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THE EFFECT OF COVID 19 ON WORKER'S COMPENSATION IN GULF COUNTRIES – EVIDENCE FROM GCC COUNTRIES

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Abstract: The year 2020 has turned the world upside down with the outbreak of the disease COVID 19. It forced the companies to shift their work focus from office to work from home. Every sector of the economy got affected by the pandemic and a financial crisis was faced by almost every firm. To deal with the financial crisis, many firms have altered their compensation packages. The world of The Middle East is nowhere left behind. The firms of GCC (Gulf Cooperation Council) countries known for their attractive pay packages were forced to make modifications, adjustments, and variations to their compensation. The current paper analyzes various amendments made by firms in the Gulf Countries like Saudi Arabia, Kuwait, UAE, Qatar, Oman, and Bahrain to their compensation management system to cope with the challenges of the pandemic. It also highlights the remittances provided by the governments of these countries to tackle the situation.

Keywords: COVID 19, Financial Crisis, the Gulf, Compensation Management, pandemic, GCC countries, remittance measures.

1. INTRODUCTION

According to the International Labor Organization (ILO 2020), the COVID19 pandemic has brought the world into a shock of economic crisis as well as labor market crisis in both the manufacturing and service industries. Bans on traveling, quarantine, closure of borders by different countries, falling revenues, share prices decline, and lack of liquidity are some of the major challenges faced by every sector of the industry making the world a vulnerable place. As a result majority of the firms across the world started

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taking steps such as making layoffs, voluntary retirement, early retirement, and alterations in the compensation packages of the existing employees. ILO (2020) considered this period of COVID 19 as a global economic recession that had influenced both the quality and quantity of work, and the labor income was presumed to be in the deficit of 860 and 3,440 billion dollars.

The GCC (Gulf Cooperation Council) countries like Saudi Arabia, United Arab Emirates, Kuwait, Bahrain, Oman, and Qatar are also greatly affected by the pandemic. The expatriates living in these countries faced many tribulations due to the modifications made by most firms in their compensation packages. With the lockdown being imposed in many gulf countries the employers started adjusting to the new environment by cutting staff, paying the workforce to work from home, and making deductions and adjustments in the compensations to deal with the financial storm. Maintaining liquidity became the topmost priority of such firms, thereby reducing the burden on the organizations.

The Hindu news in September 2020 reported that many migrant workers in the Gulf countries were forced to repatriate to their home countries without being paid their wages and other compensation benefits. The issue was addressed as wages theft. Organizations like the Migrant Forum in Asia (MFA), which deals with the issues of migrant workers in the Middle East stood for the rights of migrant workers demanding their compensation to be dealt with the issue of wages theft (The Hindu 2020). The Quint on 1st

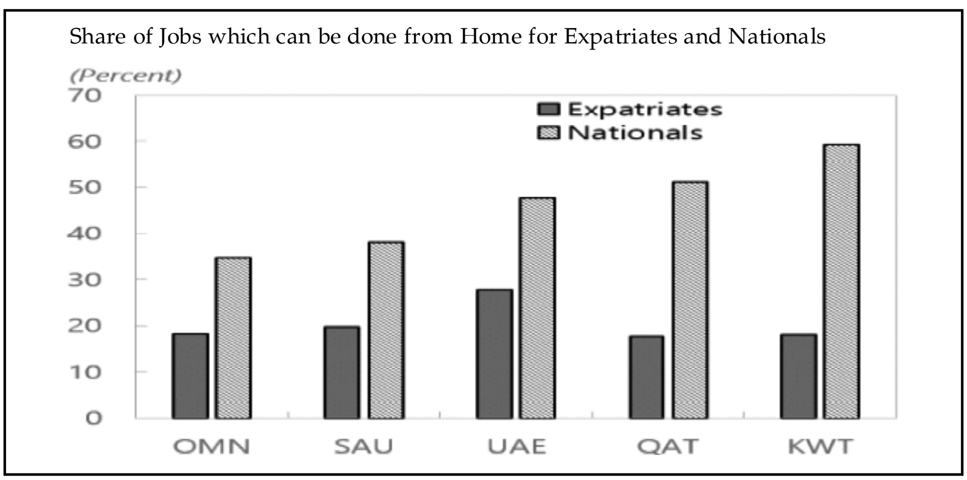


Figure 1: Share of Jobs, which can be done from Home for Expatriates and Nationals

Sources: National authorities, ILO, Haver Analytics, and IMF staff calculations

May 2020 reported thirty Indians working in the Gulf died fighting with the pandemic and many Keralites working there wanted to return home (The Quint 2020). Huda Alsahi (2020) highlighted that the pandemic has led to the intensifying of nationalization issues in the Gulf countries coercing the majority of the migrant workers to leave their jobs (Arab Reform Initiative 2020). Rebakh Smith and Cassandra Zimmer (2020) in their article "The COVID19 Pandemic will probably not mark the end of the Kafala System in the Gulf" presented a report of Oxford Economics which stated that more than 3.5 million workers were forced to leave the GCC countries out of which 500,000 migrant workers were from Kerala alone. The year 2020 was also marked as the largest of efforts in the history of repatriation of the workers (Center for Global Development 2020). It was also a question during the pandemic whether it would be an end to the 'Kafala System' of employment in the Gulf.

The above figure shows the work from home jobs for Expatriates and Nationals in GCC (Gulf Cooperation Council) countries. It can be seen from the above figure that there has been discrimination in work from home jobs too. These jobs were allotted more in number to nationals of the country, whereas the expatriates who were assigned work from home jobs were lesser in number. It clearly shows the partial behavior of the government in GCC (Gulf Cooperation Council) countries toward the nationals of other countries (IMF 2020). It is not that the low-level employees serving the GCC (Gulf Cooperation Council) countries had been affected by the pandemic, but the middle-level and top-level executives working there also encountered such turmoil. The situation became worse with Gulf countries facing a global crisis in the prices of petrol. This study analyzes all such areas where the organizations in the GCC (Gulf Cooperation Council) countries made changes to the pay packages of their employees. The paper also highlights the various procedures embraced to protect the compensation by the government in each GCC country.

