



UNDERSTANDING EMPLOYER RESPONSIBILITIES IN THE UAE

In the UAE, the diverse workforce, consisting of locals and expatriates, plays a significant role in the thriving economy. Robust labor laws have been established to ensure fairness and harmony in the workplace by outlining employers' obligations. These duties protect employees' rights and contribute to a productive and mutually beneficial employer-employee relationship.

The [Ministry of Human Resources and Emiratisation](#) handles vital tasks like proposing labor laws, overseeing their implementation, managing the job market, and formulating UAE-specific labor policies. Their efforts aim to foster market stability, boost productivity, and create employment opportunities. In Q1 2023, collective labor disputes dropped by 88%, while amicably settled grievances rose by 81%. This decline is attributed to the country's effective labor policies, emphasizing fairness and flexibility in the labor market.

The UAE labor law, [Federal Decree-Law No. \(33\) of 2021 Regarding the Regulation of Employment Relationships](#), governs the employment relationship between employers and employees in the UAE. It sets out the rights and responsibilities of both parties and aims to provide a fair and balanced framework for the labor market. The law applies to all private sector companies and establishments in the UAE, with certain exceptions for government entities and free zone companies that have their own labor regulations.

Employment Contracts

Employment contracts serve as a legal agreement between the employer and the employee, outlining crucial terms and conditions of employment. The contract must include details such as job role, salary, working hours, leave entitlements, and notice periods. Every employee must have a fixed-term employment contract, which should not extend beyond three years. These contracts can be renewed, and the duration of any renewal is considered part of the total service period.

Timely Payment of Wages

Under the Wage Protection System (WPS), employers are required to pay salaries through approved channels, providing a transparent and secure payment process. The employment contract must clearly state the amount or nature of the wage. Employers are obligated to pay their workers' salaries or wages on the scheduled dates, following the regulations approved by the Ministry.

Compliance with Working Hours

The standard working week is 48 hours, with a maximum of 8 hours per day. Additionally, employees are entitled to rest breaks during their working hours. The employer can ask the worker to work overtime, not exceeding two hours per day, with the total working hours not exceeding 144 hours in a three-week period. Any overtime beyond this should comply with the conditions specified in the Implementing Regulation. If work conditions necessitate the worker to exceed normal working hours, the extra time will be considered overtime, and the worker must be paid at least 25% more than their normal wage. If the worker does overtime between 10 pm and 4 am, they should be paid at least 50% more than their normal wage.



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End of Service Benefits

When an employment contract is terminated, employers are required to provide end-of-service benefits to eligible employees. End-of-service benefits, commonly referred to as gratuity pay, are calculated based on the employee's length of service. Upon completing one year or more of continuous service, a full-time foreign worker is eligible for end-of-service benefits, which are calculated based on the basic wage as follows:

- a. 21 days' wage for each year of service during the first five years.
- b. 30 days' wage for each year exceeding the initial five-year period.

The foreign worker may also receive benefits proportionally for parts of a year worked, provided they have completed at least one year of continuous service. However, unpaid days of absence from work will not be considered when calculating the total service term.

Leave Entitlements

Employers must grant employees their entitled annual leave, sick leave, and other types of leave as per the UAE labor law. Notwithstanding any rights acquired by the worker before the enactment of this Decree-Law, the worker shall be entitled to an annual leave with full wage as follows:

- a. 30 days for each year of continuous service;
- b. 2 days for each month if the service period is more than six months but less than a year.

Apart from annual leave, there are various other types of leaves, such as maternity leave and sick leave. The employer is also obligated to adhere to the rules and regulations regarding these types of leaves.

Handling Residency and Visa Matters

In the UAE, many employers sponsor foreign employees, making them responsible for handling visa and residency matters. No work can be undertaken in the UAE, and no worker may be recruited or employed without obtaining a work permit from the Ministry, as specified in this Decree-Law and its Implementing Regulation. The employer is not allowed to charge the worker for recruitment and employment fees or collect such costs directly or indirectly from the worker.

Conclusion

Employer responsibilities in the UAE focus on safeguarding workforce rights and well-being, and fostering a positive and efficient work environment. Both employers and employees must be aware of their rights and obligations under the UAE labor law and staying updated on law changes is crucial. Adhering to labor laws and promoting fairness, equality, and respect helps employers create a workplace that boosts employee satisfaction, retention, and overall business success in the UAE. For specific legal advice or guidance, individuals should consult legal professionals or the relevant government authorities. At Strohal Legal Group, our team of experts offers comprehensive assistance to both employers and employees concerning individual and collective labor and social law matters. We provide valuable advice, guidance, and support to address any concerns or issues related to labor. Whether you are an employer seeking assistance with workforce-related matters or an employee in need of legal support, our dedicated professionals are here to help.

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