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Atef Alshehry

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**EXPLORING THE PERCEPTIONS OF  
SAUDI BUSINESS AND THE WORKFORCE  
ON THE SAUDISATION PROGRAMME IN  
THE PRIVATE SECTOR**

**Atef Alshehry**

**A Doctoral Thesis submitted in fulfillment of the requirement for the  
award of Doctor of Philosophy at Durham University**

**2009**

**School of Government and International Affairs  
Durham University**

## **DEDICATION**

*To those who showed me the meaning of love and sacrifice:*

*My father, my mother*

*my beloved wife, her parents,*

*my children*

*and all my teachers throughout my studies.*

## ACKNOWLEDGMENTS

All praise to ALLAH, most gracious, most merciful for his continuous help and blessing, who has provided me with the strength and capability to accomplish this task; and may the peace and blessings be upon the Prophet Muhammad sal-Allahu-alayhi-wa-sallam.

This thesis would not have been possible without the kind support and encouragement of Professor Rodney Wilson and Dr Mehmet Asutay, my supervisors, who gave me the great opportunity to study under their supervision. I am grateful to both for their help, their enthusiastic involvement in this research and their supportive suggestions and comments. I am also indebted to Durham University and the School of Government and International Affairs for giving me the opportunity to pursue my studies and use their facilities to complete my research.

In preparing this thesis, I was in contact with many people, researchers and academicians. They have contributed towards my understanding and thoughts, which have contributed to shape this research. I wish to express my sincere appreciation to all of them, particularly the authors and researchers who I read and profited from their articles, books, researches and knowledge.

I also wish to express my thanks and appreciation to the government of Saudi Arabia, represented by the Ministry of Higher Education and King Faisal University, for sponsoring and supporting me and my family during all of my studies.

I am, as ever, especially indebted to my family: my father, Alsheek Saad Bin Atef; my mother, brothers, sisters and all of my relatives; specifically my father in law, Alsheek Thafer Bin Saad, for their love and support throughout my life. I am also thankful to all of my friends who supported and asked about me during my long absence.

The preparation of this thesis has taken a great amount of time, effort, suffering and energy. The sacrifices that have to be made, however, are not exclusively mine. In fact, my wife, Amel Alshehry, and my children, Badr and Noaf, deserve special acknowledgement and thanks since they have suffered by being away from home and their beloveds for a long period of time. I am, therefore, deeply grateful to them and their endless source of encouragement, patience, support and sacrifice.

Atef Alshehry

Loughborough, March 2009.

***“YOU CANNOT HAVE OUR YOUTH GOING  
AROUND WITHOUT JOBS”***

**Abdullah Al-Dubaikhi, President of Awalnet, Saudi Telecommunication  
Company (The Washington Times 2004)**

# **ABSTRACT**

## **EXPLORING THE PERCEPTIONS OF SAUDI BUSINESS AND THE WORKFORCE ON THE SAUDISATION PROGRAMME IN THE PRIVATE SECTOR**

**Atef Alshehry**

Despite being an oil-rich country, Saudi Arabia, like any other developing country, is faced with the difficulty of economic development and the creation of jobs for its growing population. Since human resources in the initial period of economic development were met with immigrant workers in Saudi Arabia, expatriates constitute a large part of the workforce in Saudi Arabia. Therefore, in responding to job creation needs, the Government of Saudi Arabia initiated the process of Saudisation, aiming to transfer the available jobs currently filled by expatriates to Saudi nationals.

This research, hence, aimed to explore the perceptions of Saudisation in the private sector among employers, employees and Saudi job seekers in Saudi Arabia through a questionnaire schedule. Perceptions of Saudisation-related issues, the government's policies to ensure Saudisation, and initiatives to enhance Saudisation were surveyed. Relevant issues, such as the type of employment competencies and personal specifications required in the private sector, and whether Saudi workers and job seekers possessed them to an adequate level, were also explored.

The research findings on perceptions of Saudisation-related issues included the willingness of employers to employ adequately qualified Saudi workers; lack of skills required in the private sector among Saudi workers and their lower productivity compared to non-Saudi workers; social prestige among Saudi workers; and the negative impact of imposed-Saudisation on the private sector. Support for the proposed government policies of minimum wage and social security policy to ensure Saudisation in the private sector and awareness among employers of their Saudisation-related social responsibility to encourage Saudisation, were found. Rewarding businesses that achieved a high level of Saudisation, increasing awareness of the importance of work among Saudis, and offering them more jobs in the private sector were initiatives advocated to enhance Saudisation. Employment competencies and person specifications required by private sector employers included IT or technology; language; vocational, management and administrative skills; continuous training and self-development; respect for work and regulations; and education with more emphasis on degree and post-secondary qualifications. Differences in the extent of agreement on all the issues were explored and fundamental differences in perceptions between employers on one hand and employees and job seekers on the other were found. Statistically significant associations were also found between employers' perceptions and their demographic and organizational characteristics (qualifications, length of tenure in organisation, type of business, size of business in terms of number of employees). These differences and associations seem supportive of the inferences and arguments made in the discussion on the main findings of the research on perceptions. The dearth of research on Saudisation, especially in the private sector, as perceived by its employers, employees and Saudi job seekers, who are the stakeholders most affected by it, render the above findings a significant contribution to knowledge on Saudisation and the localization of human resources in the Gulf Corporation Council and MENA countries.

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## **GLOSSARY OF TERMS**

**ARAMCO:** Arabian American Oil Company

**CBI:** Confederation of British Industry

**CDSI:** The Central Department of Statistics and Information

**CWDC:** Children Workforce Development Council

**EFA:** Exploratory Factor Analysis

**FA:** Factor Analysis

**GCC:** Gulf Corporation Council

**GDP:** Gross Domestic Product

**GOSI:** General Organisation for Social Insurance

**GOTEVT:** General Organisation for Technical Education and Vocational Training

**HRD:** Human Resource Development

**HRM:** Human Resource Management

**IFTDO:** The International Federation of Training and Development Organisation

**IPA:** The Institute of Public Administration

**KAUST:** King Abdullah University of Science and Technology

**KMO:** The Kaiser-Meyer-Olkin

**KSA:** The Kingdom of Saudi Arabia

**MENA:** Middle East and North Africa

**MOLSA:** The Ministry of Labour and Social Affairs

**NCB:** National Commercial Bank

**PCA:** Principal Component Analysis

**SABIC:** Saudi Arabia Basic Industries Corporation

**SAMA:** Saudi Arabia Monetary Agency

**SCCI:** Saudi chamber of commerce and industry

**SCCIC:** Saudi Council of Commercial and Industrial Chambers

**SEM:** Structural Equation Modelling

**SMEs:** Small and Medium Enterprises

**SPSS:** Statistical Package for Social Science

**STEM:** Science, Technology, Engineering and Mathematics

**UAE:** United Arab Emirates

**WTO:** World Trade Organization

## SYNOPSIS

This research explored the perceptions of Saudisation in the private sector among its employers, employees and Saudi job seekers in Saudi Arabia. Perceptions of Saudisation-related issues, the government's policies to ensure Saudisation and initiatives to enhance Saudisation were investigated. Relevant issues also explored were the type of employment competencies and personal specifications required in the private sector (e.g. skills, work experience, productivity, qualifications, performance, commitment); and whether Saudi workers and job seekers possessed them to an adequate level. Survey questionnaires were used to collect data from 300 employers, 300 temporary and permanent employees in the private sector, and Saudi job seekers. The employers in this research were drawn from seven different business sectors: industrial, agricultural, services, commercial, academic, financial, insurance, medical; and spread across the five main regions of Saudi Arabia: Northern, Central, Eastern, Southern and Western, from where private sector Saudi employees and job seekers were also drawn.

As far as the findings on perceptions of Saudisation-related issues, concerns among large proportion of employers for Saudisation-related social responsibility towards Saudi families and workers was found. However, only a small proportion of employees in the private sector and job seekers believed that such concerns existed and evidence from this research and literature supported their belief. Therefore, the claim of employers of having such concerns should be doubted for lack of supporting evidence (e.g. a very small proportion of Saudis are employed in the private sector and high unemployment has impacted negatively on Saudi families and society; this is documented in the literature). The adequacy of the qualifications, work experience, skills and productivity of Saudi workers for the private sector is not demonstrated in the findings, when various evidence is considered (e.g. only 68%, 50.9%, 54.5%, 67.7% of employers, respectively, believed that the qualifications, work experience, skills and productivity of their Saudi workers were adequate for their businesses) and only 43.8% believed that they are more productive than non-Saudis, which undermines their claim of such productivity being adequate.

Willingness to employ Saudis, if they had adequate qualifications, work experience and skills, was found among the majority of employers; but such willingness is doubtful. This is because their response is to hypothetical questions, and the high percentage of those who agreed and only somewhat agreed among them, suggests the lack of these

qualifications, work experience and skills among Saudis employees and job seekers. In fact, the qualifications, work experience and skills of Saudi workers are not perceived by the employers as adequate for the private sector, and they regard their productivity as lower than non-Saudi workers. There is high performance among Saudi workers with adequate qualifications, experience and skills, as perceived by employers, but such perception is difficult to maintain. This is because employers believe Saudi workers do not have adequate qualifications, work experience and skills and the literature supports this; they also perceived Saudi workers as less productive than non-Saudi workers. Perceptions held by employers, employees and job seekers of social prestige, unreadiness to accept any job or vocational jobs, and lack of mobility for work among Saudi workers in terms of being unready to work in any location, were found. These perceptions are valid and reliable, as they are consistent with evidence, especially from the literature.

Perceptions of the commitment of Saudi workers to employers, in terms of remaining in their jobs, and that job stability and security are afforded by the private sector, were found. The different extent of agreement between employers, employees and job seekers on these issues suggests biased responses and evidence from the research and literature does not support these perceptions. In other words, Saudi workers lack commitment to employers or jobs in the private sector, especially as evidence from the literature cited earlier shows that many Saudi workers leave the private sector due to their specialization being incongruent with the skills of their jobs. Some may work in the private sector temporarily until they secure a job in the public sector, which is the preferred sector for employment among most Saudis. Evidence cited also suggested that the private sector, by its nature, does not offer job stability and security.

In terms of the findings on the employment competencies and person specifications employers require from their Saudi employees and job seekers, the most required are IT or technology, language, vocational, management and administrative skills, as well as continuous training and self-development in line with the requirements of the job, and respect for work and regulations, and education, with more emphasis on degree and post-secondary qualifications. This research concludes that these employment competencies and person specifications seem lacking among Saudi employees and job seekers and this is why, besides the preference for public sector employment among Saudis shown in this research, only a small number of Saudis are employed in the private sector, rather than attributing it to anti-Saudisation among its employers. This assertion is supported by findings in this research of the existence of skilled foreign

workers in the private sector with high, medium and low level of skills and the high percentage of employers in this research (62.8%) who believe that their Saudi employees do not have the skills they require: only 54.5% thought that such skills are adequate and only 68% believed the qualifications of their Saudi workers were adequate for their businesses, with large proportion among them (34.7%) only somewhat thinking so. Sufficient evidence from the literature cited during the discussion and findings from this research itself also shows that Saudi workers and job seekers are perceived to lack person specifications, such as respect for work, and suffer from social prestige and a lack of commitment to employers or their job, which implies that they are unlikely to demonstrate willingness to train continuously on the job, which is another specification cited by employers above as an important job requirement.

This is especially significant as a large proportion of employers (70.4% and 78.3%) cited the above specification (continuous training, self development, respect for work and education or qualifications) as important because they have the most impact on the productivity of their Saudi employees. Most of the employers (81.3%) thought that their Saudi workers must have work experience suited to their businesses. This perception is consistent with, and supported by, the perception of just above half of them (50.9%), with a large proportion (37.1%) who only somewhat agreed that the work experience of their Saudi workers is adequate for their private sector. Also, only 54.1% of employees and job seekers in this research had work experience.

In terms of the predicted impact of Saudisation on the private sector, the perceptions of a future negative impact of Saudisation on the private sector and the Saudi economy among a fairly large proportion of employers (due to skilled expatriate labour that will leave), and perceived positive impact among an equal proportion of employees and job seekers (due to more jobs that will become available for them) are valid and reliable perceptions, as they are consistent with evidence cited from the literature during the discussion of the findings.

As far as the findings on perceptions on government's policies to ensure Saudisation, awareness among employers, employees and job seekers of Saudisation legislation was found, but such perceptions among employers is cautiously reliable and consistent with evidence reviewed on possible reasons behind this awareness (e.g. imposed Saudisation legislations and quotas that must be met by employers to avoid penalties). The

Saudisation legislation is perceived by employers, employees and job seekers as adequate. However, such perceptions are incongruent with the evidence reviewed, especially from the literature, such as high unemployment, especially among the young, and lack of progress of Saudisation within the private sector, after decades since its introduction and despite many such items of legislation being issued.

