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# The introduction of the Golden Visa will have an extensive impact on the skilled demographics of the UAE's population

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## Abstract

This paper explores the United Arab Emirates (UAE)'s recent introduction of the Golden Visa, which is the first of its kind in any of the Gulf Cooperation Council (GCC) States. The Visa is a forward-thinking, progressive departure from the traditional, short-term visa system based on local sponsorship that is employed by so many of the GCC states. It is part of the UAE's Vision 2071 to build a knowledge-based economy, invest in excellence in education and to create a happy and cohesive society through a forward-thinking, future-focused government. The Golden Visa is a long-term, flexible residency visa of ten years' duration, which is independent of an expatriate's employment status, and is available for highly skilled knowledge workers, academics, scientists, investors, entrepreneurs, artists, and outstanding students. It has the potential to have a significant impact on the highly skilled demographic of the UAE's population, because it can create a smoothing effect in the expatriate population during times of economic turbulence (which usually leads to a drop in population, particularly for female expatriates). The Golden Visa also encourages its holders to take a more permanent view of their stay in the UAE, thereby deepening the country's talent pool in a sustainable manner and boosting foreign direct investment.

## Purpose

The purpose of this paper is to argue that the introduction of the new Golden Visa regime will enable the UAE government to achieve its long-term goals more effectively, because of the security of tenure which the Golden Visa offers to its holders. This will enable the UAE to attract and retain key expatriate talent more efficiently over the longer term.

This paper furthermore argues that the Golden Visa not only changes the motivational drivers of the Golden Visa holders to view the UAE as a longer term residency option, but that it also enables the UAE government to more effectively a) attract and retain the top echelon of expatriates whose qualities are deemed to be net contributors to the successful achievement of the country's long-term vision; b) encourage increased foreign direct investment because of the deeper local talent pool; c) elicit a more pronounced smoothing effect on the demographics and expatriate population of the country during times of economic stress; and d) have a greater impact on the country's gender equality agenda, particularly with regard to attracting and retaining female talent in the resident population.

In order to substantiate the argument that the Golden Visa system will be a better immigration tool to manage the future needs and requirements of the UAE more effectively than the previous system, this paper will:

1. compare and contrast the previous visa system versus the Golden Visa system to identify and evaluate their respective strengths and weaknesses;
2. study the country's demographic composition and historical trends, and elaborate on the impact that the new visa regime will have on the population of the country;
3. argue that the Golden Visa more closely aligns with the UAE's vision and will deliver more effective results for the country as a whole; and
4. demonstrate by the analysis of empirical evidence from Golden Visa holders themselves that their views on the long-term viability of the UAE as a more permanent home have changed as a consequence of obtaining the Golden Visa.

## **Target Audience**

Its target audience is broad and it is designed to appeal not only to academics in the field of immigration politics but also professionals in the global mobility sector, human resources practitioners, and any other professionals who may find this topic of interest to them. It assumes only limited prior knowledge of the immigration landscape of the UAE, but is comprehensive enough to also hold interest to those already familiar with the country.

## **Methodology**

This paper contains two separate research methodologies. The first one is a literature review of scholarly, academic, governmental and industry writing on the topic of the UAE immigration policy landscape, and the possible effects the Golden Visa could have. The second one is a survey which was conducted by the author, interviewing a broad range of Golden Visa holders from different sectors. The purpose of the interviews is to substantiate and corroborate the findings of the literature review, particularly with regard to the changing mindsets and motivational elements behind the interviewees' decisions on their long-term residency in the UAE.

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**Summary**

As the world's most heavily expatriate-populated country (85-89% expatriate population, according to the UN and World Bank), the historic background to the current circumstances is worth exploring and in order to accomplish this, Chapter 1 begins by delving into the developments of immigration in the UAE, from its beginnings when oil was first discovered in the 1960s. This gave rise to increased requirements for instant, highly skilled labour to support the burgeoning economic development of the country, which resulted in the Kafala visa sponsorship system, which defines immigrants to the UAE as temporary and restricts certain social, political and economic rights. The Kafala system links residency rights with the employment status, so the loss of the latter automatically leads to the loss of the former.

Recent initiatives at modernising and overhauling the UAE's immigration policies have resulted in the introduction of the Golden Visa. This enhanced visa is available only for certain expatriates, and the criteria are set quite high (the exact details are covered in Chapter 2), but it comes with a range of benefits that represent a fundamental shift away from the traditional sponsorship visa system. The most important of all is the de-coupling of the residency rights with the holder's employment status, followed by a more than tripling of the traditional residency visa's duration from three years to ten years, and a removal of the requirement to return to the UAE within six months to maintain the residency visa's validity.

In order to place this into context with the UAE's past and present demographic developments, Chapter 3 examines the data from the country's official statistics bureau and looks at population trends over the last few decades (with a caveat on the availability and reliability of the data). The information demonstrates that the population of the UAE is not only extremely demographically unbalanced, with more than twice as many males as females in the population, but that this expatriate population is also highly susceptible to volatility in the economic environment (particularly the female population). This is evidenced when looking at the data available from the Global Financial Crisis of 2007/2008 as well as the more recent developments during the COVID-19 pandemic, and is largely due to the Kafala visa system obliging expatriates who have lost their jobs to leave the country, along with their dependents.

The Golden Visa forms part of the UAE's Vision 2071, which aims at shaping the country into "the best place in the world to live and work". In Chapter 4, the Golden Visa system is put into context with the UAE's vision for the future, which is for the government to be forward-thinking and progressive, with the aim of building a knowledge-based economy, investing in excellence in education, and creating a happy and cohesive society. Given the recency of the Golden Visa's introduction to the immigration landscape of the UAE, there follows a literature review of the possible impact that the Golden Visa could have on the country in terms of its population's demographics and how this effectively supports the achievement of the UAE's Vision 2071.

Following the literature review, the final chapter of the paper covers the empirical evidence gleaned from the interviews with Golden Visa holders. This corroborates some of the findings of the literature review, namely that the Golden Visa is an effective tool in attracting and retaining talented expatriates who are eligible, and that it engenders a more permanent mindset amongst the expatriates who hold such a visa, coupled with longevity and security of tenure. This decrease in transience results in Golden Visa holders planning to remain in the UAE long-term: some respondents speak of investing more in the country, others are now looking at retiring to the UAE when they are no longer part of the workforce, whilst others speak of the opportunity for their children to return to the UAE after higher education, as they will also view the country as "home". This change in time horizons, motivation factors and drivers amongst the Golden Visa holders and their demographic means that the UAE is successfully beginning to build a deeper and more expansive pool of skilled workers, which will increase investor confidence in the UAE leading to increased foreign direct investment, and a more mature, sustainable local labour market to support future economic developments.

# Chapter 1      Immigration in the UAE

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**Abstract:** In this chapter, we examine the background to the immigration situation in the UAE and the wider GCC as a backdrop for immigration policy (of which the Golden Visa forms part of). We then explore the current visa system (known as the “Kafala” or sponsorship system), why the system was originally introduced, and what its limitations are.

## 1.1 Background

Since the discovery of oil, the Gulf Cooperation Council (GCC) region of Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE have become one of the most popular destination regions for temporary work migrants of the world (Shah & Fargues, 2013). The historical attractiveness of the Gulf region to migrants from certain countries around the Arabian Gulf was due not only to their close proximity to the Arabian Peninsula, but also to the fact that the source countries were (and still are) more populous, poorer and have fewer opportunities than the destination countries (Jaeck, 2021).

In 1960, there were roughly 240,000 foreign people in the GCC, out of a total population of the GCC region of less than 10 million. This rapidly increased over the next decades, with the number of migrants quadrupling from 1960 – 1970, and again between 1970 to 1980; the last three decades have witnessed a particularly rapid overall increase to the GCC population, which has been fuelled by massive growth in labour migrations (Valenta & Jakobsen, 2016).

Before the discovery of oil in the 1960s, the area of the modern-day UAE was known as the Trucial States and as a British Protectorate had attracted a wide range of traders, seasonal workers and merchants from around the region, especially the Indian subcontinent (India, Pakistan, Bangladesh) and Persia. When Abu Dhabi first began exporting oil in the 1960s, the expatriate population was an estimated half of the emirate’s population – even at that time, there were gaps in labour requirements of the economy that were being filled by expatriate workers (Malit & Tsourapas, 2021). 1971 saw the dissolution of the Trucial States as a British Protectorate and the formation of an independent United Arab Emirates, a confederation of seven separate Emirates, each with their own individual rulers and laws. With the subsequent oil boom of 1973, large numbers of immigrants flocked to the newly formed Gulf state in order to facilitate and

sustain economic growth and the rising standard of living, and in order to fill a diversified private labour market (Baldwin-Edwards, 2011).

The income generated by oil and gas meant that the GCC states did not have to rely on tax income but rather could reward their citizens for their political quiescence by granting generous welfare subsidies (Weiffen, 2008) and well-paid jobs in the public sector; this practice is still currently in force, as is evidenced in the example of the Public Administration and Defense, Compulsory Social Security sector of the UAE economy (i.e. the public sector), which comprised 6.2% of the UAE total work force in 2020, but which received 18.9% of the country's total labourers compensation, according to the UAE Economic Report for 2021. Nationals also enjoy generous social security provisions, such as housing, marriage allowances, subsidized utilities, munificent pensions and early retirement options. Providing nationals with well-paid public sector jobs is the most important manner in which the social contract is delivered in wealthy oil monarchies (Bjorvatn & Farzanegan, 2013).

The rapid growth of the expatriate population and the increased reliance on foreign nationals to meet the increasing skills gap in the economy has been argued to lead to many purported social, cultural, economic and political concerns in the destination countries of the GCC, producing a feeling of insecurity, and an identity crisis in the native populations (Jaeck, 2021). It can also lead to a feeling of being totally outnumbered by immigrants who might exhibit different cultures, religions and traditions; this can result in tensions between the local and immigrant population, resulting in a lack of social cohesion, which is generally not conducive to economic growth and prosperity (Vora, 2013).

One method of addressing the concerns of the local population to large inflows of immigrants is to *restrict the latter's access to various social, economic and political rights*, as well as their access to welfare benefits and ownership of certain economic assets (Babar, 2017). Another method is to *define these large inflows of migrants as temporary* (Jaeck 2021) and construct the immigration policy and residency legislation accordingly.

## **2.2 Current Visa System of the UAE**

The UAE government (along with the other GCC countries, who followed a similar approach) therefore introduced a temporary guest worker program called the Kafala Sponsorship System,



which uses the latter method of defining migrants as temporary. This system enabled nationals, expatriates and companies (the “Kafeel”) to hire migrant workers. Under this system, the foreign worker’s work visa and residency must be sponsored by the “Kafeel” in order for these to be valid. This meant that the worker’s right to legally work and reside in the country is dependent on his or her employer; the control of visa processing and renewal lay with the sponsor, yet the worker was liable for any failure to process or renew the visa (Migrant Rights. 2022). Under the Kafala System, there is no option for a permanent right to reside in the country, and a worker’s legal right to remain in the country is contingent on them holding current employment. The sponsoring entity is financially and legally responsible for the worker, and a signed employment document needs to be filed with the Ministry of Labour accordingly. The Kafala system applies to all categories of labour migrants, irrespective of their qualifications, experience and levels of skills. Up until recently it has also applied to business ownership, which had previously only been possible with a local business partner who had to be the majority shareholder of at least 51% (this requirement has now been relaxed in the many different free trade zones established throughout the UAE).

A holder of a valid residency visa may be able to act as a sponsor for their direct dependent family members, provided that they fulfill certain criteria, such as certain minimum income requirements, and a certain job description on their visa (the exact criteria will be elaborated upon in Section 2.3). If the employment visa is cancelled for whatever reason, the worker has 30 calendar days to either change their residency status or leave the country.

The Kafala regulations effectively tether migrant employees to their employers through contracts and visas, and thereby give employers a substantial amount of power (Naidu et al., 2016). In times of economic boom, temporary labour could therefore in theory be rapidly brought into the country but then also equally as rapidly expelled during periods of economic contraction.

In recent times, the Kafala system has undergone some reforms, due to international pressure regarding working conditions for migrants (Kapiszewski, 2001) as well as demographic changes in the native population which resulted in rising unemployment levels and enhanced political pressure (Shah, 2008) as highlighted in the social unrest of the Arab Spring.

The UAE simplified the expatriate employment contract construct in the recent UAE Labour Law of 2022. Whereas the old labour law distinguished between unlimited and fixed term contracts,

the new labour law abolished unlimited contracts; every employment contract in the UAE is now a limited contract with a maximum period of three years, after which point it can be renewed, which aligns it with residency visas in the UAE, most of which are of three years' duration, and renewable (Reichert, 2022). Further models of work (full-time, part-time, temporary and flexible work) was also introduced by the new legislation, along with enhanced employee protection with additional legal reforms, such as clear notice periods for both employee and employer to follow, as well as the requirement to settle any outstanding payments to the employee within a certain time period of the employee's final working day. The requirement, however, for foreign nationals to obtain a visa that is sponsored by an employer (and therefore linked to some form of activity that is economically beneficial to the UAE) remains unchanged, and the majority of the expatriate population still are subject to this regulation.

