COVEXIT POLICY BRIEF

The New Normal of Work Post COVID-19

How Can Dubai Adapt To The Changing Workplace And Workforce?

January 2021

Introduction

The COVID-19 pandemic is accelerating key changes to the workplace and workforce that could forever change the world of work. During the pandemic, companies across many sectors have been forced to shut down, causing a large-scale shift to remote working. Even after the pandemic, many employers are set to allow their employees to work from home permanently.   In a global survey conducted by Gartner in July 2020, more than 80% of 127 company leaders plan to allow part-time remote work even when it is safe to return to the office. 47% said they intend to allow employees to work remotely full time.1

The movement towards remote work is a catalyst for the 'freelancer revolution'. As businesses adapt to a remote workforce and face increasing cost pressures and uncertainty, they are more receptive to hiring independent, flexible and affordable freelancers.   The freelancer pool has increased due to both necessity (job losses or to supplement income) and choice (changes in workplace expectations).

The pandemic is also accelerating the trend of 'digital nomads' – location-independent workers who travel and work remotely for overseas companies. The possibility to work remotely is now opening to corporation's workers. Now anybody can be a digital nomad (not only free agents, but also salaried workers).

This Policy Brief explores these key trends and addresses the following key policy questions:
1. How can Dubai Government enable the shift **towards remote working?**
2. How can Dubai capitalise on the **'freelancer revolution'** and attract top freelance talent to work in Dubai's strategic sectors?
3. How can Dubai attract **Digital Nomads who work remotely for overseas companies?**

The Challenge

THE RISE OF REMOTE WORKING

Across the globe, containment measures introduced after the onset of the COVID-19 pandemic led to a massive, forced shift to remote working. The pandemic has accelerated the pre-existing trend towards flexible, remote work – partly enabled by greater access to WIFI, cloud-based communications and an employee power shift driven by the so-called 'generation flex'. In 2019, half of business people globally reported that they work outside one of their main office locations half the week or more.   62% of businesses worldwide had a flexible working policy in place.1

Even after the pandemic, many employers are set to allow their employees to work from home permanently as a way to meet employee expectations and cut costs. Gartner's global survey in July 2020 found that 82% of company leaders plan to allow employees to work remotely going forward and 47% said they intend to allow employees to work remotely full time.2 In the UAE, 79% of people are expecting to work remotely more often even after the lifting of COVID-19 restrictions and, of those, 63% feel this will be permanent (according to a survey commissioned by US-based telecommunications firm Ciena in May 2020)3. A number of high-profile companies, mainly in technology and financial services sectors, have announced permanent work-from-home policies, for example, Twitter, Facebook, Microsoft, JPMorgan Chase, Nationwide and Fiujitsu.   In September 2020, Dubai-based Careem announced a permanent "Remote-First" work model, allowing 90% of its workforce to work from home.

Employers benefit from remote working arrangements through increased productivity and cost savings. Many studies have demonstrated that productivity increases when workers work remotely.

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[1] International Workplace Group (IWG) Global Workspace Survey 2019

[2] https://www.gartner.com/en/newsroom/press-releases/2020-07-14-gartner-survey-reveals-82-percent-of-company-leaders-plan-to-allow-employees-to-work-remotely-some-of-the-time

[3] https://www.ciena.com/about/newsroom/press-releases/79-percent-uae-adults-will-work-remotely-more-often-after-covid-19.html

One of the most influential studies on remote work productivity was a pioneering study4 by Stanford University Professor, Nicholas Bloom, in 2013 which examined the impact of a work from home trial at Trip.com (formerly Ctrip), a Chinese online travel agency. 16,000 call-centre employees volunteered for the 9-month work-from-home trial and the results demonstrated that workers were 13% more productive at home.   Of that 13% increased output, around 4% was attributed to workers being able to cram in more tasks per minute due to fewer distractions. The remaining 9% was attributed to workers working more minutes per shift (due to elimination of commute, shorter breaks and less sick days).   A study by recruitment firm, Robert Walters, which surveyed over 2,000 global organisations in 31 countries in May 2020 found that 78% of employers saw equal or increased productivity working from home during the lockdown (due to not having to commute and better ability to focus with fewer distractions), while 86% of employers said they intended to continue with it in some form post-pandemic. Other key benefits for employers include lower employee turnover rates (thus lower recruitment and induction costs), lower absenteeism (because employees can manage family responsibilities without losing an entire day of work) and lower operating costs due to reduced office space requirement and lower staff travel subsidies. Global Workplace Analytics found that businesses in the USA save $11,000 every year for each person who works remotely at least half the time5.