Support among the majority of employers, employees and job seekers for the proposals of introducing a minimum wage and social security to the private sector in order to enhance Saudisation was found. This support among employees and job seekers can be viewed as understandable, considering that Saudis look for job security and stability, and hence their preference for working in the public sector, as evidence cited from the literature shows. However, the validity of the support for the minimum wage among Saudi employees and job seekers, and employers' support for introducing such a wage and social security to their private sector, should be doubted, as it is fundamentally inconsistent with evidence. For example, the minimum wage was proposed by the Saudi government as a counter measure to the unwillingness of private sector employers to implement Saudisation; its introduction has had a negative impact on the private sector in other Gulf countries.

The minimum wage was also proposed due to Saudi employees being reluctant to accept changes related to Saudisation, such as being paid similarly lower wages paid to non-Saudi workers. Given Saudis demand for and expectation of very high wages from the private sector, it is speculated that the unexpected support for introducing the minimum wage in the private sector among Saudi employees and job seekers in this research maybe partially be due to their expectation that the level of such wages would be set at a very high level.

Awareness of Saudisation-related social responsibility to encourage Saudisation was found among employers. However, such awareness is neither demonstrated by, nor is consistent with, the evidence reviewed, which includes disagreement among employees and job seekers (only 48.9% of employees and job seekers agreed that employers have such awareness). The fulfillment of Saudisation-related social responsibility, in terms of having rules about social responsibility and implementing such responsibility, was claimed by a large proportion of employers. However, such a claim is doubtful, as it is not supported by evidence, and includes a fundamental disagreement in perceptions among employees and job seekers (only 35.3% of

employees and job seekers agreed on the existence of such rules in the private sector and only 32.9% agreed that employers fulfilled or implemented such a responsibility).

As far as perceptions on initiatives to enhance Saudisation, rewarding businesses for achieving a high level of Saudisation was recommended by the majority of employers, employees and job seekers. However, there was more support for this initiative among employees and job seekers than employers, which may be attributed to a number of reasons inferred from the available evidence (e.g. unemployment: these businesses help the unemployed, such as the 59.3% of the respondent job seekers in this research; anti-Saudisation: most private sector businesses are not supportive of or implementing Saudisation and therefore, any business that does, may be viewed by these employees and especially unemployed job seekers as deserving of reward by the government to encourage others to do so). Similarly, increasing awareness of the importance of work among Saudis and offering them more jobs in the private sector was recommended by the majority of employers, employees and job seekers, but is supported more by the employees and job seekers.

Although the majority of employers also recommended this initiative, the validity of part of their recommendation (i.e. the government should create more jobs for Saudis in the private sector) is somewhat questionable, as it is incongruent with the available reviewed evidence, especially from the literature (e.g. the negative stereotypical attitude of Saudis and local workers held by private sector employers, and hence their preference to employ non-Saudis (due to many reasons cited from the literature) and their reluctance to support or implement Saudisation).

The negative impact that government-imposed Saudisation has had on the private sector was perceived by a large proportion of employers, but less so among employees and job seekers. This perception among employers is valid and reliable, because it is consistent with and supported by evidence from the reviewed available literature, and with the findings in this research on the predicted impact of Saudisation on the private sector perceived by these employers (67.1% of employers believed their businesses would suffer as they would lose skilled expatriate labour and 56.6% anticipated similar consequences for the Saudi economy).

The majority of employers recommended replacing expatriate workers with Saudis in the private sector gradually to minimize adverse effects, and a smaller but significant

proportion of employees and job seekers advocated such an approach. This perception among employers is reliable, as it is consistent with the reviewed available evidence, and with their perception that government-imposed Saudisation has had negative effects on their private sector businesses, also with their predicted negative impact of Saudisation on the private sector and the Saudi economy, both of which are supported by the literature. Almost all of the employers, employees and job seekers expressed support for the remaining initiatives of increasing communications among the private sector, training centers and universities to establish what the needs of the private sector are; increasing training for Saudis to meet the needs of the private sector; and supporting the private sector to take responsibility for training of Saudi workers according to their needs. These agreements indicate a strong similarity in perceptions and hence reliability and validity of responses, especially as such initiatives have been suggested in the literature, and are being adopted in developed economies such as the UK (i.e. linking education to skills required by private sector employers).

Differences in the extent of agreement on all the issues explored were found among employers on one hand, and employees and job seekers on the other, which suggested in some cases, fundamental differences in perceptions between the two groups, consistent with and supportive of inferences made in the discussion of the main findings on perceptions.

Statistically significant associations between employers' perceptions and their demographic and organizational characteristics (qualifications, length of tenure in the organisation, type of business, size of business in terms of the number of employees) were found. These associations are supportive of the main findings and inferences made on perceptions, they provide further insight into these perceptions and enrich the overall findings of the research.

It is worth pointing out that the percentages of those who only somewhat agreed are generally lower in the section covering perceptions on government policies to ensure Saudisation, and in the section covering perceptions on initiatives to enhance Saudisation, compared to the section covering perceptions on Saudisation-related issues. This suggests closer agreement and perceptions and hence reliability and validity of responses. At the same time, there are closer percentages and degrees of agreement in perceptions on the government's policies to ensure Saudisation and initiatives to enhance Saudisation, while agreement and perceptions differ more on

Saudisation–related issues. These aspects of the analysis, highlighted and used as supporting evidence in the discussion of the findings, are important because they indicate the extent of response acquiescence and the validity and reliability of responses. Responses with a closer percentage of agreement and the small percentage of those who somewhat agreed among them suggest similar perceptions and strong reliability of response (e.g. perceptions on recommending the government establishing communication between the private sector, training centers and universities to address the real needs of the private sector).

It should also be pointed out again that some of the responses summarized in this section appear biased or suffer from acquiescence, and hence undermine the reliability and validity of perceptions. For example, while a large proportion of private sector employees and job seekers think Saudi workers have adequate skills and experience, and are more productive than non–Saudi workers, only half of the employers thought that Saudi workers had adequate skills (54.5%), 62.8% did not think so, and experience (only 50.9%); while 67.7% and 68% thought they had adequate productivity and education, respectively, and less than half (43.8%) thought they were more productive than non-Saudis.

Saudi employees and job seekers are expected to be positive about the adequacy of Saudi workers' skills, experience, qualifications, productivity and performance, especially as most of them are unemployed and most, including those employed in the private sector, may be resentful of the private sector for not employing Saudis and blame it for their unemployment. Therefore, some of their responses might be biased or suffer from acquiescence, hence undermining the reliability and validity of their perceptions. Given the fact that employers have first hand experience and more insight into the working of the private sector than employees and job seekers, their perceptions on certain issues can be expected to be more reliable and credible than those of employees and job seekers (e.g. re. the adequacy of the skills of Saudi workers for their private businesses, only 54.5% believed so).

However, on other issues, the response and perceptions of employers might also be biased or suffer from acquiescence, as they are inconsistent with the available evidence, and hence undermine their validity and reliability (e.g. employers' concerns for Saudisation-related social responsibility towards Saudi workers and their families: 81.2% of employers agreed, while only 53.2% of employees and job seekers did). The

responses of employers on other issues do suffer from response acquiescence and similarly those of employees and job seekers, as the respondents may have given answers which stakeholders, such as the Saudi government, want to hear, but which are not necessarily their opinion or the truth, due to the sensitivity and controversy of the subject and/or fear of confidentiality and anonymity. Therefore, caution towards these responses and perceptions, especially on Saudisation-related issues and the government's policies to ensure Saudisation, is warranted.

The findings of this research represent a significant contribution to those of previous rare research and literature on Saudisation for a number of reasons. Unlike most of the previous studies that focus on similar issues (e.g. barriers or obstacles to Saudisation) among public sector workers and organizations (e.g. doctors in general hospitals), the findings of this research are generated from perceptions of Saudisation among the most important stakeholders impacted by it (private sector employers, employees and job seekers) within the main sector at which Saudisation is aimed: the private sector.

There is a clear paucity of research similar to this study that focuses on Saudisation as a phenomenon and how it is perceived by employers and employees in the important private sector, and by Saudi job seekers. This research and its findings make a significant contribution to knowledge and fill some of the gaps in previous research on Saudisation and the localization and management of human resources in Gulf Corporation Council and MENA countries, within fields of studies such as International Human Resource Management, International Career Development and Employment Relations.

# Chapter 1

## INTRODUCTION AND BACKGROUND

### 1.1 INTRODUCTION

The Kingdom of Saudi Arabia is one of the leading oil-producing countries in the world with vast reserves of oil and gas. Its economy is one of the largest in the Middle East and is mostly dependent on oil revenues (Abdul-Rahman, 2005). The huge revenue generated from the 1970s and 1980s boom in oil exports provided the foundations for the accelerated development of its economy. This led to a rapid demand for skilled labour, which was met largely by an expatriate labour force, to the extent that reliance on this workforce has become a defining feature of the economy, with two fifth of the total employed workforce being non-Saudis (Madhi and Barrientos, 2003). During oil booms, national efforts failed to meet the ever-increasing demand for a skilled labour force due to industrialization and modernization (Al-Wakeel, 2001). By the 1990s, non-Saudis accounted for close to two-thirds of the labour force and around 90% of those employed in the private sector (Madhi and Barrientos, 2003). Before 1984, Saudi graduates were forbidden to work in the private sector and had to work for the government as it had sponsored their studies (Maimani, 1989). During the 1980s, the government realized the inability of the public sector to provide jobs indefinitely and therefore new strategies were initiated to direct young people to the private sector, which was already saturated with low paid expatriate workers (Al-Zalabani, 2004). Government concerns about increasing the participation of Saudi workers in the private sector, and reducing the country's reliance on foreign workers, led to the adoption of policies in the 1980s-1990s known as Saudisation, aimed at substituting the foreign labour force with Saudi workers, restricting the employment of foreign workers in the public sector, reducing the foreign labour force in private firms by 5% annually, and making some occupations open to Saudi nationals only (Madhi and Barrientos, 2003). The government called for Saudisation in the Fourth (1985-1990) and in the Fifth Development Plans (1990-1995) (Al-Ali, 1997) in order to create jobs for unemployed Saudis; it also aimed to shrink the country's over-inflated expatriate workforce and to replace it with Saudis (The Washington Times, 2004).

The Saudisation programme focuses particularly on youth because of the high rate of unemployment within this group (Al-Dosary and Rahman, 2005). Although the Saudi economy is heavily dependent on foreign workers, unemployment among Saudis was 8.2% and as high as 32% in 2004 among younger workers (Looney, 2004a). The actual size of the unemployment problem in Saudi Arabia is not known and government estimates are very different from non-governmental groups: for instance in 2005, 5% of males were unemployed according to the Saudi Ministry of Labour but 15% according to the International Federation of Training and Development Organisation (IFTDO) (Assuliman, 2007). According to the Saudi government Department of Statistics and General Information, 11.2% of Saudis were unemployed in 2007 (Al-Ekbariah, 2008). Regardless of which estimate is correct, the fact that more than half of the Saudi workforce is foreign makes any unemployment among Saudis a matter of concern (Assuliman, 2007). This is particularly the case in the private sector which is dominated by expatriate employees. The fact that the private sector is predominantly resourced by foreign workers (Madhi and Barrientos, 2003) has made it the main target for Saudisation policies. In fact, Saudisation has been imposed on the private sector by the Saudi government and this imposition is a source of discontent (Gulf, 2008) as the private sector aims to achieve efficiency and profit maximization regardless of social and political objectives. Moreover, the government has placed legal obstacles in the path of private firms trying to recruit from outside the country (Mellahi, 2007).

There were social and also economic related drivers of the Saudisation initiative when it was launched in the 1980s in both the public and private sectors, and more so today in the private sector. Socially, the Saudisation initiative was driven by the need to protect society from unemployment among the local Saudi population and its serious consequences (particularly social ones) and to avoid the potential negative effect of the huge number of expatriates in Saudi society. Furthermore, the large number of foreign workers arriving in Saudi Arabia put pressure on public services, such as health care, which meant that public expenditure on these services increased. In terms of economic impact, the Saudisation initiative was underlined by the need to protect economic growth and the living standards of Saudis, especially at times when oil prices were low.

This is in terms of reducing the transfer of a huge amount of remittances by foreign workers to outside the Kingdom, which was \$14 Billion in 1999, corresponding to 9% of the Kingdom's GDP (Taecker, 2003). The transfer of such large remittances, that

otherwise would be spent domestically, impacted negatively on such growth; this was experienced as reductions in the income of Saudis. In fact, one of the main three aims of Saudisation, beside increasing the employment of Saudis across all sectors of the economy, and reducing and reversing over-reliance on foreign workers, is to recapture and reinvest income, which otherwise would have flowed overseas as remittance to foreign workers' home countries (Looney, 2004a). Due to the current global economic slowdown, Saudi Arabia and other Gulf states are expected to see economic growth of about 3.5%, down from 6.8% real GDP growth in 2008, and record fiscal deficits of up to 3.1% of GDP, a marked decline from surpluses of 22.8% of GDP in 2008, which will in turn reduce remittance (BBC, 2009a).

