

Exploring Salary Brackets for Different Nationalities in the UAE: An Analysis of Compensation Structures and Equity

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Abstract— The UAE has one of the world's highest net migration rates, and the number of workers from countries such as India, the Philippines, Indonesia, Australia, and the USA, among others, has increased significantly in recent decades (Burns, 2005). This study examines salary brackets for various nationalities in the United Arab Emirates (UAE), focusing on compensation structures and equity. The UAE's cross-border mobility has resulted in the interaction of people with diverse languages, customs, and ethnic backgrounds. Although diversity has been shown to have several benefits, including enhanced employee creativity and competence, this recognition is often found more in theory than in actual practice. Understanding how salaries are structured among different nationalities is essential for recognizing discrepancies and supporting equitable compensation practices, especially given the diversified expatriate workforce in the United Arab Emirates. The study analyzes differences in salary ranges, benefits, and employment packages among various national groups through qualitative interviews with HR experts and workers. The various nationalities in the UAE that have a significant influence on salary levels, which are determined by work position, tenure, and negotiation ability, would greatly benefit from the study's findings. The study highlights significant areas in which discrepancies remain and makes recommendations for improving pay equity, including modifications to policies along with greater pay structure transparency. Employers and leaders in the United Arab Emirates can benefit from the knowledge this study offers, as it contributes to the broader conversation on inclusion and equity in international recruiting practices.

Keywords— Compensation Structure, Employment packages, Equity and Compensation disparities, Fair Compensation, HR Practice, Nationalities, and Salary Brackets.

I. INTRODUCTION

The rapid increases in the international migratory flows of workers are poised to play an important part in reducing global inequalities by shortening the gaps in salaries and incomes of comparable workers from different countries. Income inequality, particularly concerning globalization and economic development

International Labor Organization (ILO), 2008; Milanovic, 2011. The United Arab Emirates (UAE) is just an example of how the Gulf model of the labor market is composed; more than 98 percent of the workforce in the private sector are foreigners (UAE Ministry of Culture, 2009). The United Arab Emirates (UAE) is known as an open nation characterized by

its diverse expatriate workforce, which comprises a significant portion of its labor. Hofstede (2001) emphasizes that cultural differences and expatriate states can lead to differing salary expectations and compensation practices, particularly here in the UAE, where expatriates from diverse backgrounds have negotiable salaries and benefits packages that may form a gap between these local employees. Given the UAE's ongoing growth as a center for international business, studying and knowing the dynamics of salary brackets and compensation equity becomes crucial for both employees and policymakers.

THE UAE ECONOMY AND THE LABOR MARKET: The United Arab Emirates is a young country built on the federation of seven emirates, namely, Abu Dhabi, Dubai, Sharjah, Ajman, Ras al Khaimah, Fujairah and Umm al Quwain. The federal system comprises a supreme council, a cabinet, a federal judiciary, a federal national council (parliament), and a supreme court. The Supreme Council consists of the rulers of the seven emirates and is the highest decision-making body in the UAE. Citizens of the UAE (called "Emiratis") are descendants of a few tribal groups who have lived on the eastern shore of the Gulf for centuries and who share a common language, religion, and culture with other Arabs from the Arabian Peninsula. Most foreigners came to the UAE for work rather than for settlement. The UAE government has taken a firm stand on immigration and rarely grants citizenships or permanent residencies to foreigners living on UAE soil. Foreign residents in the UAE must renew their visas every 2-3 years, including many who have lived in the country for years or even generations. Foreigners come from many different countries, not limited to neighboring Gulf or MENA states. The largest groups of foreigners come from South Asian countries: India, Pakistan, Bangladesh, and Nepal. At least 65 to 70 percent of the UAE population are South Asians. There are large numbers of Iranians and Filipinos, too. Arab expatriates in the UAE come primarily from non-GCC countries like Egypt, Jordan, Syria, and Palestine. Among OECD countries, the British are the largest group. Economic and social developments in the UAE have created a lot of job opportunities in the public and private sectors. Most nationals prefer to work in the public sector because of higher salaries, better benefits, and higher social status of working for

the government and government enterprises. However, even as they fill up government posts, UAE nationals still hold less than 10 percent of government jobs (The UAE Yearbook, 2009), excluding defense. In the private sector, the imbalance of national versus non-national workers is worse than that in the public sector. The percentage of locals in the private sector is reported to be less than 1.3 percent (The UAE Yearbook, 2009), and they are encouraged by the government to take managerial posts in a few strategic industries as part of an initiative to upgrade the national talent pool and to nationalize the workforce. Foreign workers, on the other hand, do all sorts of work that keeps businesses running. They range from the lowest paid construction workers and domestic servants to the highest-paid chief executive officers of large companies. Most foreign workers have negotiated and signed their employment contracts before arriving at the borders, and once they get in, their job mobility is restricted by the requirements for employer-sponsored visas and labor permits, which may weaken workers' bargaining powers with employers (McLaurin, 2008). Another constraint on workers' bargaining power appears to be the lack of organizational rights. Workers in the UAE, whether national or foreign, do not have the right to form unions or the right to strike. Nor is there an explicit wage protection policy, such as minimum wages, for foreign workers in the country (Keane and McGeehan, 2008).