Under the Kafala system, the ultimate responsibility for the probity and good behaviour of the employee lies with the sponsor. It is the sponsor who can be called to account for the conduct of the employee, even if the employee's actions were committed out of the scope of the employee's responsibilities, and who carries liability for the employee. The employer must also ensure that at the end of the employment relationship, the employee either has a ticket to exit the country, or that the employee transfers the employment visa to someone else's sponsorship. The sponsor is also liable for the repatriation of mortal remains in the unfortunate event of an employee's death, and in some cases may also be accountable for the employee's debt (medical bills for instance) if the employee is unable to meet these debts and must leave the country (Yamalova, 2014).

The fact that the sponsor is accountable for the actions of the employee means that the sponsor has a vested interest in managing this risk accordingly and has resulted in the sponsor having the right to consent to certain actions of the employee. The consequence is that for certain activities, the employee must obtain a No Objection Certificate from the employer. This is a legal document which informs parties that the issuer has no objection to the employee conducting certain actions. No Objection Certificates are mostly issued by sponsors in order to inform a government agency that the holder of the Certificate is free to undertake an activity which may impact the issuer. In the Emirate of Dubai (at the time of writing), for instance, purchasing alcohol is a regulated activity, reserved only for non-Muslims, and alcohol can only be consumed privately or in a licensed public place (Duncan, 2020). If an individual wishes to purchase and consume alcohol in their residence, an annual alcohol permit is required, which must be obtained from the Dubai Police. The application must contain a No Objection Certificate from the employer allowing the employee to apply for the permit, because the purchase and consumption of alcohol is a regulated activity and being intoxicated in public is illegal under the Federal

Criminal Code of 2020, and is grounds for immediate dismissal under the UAE Labour Law (Article 120).

One could therefore argue that the Kafala visa system could be viewed as an intrusion into the private sphere of the individual employee's personal and private life with the requirements for No Objection Certificates for certain activities. The system incorporates a high degree of uncertainty for the migrant because of the framework of the visa system which defines them as purely temporary. They are subject to the whims of their employers, who can dismiss them without too much trouble, because the visa system skews power heavily in the employer's favour (Human Rights Watch, 2022). The lack of an employee's political rights is further exacerbated by the fact that unions and demonstrations are illegal in the UAE, so in case of labour disputes, an expatriate employee only has recourse to the labour courts, which can be costly and time-consuming. Whilst the obligation to obtain a labour permit for the employee lies with the employer, the legal obligation of maintaining the residency visa remains with the employee, and the continued provision of key services to the employee such as telephone, utilities, bank accounts and other essential personal amenities are contingent on the residence visa's ongoing validity.

### **2.3 Social, Political & Economic Rights**

As an expatriate, an immigrant also has restricted access to certain social, political and economic benefits that are extended to the Emirati population. The issuing of citizenship rights to expatriates, for instance, is possible, but only very selectively as per the new citizenship law that was introduced in 2019, as any candidate must be nominated by either UAE royals or officials (Turak, 2021). Children of mixed marriages between Emiratis and their foreign-born spouses by marriage are eligible for Emirati citizenship, although up until recently it has been more challenging for the children of an Emirati mother and a foreign-born father to obtain citizenship for their offspring (Abu Baker, 2022).

Non-UAE nationals are also not eligible to receive social welfare, state pensions, unemployment benefits or financial assistance for low income. If they wish to be covered in these areas, they must make independent provisions for themselves. For UAE nationals, healthcare is subsidised by the Government, whilst expatriates are allowed access to the private hospitals and clinics unless it is an emergency (Watania, 2022) and the employer is legally responsible for paying for the employee's health insurance premiums. Convention has it that if the employee brings dependents, they are usually also insured if they fall under the employee's sponsorship for residency purposes, although this is not always the case and employers are not obliged to do so.

In addition, as mentioned above, the UAE labour Law does not recognise the right of workers to form trade unions or organise themselves to form collective bargaining agreements. Whilst trade unions and collective bargaining agreements are common practice in more developed countries, these social rights do not exist in the UAE (Kantaria, Barr & Rafia, 2022).

In terms of sponsoring resident family dependents, the General Directorate of Residency and Foreigners Affairs (GDRFA) stipulates that male residents who are employed in the UAE are allowed to sponsor their immediate family members (e.g. wife and children) subject to them earning a minimum monthly salary of AED4,000 (USD1,090). For female expatriates wishing to sponsor their immediate family, the salary requirement is much higher (AED25,000 – equivalent to USD6,806 - per month) and they also have to hold tertiary qualifications in addition to managerial positions. These sponsorship criteria de facto excludes half of Dubai’s workforce from obtaining residency permits for their families in 2016: according to the Dubai Statistics Centre, 50.2% of all employees earned less than AED2,500 (USD680) per month during that year.

In addition, the high cost of living in the UAE precludes many other lower income workers from sponsoring their families’ residency visas – whilst Dubai ranked 31<sup>st</sup> and Abu Dhabi 61<sup>st</sup> out of 227 international cities in Mercer’s Cost of Living City Ranking for 2022, the actual cost of living for families is much higher as Mercer’s Index does not take school fees into consideration. Expatriate families are subject to a mandatory education obligation for all school-aged children, and as they do not have access to free state-school education in the UAE (which might have been available in their country of origin), their school-aged offspring therefore have to be privately educated; whilst education allowances formed part of many locally hired expatriate workers’ remuneration packages in the past, this is rarely the case now and most non-nationals therefore must meet education expenses themselves (HSBC Expat, 2022).

Whilst no doubt placating the resident local population in terms of access to certain state-funded benefits the above-mentioned points could be important “stay away” factors that migrants to the UAE would have to take into consideration when self-selecting the country as a destination for migration because (depending on the country of origin) of the lack of access to many rights and benefits in terms of social, political and economic support that they could otherwise have had access to in so many countries in the developed world. For further details regarding migration

motivators, immigrant profiles and the theoretical impact of immigration on the destination country, please see Appendix 1.

This higher level of insecurity in terms of the lack of social security and residency options could have a negative impact on a migrant's eudaimonic, subjective well-being. Studies have shown that insecurity negatively predicts a person's overall level of subjective happiness, which is inversely correlated to the level of uncertainty they experience (Wen et al. 2022). Security is one of the key indicators of happiness levels, and a perceived shortage in security means expatriates are having to make contingency plans where they are able to in order to manage the risks they are exposed to in an acceptable manner. Where this is not possible, they are obliged to accept the reality that losing their employment would necessitate them losing their residency rights and therefore having to depart from the UAE. This pattern of demographic change is particularly visible in the country's population data, as will be demonstrated in Chapter 4.

## Chapter 2 Golden Visa vs. Kafala Residency Visa

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**Abstract:** In this chapter, we examine the Golden Visa system more closely. The key features are summarized and the Golden Visa's eligibility and criteria are compared and contrasted to the Kafala system. The implications for the Golden Visa holders are highlighted in terms of legal obligations that they have under the new regulations that were not extant under the Kafala system.

### 2.1 Golden Visa – Key Features

The UAE's Golden Visa was first introduced in 2018 as an alternative residency arrangement with highly selective eligibility criteria for certain expatriates living and working in the country. In essence, it is a long-term residency visa, enabling certain key expatriates to not only live and work, but also study in the country with a view to increasing the overall talent quality of employees within the local labour market, to enhance the liquidity of the local labour market supply so that local companies improve their ability to obtain their required top talent locally instead of internationally as a more sustainable workforce sourcing model, and aimed at those profiles of immigrants who the UAE believes will have the biggest impact in achieving the country's 2071 Vision successfully.

The Golden Visa scheme contains an element of the traditional "residence by investment" schemes so commonly found in many countries of the world; in these schemes, wealthy investors commit to real estate or business investments over a certain value in exchange for residency or nationality rights, but the main issue with these schemes is that these types of investors are best conceptualized as mobile populations more akin to wealthy tourists, as opposed to immigrants who commit to the country on a more permanent basis (Surak & Tsuzuki, 2021). Instead, the Golden Visa seeks to entice a broader range of highly skilled migrant to choose the UAE as a long-term destination country, targeting not only those who are already highly skilled (such as researchers and scientists) but entrepreneurs with demonstrated business acumen, and top university graduates (both local and international).

The criteria for the Golden Visa issuance are, therefore, quite restrictive – since the introduction of the new visa system, just over 65,000 Golden Visas have been issued (just under 3/4% of the current population), although now that the criteria have been widened to include business professionals earning over AED30,000 (USD8,166) per month instead of AED50,000 per month

(USD13,613), this number is expected to increase (Patridge, 2022). According to the UAE's General Directorate of Residency and Foreigner Affairs (GDRFA), the Golden Visa is currently only available for the following categories of expatriates:

- 1) *real estate investors* who purchase a property worth more than AED two million (USD544,500) using their own capital;
- 2) *entrepreneurs* who own or partner in an SME start-up generating annual revenues of over AED one million, or who have sold an entrepreneurial project they founded for over AED seven million;
- 3) *exceptional talents*, innovators, inventors and creative talents in vital fields such as culture, art, sports and digital technology (subject to recommendation of approval from a federal or local government entity);
- 4) *scientists and researchers* with substantial research achievements and a PhD or a Master's degree in the field of engineering, technology, life sciences and natural sciences from the best universities in the world;
- 5) *professionals and highly skilled workers* with at least a bachelor's degree level qualification and professional experience in all disciplines, including sciences, medicine, engineering, IT, business and administration, law, culture, education and social sciences (provided that they have a valid UAE employment contract, are classified in the first or second occupational level as per the UAE's Ministry of Human Resources and Emiratisation – see Appendix 2 – and have a monthly salary of at least AED 30,000 (USD8,166);
- 6) *humanitarian pioneers*, such as distinguished members of international and regional organisations, recipients of humanitarian recognition awards and distinguished volunteers and sponsors of humanitarian efforts;
- 7) *frontline heroes* whose extraordinary efforts in crises such as the COVID-19 pandemic played an important role in managing, mitigating and overcoming these emergency situations.
- 8) *high-performing graduates* of either a UAE-based university or one of the top 100 universities in the world with a minimum grade point average of 3.8.

Some of the categories are only available to applicants who have been in employment in the UAE for more than five years (e.g. managing directors and CEOs), whereas others are available immediately (e.g. medical professionals, real estate investors, scientists, graduates and teachers), as these are the categories that the UAE is prioritising on an urgent basis. In addition, the Golden Visa can be awarded to individuals deemed to have made a significant contribution to the UAE,

and who have been nominated for the privilege by federal and local members of government as a way to reward their commitment and contribution to the country (Kerr, 2020, Abdulla, 2022).

The main benefits of the Golden Visa are as follows: -

### **2.1.1 Self-Sponsorship**

Crucially, the visa is a self-sponsored visa, meaning that there is no longer a need for a local or employer sponsorship. The de-coupling of the residency visa issuance from the employer is the most fundamental difference from the old Kafala system of local or corporate sponsorship, as it provides the Golden Visa holder with a residency status that is independent from their employment or economic activity.

By allowing the expatriate to self-sponsor, the Golden Visa effectively removes the liability for the employee's conduct while in the country from the employer and provides independent residency rights to the UAE for the Golden Visa holder in their own capacity and according to their own merits (Al Boloushi, 2022). It also removes the implicit power imbalance between the sponsor and the expatriate, and separates the legal residency rights of the UAE from the employment relationship. The employment permit is now obtained separately by the employer of a Golden Visa holder, in order to comply with the UAE Labour Law, but the Golden Visa holder's right to continue to reside in the country is covered by separate legislation under the UAE Immigration Law (Alba, 2022).

### **2.1.2 Duration**

Unlike the visas issued under the Kafala system, which usually have a duration of one, two or maximum three years, the Golden Visa is valid for ten years from the date of issue. It can be renewed again automatically provided that the Golden Visa eligibility criteria are still met. The extension of the visa duration, along with the separation of legal residency rights from the labour sponsorship obligations under the Kafala system creates a different dynamic in the risk-reward estimation of expatriates as it gives them a measure of control over how long they choose to remain in the UAE, irrespective of their employment status, that was not available to them under the Kafala system.



While a residency permit of one, two or three years may not engender a sense of permanency in the decision-making matrix of an expatriate, and may reinforce the subliminal perception that the nature of their stay in the country is merely temporary, a ten year residency permit on the other hand allows for a greater perception of permanency. A decade's worth of residency is more likely to lead to an expatriate making a longer-term commitment to the country than would have otherwise been the case on a shorter-term visa (Al Saadi, 2020).