Saudisation has been successfully achieved in the public sector where, in the early 1980s, almost half of the employees in this sector were Saudis. This number grew to 80% in the mid-1980s and, by the late 1980s, almost any number of Saudi job seekers were able to find employment in the public sector. However, Saudisation in the private sector remains weak and unsatisfactory, as the sector was and is still today reluctant to adopt Saudisation policies. Despite the government's intensive efforts to implement Saudisation policies, the initiative is still facing enormous challenges in the private sector, in terms of the reluctance of the sector to implement it. In fact, despite different Saudisation efforts, laudable progress has been achieved only in the public sector (Al-Dosary and Rahman, 2005). The statistics and other evidence provided in this section underline the importance of Saudisation and its short and long term implications for the economy and society of the Kingdom of Saudi-Arabia. Therefore, this research, which aims to investigate the perceptions of Saudisation among employers and employees in the private sector, and of Saudi job seekers, is both important and needed, as underlined further in the next section.

## **1.2 THE RESEARCH RATIONALE**

The importance of the topic of this research on Saudisation, which is especially aimed at the private sector, is underlined by the great attention it has attracted from various parties and from among the general public, as well as the controversy it generates. This is not surprising given the fact that the Saudi government faces the challenge of creating sustainable employment for the increasing number of young Saudis joining the labour market (Mellahi, 2007). In fact, one of the key objectives of Saudisation

that the government has to meet is to reduce the unemployment of locals by forcing the private sector firms to employ Saudis and also to improve the work environment in the private sector to make it more attractive for them (Looney, 2004b).

The importance of investigating how Saudisation is perceived in the private sector is further underlined by the fact that Saudisation has been imposed by the Saudi government through a law that requires the private sector to ensure that 30% of its workforce is Saudi, a requirement which has made the private sector unhappy (Gulf, 2008). A number of steps have been taken since 1995 to implement Saudisation, including a ministerial decree that instructed private firms employing 20 workers and above to reduce their non-Saudi labour force annually by at least by 5%, and to increase their employment of Saudi workers accordingly; it also identified some occupations open to Saudi nationals only (Madhi and Barrientos, 2003). However, the unhappiness of the private sector about Saudisation explains the recent decision by the government to cut the Saudisation quota from 30% to 20% in certain industries, which highlights the pressure it is under to strike a balance between improving the business environment and maintaining stability in the short term, as well as creating jobs for its citizens in the longer term (Gulf, 2008). In other words, there is a need to study in detail the perceptions of the private sector, as it is vital to the economy of Saudi Arabia to find out how the sector feels about the equally vital initiative of Saudisation. Such a study is important given the fact that the private sector plays a vital role in supporting national manpower development strategies in Saudi Arabia, through its contribution to the provision of job opportunities by increasing activity in production and investment in various fields, including oil and gas (Ministry of Economy and Planning, 2006).

The importance of the private sector is further underlined by the fact that while it employed 6.2 million people in 2002 (87% of the total labour force), the public sector employed around 916,000 (13% of the total workforce) (Mellahi, 2006). In fact, the Seventh Development Plan (1999-2004) estimated that 94.6% of all new job opportunities would be created in the private sector, compared with 4.6% in the public sector (Looney, 2004c). In addition, one of the most important roles that the Seventh Development Plan expected the private sector to play was to further help the Saudi Arabian economy to diversify and to increase its non-oil related activities and exports. Increased manpower in the government sector, coupled with limited job opportunities

available to Saudis in that sector, have led to more attention being paid to the manpower needs of the private sector and has called for the sector to participate in skills building and development (Ministry of Economy and Planning, 2006).

Private sector contributions to employment accounted for 86.5% of overall employment in 2005, while employment in the public sector reached only 13.5% in the same year (Ministry of Economy and Planning, 2006). The importance of this study on Saudisation in the private sector is further underlined by the fact that, initially, there were no concerted attempts at implementing a Saudisation policy although Saudisation has recently been given a much higher priority by the Saudi government (Madhi and Barrientos, 2003). The resistance of Saudi employers and employees in absorbing the implications arising from Saudisation policies explains why such policies, which were introduced in the late 1990s, are yet to be implemented in full (Madhi and Barrientos, 2003). In fact, research on Saudisation in the private sector by Al-Humaid (2003) concluded that, although it fell below expectations, progress towards fulfilling Saudisation in the private sector has been noted and the future for Saudisation is promising, specifically in terms of more Saudis becoming employed in the private sector. Nonetheless, Saudisation is a reality in the Saudi labour market today and little can be done to reverse it. Therefore, managers in the private sector need to recognize this (Mellahi, 2007).

### **1.3 LIMITATIONS IN PREVIOUS RESEARCH AND CONTEXT**

Saudisation has received attention in previous studies but only indirectly; only in a few cases was it explicitly the main focus of such studies. These studies include the level of Saudisation (Al-Otaibi, 2000); policies to enable the implementation of Saudisation (Al-Hogbani, 1999); the effect of Saudisation on HRM in the private sector (Mellahi, 2007); HRM development in Saudi Arabia (Al-Assaf, 1987); Saudisation in the medical sector (Al-Harbi, 1999); obstacles and barriers to the implementation of Saudisation and solutions (Al-Azaz and Al-Sayed, 1999; Al-Sultan, 1998; Al-Ogla, 1991; Al-Turaigi, 1997; Al-Ewain, 1999; Al-Ghaith and Al-Maashouq, 1996; and Sheras, 1994); the impact of Saudisation on career development in Saudi Arabia (Madhi and Barrientos, 2003); a critical review of the concept of Saudisation (Al-Dosary and Rahman, 2005); factors affecting the process of Saudisation in the private sector (Al-Humaid, 2003); and others (Al-Beeshi and Ben-Taleb, 2002; Medina Chamber of Commerce, 1998).

However, there are some exceptions (see: Al-Garni, 1990; Ahmed, 1992; Looney, 2004b, Mellahi, 2007; Mellahi and Al-Hinai, 2000; Atiyyah, 1996; Lumsden, 1993; Al-Ghaith and Al-Maashouq, 1992, Al-Humaid, 2003; Al-Turaigi, 1997; Al-Ogla, 1991; Al-Ewain, 1999). Some of these studies, especially that of Al-Humaid, 2003; Al-Turaigi, 1997; Al-Ogla, 1991; and Al-Ewain, 1999, cover the topic of Saudisation in a systematic and in-depth manner, including perceptions. Others investigate Saudisation from different perspectives, such as barriers preventing managers in the private sector from employing Saudis and Saudis from accepting job offers in the private sector, and factors affecting Saudisation in the private sector. Despite these previous studies, to the best of the author's knowledge and based on a thorough review of the available literature, there is still a paucity of systematic, rigorous and empirical studies, as attempted by this research, that focus directly, and in a comprehensive manner, on the important topic of Saudisation in general, and particularly how it is perceived by those most affected by it, namely the private sector and its employers and employees at which Saudisation is aimed, and by Saudi job seekers. Although informative, many of these previous studies, most of which are mentioned above, are descriptive and only partially focus on Saudisation or related issues, especially from the perspective of human resource development and obstacles.

In other words, these studies do not address Saudisation directly and are inadequate in their coverage of it. Also, many of the previous studies mentioned above are out of date and rely on a limited set of secondary data, largely drawn from the Saudi government and chamber of commerce annual reports, or on primary data that is informed by the views of government, especially the Ministry of Labour, and obtained through pre-determined closed-ended questionnaires. Therefore, such studies and the data they generate can be biased and unreliable; they also neglect to investigate Saudisation from the point view of employers and employees in the private sector, and Saudi job seekers, on whom Saudisation has the most impact. In addition, and as the literature review of previous research on Saudisation in Chapter 3 shows, those few previous studies that focus on Saudisation tend to investigate similar issues, particularly obstacles to Saudisation, and therefore reveal similar findings or nothing new. Even studies that have investigated perceptions of Saudisation in the private sector and among job seekers, disappointingly focus on obstacles as most previous studies have tended to (e.g. Al-Turaigi, 1997).

In fact, one of the above studies that this research builds on, and with which it shares some features and aims, was carried out by Al-Humaid (2003) who recommended that

further studies on Saudisation, such as this study, are needed every five years in order to come up with recommendations in a timely manner. Hence the importance of this research since it provides up-to-date knowledge on the Saudisation initiative. Studies that focus on Saudisation, such as Al-Humaid's (2003), suffer from a lack of generalisability of their findings to the whole of Saudi Arabia because they were carried out in one region only, in this case the capital, Riyadh. Al-Humaid recommended that other cities in Saudi Arabia should be included in future research, which would allow for comparison to be made regarding Saudisation within the focus of the investigation. This research covers various other cities and regions in Saudi Arabia and hence its findings are more generalisable to the whole of Saudi Arabia; thus, it is richer and more representative. Also, previous studies that focused on Saudisation tend to do so within one sector, therefore further limiting the generalisability of their findings. Examples include Al-Subhi's (1992) study that investigated Saudisation in Saudi airlines and Al-Harbi's (1999) and Al-Garni's (1990) studies that focused on Saudisation within the Saudi health care system.

The above evidence from the literature further underlines the need for this study, which attempts to fill the gaps highlighted above and address limitations in previous research, by investigating the perceptions of Saudisation in the private sector among employers, employees and Saudi job seekers; it also builds on the rare previous findings and literature on the topic. More details on previous research on Saudisation, which underlines, as argued above, the paucity of this important research, as well as gaps and limitations, will be reviewed in Chapter 3.

#### **1.4 THE AIMS AND OBJECTIVES OF THE RESEARCH**

This research has three main interrelated aims. The first aim is to explore the perceptions of Saudisation in the private sector among employers, employees and Saudi job seekers. Aspects relating to perceptions of Saudisation to be investigated include the type of employment competencies and person specifications that private sector employers demand and expect their Saudi workers and job seekers to have in order to offer them employment in this sector, and whether their Saudi workers do have these competencies and person specifications to an adequate level (e.g. work experience, qualifications, skills, productivity rate, performance). The findings from this part of the study will allow the research to ascertain whether Saudis employed in the private sector and job seekers do

have these employment competencies and person specifications, which may explain the scant success Saudisation has had in the private sector.

The second aim of this research is to explore the opinions and perceptions of employers and employees in the private sector, and of job seekers in relation to the Saudi government's policies designed to ensure the Saudisation of the private sector (i.e. increase the employment of Saudi citizens in this sector). The findings from this part of the research will help to shed light on the extent of the implementation and the success of such Saudisation policies in the private sector.

The third and final aim of this research is to investigate the perceptions of employers and employees in the private sector, and of Saudi job seekers, in relation to the manner by which Saudisation in the private sector can be enhanced by the Saudi government. The findings from this part would allow the research to put forward recommendations on how to implement, ensure and enhance Saudisation in the private sector for the Saudi authorities and other stakeholders to consider. Fulfilling these aims involved conducting field research within the private sector of Saudi Arabia. Using questionnaires, a survey of a sample of private sector employers, employees and Saudi job seekers in Saudi Arabia was undertaken.

The data generated from this research on the perceptions of Saudisation in the private sector are of national importance to Saudi Arabia; also, the implications and the recommendations could be made available to stakeholders with an interest in Saudisation (e.g. the Saudi Ministry for Labour, the Ministry of Education, and training and employment centers).

## **1.5 THE RESEARCH QUESTIONS**

Based on the findings, and related issues and discussion reviewed from the literature and in line with the aims of the study, the research attempts to address the following questions:

1. What are the perceptions of Saudisation-related issues in the private sector among its employers, Saudi employees and Saudi job seekers?
2. What are the employment competencies and person specifications that employers in the private sector require from their Saudi employees and job seekers?
3. Do private sector employers believe that their Saudis employees have these employment competencies and person specifications to an adequate level?

4. How do employers and Saudi employees in the private sector and Saudi job seekers feel about the Saudi government's policies to ensure Saudisation?
5. How can Saudisation be enhanced in the private sector, as suggested by its employers, Saudi employees and Saudi job seekers?

## **1.6 WORKING DEFINITIONS**

For the sake of consistency, clarity and for methodological reasons, the following terms, used frequently in this thesis, are defined.