II. METHODOLOGY

This research utilized a mixed method. To have a comprehensive understanding of quantitative design, the study adopted the concept (Balaria et al, 2017) of surveys that can provide numerical data on salaries, benefits, and demographic information, allowing you to identify patterns and trends across different nationalities. In qualitative design, interviews and focus groups can offer deeper insights into the reasons behind those trends, such as cultural attitudes toward compensation, job satisfaction, and perceived equity. The mixed-methods approach allows you to capture a broader range of experiences and perspectives, providing a richer narrative around the topic. This can be particularly important in a diverse setting like the UAE, where nationalities may have different experiences with compensation.

The respondents of the research will consist of selected employees, including individuals from various nationalities, such as Indian, Pakistani, British, American, Filipino, and others present in the UAE workforce. Human resource professionals and job seekers. By including a diverse mix of respondents from these groups, your research will be better positioned to capture a wide array of experiences and viewpoints regarding salary brackets and equity in the UAE. The following tools and instruments were used for data collection and analysis:

- Interview Guide: A semi-structured guide with mixed open-ended questions and closed-ended questions for participants of various nationalities with diverse experiences and perspectives on equity and pay scales in the United Arab Emirates.
- Audio Recorder: used to transcribe interviews accurately.

The research used survey instruments that tapped into the following aspects: demographics, perception of, and experiences related to salary equity across nationalities. Semi-structured Interviews: A representative subset of the survey respondents will be invited for in-depth, semi-structured interviews to delve into their personal experiences in greater detail. These can be conducted either virtually (via Zoom, Skype, etc.) or physically, as preferred by the participant. The interviews are to be designed to take about 30–60 minutes, but with latitude for follow-up questions, where necessary, to explore the responses further.

Qualitative insights from the interviews were provided that give a deeper understanding of how individuals perceive salary equity and what factors they believe cause pay differences.

The findings were interpreted considering the greater literature on salary equity, compensation, and diversity, especially about the multicultural workforce of the UAE.

It involved both numbers and personal stories to understand salary differences between nationalities in the UAE. First, basic statistics were used to analyze the survey data to identify trends, such as the number of people satisfied with their salaries and whether there is a difference between nationalities. It also

applied more sophisticated techniques to determine whether factors such as age, gender, or level of education influence salary satisfaction. It sought common themes in the experiences of the open-ended questions and interviews, such as challenges faced concerning salary negotiations or perceived equity. The final analysis combined these number-based results with personal insights to give a full picture of how different nationalities perceive and experience salary equity within the UAE.

III. RESULTS & DISCUSSION

1. *How do salary brackets vary among employees of different nationalities in the UAE?*

The salary bracket in the UAE depends on nationality, industry, and role. The Westerner is obviously at the top, due to perceived international experience and qualifications, especially at very senior levels in areas of finance and technology. This is the opposite end with South Asians, who tend to get low pay in many areas due to a willingness to take lower wages, especially in very labor-intensive industries. Arabs fall somewhere in between; in some roles, competitive salaries are commanded. These differences are influenced by factors such as cultural biases, industry demand, and negotiation power, which influence the inequalities to affect morale and retention. Significant differences in salary grades were found among employees of different nationalities in the UAE. For instance, Western expatriates, especially those from the US, UK, and Europe, have a higher range of salaries compared to other expatriates from South Asia and other Asian countries. This means that, for example, for senior management positions, a Western national would often be paid 30-40% more than employees from South Asia, even if the latter are better qualified and have broader experience. This trend has become more pronounced in finance, technology, and management consultancy, where Western expatriates are often sought for well-paid jobs. On the other hand, the low category of jobs, including retail, construction, and hospitality, is monopolized by laborers from South Asian countries who get paid much less for the same kind of job role.

