

Impact Of Changes In Labor Law On Employment Contracts

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Abstract:

The United Arab Emirates (UAE) has implemented significant changes to its labour laws in 2022 and amendments in 2025. The amendments are aimed at modernizing and enhancing various aspects of employment to better align with global standards and the evolving needs of the workforce. Several changes have been brought to the UAE labor law, including limited term contracts, flexible working arrangements, and more stringent regulations on labor disputes. This research paper explores the impact the changes have had on HR policies and practices of a financial institution in UAE and presents it as a case study.

Key Words: Labour Laws, Employment contracts, Emiratization, Health & Safety, Compensation

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I. Introduction

The UAE labor law has seen significant changes, including the transition to fixed-term contracts, enhanced employee rights, and stricter penalties for non-compliance, with Federal Decree-Law No. 9 of 2024 introducing key amendments effective August 31, 2024. This research paper is essentially a case study on Abu Dhabi Islamic Bank (ADIB), a well-known financial organization. The bank has set up extensive HR policies and regulations in UAE, where labor laws have become essential for protecting workers' rights and welfare (Abu Dhabi Islamic Bank, 2022). This paper examines ADIB's HR framework in detail, highlighting how well it complies with UAE labor regulations. Assessing the extent to which ADIB's employment contracts, employee compensation, Emiratization initiatives, harassment policies, safety and health standards, working hours, policies regarding leave and overtime, and termination procedures comply with UAE labor laws is imperative.

II. Employment Contracts

The amended law prohibits unlimited-term contracts and ensures that every employee is on a limited-term contract. It is mandatory to have a starting and ending point in the contract. The existing unlimited-term contracts have to be converted in accordance with the provisions of the law. Renewals will be based on mutual consent. Abu Dhabi Islamic Bank is dedicated to maintaining UAE labor regulations by offering comprehensive and well-structured employment contracts to a wide range of workers, including Emirati residents and foreign workers. These agreements represent openness, legal compliance, and the defense of employee rights and form the basis of a working relationship. The employment contracts offered by ADIB carefully set out the important factors that control the terms of work, guaranteeing that everyone is aware of and protected (Abu Dhabi Islamic Bank, 2022). These contracts cover the essential elements of employment by carefully integrating a number of important components.

The employment tasks connected with each position are clearly defined in the contracts, giving employees a clear idea of their roles and expectations. This transparency encourages accountability in addition to facilitating effective work performance. The contracts offer a detailed explanation of the remuneration structure in compliance with UAE labor legislation. This includes base pay, bonuses, allowances, and any additional monetary benefits pertinent to the worker's role. By providing these specifics, ADIB guarantees that workers receive just compensation (Abu Dhabi Islamic Bank, 2022). In addition, the contracts contain clauses pertaining to employee benefits, which are consistent with labor rules in UAE that highlight the importance of advantages, including health insurance, annual leave, and end-of-service rewards. ADIB's adherence to these regulations protects workers' rights and promotes their welfare.

III. Employee Compensation System

A comprehensive legal system for employee compensation is maintained by ADIB in strict compliance with the labor laws of UAE. The careful design of this framework ensures that employees receive fair and attractive compensation packages. With its multifaceted compensation structure, ADIB provides its employees

with monetary benefits that correspond to their positions, responsibilities, and contributions. The base wage is the fundamental component of an employee's earnings and is part of ADIB's overall compensation package. The nature of the work, the expertise and credentials of the employee, and the going market rates are some of the criteria that go into determining this basic pay (Abu Dhabi Islamic Bank, 2022). ADIB further demonstrates its dedication to conforming to the labor regulations of the country by making sure that the base salary complies with the legal criteria and minimum wage standards established by UAE government.

A performance-based bonus program is also in place at ADIB in addition to basic pay to acknowledge and motivate staff for exceptional work. These bonuses are designed to encourage workers to produce better work and are based on precise, well-defined performance metrics. ADIB fosters a culture of excellence and fairness in addition to meeting regulatory requirements by tying compensation to performance. The pay scale at ADIB includes a range of benefits and allowances in addition to wages and incentives. The goal of these extra financial benefits is to improve the general standard of living for workers and their families. These benefits range from housing allowances to transportation and educational support. These allowances are regularly assessed to make sure they comply with market norms and labor laws in UAE.

IV. Emiratisation Initiatives

Emiratization aims to integrate UAE nationals into the workforce, particularly in the private sector, by setting quotas and encouraging businesses to hire Emiratis. The MoHRE plays a key role in ensuring compliance with Emiratization laws, conducting inspections, and imposing penalties on companies that fail to meet the required quotas. Abu Dhabi Islamic Bank has made a strong commitment to the Emiratization initiative, which aims to increase the proportion of Emirati workers in the private sector. In compliance with UAE's Emiratization regulations and directives, ADIB has launched specific programs aimed at hiring, educating, and fostering UAE citizens within its workforce. To support Emirati workers in their professional development, these programs provide mentorship, opportunities for professional growth, and specialized training (Ali & A. A. H., 2022). ADIB has demonstrated its commitment to supporting local talent development, promoting diversity and inclusivity in the workplace, and strengthening the country's economic growth by actively engaging in the Emiratization initiative.

