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The Effects of New labor Decrees on the Labor Market in the UAE

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Abstract

The new labor decrees issued recently by the Ministry of Labor represent a quantum leap in dealing with private sector companies, as they emphasize the costs to the offending companies and encourage Emiratization and recruitment of more skilled labor, in addition to the establishment of minimum wages that apply to skilled labor under certain conditions. It is necessary to consider the impact of these labor decrees on labor market conditions because labor market conditions have essential effects on efforts of decision makers in the country to move the economy from its current status, which depends on the activities of a labor-intensive, to knowledge-based economy that depends on highly skilled labor and advanced technology.

To consider the effects of these decrees on labor market conditions, we rely on the construction of a number of indicators that can be used to set the base before the application of the decrees and then to look at the development of these indicators on a regular basis, and to build a comprehensive vision for cyclical developments in the labor market to identify weaknesses or imbalances that have to be addressed. These indicators are based on the key points and influential focus of the new decrees and we can add new indicators to interact with any other decrees that are to be made. The positive effects of the Ministry of Labor decree require an improvement in these indicators to better serve the economic and social development in the country.

The main objectives of this research are to build a scientific perception of the impact of these decisions on the labor market, compared with the current reality, to monitor the impact of policies to assess their effectiveness and determine whether any intervention is necessary comparing track performance against policy objectives and to provide overview of the labor market indicators related to labor decrees which are necessary to compare the developments periodically.