2. SIGNIFICANCE AND SCOPE OF THE STUDY:

About studying the sufferings of expatriates in Gulf Cooperation Countries (GCC), this study presents a picture of how people working in the Middle East had been badly impacted by the pandemic. The study first gives an overview of the situation of employees before the pandemic. It then highlights the changes made to the various elements of the workforce compensation in the firms of Gulf Cooperation Countries (GCC). It also entails the various medications provided by the government in these countries to deal with the economic crisis in the form of remittance measures. This study could help get deeper learning to alterations in the pay packages in the Gulf during the pandemic. The scope of the study highlights the changes in pay packages of employees in selected one hundred and sixty-eight groups of companies across Saudi Arabia, United Arab Emirates, Bahrain, Oman, and Kuwait. The findings are presented to narrate the facts related to the compensation systems in firms of these countries during the pandemic.

3. OBJECTIVES OF THE STUDY:

The following are the objectives of the study:

(i) To study the changes made to the worker's compensation in the Gulf Cooperation Countries (GCC).

(ii) To study remittance measures provided by the government of GCC countries to deal with the situation of the pandemic.

4. REVIEW OF LITERATURE

Compensation is defined by Milkovich George.T, Jerry M. Newman, and C.S.Venkata Ratnam (2000) as an important part of human resource management and deals with devising policies and strategies so that an employee gets paid in a fair, consistent, and equitable manner. According to them, Compensation is also about the different ways in which people can be paid off. However, compensation systems get highly affected in times of crisis. A crisis is a type of calamity that generates unemployment, inflation, downturns in the economic systems, which include service and manufacturing sectors (Abdul Aziz Abdul Rahman et.al 2021). COVID19 is one such crisis that has blown every business around the world. GCC countries had no exception from this type of crisis. World Health Organization (WHO) declared the COVID19 pandemic as an international health emergency on 30th January 2020 and it is referred to as a pandemic on 11th March 2020 (SNC.LAVALIN 2020).

Abdul Aziz Abdul Rahman et al. (2021) studied the economic impact of COVID19 on GCC countries and concluded how the economy in these countries got badly impacted by the pandemic. K. Ranju and Fathima Shabnam (2020) in their article "COVID19 impact on GCC Labor market stated that one hundred and one of the migrant workers had lost their monthly wages and ninety-eight of them lost monthly wages plus end of service benefits. They also reported that no schemes were applied to protect the wages of migrant workers.

The World Bank (2018) published a report to highlight the situation of the job market in GCC countries till 2018. The report helps get a picture of the lenient compensation policies before the outbreak of COVID19.

International Monetary Fund (IMF) published a report of the Annual Meeting of the Ministers of Finance and Central Bank Governors on 25th October 2020 on the topic "Economic Prospects and Policy Challenges for the GCC Countries", which mentioned that there was an increase in unemployment rates especially for expatriates and this rate is less for the nationals, as the nationals in these countries occupy the top managerial positions. Gulf Health Council (2020) published a report to highlight the economic impacts of the health crisis and various measures such as employee salary-related measures and tax deduction measures taken by the government in these countries to support the employees. However, most of these measures concentrated on the employees who are nationals of these countries. According to the OECD (Organization for Economic Cooperation and Development) report published on November 6, 2020, the health crisis and price drop of crude oil had resulted in decreased foreign direct investments (FDIs) and reduced job opportunities for the nationals of other countries.

Mercer consultants (2020) researched five hundred and twenty-two subsidiaries of various firms spread across different countries of the Gulf, which included Saudi Arabia, Kuwait, Qatar, Bahrain, Oman, and the United Arab Emirates to analyze the modifications made by the firms in compensation packages and they ended up knowing that seventy percent of the organizations had made or planning to alter their compensation system because of COVID-19. As per Mercer's report, one hundred and sixty-nine firms across the GCC took steps to cut down the costs and nearly thirty percent of these organizations made reductions in the salaries of their employees. The reductions ranged from fifteen to twenty-five percent. Apart from the organizations, which took part in the survey, similar procedures were adopted by other renowned firms like Etihad Airways, Emirates, and Emaar (Mercer survey 2020).

Even though studies were conducted to study the impact of COVID19 in GCC Countries but research papers related to changes in worker's compensation were not found. The data related to the worker's compensation and remittances in GCC countries were found in the form of management consultant's reports, OECD (Organization for Economic Cooperation and Development) reports, Gulf Health Council Report, International Monetary Fund (IMF) report. World Bank report (2018) presented the situation of these countries before the occurrence of the COVID19 pandemic.

5. RESEARCH METHODOLOGY

The study analyzed reports published online on the topic related to " the effect of COVID-19 on compensation system in the Gulf", which included Gulf Health Council Report, International Labor Organization reports, Mercer Consultant Report, publication of Arab Reform Initiative, OECD (Organization for Economic Cooperation and Development) publication on MENA countries, World Bank report (2018) related to the topic and different news articles on the Internet concerning with the issue from March 2020 to December 2020. The analysis part comprises of the reports made by MERCER, which is a global management consulting firm and OECD (Organization for Economic Cooperation and Development). The articles studied were from Harvard law school's forum of corporate governance, The Hindu news, the Quint, the New Indian Express, and Amnesty International.

The study is exploratory and uses various online sources. The first part of the analysis gives an overview of the job market in GCC countries until 2018. The second part of the analysis considers a sample of five hundred and twenty-two subsidiaries, which belong to one hundred and sixty-eight groups of companies across Saudi Arabia, United Arab Emirates, Bahrain, Oman, and Kuwait. Remittance measures were studied from the Gulf Health Council report, OECD (Organization for Economic Cooperation and Development) report, and International Monetary Fund (IMF) report.

6. ANALYSIS AND DISCUSSION

The analysis part is divided into three parts. The first part presents the scenario of the job market in GCC (Gulf Cooperation Council) countries before the outbreak of COVID19 and the second part presents various findings made by MERCER, a management consulting firm of GCC countries about the changes in the compensation system. The sample constitutes of five hundred and twenty-two subsidiaries, which belong to one hundred and sixty-eight groups of companies across Saudi Arabia, United Arab Emirates, Bahrain, Oman, and Kuwait. Remittance measures taken by the government of these countries were analyzed by OECD (Organization for Economic Cooperation and Development) report on COVID-19 crisis response in MENA (the Middle East and North Africa) countries, and the Gulf Health Council report.