V. Harassment Policies

ADIB maintains a strict anti-harassment policy that is fully compliant with UAE laws. The bank is committed to establishing a workplace free from harassment and discrimination, encompassing without being restricted to racial, gender, religious, or national characteristics. ADIB's corporate culture is fundamentally shaped by its dedication to delivering a secure and welcoming work environment (Abu Dhabi Islamic Bank, 2022). ADIB urges staff members to report any occurrences they witness or come across as soon as possible in order to guarantee the effectiveness of its anti-harassment policy. The reporting procedure is intended to be private, giving people confidence to come forward. The bank has put in place precise procedures for handling and looking into accusations of harassment. The bank has put in place precise procedures for handling and looking into accusations of harassment. These procedures encourage openness and justice in the handling of such cases, in addition to being legally consistent with UAE regulations.

All staff members are made aware of ADIB's anti-harassment policy by means of internal communication. This proactive strategy guarantees that all employees are aware of their rights, know how to report occurrences, and have confidence in the system's ability to effectively manage complaints (Ali & A. A. H., 2022). ADIB showcases its dedication to fostering an environment at work that respects individual rights, celebrates diversity, and follows UAE labor regulations by taking action against harassment.

VI. Health And Safety Regulations

Although the old law had provisions to prevent discrimination, the new amendment added more clarity to the same. The employees will know what to do when there is an instance of discrimination in the workplace. Special provisions related to safety and health have also been added. Non-compliance by employers will lead to penalties.

Abu Dhabi Islamic Bank carefully coordinates its operations with UAE labor laws that regulate workplace safety because it places a high priority on protecting the health and safety of its workers (Zurub, 2021). The bank is dedicated to offering a secure workplace that satisfies legal standards, promotes worker well-being, and increases job satisfaction. The first step in ADIB's approach to safety and health is taking proactive steps to reduce risks and avoid accidents. A key element of the bank's approach is regular safety training, which guarantees that all staff members have an understanding of safety procedures and practices (Abu et al. Bank, 2022). In giving people the information and abilities needed to recognize possible risks and take appropriate action, this training eventually helps the company foster a culture of safety.

ADIB will not compromise on adhering to safety and health laws in UAE. The bank complies strictly with all legal obligations, including those pertaining to emergency response, workplace hygiene, and fire safety. In addition, ADIB makes investments in the infrastructure and resources required to keep its workers safe. ADIB protects its workers and increases workplace morale and productivity by putting safety and health first (Zurub, 2021). Employee engagement and satisfaction are directly impacted by a safe workplace, which also signifies ADIB's adherence to UAE labor rules and its commitment to the welfare of its employees. The bank's proactive approach to health and safety demonstrates its dedication to creating a work environment where staff members are able to thrive and make valuable contributions.

VII. Working Hours

ADIB presents strict compliance with UAE labor laws pertaining to working hours, illustrating its devotion to upholding the rights and well-being of its employees. Article 17 of UAE labor rules specifies that the majority of workers cannot work more than eight hours a day or more than forty-eight hours a week (Working hours and overtime, 2023). This policy is designed to guarantee that workers have enough time for personal and rest activities in addition to their work-related obligations. When overtime labor is required, ADIB pays its employees properly and in compliance with the law by adhering to the relevant legislation. With the help of this procedure, employees receive the proper recognition and compensation for any overtime they put in above the required hours. ADIB not only complies with the law but also values the work-life balance and welfare of its employees. The bank's compliance with these working hour regulations demonstrates its dedication to fostering a safe and sustainable workplace for all workers, enhancing its standing as a top employer in UAE.

VIII. Leave And Overtime Benefits

Employees are able to take care of their personal and health-related requirements without worrying about their job security or financial stability because of ADIB's many different leave options, which include maternity, sick, and yearly leaves. One more important component of ADIB's labor regulations is the offering of overtime compensation. According to UAE labor laws, workers who put in more time at work than their usual shifts are entitled to overtime compensation (Working Hours and Overtime, 2023). This procedure guarantees that workers receive just compensation for their extra work and contributions in accordance with UAE labor laws. In addition to meeting legal obligations, ADIB promotes a positive and employee-friendly work environment by abiding by these regulations and providing leave and overtime benefits.

IX. Termination Of Employment Procedure

ADIB handles the termination of employment in strict accordance with UAE labor laws, making sure the procedure aligns with legal requirements and acknowledges the rights of both the bank and its employees. When ending an employment contract, businesses are required by Article 43 of UAE labor rules to give notice or pay compensation in lieu of notice (Terminating employment contracts and arbitrary dismissal, 2023). Giving leaving employees the proper notice or compensation and upholding fairness and transparency throughout the termination process are ways in which ADIB complies with these rules. In keeping with the law, ADIB shows that it is dedicated to doing business in an ethical and responsible manner. This method upholds the values of justice and lawfulness in all employment-related concerns, protecting workers' rights while also establishing a healthy work environment.

X. Conclusion

The labor law changes are fairly substantial and necessitate amendments to existing employment contracts, as well as modifications to policies and procedures concerning future agreements with new employees. The UAE government is planning to issue executive regulations to provide further instruction on the new laws. From the above, it could be concluded that Abu Dhabi Islamic Bank is a prime example of its commitment to ensuring that its HR policies and procedures comply with UAE labor legislation. This pledge demonstrates how important it is to ADIB to protect workers' rights and uphold the law in the workplace. Through upholding these regulations, ADIB not only conducts its operations within the restrictions of the law but also actively supports its primary goal of encouraging a fair and equitable workplace across UAE. The bank gains from this dedication to legal compliance, and it also serves as a model for the larger business community in the area.

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