### **2.1.3 Removal of Six-Month Absence Restriction**

Another feature of the Golden Visa is the ability to stay outside of the country for longer than the usual restriction of six months in order to maintain the Golden Visa's validity. Under the normal Kafala visa, expatriates were obliged to return to the UAE within six months of leaving the country, otherwise the visa would expire. This effectively tied the resident to the UAE and limited the scope of mobility. In recognition of the changing work patterns that emerged during the COVID 19 pandemic, the removal of the six-month restriction allows for Golden Visa holders to pursue more flexible work arrangements irrespective of geographical location without tying them to a specific place of residency (Al Boloushi, 2022).

The aim of this feature is to enhance the country's attractiveness for expatriates who favour remote, hybrid and seasonal work models to the conventional one and enhances the appeal for a wide range of scenarios, for example the "work from anywhere" working models, seasonal workers in the hospitality and events industry, cross-border business travellers, international consultants, students and researchers who can attend international universities without losing their residency rights, and retirees who wish to spend some of the year in other countries particularly during the hotter summer months of the year (Nair, 2022).

### **2.1.4 Enhanced Family Sponsorship**

Another feature of the Golden Visa is the ability for the Golden Visa holder to sponsor family members, including spouse and children, regardless of their ages (GDRFA, 2022). This is in sharp contrast to the Kafala system which places a limit on the age at which a male child can be sponsored; between the age of 18 to 25 he is only allowed to be sponsored by his parent if he is in full-time education. Once a son reaches the age of 25, he is no longer eligible for parental sponsorship and must either obtain his own employment visa or leave the country. Under the Kafala system, a daughter on the other hand can be sponsored by her parents until she marries, at which point she would fall under her husband's sponsorship if she was unemployed.

The Golden Visa's removal of the restrictions on child sponsorships, especially those for male children could lead to a change in demographics for this category as there is less pressure on them to join the workforce or leave the country when they reach 25 years of age (this is discussed in further detail in the next chapter, when we examine the demographic composition of the UAE in more detail).

In addition, under the enhanced family sponsorship features, the Golden Visa permits family members to continue to live in the UAE until the end of the Golden Visa duration in the event of the death of the primary Golden Visa holder (GDRFA, 2022). This allows the family to take their time in making alternative arrangements and placing their affairs in order, whilst still being able to remain in the country legally. The Kafala system, by contrast, does not allow for this flexibility, as all dependent visas sponsored by the primary visa holder are cancelled upon the death of the primary visa holder, and thus the family is obliged to either change their residency status by obtaining alternative sponsorship or to leave the country within 30 calendar days or risk incurring daily overstay fines. The Golden Visa therefore allows for greater flexibility and security of tenure for expatriate workers and their families.

### **2.1.5 Health Insurance and Other Benefits**

Holders of Golden Visas are also entitled to discounted rates on various products and services, although the range of offers differs from Emirate to Emirate. Golden Visa holders in Abu Dhabi are entitled to discounts on certain banking and tourism services (ADRO, 2022). In Dubai, Golden Visa holders are entitled to receive the ESAAD privilege card, which was previously only available to UAE nationals, that offers a range of exclusive benefits and discounts, including healthcare, education, hospitality, entertainment, restaurants and real estate (Ahmed, 2022).

Under the Kafala system, the employer as the sponsor is legally obligated to provide medical insurance for the employee as part of the employment visa application process. The Golden Visa system on the other hand places no such obligation on the employer, and the visa holders are themselves responsible for arranging their own health insurance. Whether this cost is covered by the employer is now no longer a question of fulfilling a statutory requirement, but rather a contractual one that would be determined in the Golden Visa holder's employment contract, if they are employed (Kelly, 2022). It is, however, still a legal requirement for the employer to obtain a work permit (or labour card) for any employee who is a Golden Visa holder. The cost

of these work permits are lower than those of a full three-year employment visa, and it is therefore more economical for both employer and employee.

This chapter has analysed the key features of the Golden Visa and contrasted them with the existing Kafala system. The next chapter will examine the demographic composition of the UAE and its developments over the last few decades.

## Chapter 3      Demographic Composition of UAE & Possible Future Developments

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**Abstract:** In this chapter, the issue of data quality in the UAE population estimates is raised, with some caveats as to the availability of accurate data from official data sources explained, as well as the assumptions with which I will work. We then examine the demographic development of the UAE's population in more detail, from its beginnings as a nation through to the modern day. An analysis of the demographic composition of the population of the UAE then follows (gender, age, education levels, employed vs. not employed), along with the conclusion that the Kafala visa system disproportionately affects the dependent and female expatriate population of the country, as well as the lower-skilled workforce, especially during times of economic stress. An analysis of the nationality and occupational data gives rise to the hypothesis that the introduction of the Golden Visa to the UAE's immigration regulations will provide a smoothing effect during times of economic crisis for certain highly skilled categories of the expatriate population, including their dependents, but this effect would not extend to the lower-skilled non-nationals.

### 3.1      Data Issues

Unlike other countries which have a population register, the UAE does not regularly undertake population censuses, and the last official federal census was conducted in 2005; the statistical quality of the total population estimates for the UAE has therefore to be treated with caution (Hunter, 2014, De Bel Air, 2018). The lack of confidence in population estimation data has been noted in both academic circles and in the UAE press, but in 2018 the UAE enhanced its National Bureau of Statistics, creating the Federal Competitiveness and Statistics Centre (FCSC), which adheres to international statistics standards and methodologies from the International Monetary Fund, the United Nations Statistics Division and other internationally recognised bodies. This created a more credible statistics centre; there has still, however, not been a national census and therefore all the post-2005 figures are still estimates based on certain assumptions (Hunter, 2014). The official data figures may not accurately measure irregular sojourn and temporary labour (especially for the labour-intensive sectors such as the construction industry, or seasonal workers such as in the hospitality and tourism industry), and whilst they are based on the number of residence officially registered with the Emirates Identity Authority (EIDA) and issued with Emirates ID cards, these do not cover 100% of all Emiratis and expatriates, nor do they include illegal foreign residents or residents in unusual administrative situations (De Bel Air, 2018), and they also do not differentiate between dual residents holding residency visas for more than one GCC country. As a consequence, the population and demographic figures for the UAE should

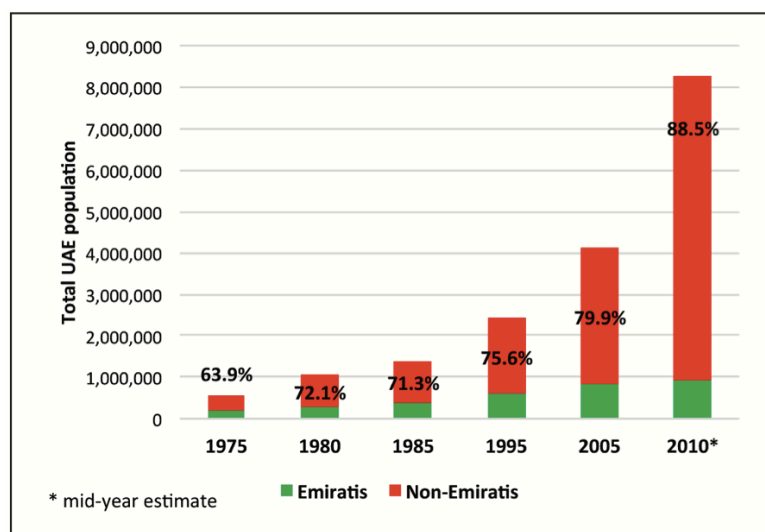
be treated with caution, but in the absence of any other credible data source, for the purposes of this paper, the figures are taken from the Federal Competitiveness and Statistics Centre (FCSC), as well as the Dubai Economics Department and the Abu Dhabi Department for Economic Development.

In addition, some data (exact breakdown of nationalities for instance) is not available for all the emirates or in a consolidated format for the whole country, and is not always made publicly available. Where this is the case, I have taken the data available from the Emirate of Dubai as an indicator, being the most populous of the seven Emirates, (3.478 million, or 35% of the total UAE population) and being the one most heavily populated with expatriate workers at 92% as opposed to 81% for Abu Dhabi (Dubai Statistics Centre, Abu Dhabi Statistics Centre).

### 3.2 Population Structure

The UAE’s population growth was particularly steep from 2005 to 2010, when the population doubled from 4.1 million to 8.2 million. This demographic expansion was driven by the growth of the expatriate population, which saw an annual increase of 16% on average from 2005 to 2010, whereas the Emirati national population grew by an average of 2.8% per annum over the same period (see Figure 1 below). Subsequent years have seen much more modest growth rates of between 0.6% and 2% per annum.

**Figure 1: UAE Population & Estimated Proportions of Nationals and Expatriates in Census Years (1975, 1980, 1985, 1995, 2005) and in 2010 (mid-year estimate)**



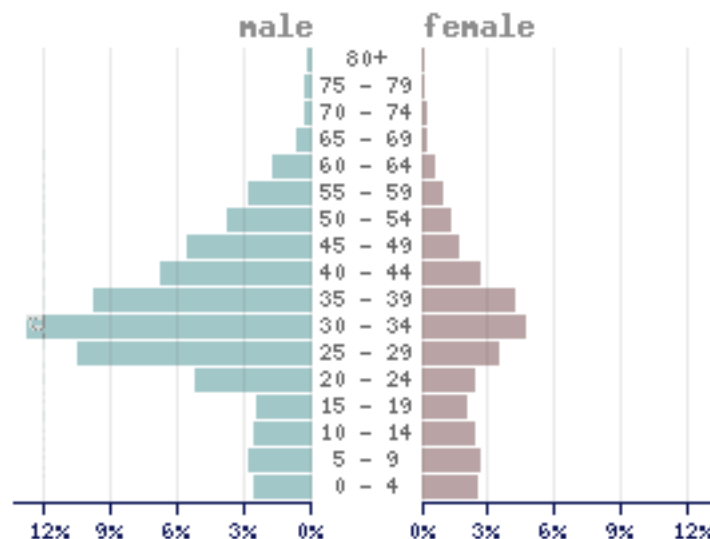
(De Bel Aire, 2018)

Source National Bureau of Statistics, Federal Competitiveness & Statistics Authority (FCSC)

According to the UAE’s Federal Competitiveness and Statistics Authority (FCSC), the UAE population (including both citizens and resident expatriates) numbered around 9.28 million in 2020, which was a slight population decline of 2.1% from the previous year, when the population stood at 9.5 million in 2019. Estimates for the total expatriate population is between 85% to 88.5% of the total population, with Emiratis making up the rest of the population. This makes the UAE the most densely migrant-populated country in the world, according to the UN and World Bank. It is worth noting at this point that the seven Emirates that make up the UAE have different percentages of expatriate populations, with Fujairah having the smallest percentage of immigrants in its total population at 61% while Dubai has the largest at 92% (Dubai Statistics Centre).

An examination of the latest population figures shows that the UAE’s population, like all other GCC countries, is extremely demographically imbalanced. Within the resident expatriate population, males outnumber females by a consistently large margin; in 2010 there were four times as many male resident foreigners in the UAE as there were females, and the gender ratio has been steadily decreasing over the years but still remains heavily imbalanced. The population pyramid below (Figure 2) serves to illustrate the demographic skewing, where it can clearly be seen that the male population aged between 20 – 65 is considerably higher than the corresponding female population.

**Figure 2: Population Pyramid for UAE (2022)**



Source: WorldData (2022)

In 2019, the gender ratio decreased to 196.9 for the first time but rebounded to 229.9 in the following year as a result of a dramatic drop in the female population of the country from 2019 to 2020. During this period, the number of females in the country declined by almost half a

million from 3.2 million to 2.8 million, whilst the male population of the country decreased by only 130,000 from 6.3 million to 6.47 million over the same period (see Table 1 below).