### **1.6.1 Saudisation**

Saudisation has been defined as the replacement of the expatriate labour force with a trained and qualified local labour force in a planned manner that will ensure the continuity of work states (Al-Harbi, 1997). The nationalisation of labour market policies has been adopted throughout the Gulf Cooperation Council (GCC) countries during the 1990s. While it has been referred to by the name of the country, such as Bahransisation, it was also known as 'Localization' in Oman and the Emirates (Madhi and Barrientos, 2003). This definition was also adopted by Al-Dosary and Rahman (2005). According to the Saudi Arabia Ministry of Labour, who designed and is in charge of implementing it, Saudisation is "*the process of replacing foreign workers with qualified, well-educated and trained Saudi citizens*". Al-Beeshi and Ben-Taleb (2002) however, define Saudisation as an economic concept aimed at achieving complete reliance on a Saudi labour force and dispensing with foreign labour completely. This research adopts a similar definition but acknowledges that the aim of replacing the foreign workforce by Saudi citizens will not be easy to achieve or complete. However, it should be implemented through a gradual process, as Saudi Arabia is currently, and for the near future, dependent on the skills of an expatriate workforce. In other words, Saudi Arabia requires a long period and effective and serious commitment to develop a well educated and skilled Saudi workforce before it can achieve this replacement of foreign workers by Saudis, moving to a complete reliance on a local work force. It should be pointed out that, although this research focuses on Saudisation, it does not view or conceptualise it purely as the replacement of expatriates with Saudi labour, especially as the focus of this research is not on Saudisation per se but on perceptions towards it, even though this research adopts the common definition above that implies just that, for the sake of consistency. Instead,

this research treats and conceptualises Saudisation as a multi-dimensional concept or phenomenon by investigating perceptions towards its various dimensions (e.g. Saudisation as a social responsibility).

This is rather than investigating Saudisation in terms of the simple replacement of expatriate workers with Saudis, as the above common definition adopted in this research implies. The concept of Saudisation is discussed further in Chapter 3.

### **1.6.2 The Development Plans**

The Development Plans will be referred to very frequently throughout the thesis. This refers to a series of 5-year plans (so far eight) which consist of policies, laws and measures issued by the Saudi government, with some of its major aims being to tackle unemployment among Saudis, creating jobs for them and, more importantly, replacing foreign labour by Saudi manpower. Saudisation was called for in the Fourth (1985-1990) and Fifth Development Plans (1990-1995) (Al-Ali, 1997), which aimed at shrinking the country's over-inflated expatriate workforce and to replace it with Saudis (The Washington Times, 2004). More details and discussion about these Eight Development Plans are presented in Chapters 2 and 3 and elsewhere in the thesis, as seen relevant.

### **1.6.3 Perception**

The term 'perception' is familiar and is used in many research contexts. Although the term is self-defined, there is a need to clarify how perception is treated in this research, due to controversy concerning the topic to which it relates in this research, namely Saudisation in the private sector, and stereotypical views related to it. The common stereotypical perception of Saudisation, thought to be held by the private sector employers in the country, is negative or detrimental to business and therefore they are opposed to it. In fact, one of the main factors that has shaped the structure of the Saudi labour market is the negative stereotype of social perceptions towards work in the private sector and towards Saudi workers (Mellahi, 2007). Given these stereotypical perceptions, this research investigates the perceptions of Saudisation among private sector employers, employees and job seekers objectively and without such pre-conceived stereotypical views. In other words, the aim of this researcher is to keep the study objective and free of bias, by seeking to give private sector employers,

employees and job seekers the opportunity to express their views about Saudisation freely, within the aims of the study, without feeling that they are under pressure or expected to provide certain answers.

#### **1.6.4 Private Sector**

It is important to point out that employment and the labour market in Saudi Arabia, of which the private sector is an important part, exhibits unique features (Madhi and Barrientos, 2003). Unlike in other countries, the private sector in Saudi Arabia is predominantly resourced by foreign workers (Madhi and Barrientos, 2003). Also, it is regulated and suffers from interference on the part of the Saudi government. For example, the Saudi government has put up obstacles, in the shape of laws, preventing private firms from recruiting from outside the country (Mellahi, 2007). The private sector in Saudi Arabia is defined by the government, a definition which this research adopts, as normally based on the criteria of “*private ownership of establishments engaging in various industrial, agricultural and commercial activities with the aim of realising profit*”. Further discussion of the characteristics of the private sector in Saudi Arabia are presented in Chapter 2.

### **1.7 OVERVIEW OF THE RESEARCH**

This chapter lays the foundations for this research. It introduces the research background, questions, aims and objectives and its rationale. Working definitions are explained and some of the limitations in previous research are highlighted. The remainder of this thesis is divided into seven chapters.

Chapter Two presents background information on the labour market in Saudi Arabia. This includes an historical overview of important developments, the main characteristics of the Saudi labour market and the private sector, and Saudisation-related policies and measures aimed at reducing dependence on foreign labour and increasing the participation and employment of Saudi citizens in the job market, especially within the private sector. The chapter concludes that the Saudi labour market and employment exhibit unique features in being heavily reliant on foreign labour, especially in the private sector, and having a public sector saturated by a Saudi labour force that is overwhelmingly male.

Chapter Three surveys the literature on Saudisation and issues of relevance to the focus of this study in order further to highlight the paucity of research on the topic and underline the rationale for studying Saudisation, as identified in Chapter 1. The survey covers the concept of Saudisation and the rationale for introducing it, the obstacles and restraints it has been facing and continues to face in Saudi Arabia, the policies and laws introduced by the Saudi government to ensure Saudisation, and initiatives similar to Saudisation in other Middle-Eastern countries. The survey indicates that Saudisation has been addressed only partially, with few studies identified as being exceptions. The survey also suggests that restraints on and obstacles to Saudisation, primarily in the private sector, can be traced to the characteristics of Saudi job seekers, employees, foreign labour, employers, and the Saudi education and training system.

Chapter Four presents the research methodology. This includes the philosophical basis on which the methodological approach of this study is built, the data collection method used, the operationalisation of the research constructs, the measures used, the piloting of the research instrument, the sampling strategy and how data were collected. The data analysis methods used, including SPSS, factor analysis and cross-tabulation, and the research strategy and design adopted are also explained.

Chapter Five reports the findings of the research. It describes the demographic and organizational characteristics of the research sample (private sector employers, employees and Saudi job seekers). It also presents the results of the exploratory factor analysis, findings that address the questions and the aims of the study regarding the perceptions of Saudisation among respondents, and results of Mann-Whitney *U* tests examining differences in agreements and perceptions. Results on the mean ranking relating to the most and least important statements, and differences in perceptions are also presented.

Chapter Six presents the findings of the cross-tabulation tests of the relationships between the demographic and organizational characteristics of employers and their perceptions of Saudisation. Significant relationships were found which are supportive of and enrich the findings, by allowing insight into the influence of these characteristics (type of industry, organisational tenure, size of business in terms of the number of employees, and level of education) on employers' perceptions of the Saudisation-related aspects investigated in this research.

Chapter Seven discusses the findings of the research relating to demographic and organizational data; perceptions of Saudisation among private sector employers, employees and job seekers that address the questions and aims of the study; and differences in these perceptions. The findings regarding the relationships between the demographic and organizational characteristics of employers and their perceptions of Saudisation are also presented. Social prestige, lack of adequate skills, and preference for working in the public sector among Saudi private sector workers are some of the significant findings that are consistent with those of the literature, and which explain why Saudisation has made little progress in the private sector.

Chapter Eight discusses the implications derived from the findings of the research and puts forward a number of recommendations to enhance Saudisation, along the lines of initiatives suggested by the employers, employees and job seekers in this research. Other relevant recommendations are also proposed. The chapter highlights the contribution and limitations of this research and offers suggestions for future research to address these limitations and to build on the findings. In the light of the significant implications raised by the findings of this research (e.g. the large unemployed young population) the conclusions and recommendations that the Saudi authorities could consider, are that changes in negative social attitudes towards working in the private sector, and root and branch reforms of the inadequate Saudi education and training systems to meet the needs of the private sector and labour market, by providing well-qualified and skillful workforce, are among the most fundamental and only ways Saudisation will be truly achieved in the private sector and in the labour market. Otherwise, Saudisation will continue to make unsatisfactory progress, regardless of the number of current or further government legislation to ensure and enhance it in the private sector, and high unemployment will remain, with serious future consequences for Saudi Arabia.

## **Chapter 2**

### **SAUDI ARABIA LABOUR MARKET**

#### **2.1 INTRODUCTION**

This chapter presents background information on the labour market in Saudi Arabia. This includes historical overview of important developments, including factors that led to its gradual large dependence on foreign labour, especially in the private sector. Saudisation-related policies and measures, especially the eight development plans, aimed at gradually reducing this dependence and increasing the participation and employment of Saudi citizens in the job market, especially within the private sector, are also reviewed. In addition, the main characteristics of the Saudi labour market and those of the private sector, of importance and relevance to this study, are also reviewed. The chapter ends with a conclusion on the issues discussed.

#### **2.2 THE CHARACTERISTICS OF THE SAUDI LABOUR MARKET**

Compared to other economies, at similar stage of economic and social developments, the labour market and employment in Saudi Arabia exhibits some unique features (Madhi and Barrientos, 2003). Key factors shape the structure of the labour market in Saudi Arabia: high population growth; heavy reliance on foreign workers; negative stereotypes of local workers; and social perceptions towards work in the private sector (Mellahi, 2007). The next section attempts to underline such uniqueness, by reviewing the main characteristics of the Saudi labour market, including the private sector, on which this research is based.

##### **2.2.1 The Labour Market and Population Growth**

The labour market in Saudi Arabia is directly linked to population growth. At the time of the Sixth Development Plan (1995–2000), statistics showed that 61.7% of the total population was capable of work, while the percentage of Saudis within this workforce represented around 30.4% or 2.9 million people in 1999. This percentage was relatively low, which suggested that the labour market was facing a significant problem of idleness or reluctance to work among segments of the Saudi population, representing 34.5% or 1 million citizens (Al-Zamel, 2000).

However, a lower figure of 8.1% was suggested by Al-Humaid (2003). The Sixth Development Plan estimated that, during the first five years of the plan, the number of new entrants into the labour market would be around 659,900 citizens. The National Project Survey, conducted by the committee of the Saudi chamber of commerce, suggested that the labour market surplus would be 378,080 people by the year 2000, at which the Sixth Development Plan ends, with an unemployment rate of 13.2%, regardless of Saudisation. This clearly indicates that Saudi Arabia faced a serious unemployment problem. Also significant was the fact that the rate of unemployment was high among holders of academic qualifications and job seekers with non-vocational qualifications. This meant that Saudi job seekers needed retraining in order to meet the needs of the labour market and such training must be in relevant areas, where the immediate demand for workers is at its highest. While unemployment among women and those who are not working but capable of work was very high, they lacked experience in using the job market to find jobs.

As can be seen in Table 2.1, by 2005, there was a total of 623,465 of male and female Saudi citizens employed in the private sector, compared to the larger percentage of non-Saudi 4,738,823. This imbalance in employed Saudi compared to expatriates in the private sector underlines the reason why the Saudi government has decided to target this important sector through Saudisation policies, by demanding it, through a Ministerial decree and laws, to reduce its non Saudi-labour force by at least 5%, and to increase employment of Saudi workers accordingly, and made some occupations open to Saudi nationals only (Madhi and Barrientos, 2003).

**Table 2.1: Employees in the Saudi Private Sector by Economic Activity, Nationality and Gender (2005)**

Main economic activity	Saudi			Non Saudi			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Agriculture, forestry, hunting & fishing	8187	74	8261	371734	105	371839	379921	179	380100
Mining, oil, gas & quarries	52891	667	53558	22864	3348	26212	75755	4015	79770
Manufacturing	71119	1770	72889	531987	7690	539677	603106	9460	612566
Electricity, gas & water	13588	33	13621	16289	19	16308	29877	52	29929
Construction	166018	4368	170386	1751307	21777	1773084	1917325	26145	1943470
Whole and retail trade	153459	4809	158268	1248845	5239	1254084	1402304	10048	1412352
Cargo, storing & transportation	19489	44	19533	105276	142	105418	124765	186	124951
Money, insurance, real estate & business services	27002	1455	28457	64657	826	65483	91659	2281	93940
Community, social & personal services	73190	18592	91782	493265	40614	533879	566455	59206	625661
Undefined activities	6337	373	6710	52520	319	52839	58857	692	59549
Total	591280	32185	623465	4658744	80079	4738823	5250024	112264	5362288

*Source: The 41 issue of the Statistical Year Book published by the Central Department of Statistics and Information (CDSI), Ministry of Economy and Planning, 2005. Saudi Arabia*

One of the most important and controversial issues relating to employment in the private sector investigated in this study relates to whether Saudi are qualified less or more than expatriates to work in the private sector. In other words, it is important to asses whether Saudi nationals can adequately fill the potential jobs in the private sector with the Saudisation policies taking effect.

As Table 2.2 below shows, in terms of qualifications, expatriates working in the private sector hold more academic qualifications than their Saudi counterparts. By 2005, there were 38,840 and 67,181 Saudis male and female, respectively holding diploma and bachelor degrees, while 1,330 held high diploma and 3,308 and 826 were master and PhD graduates, respectively. This is compared to 177,748; 241,851; 3,341; 12,547 and 5,516, respectively among non-Saudis.

It is clear from these figures that compared to Saudi citizens, expatriates have better academic qualifications to work in the private sector and more importantly, the technical and work experience that this sector depends on and requires, and which the Saudi education sector does not equip the Saudi graduates with. This assertion is supported by the fact that the current Saudi education system is producing a large number of graduates-particularly given the youthful population, but without the technical or vocational skills needed in the economy (Gulf, 2008).

