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SCHLÜTER GRAF

Passion for Law

**EMPLOYMENT
LAW & HUMAN
RESOURCES
MANAGEMENT
IN THE
UAE**

3rd Edition

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The KNOW WHO People



EMPLOYMENT LAW & HUMAN RESOURCES MANAGEMENT IN THE UNITED ARAB EMIRATES

by
SCHLÜTER GRAF
and
Departer – The Know Who People

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This guide is a joint publication by the law firm SCHLÜTER GRAF Legal Consultants LLC and the recruitment consultancy Departar – The Know-Who People.

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The information included in this guide is for orientation purposes only and does not replace individual legal advice. Although great care was taken when preparing this guide, no liability is assumed for its contents.

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A. Introduction

I. Economic Situation in the United Arab Emirates

The United Arab Emirates (UAE) is a federal state consisting of seven Emirates: Abu Dhabi, Ajman, Dubai, Fujairah, Sharjah, Ras Al-Khaimah, and Umm Al-Quwain. Due to its expansion and diversification efforts, the UAE has experienced considerable economic growth since its foundation in 1971. In 2023, the country's gross domestic product (GDP) reached AED 1.68 trillion, representing a 3.6 percent increase from 2022. Meanwhile, the non-oil GDP grew to AED 1.25 trillion, reflecting a 6.2 percent rise compared to the previous year. These figures reinforce the UAE's standing as the fifth-largest economy globally based on real GDP growth¹.

Since 30 June 2023 a newly introduced corporate income tax regime has been in effect. The introduction of additional taxes, including corporate income tax and value added tax, together with the implementation of certain compliance mechanisms such as economic substance regulations and ultimate beneficial owner reporting duties are aimed at discarding the UAE's reputation of a "tax haven" with the European Union and the OECD. The measures led to the removal of the UAE from the so-called grey list of the Financial Action Task Force (FATF).

Although the UAE is a relatively young nation with a small size and population, it has consistently demonstrated a remarkable degree of flexibility and dynamism, frequently implementing new policies and legal changes on short notice to respond to external challenges and safeguard its economy. This has allowed the country to overcome major events as evidenced in the recovery from the global financial crisis in 2007-2008 and, more recently, the way the country has been managing the setbacks of COVID-19. The economic development of the UAE continues to rise steeply and is proving to be very robust in the face of current geopolitical and global economic

1. https://www.moec.gov.ae/en/-/economic-integration-committee-reviews-progress-of-national-registry-discusses-uae-s-en-deavours-in-enhancing-trademark-protection?p_i_back_url=%2Fen%2Ftest1%3Ftag%3D2014%26delta%3D40%26start%3D50

challenges.

Overall, it is the political stability, accompanied by the liberal commercial policy and excellent infrastructure that continue to make the UAE and particularly Dubai, highly attractive for foreign investors and expats.

II. Population

More than 88% of the approximately 10 million inhabitants of the UAE are of foreign origin. The largest group of immigrants comes from the Indian subcontinent, followed by Philippines, Iran, Egypt, China and other countries. The number of residents in the UAE is continuously growing and, on average, its population tends to be young and crime rates are comparatively low.

Practical Tip: *At the workplace, people with different cultures, religions, and educational backgrounds come together. Companies operating in the UAE should foster an inclusive work environment and ensure that the intercultural differences of their staff are respected.*



B. Principles of Employment and Residence Law in the United Arab Emirates

I. General

Until February 2022, employment relationships were regulated by UAE Federal Law No. 8 of 1980 as well as a multitude of decrees and resolutions. On the occasion of the UAE's 50th anniversary, the largest legal reform in the country was launched. Over 40 laws were newly enacted or significantly amended. One of the newly enacted laws was the UAE Labor Law by Federal Decree Law No. 33 of 2021 (UAE Labor Law) and its implementing regulations in Cabinet Decision No. 1 of 2022 (Implementing Regulations). In addition, several cabinet decisions and ministerial resolutions have been passed.

The UAE Labor Law governs the legal relationship between employers and employees and, apart from regulations on contracts, remunerations, and terminations, also includes rules on the protection of employees. In addition, special rules concerning the employment of women and young people have been provided for therein. The UAE Labor Law applies to all employees working in the UAE, irrespective of whether they are nationals of the UAE or foreign employees, except for civil servants, members of the police, military, (state) security forces, domestic servants, and employees working in the agricultural sector.¹ For Emirati citizens employed in government institutions, special regulations apply, e.g., UAE Federal Law No. 11 of 2008 on the federal level.

With the exception of the Dubai International Financial Center and the Abu Dhabi Global Markets, UAE free zones are not exempted from the applicability of the UAE Labor Law. Many free zones, however, are subject to their own labor law regulations which put certain stipulations of the UAE Labor Law in more precise terms (often to the favor of the employee) and - according to more recent decisions taken by local superior courts - have priority over the regulations

1. Art. 3 of the UAE Labor Law.

set forth in the UAE Labor Law. Furthermore, various free zones operate their own mediation centers to be consulted in case of disputes. As a rule, however, they do not take final decisions because these are reserved to ordinary labor courts.¹

II. Preparation of an Employment Relationship

Employment relationships should be based on solid preparations. Especially when recruiting foreign employees, it must be taken into account that several fields of law are interrelated with each other, namely labor law regulations as well as visa and residence regulations.

1. Applying for the Work Permit and Residence Permit

Prior to starting work in the UAE, employees are bound to apply for a work permit and, in the case of foreign nationals, apply for a residence permit, as well. The work permit must be applied for with the Ministry of Human Resources and Emiratization (MOHRE) and the residence permit with the UAE immigration authority i.e., the General Directorate of Residency and Foreigners Affairs (GDRFA).

According to the sponsorship system in force in the UAE, which is applicable to all foreign employees, except for nationals of the Gulf Cooperation Council (GCC), only the employer acting as sponsor of the employee is authorized to apply for a work permit. The term “sponsor” (Arabic word: kafil) in this context means bailman/guarantor.

Owing to the introduction of a new work pattern and categories of residence visas, the UAE Labor Law introduced new categories of work permits² including the following:

- Student training work permit;
- One-mission work permit;
- Golden visa work permit;
- National trainee work permit;
- Freelancer permit.

Together with new categories of work permits, new visa categories have also been introduced:

- Remote work visa (valid for 1 year; for individuals wishing to work remotely from the UAE without the necessity to enter an employment relationship or establish a company locally);
- Retirement visa for UAE residents (valid for 5 years; subject to certain investment criteria);
- Green visa (valid for 5 years; for freelancers or skilled employees subject to certain criteria);
- Golden visa (valid for 10 years; for entrepreneurs, investors, highly skilled employees and exceptional talents and students/graduates).

1. See also section B.IV.7. (Enforcement of Rights) below.

2. Art. 6 of the Implementing Regulations.

The green and golden visas – unlike the normal residence visa – allows the visa holder to sponsor himself/herself. This means that the visa will not be issued through a company. However, holders of green and golden visas will still require a valid work permit in order to work for a company in the UAE (including the free zones).

The standardized procedure to be complied with when applying for a work and residence permit is briefly summarized hereinafter:

a) Offer Letter

Since 2016, every employer is obliged to send a corresponding contract offer (offer letter) before a foreign employee enters the UAE. The offer letter must contain the essential terms of the employment relationship as well as the rights and obligations of the employee.¹ MOHRE has made a standard form for mandatory use available.