**Table 1: Population in UAE by Gender, 2005 - 2021**

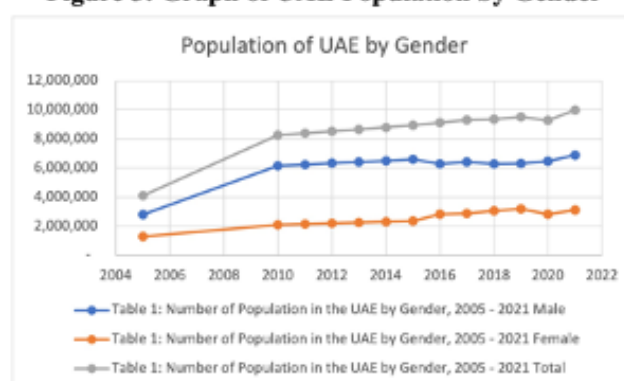
Year	Male	Female	Total
2005	2,806,152	1,300,275	4,106,427
2010	6,161,820	2,102,250	8,264,070
2011	6,244,663	2,149,356	8,394,019
2012	6,328,827	2,197,598	8,526,425
2013	6,414,337	2,247,008	8,661,345
2014	6,501,224	2,297,617	8,798,841
2015	6,589,518	2,349,456	8,938,974
2016	6,298,294	2,822,873	9,121,167
2017	6,415,942	2,888,335	9,304,277
2018	6,297,662	3,069,166	9,366,828
2019	6,302,724	3,201,014	9,503,738
2020	6,468,460	2,813,950	9,282,410
2021	6,888,345	3,102,738	9,991,083

Estimate

Source: Federal Competitiveness and Statistics Centre (FCSC)

This drop in population levels was driven by the downturn in the economy as a result of the impact of the Coronavirus pandemic (Omar & Mathew, 2021). As discussed in Chapter 2, the Kafala system of residency permits ties expatriates to their employment, and if the employment is terminated, they no longer have legal residency rights to remain in the country, are unable to continue to sponsor their families, and are therefore obliged to depart from the UAE. Given that foreigners comprise the majority of the population in the UAE, the contraction in the labour market resulted in a population decline from 2019 to 2020 of between 2 - 3% based on official figures and industry estimates (see Figure 3 & Table 1).

**Figure 3: Graph of UAE Population by Gender**



Data source – Federal Competitiveness and Statistics Centre (FCSC)

Dubai’s population was particularly vulnerable to the economic upheaval caused by the Coronavirus pandemic given the larger proportion of expatriate residents in the emirate: its

population saw the steepest decline in the whole of the GCC as it dropped by 8.4% from 2019 to 2020 (Omar & Mathew, 2021). Such dramatic decreases in population numbers placed a strain on the UAE's economic model, and especially that of Dubai, which relies heavily on sectors that are driven by consumer spending, such as hospitality, retail, education and travel, as well as infrastructure and tourism. The contraction of the labour market was also not only limited to the blue-collar workers on the construction projects that were halted; professionals and white-collar workers were also affected, and overall estimates were that around 900,000 jobs were lost due to the pandemic (Hashmi, 2020). A reduction in population led to a reduction in domestic consumer spending, which put negative pressure on the economy leading to a decline of 6.1% in overall GDP in 2020 (Barbuscia, 2021) and a contraction of Dubai's economy of 10.9% year-on-year in 2020 (Dubai Statistics Centre). The drop in population numbers during times of economic stress was also observed during the 2007/2008 Global Financial Crisis, when an estimated quarter of the USD1.231 billion planned projects in the UAE were placed on hold (Khamis et al, 2010), many expatriate jobs were lost and the economy contracted by 1.6% in 2009 (WTO 2010).

Besides workers, the UAE's expatriate population also comprises a sizeable number of family dependents: in 2015, the Indian Embassy in Abu Dhabi provided estimates that around 10% of Indian UAE residents were dependent family members, whose sponsorship under the Kafala system is dependent on the sponsoring parent or spouse holding an employment visa. This figure could be much higher. A further examination of the population and demographic indicators illustrate other developments impacting the dependent population of the UAE, in addition to the worsening gender ratio and the drop in overall population density of the UAE (see Table 2 below), namely the dependency ratio.

This ratio is an age-population ratio measuring those outside of the labour force (i.e. the dependent part of the population aged 0 – 14 and 65+) against those in the labour force (i.e. the productive segment of the population aged 15 – 64). It is used to quantify the pressure on the productive population as it illustrates how large a dependent population they need to support by going to work. As can be seen from the figures below, the overall dependency ratio in the UAE declined from 22.4 in 2019 to 20.0 in 2020. This was due to a decrease in the children dependency ratio, which dropped from 20.4 to 17.9 over the same period, while the elderly dependency ratio remained constant at 2.1. It is perhaps worth noting that the UAE has one of the lowest dependency ratios in the world, especially in comparison with the more advanced economies, which have dependency ratios ranging from between 50 (Austria) to 69 (Japan for instance) primarily due to their aging populations (CIA, 2021).



**Table 2: Population and Demographic Indicators, 2020 vs 2019**

Item	Rate 2020	Rate 2019
<b>Sex ratio</b>	229.9	196.9
<b>Life Expectancy at Birth (in years)</b>	79.7	79.9
<b>Median Age (in years)</b>	32.8	31.3
<b>Age Dependency Ratio</b>	20.0	22.4
<b>Children Dependency Ratio</b>	17.9	20.4
<b>Elderly Dependency Ratio</b>	2.1	2.1
<b>Population Density (per km<sup>2</sup>)</b>	130.7	133.8
<b>Average Annual Population Growth Rate, 2010 - 2020</b>	1.2%	
<b>Average Annual Population Growth Rate, 2015 - 2020</b>	0.8%	
<b>Average Annual Population Growth Rate, 2019 - 2020</b>	-2.3%	

Source: Federal Competitiveness and Statistics Centre (FCSC)

A decrease in the UAE's child dependency ratio means that there were fewer dependent children that the UAE's working population needed to support, which would therefore alleviate some of the pressure on those in the workforce. A decrease in the dependent child population of the country would also result in the median age increase as there are fewer youngsters to lower the average age, which is what the official figures also substantiate – in 2019 the median age was 31.3, whereas in 2020 it had increased to 32.8, while life expectancy remained the same.

When read together with the earlier observations regarding the decline in population due to job losses during the pandemic, a fuller picture begins to emerge, especially when we consider the decrease in the child dependency ratio along with the more pronounced decrease in the female population. Given that around 40% of the expatriate female population is outside the labour force as dependents (FCSC, 2017), their residency visas, as well as those of their children, are contingent upon the male “breadwinner” of the family being employed and thus being able to sponsor their dependents' visas under the Kafala system. With the loss of the male sponsor's job, they and their families would be obliged to leave the UAE.

In addition, studies from the World Bank have shown that of all the groups of workers, the female, young and urban were the most likely to stop working during a time of crisis, with women having an 8% higher chance of ceasing employment than men due to gender bias and a greater sense of obligation towards caring for family members (Weber & Newhouse, 2021).

This could explain why the decrease in the female population was so much greater than that of the male population – not only did this number include females in the working population (who

were more likely to become unemployed and therefore lose their residency status under the Kafala system), but it also would include the female population outside of the workforce, whose spouses had lost their employment too and therefore needed to repatriate the whole family.

With regard to education levels (see Table 3 below), 51% of the working population of the UAE hold no tertiary education (i.e. no university degrees). The proportion of the UAE workforce that is tertiary educated (i.e. holding a short-cycle tertiary / bachelor degree or above) is 49%. This is higher than the OECD figures as observed in the G20 countries, which averages at 31.8% (OECD, 2022).

**Table 3: Employed (aged over 15) by Gender and Educational Status, 2020**

Educational Status	Male	Female	Total
<b>Illiterate</b>	3.4%	3.8%	<b>3.5%</b>
<b>Read &amp; Write</b>	6.0%	6.8%	<b>6.2%</b>
<b>Primary</b>	10.0%	10.4%	<b>10.1%</b>
<b>Lower Secondary (Preparatory)</b>	13.2%	6.9%	<b>11.7%</b>
<b>Upper Secondary (Secondary)</b>	16.3%	14.9%	<b>16.0%</b>
<b>Post-Secondary non-Tertiary</b>	3.4%	2.6%	<b>3.2%</b>
<b>Short-Cycle Tertiary Education</b>	3.8%	4.2%	<b>3.9%</b>
<b>Bachelor or Equivalent</b>	31.3%	37.7%	<b>32.8%</b>
<b>Higher Diploma</b>	1.2%	0.7%	<b>1.0%</b>
<b>Masters or Equivalent</b>	10.1%	10.8%	<b>10.3%</b>
<b>Doctoral or Equivalent</b>	1.0%	1.1%	<b>1.0%</b>
<b>Not Stated</b>	0.5%	0.0%	<b>0.4%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Labour Force survey 2020

We can observe a higher proportion of bachelor, masters and doctorate degree holders among the female working population than the male working population (37.7% versus 31.3%), and a higher proportion of males in the workforce holding secondary education and below. This could be due to the UAE offering a greater range of low-skilled jobs to males which are more attractive to them (Ridge, 2011).

According to the most recent figures of UAE’s Ministry of Economy for 2021, these sectors include construction (17.3% of total workforce), wholesale, retail & motor vehicle repair (13.4% of total workforce), manufacturing (8% of total workforce); the two sectors which show a higher proportion of female economic activity are domestic workers (12.6% of total workforce) and education (4.5% of total workforce).

The percentage of women outside of the workforce who also holds tertiary education is much higher: 36.9% of women who are not working hold university degrees, whereas only 14.4% of men outside of the workforce are educated to university levels (see Table 4).

**Table 4: Outside the Labour Force (aged over 15) by Gender and Educational Status, 2020**

Educational Status	Male	Female	Total
Illiterate	3.0%	4.9%	4.2%
Read & Write	1.2%	2.3%	1.9%
Primary	6.4%	5.7%	6.0%
Lower Secondary (Preparatory)	34.6%	16.3%	23.3%
Upper Secondary (Secondary)	34.6%	26.5%	29.6%
Post-Secondary non-Tertiary	3.6%	3.6%	3.6%
Short-Cycle Tertiary Education	2.2%	3.8%	3.2%
Bachelor or Equivalent	9.0%	29.2%	21.4%
Higher Diploma	0.8%	0.7%	0.8%
Masters or Equivalent	4.2%	6.7%	5.7%
Doctoral or Equivalent	0.5%	0.2%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Labour Force survey 2020

We can also observe from the official data that the majority of young males who are outside the workforce are students at secondary school (70.2%) aged between 15 – 19 (see Table 5). This is due to the fact that, as mentioned previously, the Kafala system does not allow young male expatriates to remain on their parental sponsorship for their residency visas once they turn 18, and are thus compelled to either continue their studies, where they can be sponsored up to a maximum age of 25, or to enter the workforce (Ridge, 2011).

**Table 5: Outside the Labour Force (aged over 15) by Gender and Age Group, 2020**

Age group	Male	Female	Total
15 - 19	49.3%	16.9%	29.4%
20 - 24	19.2%	9.4%	13.2%
25 - 29	3.7%	8.7%	6.8%
30 - 34	2.1%	14.1%	9.4%
35 - 39	1.8%	13.8%	9.2%
40 - 44	1.8%	9.8%	6.7%
45 - 49	2.2%	7.1%	5.2%
50 - 54	2.2%	6.3%	4.7%
55 - 59	3.6%	5.1%	4.5%
60 - 64	5.2%	4.4%	4.7%
65+	8.8%	4.3%	6.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Labour Force survey 2020

Their female counterparts, however, can be sponsored by their parents until they are married, which means that there is less pressure and less expectation of them entering the workforce, but equally more of a challenge for them to find appropriate work – 64% of females classified as “unwilling to work” list an inability to find suitable work as the reason. According to research conducted by the Dubai Government, young women were less mobile and typically needed to

work near their families due to the cultural expectations of being primary caregivers, particularly for the family's children (Ridge, 2011).

The above analysis of the official data figures could lead us to the conclusion that, despite the fact that a higher proportion of females are well-educated, the Kafala system nevertheless exposes the female population of the UAE to a higher level of insecurity of residency status, due to a combination of being dependent on their male spouse, being less likely to have the economic independence of employment due to societal expectations and unavailability of suitable employment options, and being more likely to become unemployed during periods of economic stress. We may therefore surmise that the Kafala system contributes to the increased vulnerability of the female population of the UAE to the consequences of economic downturns; they are more likely to be affected in these situations and are more likely to leave the UAE as a result than the male population.

### **3.3 Nationality**

Whilst it is well documented that the UAE's population is comprised largely of expatriates with a relatively small indigenous Emirati population, further demographic data on foreign residents disaggregated by country of nationality is not available. The Dubai Statistics Centre, for instance, has in recent years only differentiated between Emirati and non-Emirati nationals in their statistical data (Dubai Statistics Centre, 2022) so some of the data used in this section is from earlier years (2009 – 2016) when these figures were still made public on a limited basis. The only recent source of citizenship data for the expatriate population are based on embassy estimates of their respective country's nationals. These estimates suggested that the largest percentage of foreign nationals in the UAE were Indians (29%), Pakistanis (13%) and Bangladeshis (8%) whilst the local Emirati population ranks third in percentages at around 11% of the total UAE population (De Bel Aire, 2018).

### **3.4 Expatriate Nationality within the Workforce**

The demographic gap of expatriates to Emiratis is even greater among the working population: in 2016, non-nationals comprised 96% of all employed residents of Dubai, with Asian nationals dominating the nationality table at 83% of Dubai's workforce (Asian nationals in the workforce of Dubai comprised of 86% male and 66% female). Arab nationals numbered around 8% and Westerners constituted around 4% of the workforce (see Table 6).