**Table 2.2: Employees in the Saudi Private Sector by Level of Education, Nationality and Gender (2005)**

Education Level	Saudi			Non-Saudi			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Illiterate	16209	747	16956	802843	5583	808426	819052	6330	825382
Read & Write	117694	4038	121732	2768960	24760	2793720	2886654	28798	2915452
Primary	60492	1248	61740	172350	1517	173867	232842	2765	235607
Intermediate	105875	2522	108397	264956	3069	268025	370831	5591	376422
Secondary	193178	9858	203036	249079	4052	253131	442257	13910	456167
Diploma	36576	2264	38840	154013	23735	177748	190589	25999	216588
Bachelor	55901	11280	67181	226958	14893	241851	282859	26173	309032
Master	3168	140	3308	11266	1281	12547	14434	1421	15855
Doctorate	767	59	826	4670	846	5516	5437	905	6342
High Diploma	1308	22	1330	3024	317	3341	4332	339	4671
Fellowship	110	7	117	586	26	612	696	33	729
Other	2	0	2	39	0	39	41	0	41
Total	591280	32185	623465	4658744	80079	4738823	5250024	112264	5362288

Source: The 41 issue of the Statistical Year Book (the Saudi Central Department of Statistics and Information (CDSI) 2005).

The Seventh Development Plan (2000-2004) estimated the size of the civil service workforce in the Kingdom to be 7.2 million workers in the year 2000, and to reach 7.5

million by the end of 2004. The plan expected to provide 329,000 new jobs during this period.

The number of Saudi workers in the labour force was estimated to be at 40%, while the workers in the civil sector were around 668,500 in 1999, compared to 520,000 in 1990 (Ministry of Civil Service, 1994). Saudi nationals accounted for 85% of the total workforce compared to 68% in 1990, while in the private sector, and according to social insurance records, the workforce totalled to 1.5 million in 1999; 209,000 of which were Saudis. The total was 1.12 million in 1995, with Saudis accounting for 137,000. The number of non-Saudi workers registered in the social insurance records in 1995 totalled to 983,000, which grew to 1.29 million in 1999. The number of workers who were not registered in the Social Insurance records was estimated at 5 million, most working in small establishments or in self-employed professions (Al-Zamel, 2002). The Seventh Development Plan (2000-2004) predicted the population of Saudi Arabia to grow to 15.7 million in 2000 and to 29.7 million by 2020, an increase of 189.2% and a yearly growth rate of up to 3.1%. The seventh plan also estimated the number of Saudis of working age to be 9.7 million by 2000 and 20 million by 2020. As for the labour supply, the Ministry of Economy and Planning predicted that this number will increase from 3.2 million workers in 2000 to 4 million workers in 2004 and to 8.3 million in 2020. In terms of labour demand, the seventh plan expected the private sector to absorb all the newcomers to the labour market because the public sector has reached its capacity. The seventh development plan estimated that the demand for manpower to be 7.2 million workers by 2000, increasing to 7.5 million by the end of 2004 and 10.7 million by 2020. The great increase in oil revenues in Saudi Arabia, which was followed by great economic growth, had a significant influence on the Saudi labour market and its administrative and demographic structure. This influence explains the unique characteristics of this market, which are different from other countries'. Indeed, there are no real equivalents to the Saudi labour market, apart perhaps from those in the GCC countries, whose economies have witnessed similar circumstances (Al-Sultan, 1998). The Saudi labour market consists of Saudis and non-Saudi workers who differ on characteristics, such as productivity rate, competitiveness, ability and willingness to move jobs and locations, and wage differences, as studies on these differences demonstrated (e.g. Bin-Obaid, 2001). In terms of productivity rate, Bin-Obaid's study, among others,

found the productivity rate of the Saudi workers to be less than non-Saudis, due to their low standard of skill, especially for those who are new to the market.

It is also important to mention that the behaviour of Saudi workers negatively impacts on their productivity rate, in terms of absence, leaving work with or without permission and poor relationships between workers and managers and owners (Bin-Obaid, 2001). As for competition at work, the study found that this was low for Saudi workers, compared with non-Saudis, because the number of Saudi workers in the labour market is low or limited, especially in the private sector, in comparison with the great number of non-Saudis. Some indication of these differences can be seen in the lack of flexibility in wages for Saudis, as it is determined by the government sector, which absorbs the majority of Saudi workers, through government law and discipline procedures, while it is higher for non-Saudi workers (Bin-Obaid, 2001). Therefore, the distribution of workers tends to favour non-Saudis because of wage flexibility, which leads to unfair competition between Saudi and non-Saudi workers and job seekers. Saudi workers also suffer from low mobility as they have less opportunity to move between sectors and different regions in the Kingdom, due to the cultural, economic and social structure of Saudi society (Bin-Obaid, 2001), which can also be explained by the traditional commitment of the Saudis towards their family, society and culture. Non-Saudis can move between sites and districts more easily than Saudis, because they have less commitment to the family and society and must relocate if to keep their jobs. In terms of wage differences, Saudi worker's wage is higher than that of non-Saudi (Bin-Obaid, 2001). Therefore, this is one of the reasons, as previous research findings reported in this study show, which explains why the private sector prefers to employ non-Saudis because of the low wage demands, which enables employers to keep wage cost down and increase their profit margins. Lastly, wages are higher in the public sector, which makes Saudis reluctant to work in the private sector, and instead prefer to work temporarily in the private sector until a public sector job becomes available, and then leave their private sector post.

### **2.2.2 Participation of Saudi Females in the Labour Market**

Women represent half the population of Saudi Arabia and yet their participation in the labour market is only recently becoming clearer, with only 5.1% - 5.8% of Saudi women of working age estimated to be employed, which are very low percentages

compared to women in other parts of the world, according to statistics issued by the World Bank in 1997.

The participation of women in the labour market from 1985 to 2004 is low despite the efforts made to educate women in both public and higher educational institutions. Very small proportion of Saudi females is in employment, just below 5% (Madhi and Barrientos, 2003). Saudi females employed in the public sector account for one-third of the overall workforce, concentrated mainly in education and health departments (Madhi and Barrientos, 2003). It is predicted that expansion of the Saudi economy and private sector would create more job opportunities for women, as the Saudi government liberalised its employment policies (Baki, 2004). A study on Saudisation carried out by the Medina Chamber of Commerce (1998) found that low employment among female Saudi job seekers, as well as Males, was due to their refusal to accept job offers because of a mismatch between their study specialization or qualifications and the skills required for the job and the labour market. In addition, social and cultural factors explain the lack of work opportunities for women in a society still embracing traditional and religious values. The latter is the prime reason, because the official position of Saudi Arabia is that Islam forbids the mixing of genders, which is expected at the work places, if women go out to work. There seems, in the short term, little optimism that Saudi women will participate in great numbers in the Kingdom's work place and it unlikely to ever happen at all, given the strength of the strict adherence of the Saudi society to these religious values. This is due to the fact that adherence to Islamic principles, in terms of not permitting mixing of genders at work and other places, is far more important for Saudis than applying an economic system that allows otherwise, regardless of the financial or economic benefits to society and the country such system brings.

### **2.2.3 Foreign Manpower in the Saudi Labour Market**

Economic development in Saudi Arabia, in terms of improving the country's infrastructure and to put into operation industrial, agricultural and service projects, forced it to import skilled foreign labour that its Saudi labour force lack. Large numbers of expatriate workers were imported, covering the period from the beginning of the Second Development Plan (1975-1980) until the beginning of the Fourth

Development Plan (1985-1990), while the number of Saudis in employment decreased relatively.

The large numbers of foreign labour is now the target of Saudisation as, according to national population statistics in 1992, more than 50% of jobs, such as building, construction and transport were occupied by expatriate workers, and so few workers in these sectors were Saudis. This is because Saudis were unwilling to take up these jobs as they are considered to be not prestigious. Jobs in the civil services, administration assistant, retailing and farming are considered second in terms of being mostly filled by expatriates. Although expatriates look for and take up employment in the public and the private sector, they are concentrated in the private sector, as Saudis prefer to, and look for, work in the public sector.

#### **2.2.4 Characteristics of the Saudi Private Sector**

The private sector in Saudi Arabia includes a wide range of business and economic activities and therefore it is difficult to describe. The main characteristics of heavy reliance on foreign workers, and attracting negative social perceptions among Saudis towards working in this sector, are two of the main four factors that have in fact shaped the structure of the labour market in Saudi Arabia (Mellahi, 2007). The sector is characterised by being dominated by small-scale enterprises that employ less than 20 workers, according to the commercial register, which employs around 75.0% of foreign labour (Al-Humaid, 2003). Private sector activities are concentrated mainly in large cities, and in terms of profitability and rate of Saudisation, there is wide discrepancy between small and big firms in the sector (Al-Humaid, 2003). Sectors that are particularly dominated by the private sector are sales (47%), services (30%), agriculture and production (31%) (Mellahi, 2007). Given the huge influx of cheap foreign labour since the discovery and commercialisation of oil, the sector has become characterised by heavy reliance on cheap manual labour, which is often deployed in labour-intensive occupations (Mellahi and Wood, 2002; Madhi and Barrientos, 2003). The private sector relies heavily on expatriates and in the 1980s was saturated with low paid expatriate workers (Al-Ali, 1997; Al-Zalabani, 2004). Most of the jobs in the private sector are manual jobs, often regarded as lower status jobs by Saudi (Mellahi, 2007). The private sector is so crucial to the economic development of Saudi Arabia that the Seventh Development Plan puts emphasis on the private sector as the engine

of national development. By the 1990s, non-Saudi accounted for around 90% of employment in the private sector (Madhi and Barrientos, 2003).

The importance of the sector is underlined by the fact that the Seventh Development Plan (1999-2004) predicted that the private sector will account for 94.6% of all new jobs opportunities, compared to 4.6 in the public sector (Looney, 2004c). This is why it is argued that the Saudi education system must focus on the needs of the private sector, since this is where most new jobs will be created (Baki, 2004). Moreover, while the private sector employed 6.2 million people in 2002 (87% of total Saudi Arabian labour force) the public sector employed around 916,000 persons (13% of total workforce) (Mellahi, 2006). Prior 1984, the private sector was forbidden place in which Saudi graduates can seek employment, and instead must work in the public sector, as it sponsored their studies (Maimani, 1989). It is important to point out that the dependence of the private sector on foreign labour is a direct consequence of large inflow of such labour that made rapid economic development in Saudi Arabia possible (Madhi and Barrientos, 2003). However, the private sector currently faces high costs for raw materials and accommodation, and difficulty in attracting foreign workers to the high inflation environment of Saudi economy, and hence the sector is putting pressure on the Saudi government to address these issues (Gulf, 2008).

### **2.3 SAUDISATION: HISTORICAL OVERVIEW**

Dramatic changes have occurred in the structure of the societies of the Arab Gulf countries since the discovery of oil and Saudi Arabia was no exception. This discovery led to ambitious and rapid economic development financed by revenues gained from the rise in petrodollars in 1970s-80s. However, These ambitious development plans needed adequate number of qualified and experienced labour force, which the local workforce of these countries lacked, and therefore necessitated the import of readily available skilled foreign labour into almost every sector of the economy. Saudi Arabia is the world's leading oil producing nation with an average daily production estimated at 8.1 million barrels in 2000. From 1970, the Kingdom's economy was organised through a series of five-year development plans, which put into place general policies for economic activities. These development plans have been very successful over the last thirty-five years, as the country has moved from being a subsistence and nomadic economy to a modern, developing economy with

world class industrial, agricultural and service enterprises (Mahdi, 2000). As the largest producer of crude oil in the Gulf region, Saudi Arabia required large number of expatriate workers, encouraged by the availability of high quality and cost of imported foreign workers, to provide human resources for the large nature of its development schemes. Saudi Arabia, in common with other Gulf countries, had severe shortages of skilled and semi-skilled labour that was required in order to accomplish these development projects. The short-term solution was to engage a massive contingent of foreign labour to join the Kingdom's workforce and, in the longer term, to train and educate Saudi cadres so that they could gradually replace the imported expatriate workers, with the aim that importing foreign workers would eventually be halted or at least curtailed. This replacement of foreign workers by Saudi labour was termed Saudisation of the workforce. The huge scale of imported expatriate labour in the country has radically affected the structure of Saudi society and its job market. Non-Saudis can be found in almost every sector of the job market, while the indigenous population of Saudi Arabia has experienced considerable growth, resulting in serious unemployment-related problems for Saudis that have now emerged, especially in the private sector, with many Saudis unemployed and increasingly deprived of job opportunities. Before the discovery of oil and its production in commercial quantities, patterns of life in the Kingdom were mainly nomadic and semi-nomadic, so at first, efforts were made to settle nomads and turn them into farming societies. In attempts to move towards becoming a modern administration, certain public departments were created in 1915. However, the economy was still mainly traditional and manufacturing industries were virtually non-existent until 1927, as cottage industries, handicrafts, fishing and pearl-diving were the main sources of employment. Workers in these types of jobs were not numerous at that time and the income of the country was poor, with limited resources. All this changed with the discovery of oil in the Middle East in Iran in 1908, a year that marked a new beginning for the region, when major oil companies were attracted to the area. Further oil was discovered in Bahrain in 1932 and in Saudi Arabia in 1938. As mentioned above, the oil industry, as the case in the other Gulf countries, was hindered by serious labour shortages, particularly of those with skills and experience, and so to bridge this gap, foreign workers were imported (Seccombe and Lawless, 1986).