On the other hand, the main challenges for employers of the remote working model are ensuring continued collaboration, which is crucial for creativity and innovation, and maintaining company culture and team cohesiveness.

Remote work leads to a number of **employee benefits**. These include lower commuting cost, work life balance, flexibility to work from anywhere, improved work satisfaction and attitude and improved health and well-being. Buffer6 surveyed 3,500 remote workers from around the world in Nov 2019. 98% of respondents would like to work remotely, at least some of the time, for the rest of their career. 97% said they would recommend remote work to others.

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4 https://nbloom.people.stanford.edu/sites/g/files/sbiybj4746/f/wfh.pdf

5 https://globalworkplaceanalytics.com/telecommuting-statistics

6 Buffer's State of Remote Report 2020

There are also potentially a number of **societal benefits and environmental impacts**. Remote working expands the available talent pool and promotes diversity and inclusion in the workforce by opening up opportunities for women (women are 22% more likely than men to cite flexible work arrangements as a very important factor when considering a job7 due to care obligations), people of determination and chronically ill people (many of whom had previously been excluded from the workplace due to their needs) and workers from areas beyond the employer's local offices. Improving access to job opportunities for women is in line with the UAE's national priority to improve gender diversity and pioneer female leadership.   Gender diversity improves profitability and productivity and also improves innovation and talent retention.8   Improving access to job opportunities for people of determination is in line with Resolution No. 43 of 2018 in support of the people of determination. Remote working also has a positive impact on energy use and climate due to reduction in vehicle emissions (due to lower vehicle miles travelled), lower peak period traffic congestion and reduction in office space and in energy use.

However, on the other hand, remote working can lead to an increase in weekly travel due to longer commute on office days (due to shift in residential location out of urban centres), an increase in non-work travel by the remote worker household, an increase in home energy use and an increase in energy used in manufacturing, using and disposing of ICT equipment needed to support remote working.

Remote working in Dubai is likely to lead to a relatively high reduction in commuting energy consumption due to a relatively high proportion of workforce commutes by car (so forgone travel is avoided car trips rather than energy-efficient modes), a relatively high average distance between home and work and the use of relatively large cars that are not energy efficient. Remote working in Dubai will lead to relatively high potential energy savings from reducing office space due to large

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[7] LinkedIn Global Talent Trends 2019 Report

[8] Women in Business and Management: The Business Case for Change. ILO Report 2019

offices (high level of office space per worker), as compared to Japan, for example. However, reductions will depend on the extent to which firms are able to downsize or close their offices (given the licensing and visa eligibility restrictions).

The rise of remote working is also impacting the **real estate sector**. CBD and business park office spaces are being downsized as companies implement 'remote working' policies, whilst other real estate segments are evolving to provide workspaces for remote workers that address the challenge of the sub-optimal work environment at home. Hotels are converting hotel rooms to day offices (e.g. Rove Hotels, Dubai) or reinventing themselves as 'co-working hotels', offering sociable co-working spaces in communal spaces to guests and non-guests (e.g. Hotel Tryp by Wyndham, Dubai).

Even prior to the pandemic, a number of countries had begun regulating aspects of remote working, with Europe leading the way, given high prevalence of remote working e.g. The Netherlands, France, the UK and Belgium. In 2020, amid the shift to remote working due to the COVID-19 pandemic, many countries have issued or are considering remote work laws or guidance. The Irish Government launched a public consultation on National guidance for employers and employees seeking to engage with remote working solutions to help shape public policy on remote working. In September 2020, Spain passed a Royal decree law regulate remote working in Spain and protect and designate the rights and obligations of employers and employees. Germany is currently drafting a law to give all employees the legal right to work from home and protect work-life balance for remote workers. Greece is currently preparing legislation to address the issues surrounding remote working but also to prevent companies from using software to spy on employees at home.

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The Freelancer Revolution

Even prior to the COVID-19 pandemic, a freelancer revolution was taking place. The era of chronic skills shortages, rapid automation and digital transformation has confronted companies with difficulties in finding the right talent at the right time. Workplace expectations are changing and workers are increasingly pursuing the flexibility of independent careers.   Freelance work allows flexibility to handle family obligations, which is particularly important for individuals with care responsibilities. Women can re-enter the workforce and advance their careers. Older workers who are laid off or retirees can freelance as a way to continue to use their skills and experience and millennials prefer to work for themselves with autonomy and control. The rise of 'digital talent platforms' are creating a new marketplace for high-skill freelance work, enabling businesses to build an on-demand workforce.