The official standard employment contract to be issued thereafter must correspond to the information given in the offer letter. This is to ensure that employees are sufficiently informed about their contractual rights and duties before entering the UAE or, as the case may be, when changing the employer within the UAE and that the employer complies with its commitments towards the employee.

b) Standard Employment Contract

When applying for a work permit, the offer letter signed by the employee must, together with other required documents, be submitted to MOHRE. Afterwards, the official standard employment contract must be signed by both parties and registered with MOHRE.

c) Work Visa, Residence Visa and Labor Card

The provisional issue of a work permit is followed by the application of a work visa. After the employee has entered the UAE by means of the work visa, he or she must undergo a medical check and apply for an Emirates ID Card.

Before a residence visa is issued in the Emirate of Dubai and/or Abu Dhabi, the local employer must take out an obligatory health insurance for the employee and submit it to the immigration authority together with further documents. In other Emirates, this is not yet required. Upon submission of all documents, the residence visa is issued and afterwards the employee receives a labor card.

Practical Tip: Starting to work without having obtained a work permit and residence visa may result in severe consequences both for the employee and the employer. Infringements can entail monetary fines for the parties and, when appropriate, deportation of the employee, accompanied by an unlimited ban on re-entry into the UAE.

1. Art. 1 of the Ministerial Decree No. 764 of 2015.

Always enquire about the necessary documents for the application of a work and residence permit in advance. Possibly and irrespective of the desired work, certificates or other documents issued in the home country have to be attested/legalized, translated, and submitted. In the event that documents fail to be complete upon application, the application process may become unnecessarily lengthy.

d) Additional Private Employment Contracts

Apart from the official standard employment contract of MOHRE, an additional private written employment contract between the parties may be useful, for instance, if the parties want to provide for detailed regulations on their rights and duties. The standard employment contract issued by MOHRE is rather concise and options to make amendments are limited.¹ If the additional private written employment contract is drawn up with care, it is possible that the courts will recognize and accept it. In the final instance, however, both the 'Labor Committee' (mediation board with the labor department) and the courts will decide on the legal effectiveness of the additional private written employment contract on a case-by-case basis.

Practical Tip: Deviations from the minimum standards provided for in the UAE Labor Law are only permitted if they are to the employee's favor (Art. 65 UAE Labor Law). Even a waiver of certain rights or claims explicitly made by the employee in writing is, as a rule, ineffective. For this reason, additional private agreements should comply with UAE Labor Law as well as with the standard employment contract.

2. Grace Periods

Recent UAE press reports indicate that renewing a residency visa upon its cancellation or expiration can now be done within a longer grace period depending on the type of visa:

60 days for normal residence visa holders;

90 days for property owners and skilled professionals (3rd level²);

180 days for green & gold visa holder, their families, widows, divorcees, students who have completed their studies and skilled professionals (1st & 2nd level).

3. Employment Contract Preparation

a) Minimum Content of the Employment Contract

According to Art. 10 of the Implementing Regulations, an employment contract must at least include the following details:

- remuneration inclusive of allowances, if agreed upon;
- commencement of employment relationship;
- date of contract signature;

1. Every amendment or change of the standard employment contract is according to Art. 10 (2) of the Implementing Regulations subject to the approval of MOHRE.

2. Levels as per MOHRE classification.

- workplace and working hours;
- probation period;
- leave entitlement;
- notice period and procedure for termination; and
- description of the work activity/job title.

These features are included in the official standard employment contract from MOHRE.

b) Term of Employment Contracts

Under the old labor law, there were two kinds of employment contracts, limited and unlimited term contracts, which differed from each other with respect to termination regulations and resulting compensation entitlements of employees. Now, the UAE Labor Law provides that all employment contracts in the UAE must be for a fixed term.

Initially, the new UAE Labor Law provided for contracts to be limited to a maximum term of three years. However, effective as of September 2022 by virtue of Article 8(3) of Federal Decree Law No. 14 of 2022 amending certain provisions of the new UAE Labor Law¹, the current duration of employment contracts, although limited in term, is flexible and subject to the parties' agreement. Nevertheless, currently, the administrative practice of the UAE authorities factually allows for two-year terms in the official employment contracts, i.e. in the employment contracts that will be registered with the authorities.

c) Non-Competition Clauses

Non-competition clauses serve to protect companies, particularly because highly qualified employees may obtain access to sensitive information and trade secrets in the course of their employment relationships. In such cases, employers are bound to protect such information and trade secrets from competitors.

Art. 10 of the UAE Labor Law permits the employer to include non-competition clauses in the contract if the employee has access to information on the employer's clients or to any other trade secrets. By means of such clauses, it may be stipulated that, after termination of the contractual relationship, the employee has to refrain from directly competing with the employer and from acquiring or holding shares in a company that competes or will in future compete with the employer.

The effectiveness of such clauses depends upon:

- I. personal aspects: at the time of contract conclusion the respective employee must be at least 21 years old;
- II. factual aspects: the clause is only effective under the proviso that it is necessary for protecting the legal interests of the employer; and
- III. criteria related to time/ territory/ work activity: the clause must be appropriately limited in terms of duration and territory as well as with respect to the precise business activity. In this respect, a concrete and precise wording is essential for the clause to be effective.

1. Federal Decree-Law No. 33/2021.

Before the courts, the onus of proof as to the fulfilment of these requirements lies with the employer.

These labor law provisions are supplemented by general civil law regulations, especially by Art. 909 and Art. 910 of the UAE Civil Code¹ as well as the Implementing Regulations. Accordingly, non-competition clauses fail to be enforceable if

- the reason for termination can be attributed to the employer, or
- the employer breaches its legal or contractual obligations, or
- the contract will be terminated during the probation period.²

In an attempt to effectively enforce non-competition clauses, an employer may in practice be confronted with the problem that it has no possibility to force the employee by way of interim relief to refrain from becoming active for a competitor.

Moreover, the employer must provide evidence of the damage, if any, already incurred or expected to occur in future due to the employee's new work. These circumstances entail that the employee may continue to be active for the competitor even after initiation of legal proceedings and that the new employment contract is effective.

Art. 12 of the Implementing Regulations provides the possibility for the employee to be released from the non-competition obligation subject to payment of compensation not exceeding 3 months' salary and the (former) employer's written consent to such a release.

Experience shows that an agreement on non-competition clauses usually results in nothing else than in claims for damages against the employee, with the employer being obliged to substantiate the claims - something that is frequently difficult to achieve in practice.

Therefore, non-competition clauses should provide for a reasonable contractual penalty in order to reinforce them or, at least, to make them relatively enforceable. Furthermore, a release option against payment of compensation could be an alternative to compensate certain damages without the requirement of enforcing the non-competition clause.

d) Confidentiality Clauses

Employment contracts in the UAE should furthermore include non-disclosure clauses binding the employee to treat the internal affairs of the employer with confidentiality.³ As a rule, such aspects are agreed upon in an additional private written contract.

e) Secondary Employment

The employee is not permitted to work for an employer other than the one indicated in his or her residence visa and work permit. It is already for residence law-related reasons that secondary employment of an employee are categorically prohibited by law.

In recent years, however, this fundamental rule has been relaxed, starting with Ministerial Decision No. 31 of 2018, with the effect that it is now possible to apply for time-limited additional

1. Federal Law No. 5 of 1985.

2. Art. 12 of the Implementing Regulations.

3. Legal bases in this context can be found in Art. 16 (4) and 44 (5) UAE Labor Law, Art. 905 (5) UAE Civil Code and Art. 432 UAE Penal Code.

work permits enabling certain skilled employees to work for several employers. These include part-time and temporary work arrangements which, in practice, are subject to the employer granting the employee its consent thereto (via a non-objection certificate – NOC) and the employee obtaining the required official work permits.