After the commercial exploitation of oil, the number of foreign workers employed by ARAMCO, which is the Arabian American Oil Company, being the largest Oil operation in Saudi Arabia, increased from 2,180 workers in 1945 to 8,609 workers in 1951 (Mahdi, 2000).

### **2.3.1 Increased Demand for Non-Saudi Labour**

One feature of the labour market in Saudi Arabia is its inability to respond flexibly to changing economic circumstances. For example, after the economy slumped in 1982, the total number of non-Saudi workers decreased by only 100,000 between 1985 and 1986. This trend has since continued to rise at a relatively high rate in spite of the determination of the Saudisation-related Fourth and Fifth Development Plans to reduce the number of non-Saudi workers in line with the needs of the economy. With the country's physical infrastructure now virtually complete, the focus is now on the operation and maintenance of these facilities using non-Saudi workers, who are both skilled and semi-skilled, and at the same time, demand has risen rapidly for unskilled non-Saudi workers in the community and services sectors. The Sixth Development Plan (1995-2000) recognised that continuing to recruit non-Saudi workers will make it ever harder for poorly qualified Saudi job seekers to find jobs, and yet these workers make up a very high proportion of new job seekers in the labour market. While this trend continues, the Kingdom's job market will continue to depend on expatriate labour, rather than using the Saudi manpower available. It is clear, therefore, that Saudis need to be trained in those fields needed by the private sector while, in turn, the private sector needs to be offered incentives to employ Saudi nationals first and seek foreign workers only as a last resort. Saudi manpower must also be relevant and employers need to consider national interests, rather than their own only, mainly profit-making.

### **2.3.2 Employment by Sector**

Large increases in the price of crude oil and increasing demand for it meant immense public revenue for Saudi Arabia, and the resulting financial gain was allocated to fund a range of employment activities within public and private sector, as decided by the country's five-year development plans that began in 1970.

As results in Table 2.3 shows, the demands of the development plans increased the need for labour in all the major sectors of the economy, from 1,103.8 million workers in 1970 to 7,129.7 million workers by the end of 2004. Further activity in the oil sector had an effect on all the other sectors; from 1970 many sectors experienced rapid expansion of their labour force. However, in the agricultural sector, the demand for manpower peaked in 1980 at 545,600 and then dropped in 1985 to 377, 200 and also in 1995, and rising again to 582,300 in 2004. This trend is determined by the demand for and prices of oil. These figures show that although agriculture experienced some fluctuation, it also came to the front in 2004 as strong and vibrant sector. The mining and oil sectors peaked in 1985 to total 62,900 workers. However, they dipped in 1990, but showed a relative gain of 115,100 in 2004. In general terms, industry continued to experience growth in labour, moving from 36,100 in 1970 to 661,000 in 2004. As Table 2.3 shows, the highest manpower levels were achieved in electricity, gas and water services; these were at 112,200 in 1985, but slumped to 66,500 in 1990, rising again in 1995 to 79,700, and continuing to do so in 2000 to 93,500 and in 2004 to 101,500.

The construction, trade, transport and communication sectors, and personal and government services continued, from 1970, to expand in their demands for manpower, each indicating different levels of growth over the thirty-five years of national development. The highest levels of employment growth were seen in construction, trade and personal services, as shown in Table 2.3 below. According to the Seventh Development Plan (2000-2004), this trend in increased demand for manpower in the Kingdom has affected the structure of the labour market in the public and the private sectors during the period from 1970 to 2000.

**Table 2.3: Employment by Activities in Saudi Arabia Labour Force (1970-004)**

Activities	1970	1975	1980	1985	1990	1995	2000	2004
Agriculture	445800	426100	545006	538000	393200	377200	557900	582300
Mining, Crude Oil & Natural Gas	25700	45600	47000	62900	52300	59100	112100	115100
Industry	36100	46500	170400	424100	494700	566900	589000	661000
Electricity, Gas and Water	12200	18300	67000	112200	66500	79700	93500	101500
Construction	141500	314200	638900	1470000	916700	1060700	1019700	1101100
Trade	130200	211000	323100	688700	921900	1026700	1036600	1071200
Transport & Communication	62100	103200	180000	316500	274900	319900	299200	310100
Personal Services	250200	357200	654600	1163100	2218000	2549800	2217100	2255100
Government Services	-	-	399400	469100	711200	817700	916200	932300
Total	1,103,800	1,522,100	3,026,000	5,244,600	6,049,400	6,857,700	6,841,300	7,129,700

Source: Ministry of Economy and Planning, *Five-Year Development Plans (1970-2004)*  
Riyadh: Ministry of Economy and Planning, Kingdom of Saudi Arabia.

Table 2.4 provides data from 2004 about organizations in the private sector and workers insured with the General Organization for Social Insurance (GOSI). The share of workers in small firms (i.e. those employing less than 40 workers) represents 28.2% of the total workforce, the share of workers in firms employing between 40-99 persons amounts to about 12.7%, and the workers' share in firms of over 100 persons is in the majority, namely 59.0% of the total number of workers insured with the GOSI). Although the developments in manpower trends are rather uneven in the private sector with respect to company size, the private sector tends to monopolize demands for manpower.

**Table 2.4: Distribution of Workers in the Saudi Private Sector in 2004**

Class of Companies Employing	No. Of Establishments	Percent (%)	No. Of Workers	Percent (%)
LESS THAN 20	71103	79.6	464813	18.3
20 - 39	9286	10.4	251948	9.9
40 - 59	2879	3.2	138535	5.5
60 - 79	1501	1.7	103391	4.1
80 - 99	880	1.0	78445	3.1
100 - 199	1802	2.0	251390	9.9
200 - 299	628	0.7	153149	6.0
300 - 399	356	0.4	122433	4.8
400 - 499	218	0.2	97328	3.8
500 & OVER	638	0.7	876562	34.5
<b>Total</b>	<b>89291</b>	<b>100 %</b>	<b>2537994</b>	<b>100 %</b>

Source: General Organization for Social Insurance (GOSI), Annual Report 2004, Riyadh: GOSI, Kingdom of Saudi Arabia.

As can be seen in Table 2.5, employment in the public sector developed over the period 1970–2004, with the number of workers increasing from 117,278 in 1970 to 763,265 in 2004 (SAMA, 2004).

**Table 2.5: Employment by Nationality in the Saudi Public Sector**

Year	Saudi Workers (Men & Women)	Percent of Saudis	Non-Saudi Workers (Men & Women)	Percent of Non-Saudis	Total
1970	97002	82.7%	20276	17.3%	117278
1975	142341	77.0%	42400	23.0%	184741
1980	183501	72.6%	69397	27.4%	252898
1985	299738	69.9%	129281	30.1%	429019
1990	386760	72.3%	147938	27.7%	534698
1995	480313	78.9%	128698	21.1%	609011
2000	613322	88.3%	81448	11.7%	694770
2004	694494	91.0%	68771	9.0%	763265

Source: Saudi Arabian Monetary Agency, Annual Report, No.40, year 2004.

Table 2.5 also provides a breakdown of the total manpower of expatriates and Saudi nationals in the Saudi public sector and clearly highlights the relative success of Saudisation in the public sector. The government of Saudi Arabia has consistently sought to expand the employment of its nationals, as part of the strategic goal of its Saudisation policy to rely on its own domestic workforce to meet its needs for skilled labour to undertake large development initiatives.

From 1970 to 1990, the public sector increased its demand for foreign workers; levels moved from 17.3% in 1975 to 30.1% in 1985, suggesting that the public sector still

relied heavily on expatriates to fulfill its requirements. However, foreign workers declined significantly in the public sector between 2000 and 2004, with the percentage of employed non Saudis being 11.7% and 9.0% respectively; which constitutes a clear achievement of Saudisation in the public sector. In short, while only 69.9% of the workforce in the public sector was Saudi in 1985, by 2004, they comprised 91.02% of the entire workforce in the public services. Studies cited in this research show that the increase of Saudi workers in the public sector stems from the advantages and benefits associated with employment in this sector. Saudi labour laws offer higher minimum pay, fast promotion, favourable office hours, privileges and other benefits, which are not available in the private sector. Furthermore, status and prestige are closely associated with public sector employment and government positions, compared with those in the private sector. However, greater levels of employment in the public sector have led to certain managerial problems, which include low productivity, poor motivation amongst workers, and disguised unemployment because of the over-employment in this sector (Al-Shakhawi 1994).

Saudi labour laws are not comprehensive and do not adequately cover workers in the private sector, as this is left to personal contract between employer and employee, which is the cornerstone of work relationship in the private sector. A major criticism of this arrangement is that such contracts are not uniform since, not only do they differ from one firm to another, but more seriously, they differ between workers in the same firm. Work regulations state that foreign workers are only allowed to work in Saudi Arabia if they have a valid work contract (this should be arranged before the worker can enter the country and must come from a Saudi citizen who will act as the worker's sponsor or Kafeel (Mahdi, 2000).

### **2.3.3 Saudi Government's Development Plans**

Saudi Arabia launched its first development plan for the years 1970-1975, when it actually faced huge shortages of skilled and unskilled labour, as the gap was estimated at 154,600 workers of various occupations and skills during the time in question. To overcome this shortage in manpower in the short-term, entry into the country was left almost wide open and unregulated to attract foreign workers, so the number of expatriate workers increased enormously since the 1970s. The population census of 1993 estimated the number of foreigners in the country was as 4.6 million, thus

representing a significant 27.4% share of the total national population. The labour force of this group alone was estimated at 3 million foreign workers. By 1996, the ministry of the interior estimated the non-Saudi population in the Kingdom to be as high as 6.3 million, of which 4.63 million were in the labour force (the remaining of 1.67 million were not). In more recent estimation by SAMA, the number of expatriates living in Saudi Arabia was estimated at 5.8 million, out of which, 4 million are accounted for inside the labour force, and 1.8 million do not participate directly in the national economy (SAMA, 2001). As shown by the experience noted above in Saudi Arabia, manpower development plans take longer to achieve than in other areas. With its early ambitious development plans, Saudi Arabia was severely limited, in both quantity and quality; hence there was a need for foreign labour to facilitate the development of the country. This created wide disparity between Saudis and expatriates in terms of employment in the Kingdom's workforce, and successive development plans showed that a gradual balance in employment between national and non-nationals was not only necessary but crucial, especially considering the increasing numbers of Saudi graduates and young moving into the workforce looking for work. It should be noted that the recent development efforts have focused on expanding job opportunities for Saudis and on replacing non-Saudis in a carefully phased-in scheme, especially in the private sector, where there is heavy reliance on foreign labour. It is hoped that this policy of sustained Saudisation will, in the long run, lead to self-sufficiency, particularly with regard to the Kingdom's manpower requirements and future development strategies, as envisaged by the Seventh Development Plan (2000-2004).

Since Saudi graduates continued to grow in number, the Sixth Development Plan focused even more on replacing foreign workers with Saudis. In order to do this, strict policies were required to ensure that a good match existed between the needs of Saudi employers and the skills, qualifications and experience of Saudi job seekers and employees.

It should be noted that in order to understand the effectiveness and achievements or the failures of the Saudisation policy, it was and is also necessary to examine carefully the barriers and difficulties that prevent Saudis from being employed in greater numbers in the private sector. In other words, Saudisation policy is not enough in itself, but carefully designed replacement programmes in a variety of sectors and

occupations also were required to be put in place. To respond in a more dynamic fashion, the Saudi labour market and those issues affecting it were considered and examined as part of the Sixth Development Plan (1995-2000), with emphasis being placed on objectives concerning manpower and related issues, such as the distribution of employment in different sectors and the balance between the supply and demand of labour in particular. The Sixth Development Plan (1995-2000) was aimed at replacing non-Saudis by appropriately qualified Saudis in a gradual and progressive manner in all occupations and economic sectors; and rationalizing the growth of the non-Saudi labour force in all occupations and economic sectors; and providing job opportunities for all new Saudi entrants to the labour market, mainly in the private sector. In addition, to increase job opportunities for women in conformity with the laws of the Islamic Shariah; increasing the number of graduates with skills and qualifications consistent with the requirements of the national economy; reducing the number of unskilled Saudis entering the labour market before completing their education and training; and to develop labour market services, including the provision of appropriate statistical information services, were also considered. These strategies demonstrate that the Saudi government is committed to confronting the realities of the manpower requirements in the Kingdom. It should also be noted that the focus of the sixth development plans and its aims are on quality, as well as on competency, rather than on quantity and/or adequacy of labour, and on the private sector, which has a heavy concentration of foreign labour, and it is therefore a major target as a way out of the country's manpower problems.