**Table 6: Distribution of Employed Population By Nationality Group & Sex (2016)**

	Total	Males	Females
UAE	4.0	3.0	9.2
GCC countries	0.1	0.1	0.0
Other Arab countries	6.4	6.2	7.7
Asia	82.6	86.0	66.3
Africa	2.9	1.6	8.9
Europe	2.7	2.1	5.3
North America	0.8	0.6	1.8
Caribbean & Central America	0.1	0.1	0.1
South America	0.1	0.1	0.1
Oceania (Australia, New Zealand, etc.)	0.3	0.2	0.6
Total non-Emiratis	96.0	97.0	90.8
Grand total	100.0	100.0	100.0

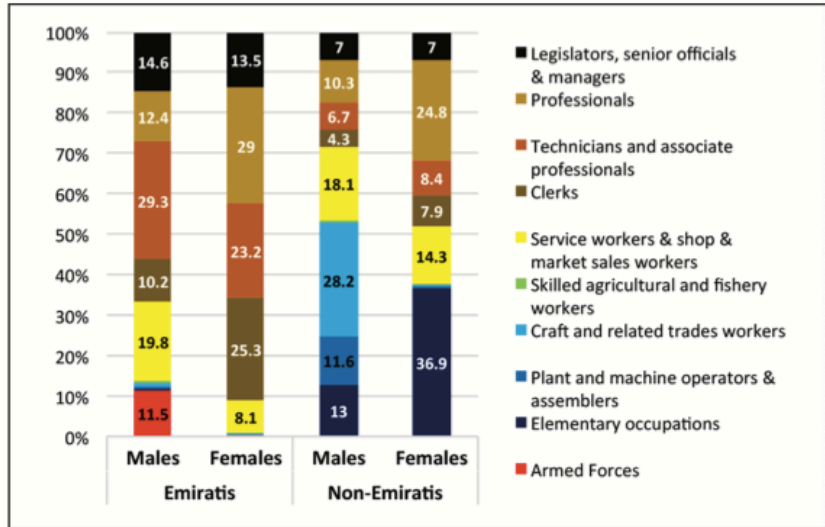
Source: Dubai Statistics Centre, Labour Force Survey 2016

Whilst Emirati nationals comprise the majority of the total workforce in the local and federal public sector (employing 90% of working nationals and 15% of expatriates in 2009) according to the National Bureau of Statistics, the overwhelming majority of the UAE’s expatriate workforce is employed in the private sector – 91% of the private sector workforce are non-national employees, with nationals comprising only 8% of private sector employees (Kumar, 2018).

The demographic imbalance which characterises the UAE’s population is especially prevalent in its workforce, where expatriate workers dominate every occupational level but especially at either end of the occupational spectrum. A 2008 survey of companies demonstrated that 89% of managerial employees and 99% of unskilled positions were taken by the expatriate workforce with Emirati nationals being absent from the low-skilled categories but employed 11% of males in the military (De Bel Aire, 2018).

In general, however, the foreign workforce shows a relatively diverse profile, as one can see from the example of Dubai – the “blue-collar” categories (i.e., craft and related trade workers to elementary occupations in Figures 4 & 5) employed 50% of expatriate male workers and 37% of female workers, with 18% and 14% in the trade and services categories (Dubai Statistics Centre, 2015). Around 24% of male and 40% of female expatriates held managerial and professional positions, which would be the types of positions eligible for the Golden Visa.

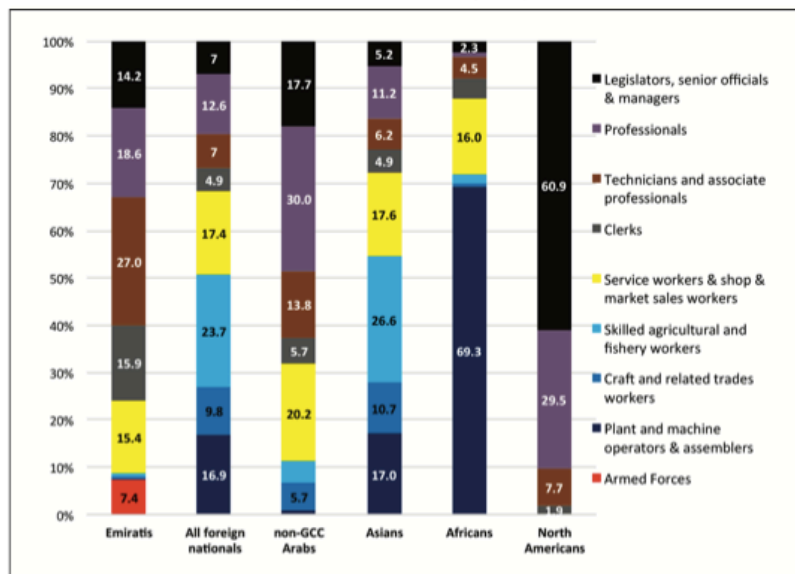
**Figure 4: Dubai: Employed population by nationality (Emirati/ non-Emirati) sex and occupation category (2015)**



Source: Dubai Statistics Centre, Labour Force Survey 2015

In terms of nationality groups, figures from Dubai show that the overwhelming majority of “Western” nationals (in the chart shown as North Americans) performed highly skilled occupations, which are the category of workers who are eligible for the Golden Visa. Around 70% of Africans and just over half of Asian country nationals were in low-skilled professions, which would render them ineligible for the Golden Visa, although the distribution of Asians across the various occupations was arguably the most evenly distributed of the nationalities (Figure 5). Just over 60% of workers from the Arab world held highly-skilled occupations, according to figures from the Dubai Statistics Centre, which again would indicate that this calibre of worker would be able to apply for the Golden Visa.

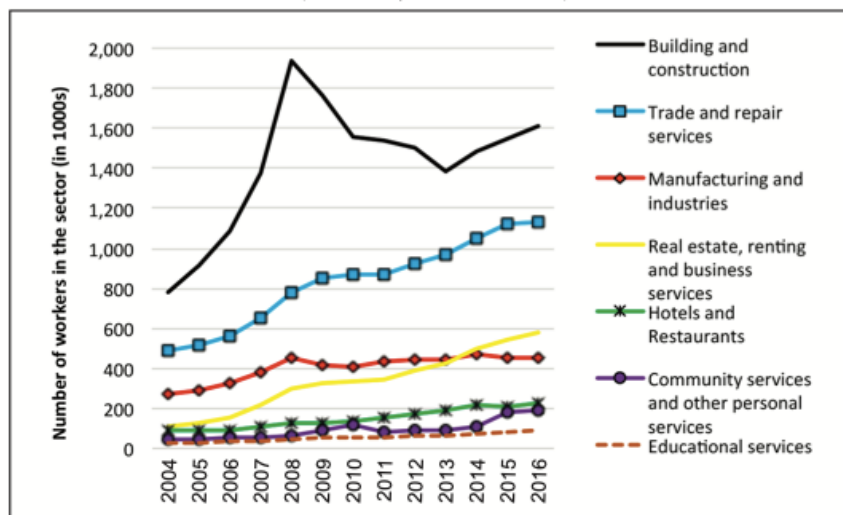
**Figure 5: Dubai: Employed population by nationality group and occupation category (selected nationalities, 2015)**



Source: Dubai Statistics Centre, Labour Force Survey 2015

When examining the available data for the activity sectors of non-nationals, we can also observe a rather diverse range (Figure 6). The majority of expatriate workers was employed in the construction sector (30%), while trade (12%) manufacturing (9%) and administrative support services (9%) were also significant activities, according to the Dubai Statistics Centre.

**Figure 6: Foreign labourers employed in the UAE private sector by activity (2004-2016, selected activities)**



Source: Ministry of Human Resources and Emiratisation (MoHRE)

This serves to highlight the extent of expatriates’ participation in the public and private sectors, as well as the diversity of non-nationals’ skills and specialisations. What it also underscores again, however, is the exposure of foreign workers to the consequences of economic stress. As can be seen, the impact of the 2008 Global Financial Crisis had a significant effect on the construction sector that forms one of the core elements of Dubai’s economy, which declined substantially until slowly improving in 2013 (Figure 6) and we could expect similar data to emerge as a result of the Coronavirus pandemic once this is made available, given the freezes on major projects and construction (e.g. Expo 2020 Dubai) which took place in 2020.

In addition, the data highlights the disproportionate effect of the consequences of economic downturns on certain nationalities and certain activities. Many expatriates were repatriated during the pandemic, the largest proportion of which were Indian passport holders: by July 2020 around 130,000 Indian nationals left the UAE, with a further 500,000 registered for repatriation flights, according to the Indian Embassy (Badam, 2020).

This chapter has provided an overview of the demographic composition and trends within the UAE over the last few decades. The next chapter will cover the possible impact and changes that could be seen in the UAE's population and the consequences for the workforce as a result of the introduction of the Golden Visa system.



## **Chapter 4**      Literature Review – Possible Demographic Impact of Golden Visa

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**Abstract:** Given that there is little statistical data available at present to observe tangible trends in the UAE’s demographics as a result of the introduction of the Golden Visa, in this chapter we will explore what the literature available from various different sources (government, industry, economic, human resources etc.) expects with regard to the potential impact of the Golden Visa system on the expatriate population of the UAE in the context of the UAE’s strategic goals (UAE Vision 2071 – for further details, please see Appendix 3). Following on from the previous chapter’s analysis of past and existing demographics, we will touch upon the particular demographic segments that are expected to be most affected by the new system.

The UAE’s Vision 2071 as explained in Appendix 3 comprises of four pillars: a happy and cohesive society, a diversified knowledge economy, excellence in education and a forward-thinking government focused on the future. These strategic pillars are supported by the Golden Visa as follows:

### **4.1.1 The Importance of Happiness**

That happiness is important to the UAE has been demonstrated by the establishment of a Ministry of Happiness in 2017, and Dubai’s Smart Dubai initiative is part of a Smart Happiness Index, launched subsequently in 2018, and is designed to assess the performance of Dubai’s officials based on happiness gain per funds spent (Pykett, 2018).

The reason for the UAE’s focus on happiness as an alternative metric for measuring the country’s success (as opposed to only focusing on the traditional economic measurement of GDP, which some would argue is a rather narrow focus) is to proactively satisfy individuals’ “affective, emotional, basic, cognitive and deeper eudaemonic needs” (Seligman & Csikszentmihalyi, 2000). In other words, it is a more holistic measurement of success. Maslow’s Hierarchy of Needs illustrates this in another way, where human needs are outlined in a pyramid form in order of importance. The lower four levels of the hierarchy comprise deficiency needs (in order of importance – physiological/biological, safety & security, love & belonging and esteem), which

arise due to deprivation. The final level of Maslow's pyramid is the growth needs of fulfilling one's potential, which is when people feel happiest (McLeod, 2022). This is why the provision of a stable, secure, safe, inclusive and healthy environment is so important for the UAE, as it goes beyond the traditional economically-focused measures of success and addresses key human behavioural and motivational topics that are relevant to the entire population, expats and locals alike.

The ranking of happiness in the World Happiness report combines a multiple of reasons for individual's happiness – GDP per capita, social support, healthy life expectancy, freedom to make life choices, generosity, perceptions of corruption are all measured and calculated when compiling a country's happiness score (World Happiness Report 2022). The UAE National Wellbeing Strategy 2031 is designed around focusing on people's well-being as a measure of sustainable and tangible societal progress. Its strategic objectives include physical and mental well-being, social stability and cohesion, and the advanced livability, attractiveness and sustainability of UAE cities and communities. The concept of "happiness" therefore takes health, ethics and justice into consideration and encapsulates these topics within itself.

Scoring high on the World Happiness Index demonstrates to the world that happiness is important to the UAE and this could influence public perception of the country on the world stage in a more positive manner. It could encourage inflows of certain specific types of highly skilled and / or wealthy immigrants, who self-select to move to the UAE as a destination country and who could assist the country in achieving its long-term strategic goals. and the economic benefits of a more diversified economy. The Golden Visa's contribution to achieving this element of the UAE's strategic vision is to provide key skilled migrants with a greater security of residency rights within the country, which are not only longer in duration than under the Kafala system but more importantly are independent of their employment status and provide the skilled worker with greater flexibility in terms of work location. Security of tenure is a powerful "pull" factor, and could carry great weight in the decision-making process of immigrants to the UAE – studies have shown that a decrease in feelings of security has a direct correlation to the eudaimonic feelings associated with happiness (Wen et al., 2022). As an analysis of the demographic data in Chapter 3 demonstrated, the Kafala system has contributed to large population fluctuations especially during periods of economic stress as expatriate workers lost their employment and thus their residency rights for themselves and any dependents they sponsored, which would support the conclusion that expatriates are justified in their feelings of insecurity.