In this regard, another legal amendment is also relevant. Art. 60 of the UAE Labor Law has been updated to address fictitious employment, with severe penalties for employers engaging in such practices. Employers found appointing workers in fake roles face fines ranging from AED 100,000 to AED 1,000,00, with the penalty increasing based on the number of workers involved. If any benefits are received by the worker from government entities due to this fictitious employment, the employer must repay these benefits, with no possibility of recovering the amount from the worker.

III. Reciprocal Rights and Duties in Connection with the Employment Relationship

In addition to following the appropriate immigration and labor procedures, employers and employees should also familiarize themselves with their reciprocal labor law-related rights and duties. Corresponding regulations should above all be agreed upon with regard to the following aspects:

1. Remuneration

The major obligation on the part of the employer consists in paying the agreed remuneration to the employee, always provided that the employees carry out the work or services owed by them at the time and location agreed upon. Pursuant to Art. 22 of the UAE Labor Law, the remuneration is to be paid out at the place of work in the local currency or any other agreed upon currency. Depending on what has been agreed upon, payments may be made on a daily, weekly, or monthly basis.

A **minimum wage** for foreign nationals has not been provided for by law but according to administrative practices, factual minimum amounts depending on job titles may apply. In this context, it is to be noted that an employee earning less than AED 3,000 with housing or less than AED 4,000 without housing will not be able to 'sponsor' his/her family (wife/husband and children), i.e., to bring these family members into the country on the basis of his/her residence visa.

In practical terms, it is relevant that – based on Ministerial Resolution No. 43 of 2022 issued by MOHRE – remunerations must exclusively be paid via the **Wage Protection System (WPS)** to safeguard the interests of the employees in the UAE. WPS is designed to ensure that remunerations are actually received by the employees. The system applies to all companies and employees registered with MOHRE. Companies and branches established in free zones are exempted from such rule; it should, however, be noted that free zones have, as a rule, provided for comparable mechanisms. At present, the Jebel Ali Free Zone is the only free zone that has introduced WPS for all companies domiciled in this area.

WPS entails that salaries may only be remitted in the local currency to accounts held by employees with local banks after having been verified by WPS (the Central Bank of the UAE as

the competent supervisory authority verifies the initiated transactions by means of the contract data registered with MOHRE). This procedure categorically excludes payments from a foreign country to a local account of the employee; likewise, payments to accounts held in a foreign country are possible to a limited degree only.

Exceptions to WPS are only possible with respect to certain quotas. Infringements of WPS may be punished by imposing monetary penalties and more severely – by blocking the access to the online system of MOHRE and the UAE immigration authority GDRFA, with the result that new visas and work permits can no longer be applied for or prolonged.

Practical Tip: *As a rule, foreign employees receive an all-inclusive remuneration package, i.e., a package that, apart from the compensation for the work done, includes allowances (e.g., for housing, education of children, transportation costs, insurance etc.). These benefits are common, but not required by law. Such allowances are customarily paid in form of a lump sum or on a monthly basis.¹ A proper division of the package in basic salary and allowances is reasonable, also with a view to a later calculation of the end-of-service gratuity.*

2. Probation Period

At the beginning of an employment relationship, a probationary period can be agreed upon; this period is limited to six months². During such period, the employer may terminate the employment relationship with a notice period of at least 14 days. In case the employee would like to terminate the employment relationship during the probation period, to work for another employer, he/she has to observe a notice period of 1 month and in case where the employee wants to leave the country a notice period of 14 days. It should be noted that in cases of termination by the employee compensation may be payable to the old employer if the employee wishes to take up a new employment in the UAE.

3. Working Hours

Employees are not permitted to work more than eight hours a day³. As a rule, and based on a 6-day working week, the maximum weekly working hours amount to a total of 48 hours. Deviations in certain sectors and to the favor of the employee are possible: Persons active in retail trade, in hotels or in the catering industry may work nine hours per day. Travel times to and from the place of work are not included in working hours. The law also includes an obligation for employers to grant at least 1-hour breaks per day no later than after five hours of consecutive work⁴.

In the fasting month of Ramadan, usual working hours for all employees must be reduced by two hours without any reduction of salaries⁵. This regulation makes no difference between Muslims and Non-Muslims.

1. See also Chapter F. Salaries and Additional Benefits.

2. Art. 9 of the UAE Labor Law.

3. Art. 17 of the UAE Labor Law

4. Art. 18 of the UAE Labor Law

5. Art. 15 (2) of the Implementing Regulations.

Practical Tip: *Unlike other Arab countries, the UAE government declared a new weekend (Saturday/Sunday instead of Friday/Saturday) effective 1 January 2022 in order to enhance competitiveness and work in alignment with other countries. While this aligns the working week in the UAE with large parts of the rest of the world, organizations doing business with other economies in the region (e.g., Saudi Arabia) should consider how to organize their operations; companies in the UAE are free to choose their own weekend and are not bound to follow the new Saturday/Sunday weekend.*

4. Overtime Regulations

When necessary, chairpersons, members of boards of directors, managers and/or executives are to a reasonable degree expected to work longer without additional compensation as they are entrusted with employer-like duties. Thus, the aforementioned provisions on maximum working hours are not applicable to them¹. In addition, overtime work may be requested for other employees within statutory limits (as a rule, no more than two hours per day) and must be compensated for by

- an additional 25 %² in case of overtime hours during the day, and
- an additional 50 %³ in case of overtime hours at night.

To the extent that work on public holidays/ vacation days is requested, employers are obliged to grant an additional day off or to pay an additional amount of no less than 50% for overtime hours⁴. Work on more than two consecutive public holidays is prohibited.

Practical Tip: *Agreements with management staff should from the very beginning include the clear understanding that no additional remuneration will be paid for extra work. In case of other employees, the respective employment contracts should explicitly contain the provision that overtime hours will be compensated for only if they have been requested by the employer.*

5. Leave

During his or her first year of employment, the employee is entitled to claim two paid calendar days per month as vacation; this claim, however, comes into existence after the expiry of six months. From the second year onwards, employees must be granted paid vacation of 30 calendar days⁵.

Additionally, special leave for pilgrimage to Mecca, pregnant women, mothers etc. are prescribed by law. Art. 32 of the UAE Labor Law, for instance, provides for a maximum of 5 days special leave in case of death of the spouse and 3 days leave in case of death of a close relative

1. Art. 15 (4) of the Implementing Regulations.

2. Art. 19 (2) UAE Labor Law.

3. Art. 19 (3) UAE Labor Law.

4. Art. 28 of the UAE Labor Law

5. Art. 29 of the UAE Labor Law

(parents, children, siblings, grandparents). Maternity leave, on the other hand, must be granted for a period of 45 days depending on the duration of the employment relationship, (partly) by maintaining the amount of the salary. More details in this respect can be found below under III.9.

Practical Tip: *In the UAE, particular attention must be paid to whether “calendar days” or “working days” are indicated for the annual leave entitlements in the employment contract. The UAE Labor Law is based on the understanding of 30 calendar days for the calculation of annual leave and, as a consequence, weekends are included in the 30 days. If the employment contract speaks of “days” only, the employee should enquire as to the interpretation of the clause and have it modified, if necessary.*

6. Public Holidays

Since 2019 the UAE Cabinet aligned the public holidays granted to the public and private sector and thereby harmonizing the work in these sectors. Previously, the labor law would provide for public holidays; now, it is the UAE Cabinet that announces paid public holidays as detailed below. In individual cases, additional public holidays may be proclaimed. The exact date of some religious holidays can vary and is set anew for each year.