6.1. Scenario of the job market before the outbreak of COVID19: The World Bank Group (2018) published a report "the job agenda for the gulf cooperation council countries", which presented the scenario of the job market in GCC (Gulf Cooperation Council) countries before the outbreak of COVID19.

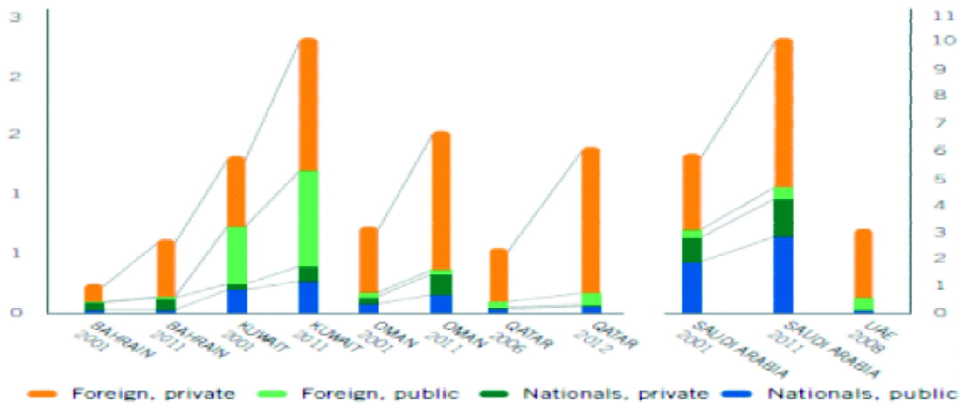


Figure 2: Employment of citizens and foreign workers in GCC countries

Source: The job agenda for the gulf cooperation council countries (2018), The World Bank Group

The above figure depicts that until recently most of the private-sector jobs in the Middle East had been occupied by foreign expatriate workers and how the economy of these countries depended on foreign workers.

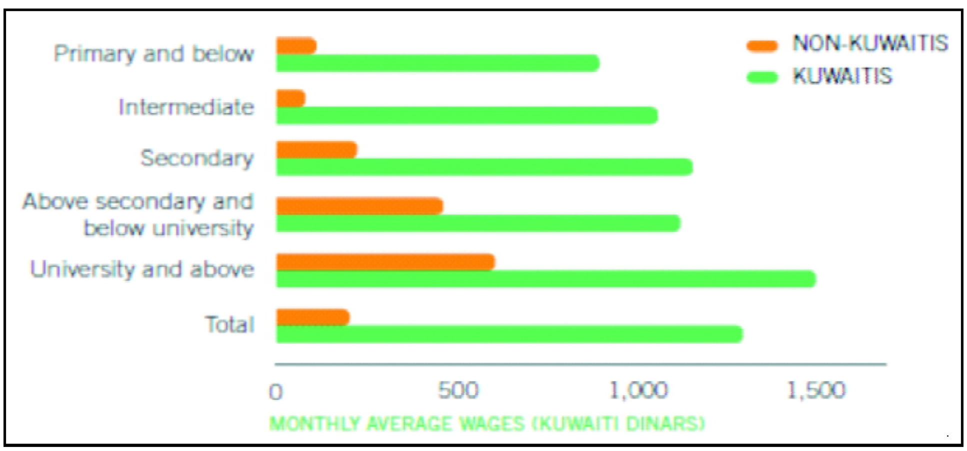


Figure 3: Monthly Average Wages in Kuwait (2015)

Source: The job agenda for the gulf cooperation council countries (2018), The World Bank Group

It can be observed from the above figure that the foreign employees working in Kuwait with a qualification of a university degree were paid more than five hundred Kuwait dinars (equivalent to one lakh plus Indian rupees), which is a lucrative salary. Even though there are high differences in the pay scales of nationals and expatriates, the expatriates enjoyed a hefty compensation until the outbreak of the pandemic. Similarly, figure 3 also gives a relative picture of monthly wages in the country of Bahrain until 2010.

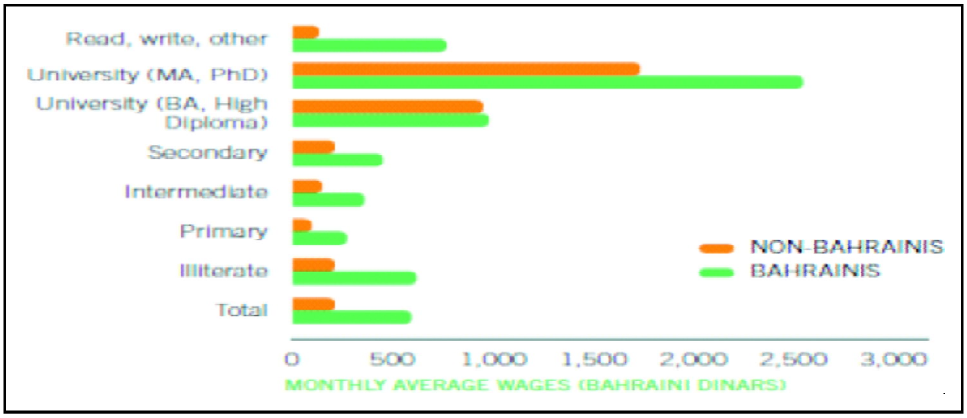


Figure 4: Monthly Average Wages in Bahrain (2010)

Source: The job agenda for the gulf cooperation council countries (2018), The World Bank Group

The above figure shows the fatty wages of foreign employees in the country of Bahrain. The highly educated foreign employees enjoyed salaries exceeding up two thousand Bahraini Dinars. The expatriates holding university degrees and diplomas were paid equal to the citizens of the country. The report of the world bank confirms that even though the economy of the gulf cooperation council countries has reached 5.1 percent during 2000- 2012, the private sector jobs were mostly occupied by expatriates and nationals prefer only public sector jobs (World Bank 2018).