The national plan and its aims are also focused on the large numbers of expatriate workers, who are matched by the problem of a relatively large number of qualified, but unemployed Saudi nationals. There is also a focus on the need to replace expatriate labour with Saudis, especially within semi and non-skilled work; increasing the population of women in the labour market, since they represent half of the country's population; and encouraging and motivating local private sector businesses to absorb surplus labour from amongst Saudis first, rather than expatriates. The plan proposes a calculated process of Saudisation that would not interrupt development plans, which would meet the Kingdom's overall objectives of absorbing Saudi cadres. In 2002, out of a total of Saudi national population of 17.3 million people, 10.4 million were in the 15 years and over age group; the group deemed to be of working

age. This implies that the participation in the labour market of this group determines the size of the potential Saudi labour force. The low rate of participation in the work force indicates the youthfulness of the Saudi population: 45.0% of the population of the Kingdom is under 15 years of age (Ministry of Planning, 2001). Regarding education and training, there is a shortage of graduates in a number of key occupations, although a wide range of qualifications and skills is required in all economic sectors; most notably workers with technical skills are most needed. Therefore, there is a notable mismatch between the skills required by the private sector and those of the Saudi graduates and education system, with an important factor compounding this mismatch being the huge rise in enrolments at academic institutions, such as universities and higher institutes of technology. These enrolments are at the expense of more vocational, scientific and technically-oriented education and training needed in the Saudi labour market, and the fact that Saudi Arabia depends heavily on technicians imported from abroad is evidence of this. Such factors are hampering efforts to replace foreign workers with Saudi nationals (Saudisation). Those who drop out of education and training institutions do not only become financial burden, but also a further source of under-qualified manpower, seeking employment in a competitive job market that can avail itself of low-paid imported labour, which may well be better trained and better meets its needs. Hence the common status of labour market in Saudi Arabia, where there is a large number of expatriates in work, while unemployment rates among Saudis is high, according to the Sixth Development Plan (1995-2000).

#### **2.3.4 Saudi Government's Sixth-Eight Development Plans (1995-2009)**

In order to achieve economic growth outlined in the Sixth Development Plan, the total employment of civilians in Saudi Arabia was projected to increase from 6.9 million in 1994–1995 to 7.1 million by 1999–2000; amounting to an actual increase of 191,700 and representing an annual growth rate of 0.6% (See Table 2.6). In line with the aims of the Sixth Development Plan to replace non-Saudi labour with qualified Saudis, and for the private sector to offer more employment opportunities for national workers, about 95.0% of this growth was expected to come from the private sector alone. It was intended that growth of employment in the public sector would be limited to meeting additional highly specialized needs in the health and education sectors.

**Table 2.6: Civilian Employment in Saudi Arabia (2000-2004)**

Categories	Employment		Net Increase	
	Year 2000	Year 2004	Number	Percentage
Private Sector	6,232,200	6,754,904	522,704	64.2 %
Government	827,200	1,118,491	291,291	35.8 %
Total	7,059,400	7,873,395	813,995	100 %

Source: General Organization for Social Insurance (GOSI), Annual Report 2004, Riyadh: GOSI, Kingdom of Saudi Arabia; and Saudi Arabian Monetary Agency, Annual Report, No.40, year 2004.

As can be seen in Table 2.6, the increase in employment during 2000-2004 in the private sector was projected to be 522,704 workers and 291,291 in the public sector, a total net increase in both sectors of 813,995 workers. Table 2.7 shows that during the period of the Seventh Development Plan (2000-2004), both the private and public sectors were expected to absorb 760,000 Saudis, either through employment or replacement, at an average growth rate of 3.9% annually. This figure equals the net increase projected in the Saudi labour force during the period of this seventh development plan. According to the figures in Table 2.7, total demand for manpower was projected to grow to 817,300, as a direct result of demands from the economic sectors, from replacement and from the Saudisation process, while 93.0% (760,000) was expected to come from local cadres, and the remaining 7.0% (57,300) from other sources (i.e. expatriate labour).

**Table 2.7: Demand and Supply for Saudi Labour in Saudi Arabia during the Period of the Seventh Development Plan (2000-2004)**

<b>Labour Demand</b>	<b>Total</b>
Demand resulting from economic growth	328,600
Demand resulting from replacement	488,700
Total	817,300
<b>Labour Supply</b>	<b>Total</b>
Supply resulting from graduates of education and training	760,000
Supply from other sources	57,300
Total	817,300

Source: Ministry of Economy and Planning, Seventh Development Plan (2000-2004), Riyadh: Kingdom of Saudi Arabia.

Table 2.8 shows these components of demand and the sources of supply, also the distribution between the government and private sectors of new Saudi entrants into the labour market.

**Table 2.8: Distribution of New Saudi Employment (2002-2004)**

Jobs	Government	Private Sector	Total
New Jobs	17,600	311,000	328,600
Replacement Jobs	--	--	488,700
Total	--	--	817,300

Source: Ministry of Economy and Planning, Seventh Development Plan (2000-2004), Riyadh: Kingdom of Saudi Arabia.

It can be seen from Table 2.8 above that the private sector is greater employer of national manpower, in terms of both new employment and Saudisation since, out of a growth of 328,600 in new jobs in the two sectors (private and government combined), the private sector alone accounted for 94.60% of the employment capability. Furthermore, while new jobs and replacements constituted the greater share (817,300) of the total requirement for manpower in the two sectors, Saudisation was intended to change the structure of the Saudi Arabia's manpower. To respond to Saudisation and improve the qualifications and skills of Saudi youth, a great many institutions, both public and private, are involved in the education and training of the Saudi workforce, the most important being the Ministry of higher Education, the General Organization for Technical Education and Vocational Training (GOTEVT), the General Presidency of Girls' Education (affiliated to the Ministry of Education in 2002) and the Institute of Public Administration (IPA).

The chambers of commerce and industry also provide numerous training courses to provide skills to unskilled youth. In addition, three government agencies are charged with the responsibility of developing and implementing employment policies and regulations, concerning both national and non-national labour, and offering services that match appropriately the available jobs with those who are seeking work. These agencies are the Ministry of Labour and Social Affairs (MOLSA: separated into Ministry of Labour and Ministry of Social Affairs in 2004) which is responsible for enforcing labour and workmen law, providing placements and counseling services to Saudis looking for work, and regulating the employment of non-Saudi workers in the private sector. The Ministry of the Civil Service is responsible for recruitment and for employment regulations in the civilian public sector. The Manpower Council (affiliated to the Ministry of Labour in 2004) is responsible for developing labour market policy and for coordinating the activities related to manpower in all the government agencies. Replacing non-Saudi workers, together with the creation of job opportunities for Saudis in the private sector, were high priorities in the Sixth Development Plan, (1995-2000) and in order to achieve these objectives, an integrated policy for the labour market was required. The objectives of the plan could be considered to be related to three main areas; supply in the labour market or the development of manpower; demand or the replacement of non-Saudis; and improvement in the services and information in the labour market. Because of the

state and structure of the labour market in Saudi Arabia described earlier, the Kingdom have put into place policies and programmes designed to confront the deficiencies regarding the needs for Saudi manpower. To this end, four policies were designed to address the development of Saudi manpower and the needs of the national economy in terms of quality, through the acquisition of appropriate skills and qualifications. These policies were incorporated into the Seventh Development Plan (2000-2004) and are outlined in the next section. The Saudi government also recently presented the Eight Development Plan (2005-2009), which is an extension of the Sixth and Seventh Development Plans, in terms of having the same aims and policies. Therefore, the Eight Development Plan is only briefly highlighted here. This Eight Development Plan aims to focus on continuous improvement of manpower competencies, through qualitative and quantitative expansion of education, training and vocational training.

It has also focused on resolving issues of efficiency of the labour market and improvement of the labour market environment, in light of the competitive challenges facing the country. The Eighth Development Plan reinforces these efforts in the context of the requirements of a knowledge-based economy, more integrated with the global economic system, and in which the private sector plays a vital role in supporting development strategies.

## **2.4 GOVERNMENT'S POLICIES AND MEASURES TO SAUDISE THE LABOUR MARKET**

The Saudi government undertook various measures to create employment opportunities for Saudi nationals, especially in the private sector and reduce the dependence of its job market on foreign manpower. These measures are discussed in the following sections and throughout the literature reviewed and thesis.

### **2.4.1 Creating Employment and Career Opportunities for Saudi Citizens**

The importance of Saudisation in terms of increased participation of Saudis in the labour market was emphasized by the government in the Seventh Development Plan (2000-2004), which is an extension of the previous plans. The objectives of the plan is to encourage the private sector to provide job opportunities for Saudi citizens and continuing with the policy of Saudisation in the government agencies; identifying appropriate mechanisms for the implementation and follow up of plans for

Saudisation in different occupations and sectors according to their importance, by setting specific priorities for Saudisation in some sectors and occupations in the private sector; concentrating the recruitment of foreign labour on those who are qualified by setting specific criteria to control the number of workers recruited; and continuing to exert intensive efforts to control work permits and residency regulations. In addition, the following policies have also been adopted: to increase investments in small enterprises and enhancing the role of the Saudi Credit Bank in this context; implementing directives of the manpower council by government agencies; enhancing awareness through public media, stressing the religious and social value of labour-oriented work.

The plans also aimed at making maximum use of the available female labour force and increasing job opportunities for Saudi women in accordance with the teachings of Islam; reviewing the regulations introduced by the labour and employment laws, in order to ensure their conformity with the country's development requirements, and to attain consistency and integration between social insurance and civil retirement system.

#### **2.4.2 Improving the Productivity of Local Manpower**

As well as encouraging the increased participation of Saudis in the job market, especially in the private sector, ensuring that workers are well-motivated, appropriately trained and therefore able to function efficiently in a work environment that is competitive, were objectives addressed in the Sixth Development Plan (1995-2000). The plan aimed at improving the level of labour productivity in the government and private sector through the development of performance and efficiency. Also to review employment in the government sector by redistributing jobs between government agencies according to their needs, as well as, addressing the problems of employment outside the major cities, and to consider the possibility of re-allocating excess employment in the public sector to work in the private sector.

#### **2.4.3 Preparing Saudi Graduates for the Labour Market**

To match Saudis job seekers, graduates and workers appropriately into the requirements of the job market, and at the same time ensure productivity; adequate preparation and training must be provided. These are among the main aims of the

Sixth Development Plan (1995-2000). The plan aims at increasing the absorptive capacity of universities, technical education institutions and vocational training centres in the specializations in demand by the labour market and economy, and guiding admission policy in higher education institutions according to labour market requirements.

Among the educational strategies, the plan also ensures that the private sector participate in regular reviews of the curricula and education programmes and propose new educational disciplines which meet the actual needs of the labour market; and raising the efficiency of the continuous education programmes by focusing on eradication of illiteracy and addressing the problems of dropouts, thereby improving the participation of Saudis in the labour market and raising their productivity. Other aims include, directing and guiding students by all available means and encouraging them to pursue specializations that match their ambitions and aptitudes; preparing a comprehensive training strategy as a basis for long-term training at country's level covering all fields and levels; encouraging the private sector to provide specialized training, including pre-service and in-service training; preparing Saudis who lack regular education or training qualifications for entry into the labour market, through appropriate training programmes; and intensifying research activity in the field of manpower development by universities and specialized academic institutions.

#### **2.4.4 Improving the Quality and Effectiveness of Human Resources and Career Services for Job Seekers and the Employed**

The increasing complexity of the Saudi labour market means that it can no longer function efficiently, if the efforts of the government, agencies and companies within this market remain uncoordinated. Therefore, it is necessary to centralize the employment and related activities undertaken by these bodies, in order to share information on the Kingdom's manpower requirements in all sectors. This is one of the main objectives of the Seventh Development Plan (2000-2004) which proposes achieving this aim by enhancing the role of employment offices to enable them to provide guidance and recruitment services for Saudi workers; improving manpower information systems; and establishing a standardized information network for all labour offices in the Kingdom to provide regular labour market information for employers, members of the labour force, students and education and training institutions, in order to enable them to choose appropriate careers.

In order to establish a better coordination, the plan also aimed at the following: to finalise the process of job description and classification and making available to job seekers information about available jobs and occupations, their requirements and work conditions; disseminating planning awareness and stressing the importance of manpower planning at the level of the economic unit or firm and at sector and macro levels; and standardizing the methodologies, techniques and concepts used therein. In addition, the Manpower Council needs to follow up and coordinate the efforts exerted by the agencies responsible for planning, development and employment of Saudis and to enhance the relations between them to achieve optimal development; and utilization of human resources and to address any related problems.