Number	Public holiday
1 day	Islamic New Year’s Day
1 day	Gregorian New Year’s Day
4 days	Eid Al Fitr (end of Ramadan)
4 days	Eid Al Adha (feast of sacrifice)
1 day	Birthday of the Prophet Mohamed
1 day	Isra and Al Mi’raj
1 day	Commemoration Day
1 day	National Day

7. Incapacity for Work due to Illness

Any incapacity to work due to illness must be reported to the employer within three working days¹. If an illness is to be notified earlier or must be proven by evidence of sickness, such requirement should be included in the employment contract. During the probation period employees are not entitled to sick leave (but to unpaid leave). After completion of the probation period, employees are, on an annual basis, entitled to continued remuneration in case of sickness to the following extent:

- full remuneration for the first 15 calendar days;
- half of the remuneration for the subsequent 30 calendar days;
- no remuneration in case of sickness days going beyond the aforementioned periods.

1. Art. 31 of the UAE Labor Law

In the event that the illness/ incapacity to work is due to the employee's own fault, he or she, shall not be entitled to continued remuneration in case of sickness¹.

Practical Tip: *It should be noted that the employment relationship cannot be terminated with legal effect during the employee's absence due to illness or leave.*

8. Protection of Young People and Women

Children under the age of 15 years cannot be employed, while older adolescents may be employed under certain circumstances only². Additionally, women may work at night times, only under strict conditions and must not work at places or in positions that poses a danger for them.

9. Maternity Protection

Every female employee is entitled to paid maternity leave of 60 calendar days when her child is born³. The period of 60 days covers the time prior to and after birth. If the mother is ill due to pregnancy or delivery, she may claim unpaid leave for additional 45 calendar days. Moreover, every mother is entitled to two breastfeeding breaks per day during the first 6 months after her child's birth, which must be regarded as working time and paid for.

A special protection against dismissal, as it is known for pregnant women in other jurisdictions, has been introduced in the new UAE Labor Law. A termination exclusively for reasons of pregnancy or application for maternity leave, is not permitted and will be considered void⁴. A special reporting duty of a pregnant employee towards her employer with regard to her pregnancy does not exist.

10. Disciplinary Measures

According to statutory law, misconduct on the part of the employee will result in disciplinary measures. Such measures, as provided for in Art. 39 of the UAE Labor Law, and include the following:

- written notice;
- written warning;
- monetary penalty (deduction from salary not exceeding 5 days' salary per month);
- suspension from work (including salary reduction – for a maximum period of 14 days);
- postponement of gradual salary increases (if practiced in the company; not exceeding 1 year);
- promotion stop (if practiced in the company; not exceeding 2 years);
- dismissal with payment of an end-of-service gratuity.

1. Art. 31 (4) of the UAE Labor Law.

2. Art. 5 of the UAE Labor Law

3. Art. 30 of the UAE Labor Law

4. Art. 30 (8) of the UAE Labor Law.

Prior to imposing any such measure, the employee must be heard¹. Apart from prescribed procedures, certain time limits must be complied with in this context².

11. Personnel Files

Companies are obliged to keep employees' records during the employment as well as for a period of 2 years after the termination of the employment³. Further conditions, rules and procedure will be regulated by a ministerial decision which is yet to be issued.

12. Safety Regulations

The UAE Labor Law provides for several safety regulations to be implemented by the employer in order to safeguard the health of the employees. In this context, the following must be complied with:

- Employer's responsibility in maintaining suitable safety provisions protecting its employees against accidents at work and occupational diseases.
- Imposing regulations on protection against fire and other potential hazards at prominent and clearly visible locations at the place of work. These regulations must be drawn up in Arabic and, if necessary, in another language, preferably English.
- Availability of first aid kits⁴.
- Ensuring prior information to employees about the risks inherent to their tasks.
- Prohibiting the carrying and consumption of alcohol.

13. Accidents at Work and Occupational Diseases

Every accident and occupational disease must be reported to the police and the labor department without any delay⁵. Both authorities will then conduct investigations at their own discretion in each case and particularly inquire whether one party was at fault in this context. If a fault on the part of the employer can be determined, investigation proceedings by the public prosecutor's office may follow.

If it can be shown that an accident, disease, the incapacity to work or death was completely and deliberately caused by the employee, neither the employee nor his or her relatives will be entitled to request the employer to pay the benefits listed hereinafter. Otherwise, the employer must categorically assume treatment, travel and rehabilitation costs incurred by the employee. An accident at work is defined as an accident occurring at the workplace or during the travel to or from the workplace.

During the period of medical treatment, when the employee is incapable of fulfilling his or her duties arising from the employment relationship, the employer must pay the salary (based on the last gross salary, i.e., basic salary plus allowances) to the employee for six months and

1. Art. 24 of the Implementing Regulations

2. Art. 24 (4) of the Implementing Regulations.

3. Art. 13 (1) of the UAE Labor Law

4. Art. 22 (1) of the Implementing Regulations.

5. Art. 3 of Cabinet Decision 33/2022.

half of the salary for another six months¹. This shall not apply if the employee recovered in the meantime, dies or if his or her occupational disability has been officially established.

In the event of death or permanent total occupational disability due to an accident at work or an occupational disease, the employee's relatives are entitled to compensation in the amount of 24 monthly salaries based on the employee's basic salary (statutory minimum amount of AED 18,000 / maximum amount of AED 200,000).

Against the background of the rather limited number of statutory benefits available in case of work-related incapacity, it is recommended that employees take out additional accident and occupational disability insurances. Employers should also take out additional insurances covering such risks.

14. Emiratisation

Employers in the UAE must also comply with Emiratisation regulations. The UAE's policy aimed at increasing employment opportunities for Emiratis in the private sector, has seen significant developments with the introduction of various regulations in recent years. Cabinet Decision No. 44 of 2023 introduced strict penalties for companies failing to meet Emiratisation quotas, with fines ranging from AED 100,000 for the first violation to AED 500,000 for subsequent breaches. These penalties are designed to deter entities from circumventing Emiratisation requirements. In a bid to support the younger Emirati workforce, Ministerial Decision No. 240 of 2023 was implemented in May 2023, allowing Emirati students enrolled in approved programs to engage in paid employment. This initiative aims to bridge the gap between education and practical experience, enhancing the employability of Emiratis. Additionally, Ministerial Resolution No. 455 of 2023 established Emiratisation targets for small businesses (with 20-49 employees) across 14 key sectors. These businesses will face substantial fines, starting at AED 96,000 in 2025, if they fail to employ Emirati citizens, with penalties increasing in subsequent years. These measures, along with other related resolutions, underscore the UAE's commitment to strengthening Emiratisation in the private sector, ensuring greater economic integration for Emirati citizens².

15. Measures against Discrimination

Effective from 29 October 2023, Federal Decree-Law No. 34 of 2023 replaced Federal Decree Law No. 2 of 2015, enhancing measures to combat discrimination, hatred, and extremism. The law updates penalties for offenses such as blasphemy, disrespect to religions, hate speech, inciting tribal strife, and exploiting religion, with imprisonment and fines based on the severity of the offense. In this regard, employers can be responsible for offenses committed by their employees, with representatives and managers liable for penalties if they are aware of the actions, including joint responsibility for financial penalties or compensation.