6.2. MERCER report presented a very important key finding that forty percent (sixty-seven firms) of the organizations in the sample had already made changes to their compensation package to control the costs, twenty-nine percent (forty-nine firms) of the organizations were planning changes and thirty-one percent of the organizations in the sample had not made any changes in their pay packages.

6.2.1. The most common altered components of compensation in GCC countries

Mercer (2020) studied the most common elements of worker's compensation adjusted by the organizations, which already made changes to their compensation and also the most common elements of worker's compensation planned to be altered by the organizations, which were planning changes to their compensation packages.

Figure 1 shows the most common components of the employees' compensation altered by the firms operating in GCC countries.

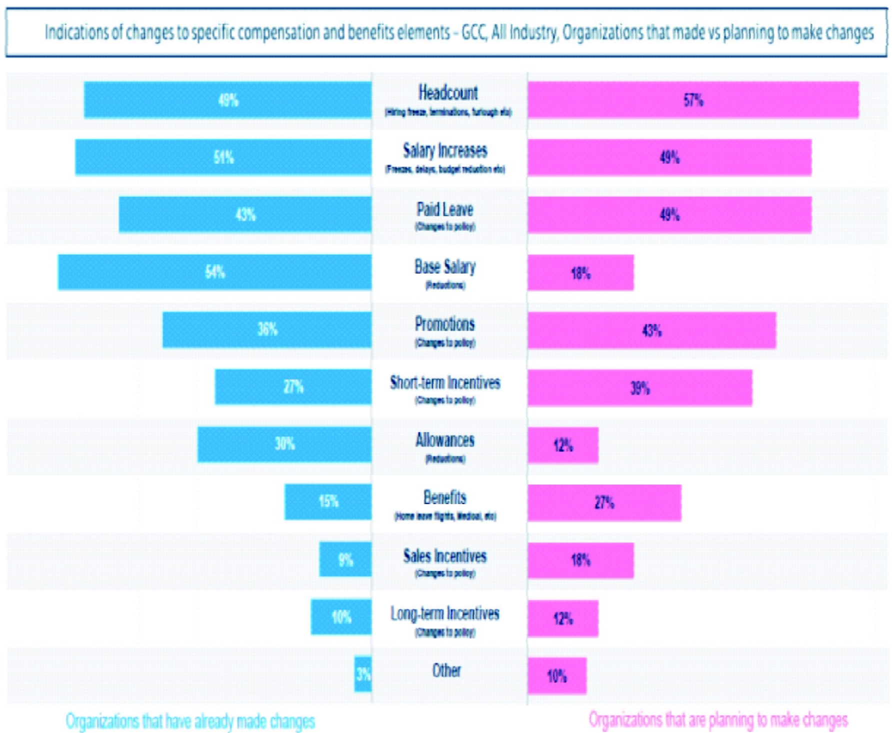


Figure 5: The most common elements adjusted in compensation by organizations operating in GCC countries. Total does not equal 100% as multiple items could be selected. Source: Mercer GCC COVID-19 C&B Response Survey (2020)

It can be observed from the above figure that the Headcount, which can be either stoppage/freezing of the new recruitments or terminations, had been adjusted by forty-nine percent by the firms, which had already made changes and fifty-seven percent by the firms, which we're planning to make changes. Freezing of new recruitments/terminations by forty-nine percent is a matter of great concern, which could be the reason for the repatriation of the employees.

Fifty-one percent of changes in the salary increase element were made by the organizations, which already made changes to their compensation and forty-nine percent of the changes in the salary increases were to be made by the organizations, which planned to alter their compensation. Similarly, other parts of the compensation that include base salary, paid leave, promotions, short and long-term incentives, sales incentives got affected by the changes. A major change of fifty-one percent in the base salary was made by forty percent of the organizations in the sample survey of GCC countries, which is concerning.

6.2.2. Percentage reduction in base salaries of employees at different levels

Figure 6 shows the percentage reduction in the base salaries of employees at different levels by the organizations, which already made changes to their compensation package in GCC countries.

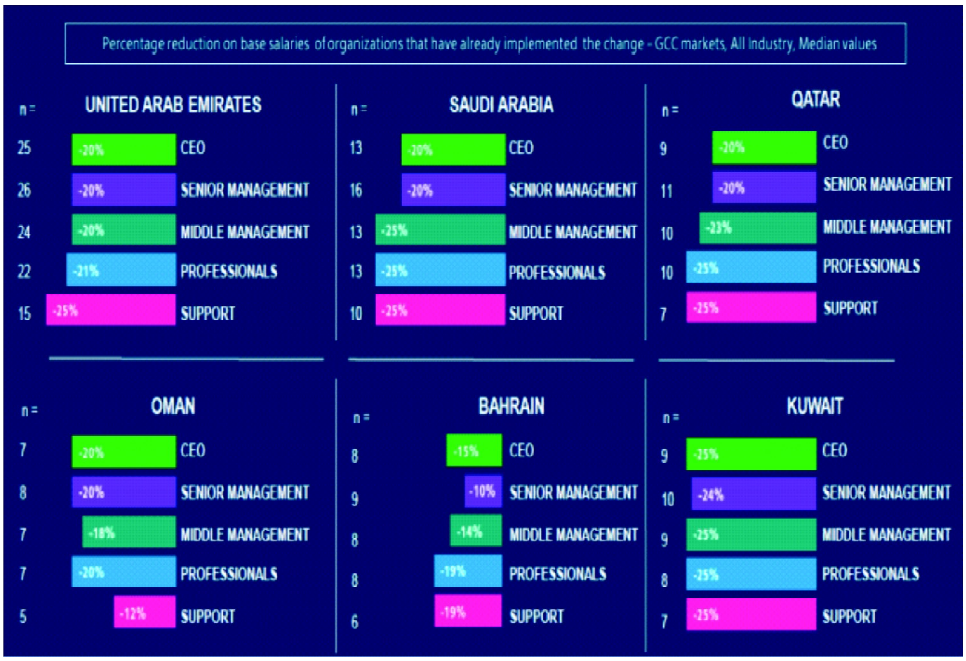


Figure 6: Percentage reduction in base salaries at different levels of employees in GCC

Source: Mercer GCC COVID-19 C&B Response Survey (2020)