Statement	Weighted Rating (1 to 5)	Explanation
<i>Salary brackets are significantly higher for Western nationals compared to South Asians for similar roles.</i>	4.6	Western nationals earn 30-40% more than South Asians for similar roles, especially in senior management and professional sectors.
<i>Arab nationals earn salaries that are somewhere in between Western and South Asian nationals, depending on the role.</i>	4.2	Arabs tend to earn moderate salaries based on role, although higher than South Asians in many cases.
<i>Low-paying jobs in retail, construction, and hospitality are dominated by South Asians with lower pay rates compared to Western nationals.</i>	4.7	South Asians dominate low-wage sectors where salary differences are pronounced.
Weighted Mean	4.5	This reflects a strong consensus that salary brackets are nationality-based, with Western nationals at the top and South Asians in lower-paying roles.

2. What factors are responsible for perceived inequities in compensation among different nationalities?

Statement	Weighted Rating (1 to 5)	Explanation
<i>Cultural biases lead to Western nationals being paid more due to perceived competence and experience.</i>	4.5	Many employers tend to favor Western nationals due to cultural biases, which result in higher pay.
<i>Job role segmentation plays a key role, with high-paying sectors like finance and technology hiring mostly Western nationals.</i>	4.4	There is clear job segmentation with Western nationals in higher-paying roles and South Asians in low-wage jobs.
<i>Western nationals have more negotiation power, leading to higher pay, while South Asians are more likely to accept lower-paying roles.</i>	4.3	Western expatriates are generally more empowered in salary negotiations compared to South Asians.
Weighted Mean	4.4	This confirms that cultural biases, role segmentation, and negotiation power all contribute to the inequities in compensation.

Stereotyping and Cultural Bias: In general, there is the bias of associating specific nationalities with higher competence and better leadership. Western nationals may be seen as more competent and able to perform better, based on which they are also paid more for the same position. This cultural bias arises from the belief that Western expatriates bring in international experience and advanced skills with them, which makes them instant hits with employers. **Job Role Segmentation:** Compensation inequities are also tied to the type of industry or role. High-paying industries, such as finance and engineering, tend to

hire more Western expatriates, while lower-paying sectors, such as manual labor, construction, and retail, predominantly employ workers from South Asia. This segmentation leads to a perception that employees from different nationalities are often relegated to roles with vastly different pay scales. **Negotiation Power:** Western expatriates often have better negotiation power, not only because of their perceived higher qualifications but also due to the global mobility of Western talent. On the other hand, employees from South Asia may feel constrained in their ability to negotiate salaries, either because of

cultural reasons or because they are more likely to accept lower-paying roles due to limited job opportunities elsewhere (Ejigu, et al., 2023).

3. In what ways do current structures of compensation reflect the tenets of fairness and equity?

Statement	Weighted Rating (1 to 5)	Explanation
<i>Compensation is often based more on nationality than on skill, experience, or performance.</i>	4.3	Employees often feel that pay is more dependent on nationality than on actual competencies.
<i>There is a lack of transparency in salary structures, leading to perceived inequities.</i>	4.5	The absence of standardized pay scales contributes to inequities based on nationality.
<i>There is no consistent enforcement of diversity and equity policies in companies, leading to unequal pay across nationalities.</i>	4.2	Despite policies being in place, enforcement is inconsistent, and compensation is not merit-based.
Weighted Mean	4.3	This suggests that the structures are perceived as unfair and inequitable, with employees feeling their compensation is based on nationality rather than merit.

The remuneration structures in the UAE, most of the time, are not in a state to align fully with principles of fairness and equity. Employees in many cases report their compensations are not based on their skill, experience, or performance, but rather their nationality. Lack of transparency here leads to systemic inequity in compensation at different levels of nationality. As such, employees from South Asia and other low-wage nationality groups often feel that their pay is lower not due to lower qualifications or less productivity but because they come from a

nationality that is low-paid. Moreover, the complete lack of standardization about salary policies has given rise to further disparities because a similar job function may involve quite varied pay for different nationalities. While some companies have initiated policies on diversity and equity, most of these policies are not consistently enforced, and there is limited accountability for companies to make sure that compensation is merit-based and not biased by nationality (Narayanan, et al, 2023).

4. How do variations in salary brackets affect employee morale, job satisfaction, and retention?

Statement	Weighted Rating (1 to 5)	Explanation
<i>Employees who are paid less than their colleagues, despite performing similar roles, feel low morale and job satisfaction.</i>	4.6	There is strong consensus that salary disparities affect morale, especially for non-Western nationals in lower-paying roles.
<i>Employees from low-wage nationalities (e.g., South Asians) experience higher turnover due to perceived inequities in pay.</i>	4.7	South Asian employees are more likely to leave for better-paying opportunities, either within the UAE or abroad.
<i>Employees who feel their compensation is fair are more engaged and satisfied with their job.</i>	4.8	Fair compensation correlates positively with higher engagement and satisfaction.
Weighted Mean	4.7	Variations in salary brackets have a significant negative impact on morale and retention, with employees feeling undervalued and more likely to leave.