Employers also should consider the new Mental Health Law (Federal No. 10 of 2023). This law, effective 30 May 2024, mandates that employers cannot impose unjust employment restrictions or terminate individuals diagnosed with mental disorders without a validated report from the competent medical committee. Additionally, employers must adhere to confidentiality provisions to protect the privacy of employees with mental health conditions.

1. Art. 37 of the UAE Labor Law

2. Further information on page 31.

IV. Termination of an Employment Relationship

The termination of an employment relationship is an issue of great importance in the UAE, as is the case in other jurisdictions as well. On the one hand, terminations of employment relationships, especially those of foreign employees, have residence law-related consequences (termination of the residence and work permit, with the result that a foreign employee must leave the country, unless a subsequent employment can be found), and on the other hand, financial consequences must be dealt with.

Special protection against dismissal according to which a termination is, for instance, ineffective if certain prerequisites fail to be fulfilled has not been provided for in the UAE Labor Law, except for a protection during periods of pregnancy, sickness, or vacation. For this reason, a termination always puts an end to the employment relationship, irrespective of whether it is founded or not¹.

As provided for in Art. 42 of the UAE Labor Law, an employment relationship is deemed to have been terminated when

- the contract expires (see IV.1.);
- both parties agree upon the termination (see IV.2.);
- the contract is terminated by one of the parties; in this case, it must be distinguished between an ordinary and an extraordinary termination (see IV.3.);
- death or permanent total disability of the employee;
- final judgement against the employee with an imprisonment of not less than 3 months;
- permanent closure of the company (see IV.4);
- bankruptcy or insolvency of the employer (see IV.5);
- failure of employee to renew the work permit for any reason beyond the control of the employer.

1. Termination due to Passage of Time

The employment relationship automatically ends upon expiry of the term agreed upon in the employment contract unless the contract is explicitly or implicitly extended.

Practical Tip: *To avoid a factual extension of the employment relationship, employers should control the expiry dates of employment relationships and, when appropriate, explicitly object to a continuation of the relationship (non-renewal notice).*

2. Termination in Mutual Consent

Art. 42 of the UAE Labor Law further provides for the possibility of a termination of the contractual relationship by mutual consent. In this context, the employee must give his or her written approval. Further restrictions do not exist.

1. With respect to Emirati employees, however, this is applicable only if the termination has beforehand been explicitly approved by the competent employment authority.

Practical Tip: For reasons of legal certainty, it is recommended to conclude a written cancellation agreement explicitly providing for the reciprocal rights and duties with respect to the employee's withdrawal.

3. Termination by Notice

Employment contracts may be terminated by the employer and the employee. A difference is made between ordinary and extraordinary terminations. As already mentioned above, a protection against dismissal / right to reinstatement does not exist.

a) Ordinary Termination

Employment contracts must now be limited and premature ordinary termination of a fixed term/ limited contract by one party is permitted if the terminating party observes the notice period agreed upon in the contract (no less than one month and no more than three months) and states a legitimate reason for termination.

An ordinary termination which is deemed illegal can trigger compensation claims by the employee against the employer. The compensation amount is limited to 3 months' total salary.

The UAE Labor Law states that a termination by the employer is deemed illegal if the employer terminates the employment relationship due to a complaint filed by the employee with MOHRE or a case with the competent courts which has been ruled in favor of the employee¹.

b) Extraordinary Termination (Dismissal without Notice)

Fixed term/ limited employment relationships may at any time be extraordinarily terminated without notice for good cause, but only after conducting a written investigation on the matter. As to the employer, the significant grounds are conclusively listed in Art. 44 of the UAE Labor Law and include the following:

- impersonating another person or forging documents;
- joining another company without the required work permit and approval;
- unauthorized absence without permissible reason for a longer period of time;
- malperformance of job tasks despite of a hearing and written warning;
- disclosure of secrets, drunkenness at the working place etc.

The employee is permitted to terminate the employment without notice if the employer fails to comply with its contractual obligations or if the employee was physically attacked or threatened by the employer².

Practical Tip: In practice, labor courts place high demands on extraordinary terminations. On the one hand, such demands relate to the severity of the alleged infringements and, on the other hand, to the compliance of formal and time-related requirements which may vary depending on the ground for terminating the contract.

1. Art. 47 of the UAE Labor Law

2. Art. 45 of the UAE Labor Law.

4. Permanent Closure of Employer

The permanent closure of a company was considered a valid termination reason in the legal practice without being explicitly mentioned as a termination reason in the old labor law. This well-established practice has now been codified in the UAE Labor Law¹.

5. Bankruptcy / Insolvency of Employer

Art. 42 (8)² introduced additional grounds for termination, namely insolvency / bankruptcy of the employer or economic or exceptional reasons prevent the continuation of the employer's business. Art. 25 of the Implementing Regulations further details the conditions for both cases. In the first case, a final judgment adjudicating the insolvency / bankruptcy of the employer is required³. However, termination on account of an economic or exceptional reason preventing the continuation of the business remains unclear, as they require a decision to be issued by the concerned authority. Which authorities are competent to issue such decisions and on which grounds, remains to be seen.

6. Work Ban

Due to the interrelation between immigration and labor matters in the UAE, foreign nationals may be restricted when changing their employer. In certain cases, work / labor bans can be issued against the employee, effectively banning the employee from taking up a new employment in the country. For instance, a work ban can be imposed in cases where the employment relationship has been terminated by the employee during the probation period.

7. Obligations upon Termination of Employment Relationships

a) End-of-Service Gratuity

At the end of the employment relationship (irrespective of which party terminates the contract), employers must pay an end-of-service gratuity to the employee. The amount payable as end-of-service gratuity depends on duration of the employment⁴.

For the first five years of employment the UAE Labor Law provides for an end-of-service gratuity of 21 daily wages per year of employment, always provided that the employee worked for the employer for a minimum period of one year. From the sixth year of employment onwards, the end-of-service gratuity increases to 30 daily wages for each additional year, whereby the total amount to be paid must not exceed an upper limit of two annual salaries⁵. The end-of-service gratuity is also payable in cases of extraordinary termination (dismissal without notice) which constitutes a major departure from the previous legal situation.

The basis of calculation for the end-of-service gratuity is the last basic salary amount and allowances of any kind are excluded from the calculation. In case-law, it is disputed whether the basic salary also includes, for instance, variable income components (e.g., bonuses); this is likely to be the case if they are deemed to be regular salary components. Within the framework

1. Art. 42 (7) of the UAE Labor Law.

2. UAE Labor Law.

3. The requirements are well outlined by Art. 25 (1) of the Implementing Regulations.

4. Art. 51 of the UAE Labor Law

5. Art. 51 (2) of the UAE Labor Law

of insolvencies, end-of-service gratuities are treated as preferential claims of an employee. End-of-service gratuity is paid on a pro rata basis after completion of one year of employment if the employee leaves the company during the year.

All termination dues (e.g. end of service gratuity, salary, compensation for overtime and/or untaken leave) have to be paid to the employee within 14 days from the effective termination date¹.

In October 2023, the UAE introduced Cabinet Resolution No. 96/2023, presenting an optional alternative system to the traditional end-of-service gratuity. This optional scheme empowers employers to contribute to employees' savings accounts, fostering a more flexible and employee-centric approach to end-of-service benefits.

b) Repatriation Costs

After termination of the employment relationship, the employer is required to pay the employee's return flight or travel to the latter's home country or to another country agreed upon. Exceptions from this rule apply if and when the employee commences a new job in the UAE or if the employee is responsible for the termination of the employment relationship. In the event that the employer has made accommodation available for the employee, the latter is obliged to vacate such accommodation within 30 days after termination of the employment relationship.

c) Compensation in Case of an Illegal Termination

The employer is liable to pay compensation to the employee if the employment relationship is terminated without observing the legal requirements (see section IV.3.a above). The amount of compensation to be paid to the employee cannot exceed three monthly salaries and the exact amount is at the discretion of the competent court.