Figure 2 shows a percentage reduction in the base salaries of the employees at different levels in different countries of GCC along with median values by the organizations, which already made changes to their pay package. These firms that took part in the survey made reductions in the base salary of their employees from top-level employees to lower-level employees. The organizations, which were planning to make reductions in the base salaries, are not shown in the figure. It includes only those organizations, which already made changes to their pay packages organizations of the United Arab Emirates (UAE) that participated in the survey made twenty percent reduction in the base salary of CEO's, senior management, and middle management whereas twenty-one percent reduction was made to the base salaries of professionals and twenty-five reductions to the base salaries of support staff were made. The organizations of Saudi Arabia which participated in the survey made twenty percent reductions in the base salaries of CEOs and senior management whereas twenty-five percent reductions were made to the base salaries of middle management, professionals, and support staff. The organizations of Qatar which participated in the survey made twenty percent reductions in the base salaries of CEOs and senior management whereas twenty-three percent reduction was made to the base salaries of middle management and twenty-five percent reduction was made to the base salaries of professionals and support staff. The organizations of Oman which participated in the survey made twenty percent reductions in the base salaries of CEO's and senior management whereas eighteen percent reductions were made to the base salaries of middle management and twenty percent reductions were made to the base salaries of professionals and twelve percent reductions were made to the base salaries of support staff.

The organizations of Bahrain which participated in the survey made fifteen percent reductions in the base salaries of CEO's, ten percent reductions in the base salaries of senior management whereas fourteen percent reductions were made to the base salaries of middle management and nineteen percent reductions were made to the base salaries of professionals and support staff. The organizations of Kuwait, which participated in the survey made twenty-five percent reductions in the base salaries of CEOs and twenty-four percent reductions in the base salaries of senior management whereas twenty-five percent reductions were made to the base salaries of middle management, professionals, and support staff.

It can be seen that the impact on the base salaries lies in the range of fifteen to twenty-five percent. The organizations in the country of Bahrain made minimum overall reductions in the base salaries of their employees at different levels, whereas the organizations in the country of Kuwait made maximum overall reductions in the base salaries of their employees at different levels. This means that the expatriates in the country of Kuwait suffered more because of base salary reductions.

6.2.3. Allowances reduced at different levels in firms of GCC countries

Figure 7 shows the organizations across the GCC countries, which reduced the allowances of their employees at different levels along with median values. It shows the percentage reduction only by the firms which already made changes to their compensation schemes and it does not cover those organizations which were planning to make changes in the

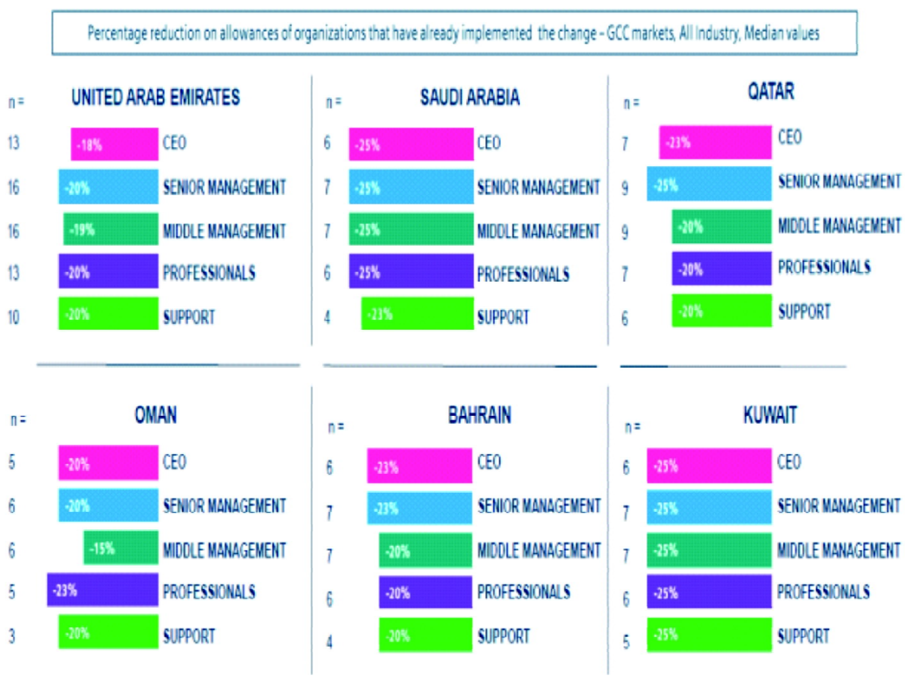


Figure 7: Percentage reduction in allowances at different levels of employees in GCC Source: Mercer GCC COVID 19 C&B Response Survey (2020)

compensation of their employees. The reduction in allowances lies in the range of twenty to twenty-five percent

The organizations of the United Arab Emirates (UAE) which participated in the survey made eighteen percent reductions in the allowances of CEO's, twenty percent reductions in the allowances of senior management, nineteen percent reductions in the allowances of middle management whereas twenty percent reductions were made to the allowances of professionals and support staff. The organizations of Saudi Arabia which participated in the survey made twenty-five percent reductions in the allowances of CEOs, senior management, middle management, and professionals and made twenty-three percent reductions in the allowances of support staff.

The organizations of Qatar, which participated in the survey, made twenty-three percent reductions in the allowances of CEOs, twenty-five percent reductions in the allowances of senior management, twenty percent reduction in the allowances of middle management, professionals, and support staff. The organizations of Oman which participated in the survey made twenty percent reductions in the allowances of CEOs and senior management, fifteen percent reduction in the allowances of middle management, twenty-three percent reductions in the allowances of professionals, and made twenty percent reduction in the allowances of support staff.

The organizations of Bahrain, which participated in the survey made twenty-three percent reductions in the allowances of CEOs and senior management and made twenty percent reduction in the allowances of middle management, professionals, and support staff. The organizations of Kuwait which participated in the survey made twenty-five percent reductions in the allowances of CEOs, senior management, middle management, professionals, and support staff. Just like the base salary reductions, the organizations operating in the country of Kuwait made major changes when compared to the organizations operating in other countries.