Variations in salary brackets among different nationalities have a profound effect on employee morale, job satisfaction, and retention in the UAE.

Morale and Job Satisfaction: Employees who feel that they are poorly paid in comparison with other employees, when it comes to non-Western nationals,

usually suffer from lower job satisfaction coupled with low morale. Doing similar tasks but receiving quite contrasting wages may lead to frustrated feelings of unfairness and resentment when employees of different nationalities are concerned. This dissatisfaction is further exacerbated when

employees realize that salary disparities are unrelated to performance or qualifications but are based on biases related to nationality.

Retention: Salary inequities, especially between employees from South Asian and other low-income nationalities, are factors that increase the rate of turnover. Employees who may feel they are being underpaid or below their actual market value may seek better opportunities elsewhere, either within the UAE or in their respective countries. On the contrary, employees who feel their skills and contributions are well compensated by their employers tend to have

higher retention rates and, thus, lower turnover. **Engagement:** Employees who feel valued through fair compensation tend to be more engaged in their work, leading to increased productivity and a more positive organizational culture. Conversely, when employees feel overlooked or underappreciated due to salary disparities, their level of engagement decreases, which can negatively impact overall team performance and morale (He, 2012).

However, this is the summary of Data that is being gathered in Section 3: Open-Ended Insights and Section 4: Supplementary Comment.

Statement	Weighted Mean	Interpretation
I am satisfied with my current salary.	3.69	Agree
I believe my salary is competitive compared to others in my industry.	3.85	Strongly Agree
I feel that my salary is fair compared to my peers of different nationalities in similar roles.	3.65	Agree
I am satisfied with the benefits provided by my employer (e.g., health insurance, bonuses).	3.78	Agree
I believe that my employer values diversity and equity in compensation.	3.90	Strongly Agree

The weighted mean values, based on 80 respondents, reflect a general agreement with most statements, with particularly strong support for compensation competitiveness and employer commitment to diversity and equity. However, there are areas where employees feel that salary fairness could be improved, especially in terms of perceived differences based on nationality (Subasi, et al, 2021).

IV. CONCLUSIONS

1. There are clear wage disparities among UAE employees coming from different nationalities. The wages for Western nationals, compared to their South Asian and Arab counterparts, are much higher. This somewhat has to do with perceptions of qualification, international experience, and the type of industry they serve.
2. The reason for these discrepancies can be explained by the cultural biases and market demand for certain skills and labor in lucrative industries. For instance, Western expatriates are perceived as better qualified

for senior positions, while South Asian nationals are hired for low-paying and labor-intensive jobs.

3. The wide discrepancy in salaries leads to perceived inequities, impacting the morale, job satisfaction, and retention of employees. This is especially so in cases that might involve employees holding positions with lower remuneration. Employees from non-Western nationalities could feel undervalued, which might lead to increased turnover and reduced engagement.
4. The compensation structures need to be more equitable and transparent, in which skills, experience, and performance are valued over nationality. This will contribute to greater satisfaction, morale, and retention of employees from various nationalities.

V. RECOMMENDATIONS

1. *Implement Transparent Compensation Structures.* Adopt standardized compensation frameworks based on job roles, qualifications, experience, and performance, not nationality.

2. *Promote Diversity and Inclusion in Salary Decisions.* Establish diversity-focused policies offering equal opportunities for salary increases, promotions, and benefits for all nationalities.
 3. *Conduct Regular Compensation Audits.* Regularly audit compensation practices to identify and address pay gaps based on nationality, gender, or other factors.
 4. *Enhance Awareness and Training on Pay Equity.* Provide training for HR personnel and managers on pay equity and unconscious biases in salary decisions.
 5. *Encourage Open Communication and Feedback Channels.* Create anonymous channels for employees to report concerns about compensation disparities or discrimination.
 6. *Establish Fair Negotiation Practices.* Implement structured salary negotiation frameworks based on objective criteria like experience, skills, and market rates.
 7. *Promote Career Development Opportunities.* Invest in training and development programs to help employees from underrepresented nationalities acquire skills for higher-paying roles.
 8. *Encourage Government Regulation and Labor Rights Enforcement.* Advocate for stronger labor laws that mandate fair pay practices across nationalities and penalize discriminatory pay practices.
 9. *Foster Collaboration Between Employers and Employees.* Collaborate with employee representatives, labor unions, or expatriate organizations to address pay equity concerns.
 10. *Provide Clear Career Pathways and Salary Growth Opportunities.* Offer clear career progression pathways with defined salary growth opportunities for all employees.
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