8. Job Reference

After termination of the employment relationship, the employer must – upon the employee's request – issue a job reference, documenting commencement, end and entire duration of the employment relationship, the kind of activities performed, the most recently paid salary and, when appropriate, including any additional remarks².

9. Enforcement of Rights

a) Choice of Law and Dispute Resolution

The employment relationship is mandatorily governed by the UAE Labor Law. This is also categorically applicable to the UAE free zones unless such areas provide for other and/or additional regulations.³ Furthermore, local authorities and labor courts are exclusively competent for disputes between the parties of an employment relationship. According to UAE law, deviating choice of forum clauses and arbitration clauses are not permitted.⁴

1. Art. 53 of the UAE Labor Law

2. Art. 13 (11) of the UAE Labor Law

3. The two large UAE financial free zones in Dubai and Abu Dhabi, DIFC and ADGM, respectively, are subject to completely independent labor law regulations, fully substituting the UAE Labor Law.

4. DIFC and ADGM, however, have their own labor courts competent for disputes between their employers and the latter's employees.

b) Legal Disputes

Prior to filing a labor law action, the following practical considerations must be taken into account:

It is highly recommended to make attempts to reach an amicable solution, because the monetary amount in dispute often fails to justify the costs arising in case of judicial proceedings. Such attempts should be documented in writing in order to be able to prove them in case of a legal action.

If an amicable solution cannot be achieved, a request must be filed with the 'Labor Dispute Committee' (**LDC**) of the labor department in the respective Emirate prior to being permitted to initiate legal proceedings¹. The LDC is an official mediation body. The written request that may be filed with the competent LDC either by the party itself or by an authorized lawyer must be drawn up in Arabic and should include a detailed description of the factual situation.

Monetary amounts in disputes must be calculated in a comprehensible manner. Copies of both the private written contract and the official employment contract should be enclosed with the request.

The LDC will fix a discussion date and make attempts to arrive at an amicable solution. In case of failure of such attempts, the LDC submits a settlement proposal. The parties involved are free to refuse such proposal. If either party rejects the proposal, the legal dispute will be referred to the competent court of the respective Emirate. Disputes under labor law may stretch over three instances (court of first instance, court of appeal, court of cassation).

It should be noted that the request must be filed with the LDC within one year after the date when the claim in dispute became due (e.g., payment), as it is otherwise considered time-barred². Proceedings before the LDC must mandatorily be held prior to filing an action; failing which, the action will be inadmissible.

Labor law proceedings filed by employees are exempted from court fees up to a value in dispute of AED 100,000³. If the opponent fails to succeed, the court will determine the fees in its decision. In case of labor law proceedings with a value in dispute of more than AED 100,000, court fees amounting to 5% of the value in dispute will apply (capped at AED 20,000). The above, however, does not apply to lawyer fees, if any.

In an effort to minimize the number of labor cases filed with the labor courts, MOHRE has been granted in 2024 the authority to settle labor disputes with a value of not more than AED 50,000⁴. Decisions issued by MOHRE can be appealed in front of the competent labor courts within 15 days. However, judgements issued by the Court of First Instance after an appeal are final and executable⁵.

1. Art. 54 of the UAE Labor Law.
2. Art. 54 (7) of the UAE Labor Law.
3. Art. 55 UAE Labor Law.
4. Art. 54 (2) of the UAE Labor Law
5. Art. 54 (3) of the UAE Labor Law



C. Assignment of Employees to the United Arab Emirates

Due to their education, training and qualifications, foreign employees generally enjoy a high reputation in the UAE. When hiring foreign nationals for positions in the UAE, employers must consider the employee's home country regulations in case the employee is assigned to a new position in the UAE. Such assignments are usually the case within larger corporations which have offices in various countries: the corporation may employ someone in a country and may subsequently wish to assign the employee to a new position in the UAE. In such cases, besides mandatory UAE labor regulations, the employer would also have to take into consideration tax, social security, and labor law aspects of the country where the employee is currently employed. Consequently, expert advice should be sought.

D. Regulations under UAE Social Security Law

I. Health Insurance

Pursuant to Art. 13 (8) and (9) of the UAE Labor Law, the employer is obliged to make medical care available to the employee according to statutory standards. Effective 1 January 2025, employers are required to provide their employees with health insurance. This marks the first time such a general requirement exists in the UAE; previously, health insurance was only regulated on an Emirate level:

Leading the way, the Emirate of Abu Dhabi fundamentally changed the former statutory healthcare provisions (health card) by means of Abu Dhabi Law No. 23 of 2005¹. Since the beginning of 2007, Abu Dhabi requires employers to insure its employees (and their families with up to three children under the age of 18) with a health insurance provider² licensed by the Health Authority Abu Dhabi (HAAD).

1. Amended by Abu Dhabi Law No. 22/2018.

2. The list of health insurance providers licensed by the Health Authority Abu Dhabi currently consists of 41 insurance providers.

At the end of 2013, the government of the Emirate of Dubai followed suit and introduced a mandatory health insurance requirement by virtue of Dubai Law No. 11 of 2013; the insurance requirement was introduced in stages and has been effective for all companies in the Emirate's territory and its free zones since 1 June 2016.

It should be noted that the new federal law will only affect the Emirates of Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah as these Emirates did not have any mandatory health insurance in place. There will be no changes for employers and employees in the Emirates of Abu Dhabi and Dubai.

The cost for health insurance must be borne by the employer and presenting proof of insurance is a prerequisite for the application and renewal of residence visas.

II. Other Social Security Schemes

Until now, a statutory unemployment insurance for **foreign employees** did not exist, as foreigners were thought not to be in need of such an insurance as they would subsequently lose their residence permit upon termination of their employment and would have to leave the country. However, in May 2022, MOHRE announced the introduction of an unemployment insurance scheme for national and expat workers, covering up to 60% of their last basic salary until a new job has been found¹.

Emirati employees working in the private sector fall within the scope of applicability of the State Pension and Social Security Law² dealing with the old-age pension of Emirati employees as well as with their coverage provided for in case of occupational disability, accident, and death. For this purpose, the employer must pay monthly contributions to the state pension fund in an amount of 15 % of the net salary of the Emirati employee, 2.5 % of which are, however, currently borne by the state. Another 5 % must be borne by the employee.

A statutory accident and occupational disability insurance does not exist. In the event of an accident at work, however, the employer must bear the cost for the employee's treatment, travel and rehabilitation costs resulting from the accident.

Practical Tip: *It is advisable to provide for sufficient coverage for the risk of occupational disability – particularly in dangerous fields of work. Corresponding insurances (workmen compensation insurances) for employees are recommended; they are compulsory in some free zones.*

1. Federal Decree Law No. 13 of 2022

2. UAE Federal Law No. 7 of 1999 amended by Federal Law No. 07/2007.



E. Labour Market Overview

I. Economic Landscape in the UAE

A Dynamic Economy in Transition

The UAE remains a driving force within the Gulf Cooperation Council (GCC), showcasing remarkable resilience and adaptability in the face of global challenges. Oil is still a key part of the UAE's economy, but changing global prices have pushed the country to move faster toward a more diverse and sustainable economic model. Sectors such as financial services, technology, renewable energy and manufacturing have flourished, driven by government investments in digital infrastructure, artificial intelligence (AI) and fintech.