6.2.4. Effect in a salary increase of the employees in firms of GCC countries

Figure 8 displays how the salary increase of the employees was affected in organizations that participated in the survey of GCC countries. It shows the expectation of the 2020 salary increase of organizations that already made changes versus those organizations, which were planning to make changes to their pay structure.

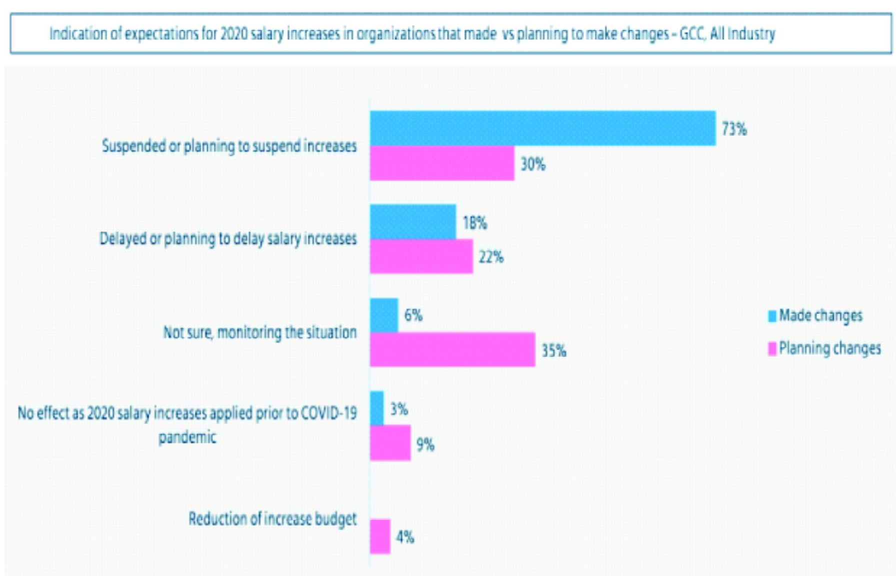


Figure 8: Indications of salary increase expectations in organizations that made changes versus organizations planning to make changes in GCC countries

Source: Mercer GCC COVID 19 C&B Response Survey (2020)

The above figure elaborates that seventy-three percent of the organizations that already made changes to their pay structure suspended the salary increases of their employees and thirty percent of the organizations planning to make changes to their pay structure were planning to suspend the salary increase. It can also be observed that eighteen percent of the organizations that already made changes to their pay structure had delayed or planned to delay salary increases and twenty-two percent of the organizations planning to make changes to their pay structure were planning to delay the salary increase. Six percent of the organizations that already made changes to their pay structure were not sure or monitoring the situation of whether to delay the salary increase for 2020 and thirty-five percent of the organizations planning to make changes to their pay structure were also not sure about increasing the salary of their employees.

6.2.5. The new recruitment and promotions decisions in firms of GCC countries

The firms operating in GCC countries also changed the recruitment and promotions decisions since it could also lower the cost of operating these firms. Figure 5 shows the actions regarding the new recruitment and promotions decisions in the organizations, which participated in the Mercer survey of GCC countries.

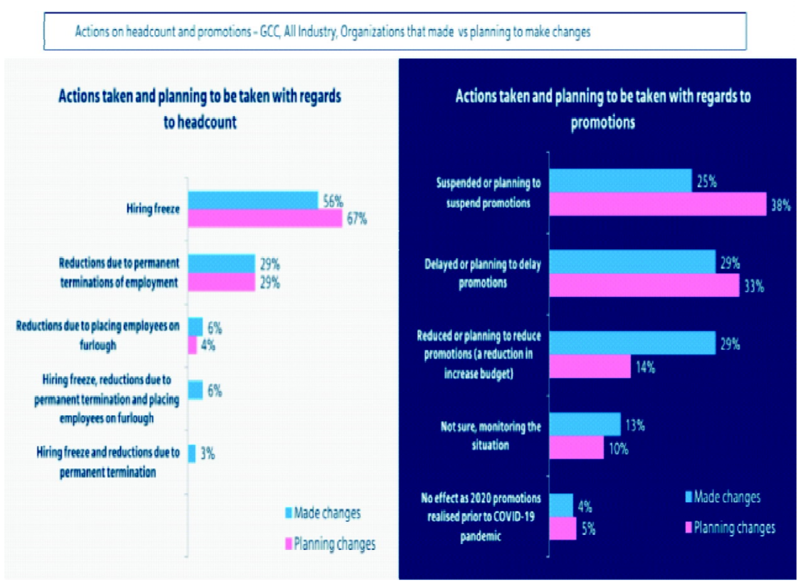
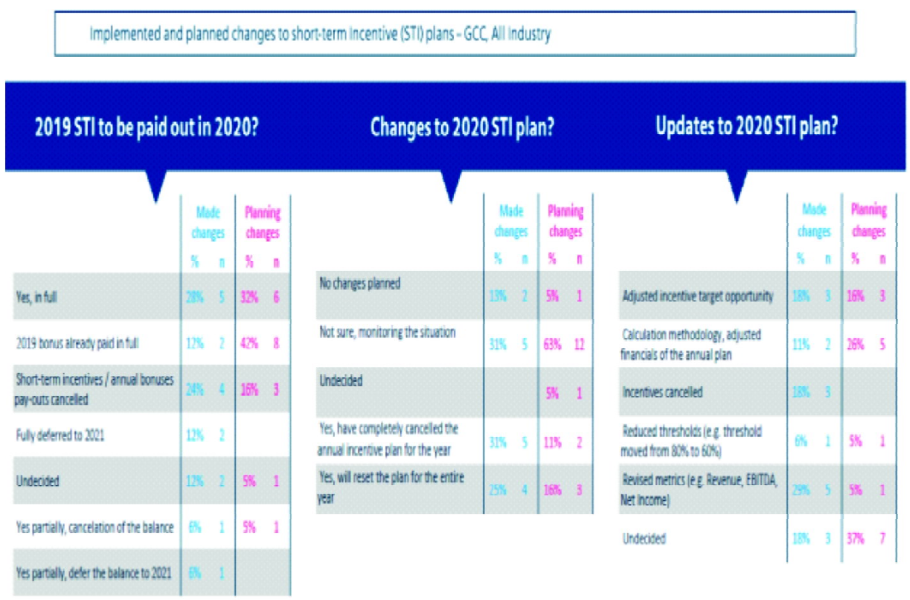