One of the main benefits of the Golden Visa is the security of tenure that it affords its holders, which is based on their own merits as self-sponsored individuals and the peace of mind that comes with the de-coupling of their residency rights from their employment status. A greater feeling of security enhances the levels of happiness (Wen et al., 2022), which would support the achievement of the happiness element of the UAE's Vision 2071 and could encourage Golden Visa holders to remain in the country longer term.

#### **4.1.2 A Diversified Knowledge Economy**

The GCC economies have historically relied on petroleum-related exports and fiscal revenues as their main source of income. Over the decades, the GCC governments have increased spending on infrastructure and utilized public sector employment as a method of wealth transmission of hydrocarbon wealth to nationals (Kabbani & Mimoune, 2021). This expenditure has raised living standards and supported the development of private sector activity, according to the IMF (Callen et. al. 2014).

Heavy reliance on hydrocarbon-related income has, however, exposed the GCC economies to the vagaries of the oil price and exposed them to volatility and uncertainty as a consequence. In addition, it has also been recognized that oil is a depleting asset, which at some point will dwindle away. The case for greater diversification away from oil as the sole revenue source has been accepted by all GCC countries as paramount, because a reduced reliance on oil would lead to a more stable, low-inflation economy that is more resilient to global economic slowdowns, a healthy private sector, increased productivity and sustainable long-term growth (Callen et. al. 2014). It would also involve governments replacing their hydrocarbon-derived revenues with income from alternative sources, such as taxes on consumption, exports from non-oil sectors and increasing foreign direct investment (Kabbani & Mimoune, 2021).

Building a sustainable, long-term knowledge economy is, however, a long-term plan. Historically, the UAE, like many of the GCC countries, has relied on importing knowledge by encouraging highly-skilled immigrants to self-select the UAE as their destination country in order for them to assist in building the country's capabilities in the private sector of the economy where the desired quality and quantity of native talent is not available.

Solow (1956) and Arrow (1962) encouraged the concept that knowledge can be considered an economic resource through their learning curve theory. Nonaka and Takeuchi (1995) further emphasized the importance of knowledge as one of the sources of sustainable competitive advantage. Knowledge has become one of the key factors in determining human development (Assaf & Dougherty, 2011), and it is for that reason that developing a knowledge-based economy is such a crucial part of the UAE's economic diversification plan.

It has furthermore been posited that when economies reach a higher level of development, industrial and agricultural sectors diminish as a proportion of total output, and services and innovative activity grows relatively larger (Budvarsson & Van den Berg, 2013). Economic development has a tendency to cause a shift of productive resources towards those places where most of the innovative activities take place, an occurrence which economists refer to as "agglomeration". According to Florida (2005), creative people and their companies tend to cluster not only so that ideas can flow more freely and can be put into practice more quickly, but also to take advantage of economies of scale, productivity advantages and knowledge spillovers. This phenomenon can be observed in examples such as Silicon Valley, the centre of the information technology revolution in the USA. Innovation and the general process of agglomeration results in immigration, and simultaneously, immigration facilitates agglomerative innovation and progress (Budvarsson & Van den Berg, 2013).

That Dubai is looking to position itself as a credible agglomeration centre for key knowledge industry sectors can be seen in the example of the creation of the Dubai International Financial Centre (DIFC) in 2005. The financial centre hub has as its vision statement to drive the future of finance and its mission is to position the DIFC as a globally recognised financial centre on a par with the well-established global financial centres such as London, New York and Tokyo (DIFC, 2022). Its recent initiatives to attract FinTech and venture capital organisations are underscored by its innovative accelerator programmes and its funding options for growth-stage start-ups.

In addition, the DIFC's alignment to the country's long-term goal of encouraging entrepreneurship has also been demonstrated by the recent launch of its Global Family Business and Private Wealth Centre. Within the next decade, family businesses and others in the Middle East are expected to transfer AED3.67 trillion (around USD1 trillion) to the next generation, so the inauguration of this new Centre is expected to result not only in the retention of existing expat

family businesses, but encourage others to migrate as well, according to Essa Kazim, the Governor of the DIFC (DIFC, 2022).

In order to support the Vision 2071's new initiatives, the UAE undertook one of the most profound legislative changes in its history, modernising fifty federal laws with a view to rendering the UAE economy more attractive to global investment and successful companies, particularly the future-oriented ones (Al Marri, 2021). These included modifying and modernising legislation governing industrial property and patents, business legislation, commercial registers, trademarks, copyright and the residency system, including the Golden Visa system which encourages long-term residency in the country, in order to populate the enhanced business environment with the necessary key skilled workers.

The Golden Visa is therefore required to deliver on the UAE's overall strategic aim of promoting a diversified knowledge economy. It also has the immigrational impact of drawing more highly qualified knowledge workers into various strategic sectors, because it lowers the "stay away" factor of complex, unfamiliar legislation, "red tape" and enhances the "pull" factor of lower barriers to entry and simplified legal structures that take much of their inspiration from internationally recognised legal systems such as UK Common Law (which, for instance, applies in the DIFC if the freezone's own laws are silent on a particular matter). There is also the possible agglomeration effect mentioned above, as the knowledge industry attains critical mass.

This could, therefore, mean a demographic shift in the composition of the UAE's immigrant stock as more investors, knowledge workers and entrepreneurs are drawn to the country's favourable knowledge-based business ecosystems and encouraged to stay there long-term by the new Golden Visa system (Nair, 2022). In addition, as seen in the previous chapter's Section 3.4. the data suggests that those demographic sections of the existing workforce that are eligible for the Golden Visa will be of a wider range and therefore could increase the diversity of the Golden Visa holders – more Westerners and Arabs would be able to apply for the visa, and thus increasing their long-term presence in the UAE.

As noted in Chapter 3, the female population of the UAE is proportionately much smaller than the male population, and is also predominantly sponsored on dependent spousal visas, which renders them more vulnerable in times of economic stress and more likely to have to leave the UAE (see Table 1 in Chapter 3). This is despite the fact that they are not only proportionately

better educated than their male counterparts, but also hold on average higher degree qualifications (see Table 4 in Chapter 3). They are, however, precisely the type of well-educated immigrant that the UAE is looking to attract (Nair 2022), and therefore their vulnerability is an aspect that the Golden Visa has the potential to address. As a Golden Visa holder's dependent, they are also eligible to receive the Golden Visa, and therefore their own residency rights are no longer tied to the main holder's employment.

This could have two demographic effects – firstly it could have a smoothing effect for the female expatriate population of the UAE in times of economic crisis because of their independent residency rights (i.e. they would no longer be obliged to leave the country due to their spouse's job loss). Secondly it could also encourage these highly educated mothers back into the workforce, especially when viewed in combination with the flexible work options that now form part of the legal infrastructure of the UAE Labour Law, as successful companies are now increasingly willing to embrace the flexible working model which so many working mothers require in order to manage child care with work (Ryan 2021). Whereas in the past, companies were reluctant to offer flexible working due to the high cost of the shorter-term residency visas under the Kafala system, now the Golden Visa system offers a cost-effective and easy way for flexible workers to be employed as the residency costs are much lower when amortised over the ten years' validity of the visa. This particularly benefits women returning to work and thus increases the diversity within the workforce (Ryan, 2021).

### **4.1.3 Excellent Education**

Education is seen as a key determinant of economic well-being and enhances the human capital of a country's labour force (Hanushek & Woessmann, 2010). In order to build a more self-sustaining knowledge-based economy, a high-quality education system is crucial, and the UAE's National Agenda and Centennial Plan 2071 make it very clear that the UAE government recognises this important topic. Embedding and ingraining high levels of literacy and numeracy, along with science and research & development capacity is an important step in achieving this. Recent figures put the UAE's literacy rate at 95% (EdArabia, 2022), and the goal of the country is to build on this.

Prioritising an excellent level of education is important in developing not only the native capabilities but also provide the immigrant population with the necessary educational resources for their own offspring. Educational opportunities are a powerful “pull” factor that encourages immigration, and particularly for those immigrants who bring families with them to the

destination country. It offers their children access to educational facilities that they might be unable to access in their country of origin and could be one of the considerations that they take into account when deciding on the length of their stay.

The UAE's education sector is continuously expanding, and the Knowledge and Human Development Authority announced the opening of twenty new schools in 2021 - 2022 (ten in Dubai, seven in Sharjah and three in Abu Dhabi). According to the International Schools Market Report, there were 725 international schools in the UAE (of which 333 are in Dubai, a record for any city), with a total of 696,600 pupils enrolled (Bardsley, 2021). The prevalence of international schools in the UAE is partly due to the fact that non-nationals are not allowed access to the state-funded schools, but also due to demand from the expatriate population for good quality schools with internationally recognised curricula. International universities are also seeing the UAE as a growth market, and recent years have seen the opening of twenty-seven international branch campuses from well-known international universities (such as the Sorbonne, Heriot-Watt University, University of Manchester, New York University, and the London Business School) complementing the three federal universities in the Emirates to not only cater to the growing number of international students but also attracting key teaching staff and research faculty members from abroad (Bardsley, 2021).

The expansion of the education sector through new schools and universities is therefore not only advantageous to the expatriate population, but also provides the local population with a breadth of quality educational institutions. Enticing high calibre teaching staff and research fellows from internationally recognised universities will be easier if the barriers to immigration are lowered, and one of the strategic mechanisms through which this occurs is through offering the Golden Visa to this category of professionals and academics as an incentive.

The Golden Visa is not only being made available to PhD holders, academics, scientists and researchers, but also other members of the teaching profession (GDRFA, 2022). This could therefore result in a change in the demographic composition of the UAE as more of this calibre of immigrant would find the country an increasingly attractive migration destination. The UAE has already seen an increase in the number of school teachers arriving from Europe, particularly among younger expatriate teachers - around 49% of school teachers in the UAE are British and the majority of the rest are Western expatriates while only around 1% of the teachers in the UAE are Emirati or Arabic (Bhomes, 2020); this trend is expected to continue as the UAE increases in popularity as an emigration destination as a result of not only the economic and career

opportunities available to expatriate educators and academics but also the flexibility and security that the Golden Visa offers them.

In addition, the Golden Visa is also being offered to outstanding students and university graduates, who are then able to place their family members on their Golden Visa. This is not only expected to enhance the attractiveness of the UAE among potential students as an education and knowledge hub, but also to incentivize existing students to aim for high performance (Oommen, 2022). It also removes the requirement for male students to either enter the workforce or leave the country upon turning 25, as those who are eligible for the Golden Visa are now able to sponsor themselves, so there could be a change in the data trends commented on in Chapter 4 (Section 4.2) and illustrated in Table 4 that saw a sharp decrease in the number of males (especially ones educated to a tertiary level) outside of the workforce after the age of 25. The visa overhaul places students and academics in a much more favourable position and is expected to fuel student intake across the UAE universities, and enabling them to attract and retain exceptional talent over longer periods of time (Oommen, 2022).

#### **4.1.4 Future-Focused Government**

The UAE's vision of being future-focused necessitates a long-term approach to the achievement of its goals. The very fact that the Golden Visa's duration is far longer than any of its predecessors indicates that the government is taking a long-term view on how it views certain key knowledge workers, entrepreneurs and innovators as contributors to the attainment of the other elements of its Vision 2071 (happy and cohesive society, knowledge-based economy, and excellence in education). The UAE government's vision for the future is to attract talent and innovation to the country, and to strengthen its role in providing the largest possible support in improving the quality of life for its population and its position worldwide (ADRO, 2021).

The UAE's aim in introducing the Golden Visa is to attract the types of individuals to the UAE's economy who would add long-term, sustainable and diversified value to the development of the country as a whole, thereby safeguarding the country's future while simultaneously empowering these global talents with the opportunity to build fulfilling and lasting careers in the UAE; by positioning itself as a migration destination country of choice for highly skilled expatriates, be that in the sciences, arts, culture, business, education, entrepreneurship or other fields, the country is aiming to adapt to the changing dynamics of not only its own workforce, but the wider global economy (ADRO, 2021). The impact on the UAE's demographics and workforce over the medium to long term is expected to be a deepening of the country's talent pool, an increase in the



supply and demand in the local labour market, a strengthening of the country's professional and investment ecosystem and an enhancing of its global competitiveness over the longer term (Patridge, 2022). The Golden Visa allows for longer-term financial planning for its holders and also encourages an enhanced identification of the UAE as home (Al Ameri, 2020). A more permanent mindset could result as a consequence, with the result that the pool of locally available labour will become less transient and investor confidence in the country will rise as a result, because business growth can be achieved through workforce investment, thereby reducing the risk of high staff turnover and generating more longer-term returns, particularly in an unsettled job market (Livermore, 2022)

The Golden Visa differentiates the UAE from many other countries, where immigration reforms have only concentrated on the business environment because the Golden Visa attracts the talent to the country that can then be used by foreign direct investors to employ following an investment rather than the other way around, which can be more time-consuming. In theory, this could create a virtuous cycle, whereby deeper talent pools attract more foreign direct investment which in turn creates further job opportunities (Livermore, 2022). It will be interesting to observe how the population of the UAE evolves over the next few years, and once more complete data is available, a more in-depth analysis on the UAE's demographic trends can be conducted.

