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# **Labor Laws: Kingdom of Saudi Arabia (KSA)**

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# Overview

## Labor Laws in Saudi Arabia

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- Saudization
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## Labor Laws

New labour reforms applicable from march 14, 2021 in KSA as per Resolution No. 51848/1442 primarily target the mobility of employees, The new reform means that labourer no longer needs the permission of their employer if they want to leave their jobs once their employment contract has expired.

They may also switch jobs if their previous employment contract hasn't expired as long as they have been in the kingdom for a period of 1 year and have given a 90 days notice period to the Employer.

The New labour reforms do not require the permission of previous employers to leave the Kingdom or re-enter it.

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# Labour Law 2005 & New Labour Reform 2021

Topic	Labour Law approved by Royal Decree M/51, of 2005	Saudi Arabia's New Labour reform Resolution No. 51848/1442
<p><b>Brief History of Laws</b></p> <p><b>Kafala System</b></p>	<p><b>Labour Law approved by Royal Decree M/51, of 2005 mainly oriented toward private employees.</b></p> <p>Permission on entry, exit, residency permit, and other administrative tasks as required from the employer (Kafeel). Exit permission is required to leave the country.</p>	<p>New labour reforms applicable from march 14, 2021 in KSA as per <b>Resolution No. 51848/1442</b> primarily target the mobility of employees, The new reform means that labourer no longer needs the permission of their employer if they want to leave their jobs once their employment contract has expired.</p> <p>They may also switch jobs if their previous employment contract hasn't expired as long as they have been in the kingdom for a period of 1 year and have given a 90 days notice period to the Employer.</p> <p>The New labour reforms do not require the permission of previous employers to leave the Kingdom or re-enter it.</p>
<p><b>Minimum Wages</b></p>	<p>None identified, however, the Saudi nationals were required to pay a minimum monthly wage of SAR 3000</p>	<p>None identified, however, the Saudi nationals were required to pay a minimum monthly wage of SAR 4000</p>
<p><b>Overtime</b></p>	<p>Overtime is paid at a 150 percent rate of the basic hourly wage.</p>	<p>Overtime is paid at a 150 percent rate of the basic hourly wage.</p>

Topic	Labour Law approved by Royal Decree M/51, of 2005	Saudi Arabia's New Labour reform Resolution No. 51848/1442
<b>Mode of Payment</b>	Wages must be paid monthly through the Wage Protection System to an accredited bank.	Wages must be paid monthly through the Wage Protection System to an accredited bank.
<b>Shelter Legislation</b>	None Identified	None Identified
<b>Leaves</b>	During the first 5 years 21 days of annual leave. For subsequent years 30 days of annual leave	During the first 5 years 21 days of annual leave. For subsequent years 30 days of annual leave
<b>End of Service Gratuity</b>	During the first 5 years, half a month's wage per year. For subsequent years 1 month per year.	During the first 5 years, half a month's wage per year. For subsequent years 1 month per year.
<b>Complaints</b>	Regulations of Sharia Pleadings govern labor laws. Which are competent for disputes related to employment contracts, rights, injuries, compensation, and social insurance claims. Mediation reports can be filed online via the MoJ portal <sup>7</sup> without having to visit any Court. Legal aid is provided to the needy ones.	Regulations of Sharia Pleadings govern labor laws. Which are competent for disputes related to employment contracts, rights, injuries, compensation, and social insurance claims. Mediation reports can be filed online via the MoJ portal <sup>7</sup> without having to visit any Court. Legal aid is provided to the needy ones.

**Labour Law  
approved by Royal  
Decree M/51, of 2005**



Saudization

\***Resolution No. 51848/1442** primarily target the mobility of employees,

\*The labourer no longer needs the permission of their employer if they want to leave their jobs once their employment contract has expired.

\* They may switch jobs if they are in the kingdom for 1 year after serving a notice period of 90 days.

\*The New labour reforms do not require the permission of previous employers to leave the Kingdom or re-enter it.

# **Saudization**

The Nitaqat or Saudization introduced in 2017 as a part of Saudi Vision 2030 significantly cut the immigrants from the sectors, focussing on the nationals and making it compulsory for the business units to hire 30% of Saudi employees in companies with 20 or more workers. It aimed at reducing in unemployment of Saudi natives at the cost of jobs for immigrants.

Further, the minimum wage of Saudi nationals is more than that of immigrants.