The pandemic has fueled the rise of the freelancer economy.   As businesses adapt to a remote workforce and face increasing cost pressures and uncertainty, they are more receptive to hiring independent, flexible and affordable freelancers. The freelancer pool has increased due to economic necessity during the pandemic, but also choice, following the remote working experience during the pandemic. A study1 of 5,000 workers across a range of industries in the UK, the US, Australia and New Zealand found that self-employed people are happier and more engaged at work, despite lower job security and longer working hours. This is due to autonomy and control over their work lives and their work environment, higher engagement, improved wellbeing and freedom to innovate.

Freelancers are an integral part of many key sectors of Dubai's economy. It is critical to ensure that it is easy and affordable for top freelancers to work in Dubai legally and choose Dubai as their permanent place of work.

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THE RISE OF DIGITAL NOMADS

The remote work revolution sparked by the pandemic is accelerating the trend of 'digital nomads' - location-independent workers who travel and work remotely for overseas companies. Many digital nomads are freelancers that take advantage of "geo-arbitrage", staying in locations with a low cost of living but serving labor markets with higher wages. For example, cities such as Bali, Chiang Mai, Lisbon and Buenos Aires.   However, there is a sizeable and growing high-income segment where cost of living is not the main determinant for choosing where to live.   Cities that are popular with digital nomads, despite the high cost of living include Singapore and Oslo.   Following successful remote work experiments during the pandemic, many employers are allowing their employees to work remotely permanently so now anybody can be a digital nomad - not only free agents, but also salaried workers.

During the pandemic, many countries have launched offerings for digital nomads to live and work remotely in order to boost tourism and the local economy.   Examples include Barbados, Antigua and Barbuda, Bermuda, Estonia and Georgia.   As an established tourist hot-spot with the supporting infrastructure in place, Dubai is well positioned to be a host City for the higher income professional nomad segment.   Key factors where Dubai scores relatively highly include safety, digital infrastructure, entertainment, hospitals, schooling and co-working spaces.   However, Dubai fares less well on cost of living and temperature, given high temperatures and humidity during the summer months.

Policy Recommendations

HOW CAN THE GOVERNMENT ENABLE THE SHIFT TOWARDS REMOTE WORKING?

Issue guidance for remote working beyond the pandemic that balances the needs of employees and employers

There is an opportunity for Dubai Government to launch a Remote Work Public Consultation Forum in order to understand the key concerns of employers and employees in relation to remote working. Participants would include stakeholders across Government, enterprises and the remote work community, ensuring inclusive representation (e.g. gender, youth, people of determination etc.). An online Remote Work Employee Survey across sectors could be conducted in order to capture the prevalence of remote working across sectors, the frequency of remote working, the biggest challenges and benefits arising for them and the primary motivators for people who work remotely.

Based on the insights from the Remote Work Public Consultation Forum and the Remote Work Employee Survey, Dubai Government could issue guidance for employers and employees that addresses their key concerns and educates employers on important issues e.g. importance of ensuring work-life balance to maintain wellbeing, health and happiness.

Key areas of focus include:
- Whether remote work is voluntary for the employee and employer
- The remote worker's right to equality and non-discrimination
- Compensation for remote work expenses
- Work-life balance, including flexible hours and the right to digital disconnection
- Safety, health and welfare e.g. Prevention of occupational risks and work-related stress
- Data protection and cybersecurity
- Privacy, surveillance and control e.g. digital monitoring of employees

In addition to the guidance, online national training programmes can be launched with the aim of developing the capability and capacity of prospective and current remote workers and line managers nationally. Such training programmes have been launched by Ireland Government. A toolkit can be created covering why remote working is important, benefits for the business, rights and obligations, relevant forms, help and guidance on what to do and what lessons they can learn to stay productive, similar to the Toolkit launched by New Zealand Government. The Government will also need to play a role in promoting a culture shift to enable remote working to flourish, including a shift towards a performance-based culture, a shift away from the culture of presenteeism, a focus on work life balance and a HR culture focused on working with employees and their best interest, rather than focused on compliance.

