC governments also have to continue their efforts in improving the work-visa laws as well as labour laws to protect the interests of expatriate workers. Governments in the GCC countries in partnership with the private sector need to continue the initiatives for a free labour market and to systematically and gradually introduce stronger labour laws to protect expatriate workers from possible exploitation by the employer. Thus, the governments in GCC countries need to play a more effective role in creating a professional and social environment, which can attract better quality expatriate workers who can contribute better in the economic development of the region.

Introduction of any policy, programme or law to protect the interests of expatriate workers will produce results only when the implementation and monitoring of such policy, programme or law is effective and proper care is taken that such policy, programme or law is adhered to by the employers. Implementation of labour laws and adherence by local employers is one of the major weaknesses in the work environment of GCC countries. Out of the three stages of policymaking, policy implementation and adherence to the policy, it is the third stage of adherence to the policy that needs to be given the top priority by the GCC governments.

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