Figure 9: Actions regarding recruitment and promotions of the organizations that already made changes versus the organizations planning to make changes

Source: Mercer GCC COVID-19 C&B Response Survey (2020)

It can be observed that the organizations that already made changes to their pay structure had stopped the new appointments by fifty-six percent and the organizations planning to make changes to their pay structure had also stopped the recruitment process by sixty-seven percent. The organizations that already made changes to their pay structure had permanently terminated twenty-nine percent of their employees' organizations planning to make changes to their pay structure also planned to permanently terminate twenty-nine percent of their employees. The scenario depicted in the above figure is greatly apprehensive that there is a decline in the appointments and at the same time many employees were terminated from their jobs. Figure 9 also describes promotions. The organizations that already made changes to their pay structure had suspended the promotions by twenty-five percent and the organizations planning to make changes to their pay structure by thirty-eight percent.

6.2.6. Implemented and planned changes to short-term incentives



Implemented and planned changes to short-term incentive (STI) plans - GCC, All industry

2019 STI to be paid out in 2020?	Made changes %	Made changes n	Planning changes %	Planning changes n
Yes, in full	28%	5	32%	6
2019 bonus already paid in full	12%	2	42%	8
Short-term incentives / annual bonuses pay-outs cancelled	24%	4	16%	3
Fully deferred to 2021	12%	2		
Undecided	12%	2	5%	1
Yes partially, cancelation of the balance	6%	1	5%	1
Yes partially, defer the balance to 2021	6%	1		

Changes to 2020 STI plan?	Made changes %	Made changes n	Planning changes %	Planning changes n
No changes planned	13%	2	5%	1
Not sure, monitoring the situation	31%	5	63%	12
Undecided			5%	1
Yes, have completely cancelled the annual incentive plan for the year	31%	5	11%	2
Yes, will reset the plan for the entire year	25%	4	16%	3

Updates to 2020 STI plan?	Made changes %	Made changes n	Planning changes %	Planning changes n
Adjusted incentive target opportunity	18%	3	16%	3
Calculation methodology, adjusted financials of the annual plan	11%	2	26%	5
Incentives cancelled	18%	3		
Reduced thresholds (e.g. threshold moved from 80% to 60%)	6%	1	5%	1
Revised metrics (e.g. Revenue, EBITDA, Net income)	29%	5	5%	1
Undecided	18%	3	37%	7

Figure 10: Implemented and planned changes to short-term incentives in firms of GCC countries

Source: Mercer GCC COVID-19 C&B Response Survey (2020)

Figure 10 elucidates the implemented and planned changes in the short-term incentives of the organizations, which participated in the survey of GCC countries by Mercer.

It can be seen from figure 10, three firms that already made changes to their compensation adjusted the incentive target opportunity of eighteen percent of the employees, three firms canceled the short-term incentives of eighteen percent of the employees, one firm reduced the threshold of six percent of the employees and five firms revised the metrics of twenty-nine percent of the employees. The organizations planning to make changes to their pay structure: three firms were planning to adjust the incentive target opportunity of sixteen percent of the employees, one firm planning to reduce the threshold of five percent of the employees and one firm was planning to revise the metrics of five percent of the employees. Similarly, it was found by the Mercer group (2020) that changes were also made by the organizations of GCC, which participated in the survey to benefits, long-term incentive plans, and paid leave.

6.2.7. Changes in Benefits

It was found that ten organizations had made changes to their benefits plan. Out of which five organizations had altered their home leave allowance/ airfare, two organizations made changes to their medical plan, two organizations altered their accident benefits and one organization changed their dependent education benefit program (Mercer Survey Report 2020). The organizations which were planning to make changes to their benefits plan: seven organizations planned to alter their home leave allowance/airfare, three organizations planned changes to their medical plan, two organizations planned to change their dependent education benefit program, two organizations planned to modify their car policy benefit program and two organizations planned to modify their pension/ savings benefits (Mercer Survey Report 2020).

6.2.8. Changes made to Long-Term Incentive Plans (LTIPs)

Seven organizations that already made changes to their compensation had decided to adjust their Long-Term Incentive Plans (LTIPs) in some of the other kinds. Out of which three organizations decided to delay the new awards, three organizations were still to decide as to where to make the adjustment and one organization changed the vesting duration of the awards to be given in 2020 (Mercer Survey Report 2020). Six organizations that were planning to change their compensation structure also wanted to adjust their Long-Term Incentive Plans (LTIPs). These organizations were not sure to which element of LTIPs should be adjusted (Mercer Survey Report 2020). Overall, it could be said that short-term incentives, benefits, and long-term incentives were greatly disturbed by the changes in the pay packages.

6.2.9. Changes made to Paid Leave

The organizations that modified their leave policy: twenty-two firms asked their employees to take leaves during specified time frames, fourteen organizations asked their employees to finish their carry over leave with no extension of those leaves, twelve firms for compressing the workweek motivated their employees to use their paid leaves and two organizations introduced a new paid leave policy program for dealing with COVID 19 leaves separately from the regular paid leave policy (Mercer Survey Report 2020).

The firms which were planning to change their leave policy: Seventeen organizations planned their employees to finish their carry over leave with no extension of those leaves, fifteen organizations planned their employees to take leaves during specified time frames, eight organizations planned to motivate their employees to use their paid leaves for compressing the workweek, two organizations planned to allow their employees to donate their leaves to their colleagues who needed leaves, two organizations planned to allow their employees to carry over their paid leave to next year, one organization planned to remove the limit on carrying over days and one organization planned to pay the employees for their unused paid leave who were required to work (Mercer Survey Report 2020).

The paid leave should have been provided by the employers during the pandemic, but it could be seen that there have been major disruptions in this provision too. The GCC countries also provided for the remittance measures by which workers' salaries could be protected which are discussed below.