Shifting Labor Market Dynamics

The UAE's labor market has transformed, driven by hybrid work adoption and digital transformation. Long-term visa initiatives, such as the "Golden Visa" program, have made the UAE an attractive destination for skilled professionals, particularly in fields like healthcare, technology and financial services. Simultaneously, Emiratization policies are creating new opportunities for UAE nationals, requiring businesses to balance expatriate recruitment with compliance to national employment goals.

Rising Costs and Economic Stability

While inflation in the UAE is managed effectively compared to global counterparts, rising costs of housing and schooling present challenges for businesses and expatriates. However, the government's pro-business policies, coupled with the recent introduction of a federal corporate tax, continue to bolster the UAE's reputation as a competitive destination for investors and multinational companies.

Challenges Ahead

Despite its optimistic outlook, the UAE faces hurdles such as global economic uncertainties, geopolitical tensions and the balance between rapid modernization and sustainability. Businesses must navigate these challenges strategically, taking full advantage of the UAE's robust infrastructure and forward-looking policies to thrive in an evolving landscape.

The UAE stands as a prime example of economic growth and adaptability, combining traditional strengths in oil with a future-focused agenda of innovation and diversification. Businesses and HR leaders must remain agile, addressing challenges like rising costs, Emiratization requirements and shifting labor dynamics to take full advantage of the UAE's immense potential.

II. HR Departments in the UAE –Challenges and Opportunities

HR departments in DACH companies operating in the UAE play a very important role in bridging the gap between corporate headquarters and local business practices. Beyond recruitment, HR teams are tasked with embedding the organization's mission, values and vision across culturally diverse teams. This requires a nuanced understanding of local market dynamics, cultural sensitivities and the unique operational landscape of the UAE.

Hiring Challenges

Competitive Recruitment in a Tight Market

Recruiting top talent in the UAE comes with distinct challenges. The competitive nature of the job market has driven up salary expectations, with 67% of companies facing this as a major obstacle. High recruitment costs and internal pay structure disruptions can impact business operations.

Other challenges include:

- **High Volume of Non-Fitting Applications:** 56% of companies receive a large number of unsuitable CVs, wasting time and resources.
- **Limited Talent Availability:** 44% of firms struggle to find candidates with the right qualifications, particularly for specialized roles in technology and engineering.

To overcome these hurdles, companies must refine their recruitment strategies. Streamlining applicant screening, partner with Executive Search firms and recruitment experts and offering competitive, benefits-rich compensation packages can attract high-quality candidates.

HR Workforce Management Challenges

Strategic Leadership and Retention

HR decision-makers face significant hurdles in workforce management, including:

- **Budget Constraints:** 48% of companies lack sufficient HR budgets, limiting investments in training, recruitment and employee engagement.
- **Leadership Development:** Succession planning remains difficult, with 39% of firms struggling to build strong leaders locally.
- **Talent Retention:** High turnover is a pressing issue for 32% of organizations, particularly in an environment with rising costs and shifting employee expectations. Many companies struggle to keep their best employees.

Other pain points include adapting to remote work, navigating cultural differences and fostering engagement across a geographically dispersed workforce.

Proactive Solutions:

HR teams must adopt a data-driven approach to workforce planning, prioritize leadership development programs and focus on creating inclusive work cultures that align with the needs of both expatriates and Emirati employees.

Emiratization

The key focus of the UAE government

Emiratization remains at the forefront of HR policies in the UAE, reflecting the government's vision of increasing Emirati participation in the private sector. Key mandates include:

- **Quotas for Emiratization:** Companies with over 50 employees must ensure 2% of their workforce comprises UAE nationals, with medium-sized firms (20-49 employees) requiring at least one Emirati hire in certain sectors.
- **Incentives for Exceeding Targets:** Financial benefits and government support for training programs encourage compliance.

While Emiratization quotas offer opportunities for local talent development, they also pose challenges for European companies heavily reliant on expatriate expertise. Striking the right balance between compliance and operational efficiency requires a tailored approach.

Companies should invest in developing Emirati talent pipelines through mentorship programs, training initiatives and partnerships with government schemes. At the same time, expatriates can be strategically placed in highly specialized roles. Collaborating with Executive Search firms like Departer, which have extensive networks of talented Emiratis, can help businesses meet Emiratization targets effectively while maintaining operational excellence.

Human Resources Trends

HR departments in the UAE are focusing on adapting to a rapidly changing work environment. Key trends include:

- **Hybrid Work Models:** Increasing adoption of remote and hybrid work to enhance flexibility.
- **Employee Well-Being:** Comprehensive wellness programs addressing mental health and work-life balance.
- **Diversity and Inclusion:** Companies are prioritizing diversity, equity and inclusion (DEI) initiatives to foster innovation and engagement.
- **Upskilling and Reskilling:** Investment in training to close skill gaps, particularly in tech-focused roles.

Enhancing Quality of Life for Expats

The UAE remains a prime destination for expatriates, offering a high standard of living. However, challenges such as rising housing costs, schooling fees and work-life balance issues persist. Companies are addressing these concerns by:

- Offering competitive housing and education allowances.
- Promoting work-life balance through flexible work arrangements.
- Supporting family integration through community-building initiatives.

The All-Rounder - Adaptability and Business Resilience

Adaptability has become a critical skill for both employers and employees in UAE's fast-paced business environment. Highlights include:

- **Agility:** Quick decision-making and adjustments to economic and market shifts.
- **Cultural Intelligence:** Understanding and integrating diverse cultural dynamics.
- **Resilience:** Robust strategies to manage disruptions like supply chain challenges or geopolitical shifts.
- **Employee Versatility:** Companies value employees who can take on multiple roles, reflecting the need for a dynamic workforce.

Shifting to an Employee-Centric Culture

The transition to a people-first approach is reshaping workplaces in the UAE. Organizations are

shifting focus to employees' needs to boost retention and engagement. Key points include:

- **Focus on Well-Being:** Companies are introducing wellness programs and mental health support.
- **Customized Benefits:** Employers are offering tailored packages to meet individual employee needs.
- **Transparent Communication:** Building trust through openness in decision-making processes.
- **Career Development:** Offering clear pathways for growth to enhance satisfaction and loyalty.

Embracing AI and Data-Driven HR in the UAE

Artificial intelligence is transforming HR functions. Key advancements include:

- **AI in Recruitment:** Tools for screening and matching candidates save time and improve hiring outcomes.
- **Data-Driven Decisions:** HR analytics are helping companies predict workforce trends and improve productivity.
- **Employee Experience:** AI-powered platforms are enhancing engagement through personalized feedback and career development tools.

The UAE Job Market Outlook for the Next 18 Months

The job market in the UAE remains optimistic, with growth expected in key sectors:

- **Technology and Renewable Energy:** These sectors are driving demand for skilled professionals.
- **Government Policies:** Programs like the Golden Visa attract global talent, while Emiratization promotes local workforce integration.
- **Challenges Ahead:** Rising living costs and talent shortages in specialized fields require innovative solutions from employers.

Staying ahead of HR trends and addressing the unique challenges of the UAE is crucial as the region continues to evolve as a premier destination for expatriates and businesses. Companies must balance the benefits of technological advances with the human elements of HR and the expertise of local headhunters with an extensive network. By focusing on quality of life, flexibility, adaptability, transparency and technological innovation, organizations can build resilient, employee-centric cultures that thrive in the dynamic UAE landscape.