Amend the UAE Labour Law to accommodate remote working and other forms of flexible working

The main law that regulates the employment relationship in the UAE is Law No. (8) of 1980 regulating labour relations (the UAE Labour Law), as amended by Federal Laws and the applicable ministerial orders implementing these provisions. The UAE Labor Law needs to be revisited to accommodate the shift towards remote working, including Articles related to working hours and leaves (Article 67), workers Safety and Protection (Articles 91 and 92) and compensation for occupational injuries (Articles 142 and 144). This should be part of a more comprehensive revamp of the UAE Labour Law to reflect flexible working arrangements, including flexible working hours, job sharing, part-time work, purchased leave, time off in lieu and unpaid leave.

Exempt co-working hotels from Tourism Dirham fee when rooms are used for remote working

The Tourism Dirham Fee, introduced in 2014 by the Dubai Government to help fund Expo 2020 projects, is a charge of Dh7 to Dh20 a night on guests staying in holiday accommodation including hotels, hotel apartments, guest houses and holiday homes. However, the fee was halved as part of

the third Dubai stimulus package in July 2020. Co-working hotels should be exempted from the Tourism Dirham fee when rooms are used for remote working.

Delink employee visa quota from the size of the physical office space

In the UAE, Free Zone authorities impose a quota/limit on the number of visas that can be issued to each business calculated according to the size of the physical office space. This forces businesses to maintain a physical location even if all their employees work remotely. Such regulation has exacerbated frustration felt among the startup community, particularly in the UAE where the cost of starting a business is among the highest in the world9. To improve ease of doing business, the employee visa quota should be de-linked from the size of the physical office space, which no longer applies in the future of work.

Examine the feasibility of a four-day work week

In addition to remote working, the idea of a four-day work week is gaining traction as another way to boost productivity. One of the key arguments is that there is excess capacity and the average worker is only productive for a few hours per day. The OECD found that working shorter hours makes you more productive10. Countries such as Germany and Denmark work the lowest number of hours, however, despite the limited working hours, these countries have some of the world's highest productivity rates.

A four-day work week could revive tourism and spending in the local economy, help build stronger families and communities, create more time for couples to spend time together, provide an extra day for upskilling for the future of work, reduce vehicle emissions, office space and energy use. It would also help address the gender equality issue as women who have children will be free to spend an extra one day per week with them11. Gender balance is a top priority for the UAE and the introduction of a four-day work week could further consolidate the UAEs status as a model for gender balance best practices.

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[9] https://www.wamda.com/2020/07/office-burden

[10] https://www.weforum.org/agenda/2016/03/does-working-fewer-hours-make-you-more-productive

[11] https://www.weforum.org/agenda/2019/01/why-the-four-day-work-week-is-good-news-for-gender-equality

Studies have shown that it also brings significant benefits for employers in terms of increased productivity12, improved attraction and retention, lower absenteeism and lower operating costs. Benefits for employees include lower commuting cost, work-life balance, improved work satisfaction and attitude, improved health and well-being.   On the other hand, there are challenges with the four-day work week in some sectors that present a barrier to implementing a four-day work week. These include competitive and structural pressures, operational complexities, ensuring continued availability to customers, the need for businesses to redesign jobs and management structures, recalibrate incentives and nurture a new culture and degree of collective action. Employees may find it find it stressful to do five days' worth of work in four and may need help with prioritisation and forging new habits, individually and as collaborative teams. Increased focus at work can only be sustained for a shorter period, and prolonged rest is key to the improvements in engagement, creativity and innovation. Both employer and employee must treat the extra day off as a proper day off so that people can fully disconnect. There might be also concerns by employees that it will be perceived negatively by colleagues and supervisors.   If the four-day work week is implemented via a reduced hours model, the shorter work week could lead to an increase in the cost of labour as, in some industries, more staff would need to be hired to cover hours lost.

However, despite the challenges, the four-day work week brings clear benefits that are potentially so large that it is important to properly examine the feasibility of a four-day work week to understand under which conditions the benefits outweigh the challenges. The pandemic has brought a window of opportunity for radical change that can build long term competitive advantage. Dubai Government could seize the opportunity to engage with a key large multinational company in Dubai to trial the four-day work week, share guidelines and recommendations for the company based on evidence from around the world, engage independent consultants/academics to evaluate qualitative and quantitative measures of success and share useful data and insights with other organisations.