6.3. Remittance Measures By Governments Of Gcc Countries To Help Employers Tackle Covid-19:

OECD (Organization for Economic Co-operation and Development) on 6th November 2020 published a report on various measures adopted by the governments of GCC countries to help the employers of various firms deal with the pandemic. Similarly, Gulf Health Council (GHC) also published a report on the various endeavors made by governments of GCC to minimize the negative economic effect. Some of the resilience measures provided to the organizations operating in GCC are given below:

Saudi Arabia: The government of Saudi Arabia declared a financial package of seventy billion SAR (Saudi Arabian Riyal) (18.7 billion$) for supporting the private sector, which mostly includes SMEs (Small and Medium Enterprises). It included exceptions from paying government dues, taxes, electricity bills, etc. The banks in the country were instructed to stop accepting the loan repayment until the end of 2020 and ease loan approvals to support firms affected by the crisis specially the firms of the private sector (OECD 2020). A nine billion Saudi Riyals package was sanctioned to cover the payment of salaries of employees working in the private sector. To prevent the firms from laying off the employees, the government took the burden for the payment of sixty percent of the salaries for three months, which included nearly seventy percent of Saudi employees in highly COVID-influenced firms and fifty percent of Saudi employees in less disturbed firms. This scheme benefitted four lakh eighty thousand Saudi citizens working in those firms (OECD 2020). Expatriates were given an exemption from paying ex-pat levies in SMEs that have less than nine employees (GHC 2020).

United Arab Emirates (UAE): To tackle the situation of COVID-19 and to strengthen the economy, the Central Bank of UAE announced a package of two hundred and fifty-six billion AED, provided zero-interest loans, and blocked loans repayments. The government declared monetary measures to support and ease doing various businesses. These measures include lowering work permit fees, other administrative fees, extending the payment of taxes, reduced utility bills and custom fees (OECD 2020). The Dubai government on 12th March 2020 announced a fiscal package to handle a reduction in custom fees, municipality fees, water and electricity bills reduction by ten percent, and a freeze on the 2.5% market fees levied on all facilities operating in Dubai (GHC 2020).

Bahrain: The government of Bahrain introduced an economic package of five hundred and sixty million BHD to cover the costs of wages payment, bill payment, rents, exclusion of municipal fees, work permit fees for the affected firms. SMEs were supported by doubling their fund of liquidity support. A measure of 5.5 million BHD was taken to sustain low-income families. The Central Bank lowered the interest rates and enhanced its loan services (OECD 2020).

Kuwait: The government announced the cancelation of fees in various sectors, unemployment benefits were provided in full to the citizens of Kuwait and long-term loans were approved for small and medium enterprises and five billion KWD were sanctioned for increased lending from local banks (OECD 2020). The main policy rates were cut down by the Central Bank and the commercial banks were asked to delay the loan repayments (OECD 2020). Support was provided for the protection of salaries for those registered Chapter Five of Social Security in the affected sectors and a mechanism was established to obtain a minimum income to cover the cost of living for residents only (GHC 2020).

Qatar: The government of Qatar declared a financial package of seventy-five billion QAR for sustaining the private sector economy. Exclusion from the payment of utility bills and custom fees was declared. It was made sure by the Ministry of Administrative Development, Labor, and Social affairs that every quarantined worker including expatriates and migrant workers gets their payment in full. The Qatar Development Bank announced a package of three billion QAR to bear the firm's burden for the payment of the workforce salaries. The same bank delayed the loan repayments for the duration of the next six months, whereas the Central Bank decreased its policy rates (OECD 2020).

Oman: To sustain the most affected segments from the pandemic, the government of Oman introduced schemes such as delayed tax payments, exclusion from paying taxes and fees, flexibility in payment of taxes. The firms of the private sector were allowed to make deductions in workers' wages by negotiation and worker's transfers were promoted. The private firms were even allowed to repatriate their employees by terminating their employment contracts. Most affected households were provided with cash and grocery kits (OECD 2020). A fiscal package of eight billion OMR was announced by the Central Bank to assist banks in approving loans. The loan approvals were increased by five percent and policy rates were decreased (OECD 2020).

It can be observed from the report of OECD 2020 that the schemes adopted by some GCC countries benefitted only its citizens. Saudi Arabia introduced schemes for its citizens to secure their salaries. Kuwait also made provisions for its citizens to receive full payments. But no mention is made about the protection of salaries of expatriates and migrants. However, the government of Qatar made sure that their expatriate and migrant workers also receive full payments. The provisions made by the government of UAE and Bahrain to secure the salaries of expatriate and migrant workers were not shown in the report (OECD 2020). It is shocking to observe from OECD reports that the government of Oman allowed the private segment firms to terminate the employment contract of expatriate workers which means that the job security of expatriates was vulnerable in the country during the pandemic and measures to protect the salaries of expatriates/migrant workers is not shown in the report (OECD and GHC 2020).

7. CONCLUSIONS AND IMPLICATIONS

The above review on "The Effect of COVID-19 on Worker's Compensation" presented various modifications made by the firms operating in GCC Countries to their employee compensation packages to deal with the pandemic situation. Although the steps were taken to sustain the firms and maintain liquidity, employees working in these countries got highly affected. Some decisions were even related to laying off the employees. The paper also presented the remittance procedures adopted by the governments of these countries to protect worker's compensation. It also revealed that some GCC countries did not provide any provision for the job protection and pay protection of the expatriates/migrant workers and some GCC countries provided for the payment protection of the expatriate workers.

The study thus endeavors to highlight the sufferings of the migrants and expatriates in the GCC countries after the outbreak of COVID19. It is astonishing and curious to observe from the findings that the countries which are well known for their high GDP and wealth could not deal with the pandemic situation efficaciously. Thousands of migrants were forced to repatriate and the expatriates who stayed there suffered in turbulence. The remittance measures which were adopted benefitted the citizens of these countries only. The study could be helpful to people wishing to pursue their careers abroad, HR Executives, management professionals, students, and also to the general public for creating an awareness of the situation prevailing in GCC countries during the pandemic.

8. LIMITATIONS AND FUTURE SCOPE

The study is limited to the GCC (Gulf Cooperation Council) countries and cannot be applied to other parts of the world. In the forthcoming future, studies can be conducted related to the changes in the compensation packages of employees in other parts of the world which can give an insight into the employee's COVID19 related sufferings across various parts of the globe.

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