Salary Overview – A Snapshot of UAE Compensation Trends

Competitive Salaries to Attract Talent

The UAE job market offers highly competitive salaries to attract top talent, especially in DACH companies. Compensation packages often include housing, education allowances, transportation and healthcare to offset high living costs. Benefits like flexible work arrangements and career development opportunities are becoming standard.

Brief look into Salaries by Department

Below is a brief overview of average annual salary ranges for key positions within DACH companies operating in the UAE.

The following provides salary insights for various departments, segmented by experience levels. The figures represent monthly salaries in AED (1,000 AED = 1K), inclusive of basic salary, housing and transportation allowances, but exclude bonuses and additional benefits.

Accounting & Finance

Role	Up to 5 years	5-10 years	>10 years
Chief Financial Officer	-	70 - 86	>86
Finance Director	-	55 - 65	>65
Finance Manager	29 - 35	35 - 48	>48
Financial Controller	26 - 32	32 - 46	>46
Tax Specialist	18 - 23	23 - 32	>32
Internal Auditor	16 - 20	20 - 27	>27

Human Resources

Role	Up to 5 years	5-10 years	>10 years
CHRO	-	65 - 80	>80
HR Director	-	50 - 63	>63
HR Manager	24 - 30	30 - 42	>42
HR Assistant/Coordinator	12 - 17	17 - 24	>24

Information Technology

Role	Up to 5 years	5-10 years	>10 years
Chief Information Officer	-	63 - 82	>82
IT Director	-	50 - 60	>60
IT Manager/Consultant	20 - 25	25 - 38	>38
Software Developer	14 - 19	19 - 28	>28

Legal

Role	Up to 5 years	5-10 years	>10 years
Head of Legal	-	58 - 70	>70
Compliance Manager	23 - 28	28 - 37	>37
Legal Counsel	20 - 26	26 - 38	>38

Management

Role	Up to 5 years	5-10 years	>10 years
Chief Executive Offer	-	27 - 87	>87
General Manager	-	63 - 80	>80

Marketing

Role	Up to 5 years	5-10 years	>10 years
Chief Marketing Officer	-	56 - 68	>68
Marketing Manager	23 - 28	28 - 37	>37
Digital Marketing Manager	14 - 19	19 - 27	>27

Manufacturing & Engineering

Role	Up to 5 years	5-10 years	>10 years
Chief Operating Officer	-	68 - 84	>84
Operations Director	-	53 - 64	>64
Production Manager	30 - 38	38 - 46	>46

Sales & Services

Role	Up to 5 years	5-10 years	>10 years
Chief Sales Officer	-	68 - 83	>83
Sales Manager	22 - 27	27 - 35	>35
Business Development Manager	24 - 27	27 - 40	>40

Supply Chain & Logistics

Role	Up to 5 years	5-10 years	>10 years
Supply Chain Manager	26 - 32	32 - 42	>42
Logistics Manager	20 - 26	26 - 30	>30
Procurement Manager	24 - 31	31 - 40	>40

Note: These figures are approximate and can vary based on company size, industry, and individual qualifications.

Partner with Departer to ensure your business is equipped with the right talent and strategies to grow beyond borders. Let's shape the future of success in the UAE together.

For more job titles and additional details, including benefits, industry trends and specific salary benchmarks, please access the complete report here: [HR & Salary Report 2024-2025 \(https://departer.com/regions/meai/hr-salary-report-2024-2025\)](https://departer.com/regions/meai/hr-salary-report-2024-2025). This report is a valuable resource for HR professionals and decision-makers aiming to make informed choices in a rapidly evolving market. It provides a detailed overview designed specifically for DACH companies operating in the UAE market.



G. About Us

SCHLÜTER GRAF Legal Consultants LLC

SCHLÜTER GRAF is a leading corporate and commercial law firm with a rich history. Its German roots date back to **1946** and its presence in the Middle East was established in **1995**. The firm maintains an extensive network of **offices** and co-operations, covering Germany, the jurisdictions of the Middle East, Northern and Eastern Africa as well as Emerging Markets, in particular, Ethiopia and Pakistan.

SCHLÜTER GRAF advises institutional clients, multinational corporations, SMEs, and individuals from **all sectors and in all areas of local and international law**. We specifically cover all areas of corporate and commercial law, including corporate structuring, agency / distribution networks and contracts, compliance, employment, localization, trademarks, tax, securities as well as construction and infrastructure projects.

The diverse team of qualified **lawyers** and staff at SCHLÜTER GRAF are from different jurisdictions and speak Amharic, Arabic, Catalan, English, Farsi, German, Hindi, Russian, Spanish, Urdu, and Tagalog, enabling the firm to advise and assist clients across borders from a single point of contact.

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Office in Dubai / UAE

P. O. Box 29337
ONE by Omniyat, Office P5-01
Business Bay
Dubai / UAE

Phone: 00971 4 431 30 60
Fax: 00971 4 431 30 50
E-mail: info@schlueter-graf.com
Website: www.schlueter-graf.com

Contact persons:

Andrés Ring, Attorney-at-Law & Legal Consultant
Yulia Kasiyanova, Attorney-at-Law & Legal Consultant

Office in Dortmund / Germany

Partnerschaftsgesellschaft mit beschränkter Berufshaftung
Register: Local Court of Essen, PR 1635
Königswall 26, 44137 Dortmund, Germany

Phone: 0049 231 914 455 0
Fax: 0049 231 914 455 30
E-mail: info@schlueter-graf.de
Website: www.schlueter-graf.de

Contact persons:

Christoph Keimer, Attorney-at-Law & Legal Consultant
Peter Schlüter, Attorney-at-Law & Legal Consultant

Office in Hamburg/Germany

Partnerschaftsgesellschaft mit beschränkter Berufshaftung
Register: Local Court of Essen, PR 1635
Dorotheenstraße 54, 22301 Hamburg, Germany

Phone: 0049 40 38075575
Fax: 0049 40 38075686
E-mail: info@schlueter-graf.de
Website: www.schlueter-graf.de

Contact persons:

Anja Christine Adam, Attorney-at-Law & Legal Consultant



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Contact information:

Departer in UAE

Departer - The German Headhunter DMCC | Jumeirah Lake Towers |
Uptown Tower | Level 11 | Dubai | United Arab Emirates |
Tel. +971 56 808 2235 | Mail: info@departer.com | Website: www.departer.com
Contact person: Marie-Christin Gabel, Managing Partner MEAL

Departer in DACH

Departer Deutschland GmbH | Hohe Bleichen 24-26 | 20354 Hamburg | Germany |
Departer Deutschland GmbH | Stau 123 | 26122 Oldenburg | Germany |
Tel. +49 40555536313, +4944168309231 | Mail: info@departer.de | Website: www.departer.de
Contact person: Sabine Higgen, Managing Partner DACH (Germany, Austria and Switzerland)

Departer in Australia

Departer - The German Headhunter Australia Pty Ltd | Level 18 | 324 Queen St |
Brisbane QLD 4000 | Australia
Tel. +61 (0) 7 3067 3505 | Mail: info@departer.com | Website: www.departer.com
Contact person Australia: Sabina Langenhan, Regional Manager Australia & New Zealand

Departer in China

Your contact in Shanghai
Tel. +86 186 02141009
Asia Desk in Hamburg Tel. +49 40555536313 | Mail: info@departer.com |
Website: www.departer.com
Contact person Asia Pacific: Qianqian Zhang, Regional Business Manager China & SEA



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