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[12] https://www.perpetualguardian.co.nz/the-four-day-week-is-here/

HOW CAN DUBAI CAPITALISE ON THE 'FREELANCER REVOLUTION' AND ATTRACT TOP FREELANCE TALENT TO WORK IN DUBAI'S STRATEGIC SECTORS?

Launch a best-in class onshore freelancer offering including freelance permit and visa

There is an opportunity for Dubai Government to launch an onshore freelancer license and visa package, allowing freelancers to operate from the mainland and the Free Zone. This should allow broad freelancer activity options and additional visas for spouse and dependents, offering community-building services, competitive pricing, health insurance options and payment plans. A digital platform could be launched to provide invoicing support and VAT reporting.

Establish a voluntary standard on contracting with freelancers and extend dispute settlement services to freelancers

Freelancers in the UAE face a systemic issue of late or non-payment for the services they provide, which puts freelancers at financial risk e.g. inability to pay rent or bills, and having to take out a loan or credit card. There is an opportunity for Dubai Government to establish a voluntary standard on contracting with freelancers, similar to the Standard in Singapore[13], that requires written contracts that cover key items such as payment schedule, amount of payment, parties' obligations, how terms can be varied and dispute resolution

In addition, Dubai Government could consider extending dispute settlement services to freelancers and One-Person Companies e.g. employment Disputes Departments within Free Zone Authorities (if the company is based in the Free Zone) or TWA-FOUQ, MOHRE (if the company is based onshore).

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[13] The standard was developed by Singapore's Tripartite Workgroup 10

Launch a 'Dubai Freelancer Week' to connect, celebrate and support freelance professionals

One of the biggest challenges for freelancers is the isolation of remote work, the lack of information and the inability to collaborate with other specialists in the field. A 'Dubai Freelancer Week' could bring together freelancers, co-working spaces and freelancer licensing entities to participate in events with the following objectives: Recognising the critical role of freelancers in the future of work and the future of Dubai's economy; Facilitating networking, community-building and collaboration amongst Dubai's freelancer community; Helping freelancer develop their skills; Connecting the freelancer community with the Government to understand the unique challenges faced by freelancers across sectors and provide a platform for policy action; and Showcasing Dubai's freelance ecosystem, sharing success stories and highlighting Dubai's freelancer proposition to inspire and attract top freelance talent to Dubai.

Dubai Freelancer Week could be sponsored by key businesses and feature keynote speakers and award ceremony with awards for freelancers and co-working spaces. Freelancers themselves with the appropriate skill set can contribute to showcasing the event e.g. social influencers, marketing freelancers etc.

HOW CAN DUBAI ATTRACT DIGITAL NOMADS WHO WORK REMOTELY FOR OVERSEAS COMPANIES?

Expand Dubai's 'virtual working programme' to open it up to a larger pool of freelancers, employees and business owners working remotely for companies based overseas

In October 2020, Dubai announced a 'One-year virtual working programme', allowing remote workers and their families to stay in Dubai for up to one year while working for companies based oversea. This is restricted to employees and business owners who are working remotely for overseas companies with contracts over one year. In order to accommodate the rising trend of freelancers who work remotely serving overseas multiple clients on short-term contracts, the programme could be extended by allowing remote workers to book a 'workation package' with

participating hotels or short-term residence (approved by DTCM and listed on a Workation Portal) for a minimum term.   The requirement for proof of employment or income could therefore be removed.   Remote workers visiting under the programme could be provided with access to discounts on airline tickets, health insurance, co-working spaces, 'live like a local' experiences that promote the cultural richness of Dubai and educational courses that provide upskilling opportunities.

Host a 'Dubai Digital Nomad Conference' for worldwide remote workers

Dubai Government could host a 'Dubai Digital Nomad Conference', a virtual conference for worldwide remote workers to learn more about what Dubai has to offer.   This could include keynotes from Government entities, professionals offering insight into the lifestyle benefits and cultural richness of Dubai. The event could be hosted live and from a physical location (e.g. Coca Cola Arena. Dubai Opera, Burj Khalifa) in Dubai – demonstrating Dubai's leadership in fully opening up its MICE sector, providing opportunities for networking and face-to-face engagement. Free co-working could be offered at designated spaces during the event.

The above recommendations are important for Dubai to adapt to the radical changes in the workplace and workforce that are accelerating due to the COVID-19 pandemic. The shift towards remote working, the freelancer revolution and the rise of digital nomads are trends that are here to stay.   Dubai needs to seize the opportunities and address the challenges they present to be prepared for the new normal of work post COVID-19.