# Analysis of Sponsorship system and New Labor reform of KSA

- Resolution No. 51848/1442 of 2021 eliminates the need for the approval of the employer for:
  - Transfer to a different Employer
  - Exit from the country of destination
  - Entry to country of destination

FIGURE 2. ANALYSIS OF SPONSORSHIP SYSTEMS OF EIGHT COUNTRIES IN THE REGION

COUNTRY	BAHRAIN	KUWAIT	OMAN	QATAR	SAUDI ARABIA	UAE	JORDAN	LEBANON
<b>SPONSORSHIP-RELATED ELEMENTS</b>								
<b>IS THE MIGRANT WORKER TIED TO THE EMPLOYER FOR:</b>								
i. Entry to country of destination	yes <sup>22</sup>	yes	yes	yes	yes	yes	yes	yes
ii. Renewal of residence permit	no	yes	yes	yes	yes	no <sup>23</sup>	yes <sup>24</sup>	yes
iii. Termination of employment	no <sup>25</sup>	yes	yes	yes	yes	no <sup>26</sup>	yes	yes
iv. Transfer to different employer	no <sup>27</sup>	yes <sup>28</sup>	yes	yes	yes	no <sup>29</sup>	yes	yes
v. Exit from country of destination	no	no	no	yes	yes	no <sup>30</sup>	no	no

Any 'yes' in the matrix offers employers a level of control and may impede internal labour market mobility and fair migration

Does the migrant worker need the approval of the employer for:



- The domestic labourers employed as domestic help, farm workers etc are excluded from the labour law.

COUNTRY	BAHRAIN	KUWAIT	OMAN	QATAR	SAUDI ARABIA	UAE	JORDAN	LEBANON
<b>EXACERBATING ELEMENTS</b>								
Passport confiscation allowed (not prohibited the law)	no	no	no	no	no	no	no	yes
Domestic workers excluded from labour law	no <sup>31</sup>	yes <sup>32</sup>	yes <sup>33</sup>	yes <sup>34</sup>	yes <sup>35</sup>	yes <sup>36</sup>	no <sup>37</sup>	yes <sup>38</sup>
Charging recruitment fees to workers allowed (not prohibited by the law)	yes	yes	yes	no	no	no	yes	no

*Any 'yes' in the matrix means lack of legal coverage thus not offering legal protection to migrant workers*

Aim of the Policies	Countries				
	UAE	Saudi Arabia	Qatar	Kuwait	Bahrain
Minimum wage	Yes amount not stipulated yet	40% higher than domestic workers. Mobility Saving Accounts to streamline monthly salary contribution	The minimum wage of QAR 1000 is applicable to all sectors of migrants including domestic workers.	Not Specified	Not Specified
Labour Mobility	Different sources of employment are allowed. Exit visas required	Freely change employers one year into their first contract after serving a notice period of 90 days. Foreign workers have the choice to pick their employer and information about their options	No exit visas are required. No NOC from the employer is required to change their job or leave the country from 2020.	Type 20' visa for domestic servants issued to full time female employees while the Type I8 Visa is Issued to those who work under employers from the private sector	Minimum of one year of employment to a single employer before switching over jobs
Heat Protection	Yes, midday breaks in the month of May, June, July & August	Yes Allowed	Mid-day breaks from 1 June to 15 September, between 10:00 to 15:30 to safeguard the health labourers	Nothing Specified	Nothing Specified
Protection from Discrimination	Yes, equal pay for all along with extended matemis leaves upto 60 days	Yes	Yes, an evidenced-based minimum wage system to avoid any discriminations	Lagging behind compared to other countries of GCC	New Labour Law No 36 of 2012 emphasises on no discrimination on the payment of wages based on sex, ethnic origin, language, religion or beliefs.
Accomodation	Workers Earning less than 5000 Dirhams has to be provided with suitable accomodation	Not Specified in Royal Decree, depends on agreement between employ & employer	The employer must additionally provide QAR 500 per month for food unless provided by their employer.	Not Specified Yet	Yes
Trade Union/ Right to Strike	No	No	Yes	No	Yes

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## Implications of the New resolution & Existing Labor Laws of 2005

- In the Labor reform resolution No. 51848/1442, No exit Permission is required to leave the country. They may also switch jobs if their previous employment contract hasn't expired as long as they have been in the kingdom for a period of 1 year and have given a 90 days notice period to the Employer.
  - There are no provisions for domestic workers/help, and agricultural workers in the Labour law. They are systematically oppressed by higher authorities under the veil of financial dependency.
  - It is interesting to note the new law implemented in 2021 provides workers with a choice to select their employers as they can switch jobs before their contracts are over provided they serve a 90-day notice period and have stayed in the kingdom for 1 year.
  - Labour laws in KSA do not provide labourers with any freedom of association to voice their opinions at a wide level. Trade unions are not permitted; there is a prohibition on committees at the company level too.
  - Under these circumstances, they are seldom aware of their rights and subjected to severe oppression.
  - Labour law in the KSA is weak and superficial. The law doesn't speak about Minimum wages, shelter etc
  - The 2005 Law emphasises more Saudization, It is becoming difficult for employers to employ non-saudis.
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