This chapter has highlighted some of the potential consequences that the Golden Visa could have on the demographic composition and quality of the population of the UAE, based on literary analysis and theory. Needless to say, this is not a complete study, and more research will need to be performed in order to provide more depth and substance to these findings. In the next chapter, I will present the empirical evidence gathered from interviews with Golden Visa holders to evaluate the validity of the points that the literary analysis made.

## **Chapter 5**      Empirical Evidence – Key Motivators of Golden Visa Holders

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**Abstract:** This chapter contains an analysis of the empirical evidence gathered from a survey conducted with Golden Visa holders. More specifically, their key migration motivators and drivers are examined, along with an evaluation of the effectiveness of the Golden Visa in encouraging them to remain in the country longer than they initially anticipated.

### **5.1. Survey – Objective, Methodology & Sample Distribution**

The objective of the survey was to measure what effects the Golden Visa had had on the holders in terms of long-term plans, their feeling of psychological security and happiness and how obtaining the Golden Visa had changed their motivations and plans for the future.

The questions asked were designed to measure the length of time they had spent in the UAE, their original time horizons for the duration of their stay in the UAE, and what their “push” factors for leaving their source countries and the “pull” factors that encouraged them to select the UAE as a destination country were. Other questions covered their opinions on the old Kafala visa system as well as the reasons they applied for the Golden Visa and its main benefits for them. Finally, participants were asked whether receiving the Golden Visa had changed their mindsets in terms of the permanency of their residency in the UAE.

As for the survey’s methodology, in order to gather sufficient data to be statistically viable, twenty interviews were conducted on a cross-section of different types of Golden Visa holders from a variety of different sectors.

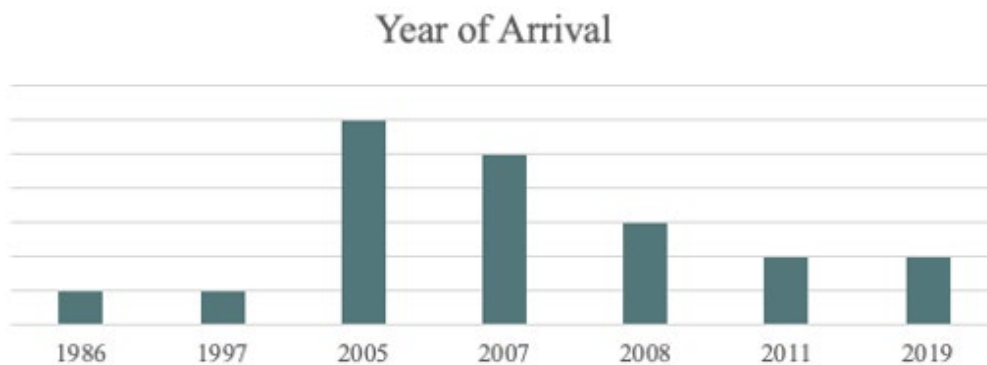
The interviewees came from academia (20%), the arts / media (20%), business (20%), property investors (20%), other investors/entrepreneurs (10%) and the medical profession (10%). 40% of those interviewed were female, and 60% were male. The interviewees’ ages ranged between 35 and 57 years. Whilst 100% of the males were in full-time employment, 62.5% of the females interviewed were in full-time employment, with the remaining 37.5% outside of the workforce.

12.5% of employed, female interviewees were single working mothers supporting school-aged children.



### 5.2.1 Respondents' Length of Residency in UAE

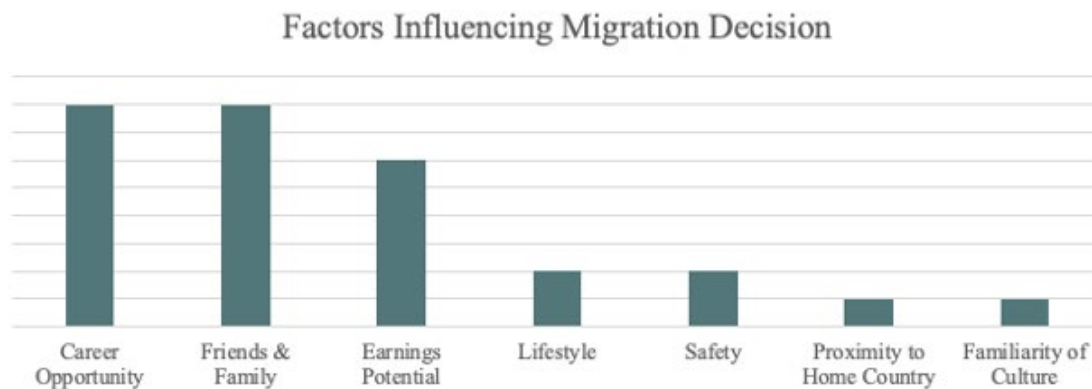
Interviewees were also asked to confirm their year of arrival to the UAE in order to determine the length of their actual residency within the country. The most recent arrivals were those interviewed from the medical and academic professions, as they qualified for immediate access to the Golden Visas (10% of those interviewed immigrated in the last three years). Those in business and other sectors tended to exhibit longer durations of residency due to the stipulation that for those categories, the duration of their UAE residency had to exceed five years; the majority of interviewees immigrated within the last 15 years (80%), with 5% arriving 25 years ago and 5 % arriving over 35 years ago.



When asked how long they initially envisaged remaining in the UAE when they first migrated to the country, the majority of responses were that their intentions were to remain only short-term i.e. less than four years (85%); 10% were undecided and only 5% planned to remain in the country long-term.

### 5.2.2 Reasons for Selecting UAE as Destination Country (“Pull Factors”)

The initial factors influencing the decision to select the UAE as a destination country were a combination of various elements (all interviewees mentioned at least two), but the most prevalent ones were increased professional and career opportunities, having family and/or friends already living in the country, and the enhanced earnings potential. Less influential factors mentioned were the lifestyle in the UAE, the country’s safety, its proximity to home country and the familiarity of the country’s culture to that of their home country.

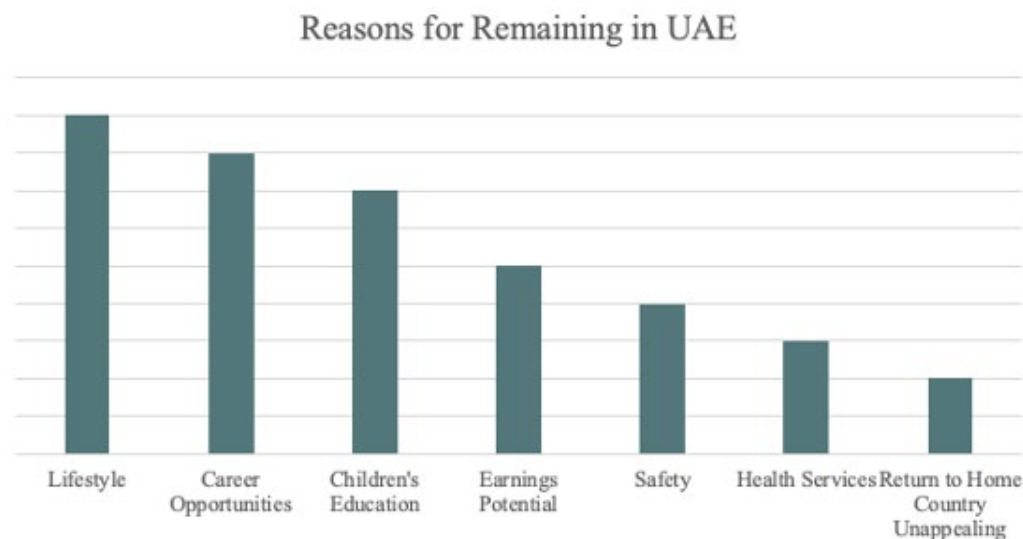


### 5.2.3 Reasons for Remaining in UAE (“Stay Factors”)

Whilst the above-mentioned factors featured in the initial decision-making process when selecting the UAE as a destination country, it is interesting to note what changed with regard to the interviewees’ perceptions of the country and their reasons for remaining longer than initially anticipated once they had been resident in the UAE for several years.

When asked about what motivated them to remain in the country for as long as they had, the most frequent response was the lifestyle (facilities, domestic support, housing, entertainment, convenience etc.). This was followed by career and professional opportunities: within this category of responses, key motivators included the breadth of career opportunities, the wider options for professional growth, the greater exposure to more experiences in the workplace and having a larger impact on the UAE’s business community than would have been possible in the home country. The availability of quality education options for their children was the next most popular motivations for remaining longer in the UAE than initially planned. This seems to indicate that the goal of the UAE Government’s Vision 2071 of enhancing the education sector of the country and increasing its appeal at a regional and international level, as argued in Chapter 4, Section 4.1.3 is being successfully achieved.

Other factors (in order of importance) were earnings potential, safety, health services and lack of appeal of returning to the home country (either due to the political situation, worsening economy, lack of similar opportunities or a disinclination to uproot the family from a well-established, settled life).



#### **5.2.4 Perceptions of the Kafala Visa System**

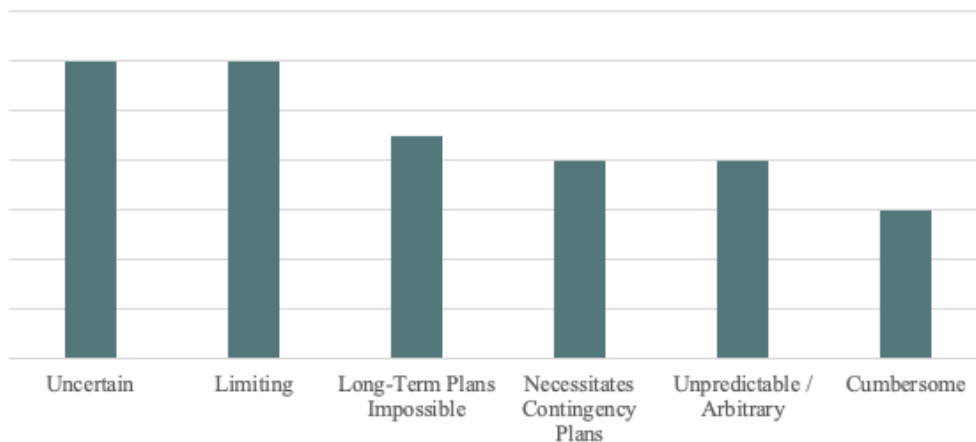
Having ascertained the macro-factors influencing the decision to immigrate to the UAE and how these changed after a period of time residing in the country, the interviewees’ perceptions and opinions on the Kafala system and the new Golden Visa system were examined.

Unsurprisingly, the Kafala system rated poorly in comparison to the Golden Visa, with the most frequent cause for dissatisfaction cited as the uncertainty it caused, which was tied with the limitations it placed upon residents. Other points were that it was counter-productive to long-term plans, the requirement for extensive contingency and savings plans, its unpredictability and arbitrary nature, and that it was a cumbersome system.

These findings support the argument in Chapter 1 Section 1.2.2 on the Kafala system placing restrictions of social, political and economic rights on its holders. It was also interesting to note that the majority of the respondents chose to invest their wealth elsewhere (either in their home countries or other more established markets) as a result of the uncertainty of tenure. Given that

one of the objectives of the UAE government is to retain expatriate talent over the longer term, the Kafala visa system appears to be operating contrary to this objective.

Perceptions of Kafala Visa System

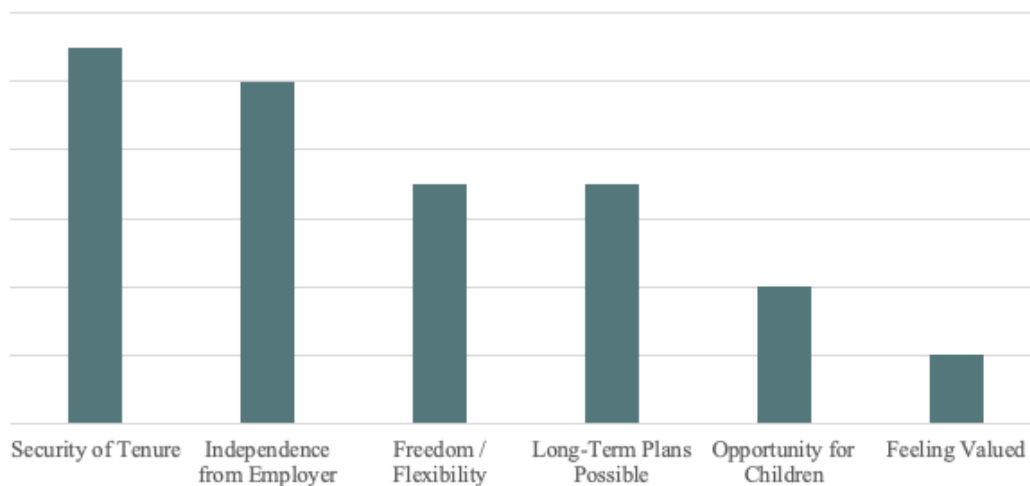


It would also indicate that the section of the expatriate population that the UAE is targeting for long-term retention is extremely aware of the limitations and restrictions placed on them by the Kafala system and therefore sees it as a hindrance to investing in property and making longer-term plans to remain in the country.

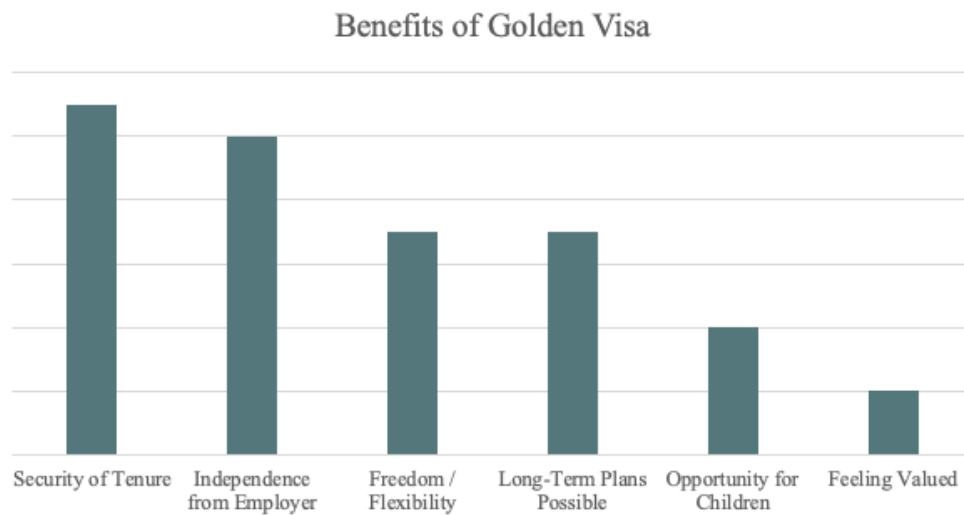
### 5.2.5 Perceived Benefits of the Golden Visa for its Holders

The main benefit of the Golden Visa for the interviewees on the other hand was its security of tenure, which was mentioned by all those interviewed, followed by the independence from the employer, enhanced freedom and flexibility, and improved conduciveness to longer-term planning.

Benefits of Golden Visa



Another benefit mentioned was the opportunities for the holders' children to put down roots in the UAE and to view the country as their home due to the ten-year duration of their visas, and to enable the male children particularly to complete their studies and have the same flexibility in terms of timing their entry to the workforce as their female counterparts. This would appear to substantiate the point made in Chapter 2 Section 1.4 which described the restrictions placed on male children, limiting the age of parental sponsorship eligibility to 25, and the demographic consequences to their entry to the workforce which was illustrated in Table 4 (Chapter 3 Section 3.2). The expected consequence of the removal of this restriction argued for in the previous chapter (Chapter 4, Section 4.1.3) is therefore a likely one over the longer term: a more even distribution of young males outside of the workforce which more closely mirrors that of their female counterparts. More research would need to be done on this topic in a few years' time once sufficient data is available to corroborate this hypothesis.

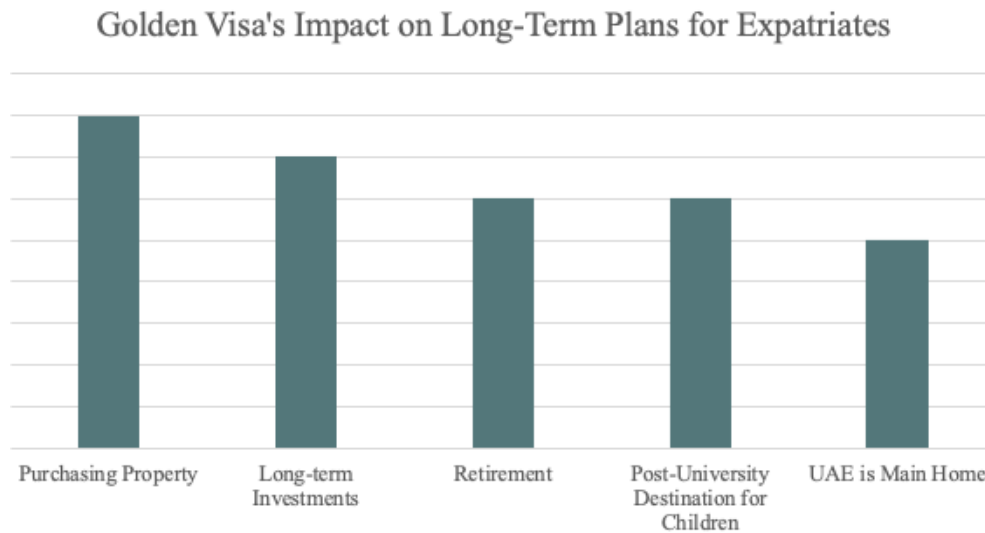


Finally, the Golden Visa also made the interviewees feel valued as contributors to the country's development, and that their efforts and hard work were being recognised by the UAE government. This was especially true for the holders who had been in the country for over 25 years and who felt rewarded for their loyalty and length of service to the country.

### **5.2.6 Consequences for UAE Expatriates' Longer-Term Planning**

When asked whether receiving the Golden Visa had resulted in them altering their plans in terms of the duration of their residency in the UAE, almost all responses were affirmative (only 5% replied that it had no impact on their timelines for staying in the country).

In terms of the Golden Visa’s effects on the long-term plans of its holders, most were considering purchasing property in the country, making other long-term investments and 18% were now considering retiring to the UAE, which they had not contemplated previously. This demonstrates that the introduction of the Golden Visa appears to be having the desired impact of encouraging longer-term and more in-depth ties to the UAE for its expatriate holders than the previous system did.



The same number (18%) also viewed the UAE as a place for their children to return to following their university education as a place to live and work.

The respondents were also questioned as to whether obtaining the Golden Visa had improved their overall happiness levels with regard to the UAE as a long-term destination to live and work. The majority of them (95%) indicated enhanced levels of happiness, of feeling more settled, safer and of identifying more strongly with the UAE as a place to call home. This would indicate that the UAE’s focus on the happiness of its population, particularly those key talents that it is aiming to attract and retain, is being successfully implemented through its introduction of the Golden Visa. We can also infer that Golden Visa holders are therefore more likely to remain in the UAE longer, which could have the likely consequences for the country’s labour market, economy, foreign direct investment levels and reputation at an international level as mentioned in the previous chapter.

### **5.2.7 Implications for Businesses and Employers**

The findings of the survey would indicate that the Golden Visa has the intended consequence of encouraging longer-term residency amongst the expatriate population. This has several



implications for businesses and employers. The first has been noted in previous chapters, namely a deepening of the available talent pool within the country, with the likely consequence of an increase in local hires of employees already in situ, as opposed to bringing in highly-skilled talent from abroad. This could mean that expatriate assignments (particularly the long-term ones) could be set to decrease, because these skills can be more easily sourced from the enhanced talent pool in the local UAE labour market.

Secondly, it is likely to enhance foreign direct investment to the country; according to the Kearney FDI Attractiveness ranking, “talent and/or skill level of labour pool” is one of the most important factors when determining investment intentions, and its importance has increased over the last two years (Livermore, 2022). This means that foreign investors are more likely to be able to fill labour requirements for business start-ups and expansions with local hires, and therefore the requirement to plan to attract talent following an investment could be substantially reduced.

Thirdly, it could have the consequence that expatriate assignees on long- and short-term assignments who apply for, and are granted, the Golden Visa could either wish to extend their assignment with their existing employer, or could be poached by other local employers within the UAE labour market. A more dynamic and mobile workforce could be the result, due to the greater freedom provided by the Golden Visa through the de-coupling of residency rights from the employment status. This could be one of the factors that employers need to consider when formulating their employee value propositions, as well as the reward and retention strategies for their employees in order to retain their key talent that holds Golden Visas.

Fourthly, it could create a population of expatriates that adopt a more permanent mind-set and therefore a stronger identification with the UAE as home, and therefore a reduction in the transient nature of expatriates’ tenure in the country. The demographic of these expatriates is likely to be more resilient to the vagaries of the economy, especially the female population, and less likely to be forced to leave the country in times of economic stress, because their residency rights will not be affected by a loss of employment status. Whilst this currently is only a small segment of the overall population of the UAE (only 100,000 Golden Visas have been issued since 2018, amounting to around 1% of the country’s population) this is set to increase as argued in Chapter 2 Section 2.1 and therefore this resilient segment of the more longer-term expatriate population is expected to expand (Livermore, 2022).

Fifthly, the Golden Visa could lead to increased protections for Emirati talent and a more rigorously enforced Emiratisation programs for onshore UAE companies over a certain size. There are indications that the Golden Visa has already been successful in attracting international talent, wealthy business owners and entrepreneurs to the country – according to the Henley & Partners’ projected net inflows and outflows data of the top ten countries globally for investment migration the UAE came in first place with over 4,000 high-net-worth individual inflows for 2022 (Henley & Partners, 2022). In order to avoid this net inflow resulting in an increase in tensions between the expatriate workforce and the Emirati workforce, who could view this influx of talent with dissatisfaction because of the increased competition for opportunities, the UAE has already taken steps to protect its nationals in the UAE’s private sector economy. It has mandated that from 2023 onwards, any company that is not in a freezone with more than 50 employees will be subject to an annual cumulative quota of 2% Emirati employees (Kantaria, McGettigan & Barr, 2022), or be subjected to fines of AED6,000 (USD1,633) per headcount per month for those positions that should be filled by an Emirati employee. Onshore companies that are not in any of the economic freezones will therefore need to ensure that their Emirati recruitment and retention strategies can accommodate this requirement.

Sixthly, as the Golden Visa is more cost-effective than the Kafala visa, is for a longer-term duration and also removes the obligation to return to the country within six months of departing, it could lead to employers being able to explore more flexible ways of working (e.g. part-time work, job sharing, remote working, work from anywhere) that could appeal particularly to the female population. With such a large percentage of the female population out of the workforce who are highly educated, this represents an excellent opportunity for employers to be able to tap into this demographic in a way that was expensive and almost impossible under the old Kafala regime. Employers could therefore take advantage of the enhanced flexibility offered by the Golden Visa and introduce more comprehensive and varied flexible work policies, which could appeal to female candidates who would otherwise be unable or unwilling to enter the workforce (Ryan, 2021).

## Conclusion      Final Thoughts

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After a long period of unchanged immigration and labour law from the 1980s, the UAE is looking to modernise and future-proof its immigration strategy through the introduction of new legislation which is designed to transform, diversify and encourage the top talent for key expatriates to remain in the country on a longer-term basis.

As this paper has argued, the Golden Visa is a strategic part of the UAE's Vision 2071 which is designed to diversify the country's economy away from its historic dependence on the petrochemical markets, and to deepen and future-proof the country's talent pool in a longer-term and more sustainable manner. The Golden Visa is therefore a much more effective immigration tool than its predecessor in making the country "the best place in the world to live and work"; its greater flexibility makes it more adaptable to different ways of working in the future working environment and broadens its appeal to key expatriate talent.

These changes shaped by the introduction of the Golden Visa will lead to modifications of expatriate behaviour patterns, driven by changes in risk perceptions and an enhanced feeling of security of tenure in a country that many expatriates have lived in for a number of years but have never felt that they could truly call "home". This change in mindset will have a direct impact on the demographics of the country, and is expected to affect particularly those Golden Visa holders who are in the female expatriate population as well as the younger male non-nationals, who now are more cushioned from economic stress and have greater freedom to explore other options available to them.

Given the recency of the Golden Visa's introduction, as well as the lack of much of the statistical data required for a more in-depth study, there is ample opportunity for future research to be done on this topic. Despite the dearth of data, which the author fully recognises, it is nevertheless hoped that this paper has provided an insight into the matter, as well as an illustration of some of the consequences that the Golden Visa's introduction could have on the composition, behaviour and motivations of the affected demographic of the UAE. The coming years will no doubt provide additional data that can add more depth to future studies in this area.