#### **2.4.5 Improving the Standards of Education and Training**

In order to improve the quality of Saudi manpower and subsequently their employability, especially in the private sector, measures were taken to improve education and training, as detailed in the Seventh Development Plan (2000-2004). The plan focused to a great extent on these crucial areas of education and training by encouraging the private sector to participate in the design and layout of the curricula within further and higher education establishments. The aim of the approach was to close the gap between the needs of the private sector and the quality of Saudi job seekers, graduates and workers. So, while general and higher education was and is still largely responsible for eliminating illiteracy in Saudi Arabia, it was also necessary to reconsider admission policies at universities, by establishing more specific criteria for entry, and combining theoretical and practical education, thus preparing graduates by giving them the skills needed by the job market, and especially the private sector. Furthermore, the private sector was made responsible for providing specialized training in the form of pre-service and in-service training, supported by employment offices that were set up to provide guidance and recruitment services for job seekers and workers. Through these measures, the Seventh Development Plan attempted to put right the problems caused by the Sixth Development Plan. The Seventh Development Plan also focused on scientific specializations and expertise needed by the private sector, and to match these with the educational and training provision, in order to increase the fit between the job requirements of the private sector and labour market and the educational and training profile of the job seekers.

In other words, new job entrants had to be trained to meet the needs of the labour market in the private sector, and it was felt that this could be best achieved by the sector itself, in terms of participating with educational establishments in design and delivery of appropriate training programmes (Seventh Development Plan, 2000-2004). Such initiatives were emphasized in the Seventh Development Plan because the Sixth Development Plan did not adequately address the issue of lack of fit between needs of the job market and the private sector and the education and skills of job seekers and graduates. The Seventh Development Plan saw it as necessary to make changes in education and training programmes, in terms of more attention given to science education. So enrolment on science courses at university, such as physics, chemistry, medicine, dentistry, engineering, medical sciences, computer science and electronics, which is currently high, was particularly encouraged by changing university admission policies, guided by the requirements of the labour market and not by academic idealism. The plan also promoted science education and specialization for women in universities and colleges, which included medical science, health management and other areas, with the private sector being encouraged to participate in the establishment of colleges and institutes specializing in such fields, and to become a partner with the government in producing a qualified and competent Saudi workforce (Seventh Development Plan, 2000-2004). The General Organization for Technical Education and Vocational Training (GOTEVT) has also been instrumental in forging the structure of the Kingdom's labour market. The rapid technological development within Saudi Arabia only serves to highlight the shortage of Saudi manpower in technical areas so that, while there was a need to recruit non-Saudi technical and skilled workers, it is also difficult to replace them with qualified and skilled Saudis. The GOTEVT has helped with addressing the problems associated with this shortage of skilled Saudis. During the Sixth Development Plan, efforts were made to improve both the quantity and quality of the system for technical education and vocational training so that more students would wish to follow technical studies, but this goal has not yet been fully realized, especially in technical and vocational fields of education. The Seventh Development Plan, therefore, confronted this issue that vocational and technical education had not yet satisfied the needs of the labour market, especially in the private sector, and pointed out that the gap between the needs of the labour market and the quality and quantity of the workers that were available, might even widen.

This problem is not about the simple relationship between needs of the job market and availability and quality of Saudi workers; it goes much deeper. Social perceptions in Saudi society are themselves obstacles, which hinder developments in areas of education and training. That is, because the prevailing view is that manual work is demeaning, while lower administrative jobs, such as technicians or service assistants, are low-prestige occupations, there is reluctance to enroll on related courses and training.

This prestige-related perception that manual work is degrading, and can be found in other wealthy Gulf and Arab nations, is neither influenced by culture nor religion, but has been developed due to the wealth generated from the oil boom, which has led to most Saudis becoming status-conscious and accepting only jobs that are prestigious, which is in contrast to Islamic values that encourage work and respect for it. The Seventh Development Plan, therefore, emphasized that, at each stage beyond the intermediate level of education, a certain proportion of students would be directed towards technical education, as identified by a committee of the Manpower Council. The latter recommended that new technical and vocational institutes should be established to cater for more graduates at intermediate level, and allowing competent students to study in technological colleges. It also recommended that graduates, whose qualifications did not match the job opportunities existing at the time, should be re-trained by taking part in specialized training courses. Nonetheless, more work is still to be done to counter the prejudices of Saudis who refuse to do certain jobs, because they regard them as inferior and demeaning. More and more graduates from local educational institutions are now coming forward as potential entrants or job seekers into the job market, and this means that the government needs to find employment for them by replacing expatriate workers. During the Sixth Development Plan, for example, graduates from higher education institutions, technical colleges and high secondary schools (in both academic and technical fields of expertise and vocational training) represented 85.4% of the new entrants into the Saudi labour market. The efforts of the government in developing human resources in the Kingdom have produced an increasing number of graduates. However, and according to the Seventh Development Plan (2000-2004), to meet the varied and complex manpower requirements of the private sector, it is necessary to obtain the full cooperation of the government, institutions, citizens and of course, the private sector itself.

## 2.5 CONCLUSION

This chapter presented background information on the Saudi labour market and factors leading to its Saudisation and related policies the government has been trying to implement since 1990s. The chapter also attempted to describe the main characteristics of this market and those of the private sector, on which this study focuses. An important conclusion to be drawn from such description, and the chapter as a whole, is that the Saudi labour market and employment in the country exhibit unique features (Madhi and Barrientos, 2003). That is, it relies, to an important extent, on foreign labour, roughly two-fifths of total employment, and its Saudi labour force is largely employed in the public sector and is overwhelmingly male (Madhi and Barrientos, 2003). More importantly, other significant features, especially government heavy interference in and regulation of this market, make it unique (i.e. not completely free to operate on the principles of Western labour markets). One significant implication from such uniqueness for this study is that, it is both difficult and not feasible, to assume and demonstrate that established and well-known labour market theories, largely Western, can be applied to the Saudi labour market: an issue that is for future research to address. This applies even to the private sector, the focus of this study, which is not free to operate freely, as in the West, but highly regulated by the Saudi government. The same can also be said of Saudisation, the main focus of this research, because it is uniquely Saudi as a concept and policy, though there are initiatives in other Gulf countries that share similar aims of replacing foreign labour with nationals (i.e. localization) such as Omanisation. The difficulties of applying well-known Western labour market theories to the Saudi labour market has been asserted and argued by rare previous research on the topic (see Bin-Obaid, 2001).

The next chapter reviews the literature on Saudisation and related issues on which this study focuses.

## **Chapter 3**

### **SAUDISATION OF THE LABOUR MARKET**

#### **3.1 INTRODUCTION**

This chapter reviews the literature on Saudisation and issues of relevance to the focus of this study in order to highlight further the paucity of research on the topic and to underline the rationale for studying Saudisation, as identified in Chapter 1. The chapter discusses the concept of Saudisation, the rationale for introducing it and obstacles it has been facing and continues to face in Saudi Arabia. It also discusses the resistance and obstacles to Saudisation in the private sector, the policies, laws and initiatives introduced by the Saudi government to ensure Saudisation, and reviews similar initiatives to the Saudisation (localization) of the labour market in other countries.

#### **3.2 THE CONCEPT OF SAUDISATION**

Saudisation can be seen as a development strategy that seeks to replace foreign workers with Saudi nationals, largely through various employment quota targets (Looney, 2004a). As an employment policy, it focuses on the inability of the youthful Saudi workforce to replace foreign workers (Al-Dosary and Rahman, 2005). The term Saudisation was initially an unfamiliar one to most Saudis but became a well-known concept as the media and press started to give it more coverage due to the large number of Saudi graduates who were unemployed and seeking jobs. It was also due to the huge number of Saudis job seekers who were unable to find work (Al-Beeshi and Ben-Taleb, 2002) against the fact that a large number of foreign workers occupy the majority of jobs in the private sector. Saudisation is a relatively new concept and therefore has been defined in different ways by previous researchers. For example, Al-Beeshi and Ben-Taleb (2002) conceived of Saudisation as a means of dispensing with foreign labour and completely relying on the Saudi labour force. It is an economic-based concept underpinned by the rationale that the foreign labour force transfers large amounts of money outside Saudi Arabia that otherwise would be kept in the country. This view of Saudisation overlooks the relative scarcity of suitable labour in Saudi Arabia, the high productivity rate of foreign labour force, and its

impact on domestic production and the economy. This simple economic definition of Saudisation, in terms of total replacement of foreign by Saudi labour, is the main and most common aim of and rationale for the Saudisation policies.

The definition wrongly assumes consistency and an equal demand-supply relationship in the Saudi labour market, in terms of the same number and types of vacancies left by non-Saudis, would be filled immediately by similar numbers of qualified Saudis. The view of Saudisation that aims at finding jobs for Saudi job-seekers in order to reduce the rate of unemployment, regardless of the method used, but not necessarily dispensing with and replacing existing the foreign labour force completely, is considered to be the correct one that would enable Saudisation to be achieved. That is, this form of Saudisation aims at finding job opportunities for local job-seekers, whether by dispensing with a foreign worker and replacing him/her with a Saudi worker (if the latter is qualified to occupy this job) or by creating new jobs based on economic expansion (e.g. new economic cities being built in the middle of the Saudi desert).

El Mallakh (1982) expanded the definition of Saudisation by describing it as giving priority to Saudis in the awarding of contracts. However, most definitions of Saudisation focus on the employment aspect of Saudisation. For example, Viola (1986) sees Saudisation in theory, as symbolizing the replacement of expatriate labour with similarly skilled, trained and highly educated Saudi nationals, while in practice, Viola believes, that Saudisation remains a distant goal for all but a few government agencies, public corporations and private businesses, and remains a not easily obtained objective; however, political and economic pressures continue to make it a high national priority. However, Al-Moshin (1991) considers Saudisation as not only simply a process of preparing Saudi cadres to replace expatriates, but also one of development, which initially needs to focus on transforming and modernizing the tribal nature of Saudi society. By providing an integrated approach, Naima (1992) views Saudisation as an integral process, with national guidelines, to prepare, train and assist Saudi nationals in readiness for a gradual takeover of responsibilities for nationally planned future programmes. To support this definition, Al-Faisal and Al-Sadoon (1993) conceptualise Saudisation as a preparatory or even a preliminary period which should enable Saudi personnel to explore themselves and their environment, by making initial use of the available nationwide resources in an

enthusiastic manner. As can be seen, regardless of the content and the nature of the definition, Saudisation is simply a concept and employment strategy which explains the replacement of foreign workers with Saudi nationals in the long run, with the objective of creating more jobs for the ever growing number of job seekers in the country.

### **3.3 THE RATIONALE FOR SAUDISATION**

Saudisation is important from different perspectives, such as economic, social, stability and security, ecological and health, as explained in detail in the following sections. However, it can be explained in short that the rationale stems from the fact that it is necessary to depend largely on a Saudi labour force and dispense with the non-national labour force, as much as possible (Al-Beeshi and Ben-Taleb, 2002).

#### **3.3.1 Economic Factors**

Saudisation is driven by economic considerations, in terms of concerns about the large increases in the number of expatriate workers that have had negative effects on the Saudi labour market and economy as a whole. Having a large foreign workforce has resulted in a high rate of unemployment in the country, especially when the remarkable increase in the number of graduates in different educational sectors is taken into account (Al-Senany, 1998). It is well known that an increase in unemployment leads to a decrease in the level of citizens' consumption of goods and services, which further contributes to a slowing down of the economic circle. This is particularly important as large amounts of money are transferred out of the country by foreign workers (60 billion Saudi Riyals per year) in the form of remittances. This represents a continuous draining away of foreign currency coming into Saudi Arabia and represents leakages out of the economy, further undermining the business cycle in the face of increased Saudi unemployment. In fact, one of the main aims and policies of the Saudisation-related Seventh Development Plan is to reduce the amount of capital transferred out of the country, by putting a significant effort into Saudisation. The amount of currency remitted by expatriate workers to families outside the Kingdom increased from \$4,093 billion in 1980 to \$15,268 billion in 1994. This figure reached \$14 billion in 1999, which corresponded to 9% of GDP (Taecker, 2003). Also, dispensing with the redundant and unnecessary foreign labour force is economically important because it will increase the availability, standards and quality

of the services provided for Saudi citizens, such as education and health, as these create opportunity costs in the economy. It will also reduce the government's expenditure on these services and lengthen their working life (Al-Beeshi and Ben-Taleb, 2002).

The main aim of Saudisation is to depend on a local Saudi labour force because it contributes to the stability of the economy, as foreign workers, who are relied on heavily, may return to their own countries at any time, as happened during the Gulf war. It should be noted that increases in the foreign labour force have led to their monopolization of some market activities, particularly of professional types, which creates difficulty for Saudis in penetrating these activities to create job opportunities for themselves. In other words, foreign workers have benefited from business cover, which is considered one of the biggest problems that the Saudi economy faces (Al-Senany, 1998). This also provides an economic rationale for the implementation of Saudisation.

### **3.3.2 Social Factors**

Saudisation is also underlined by concerns for the impact of foreign labour on the social fabric of Saudi society. Foreign labour constitutes a third of the total population of Saudi Arabia, and therefore, social and cultural problems will arise, especially as most foreign workers arrive together in small communities and live in their national ghettos. The customs, traditions and culture of these communities, in some cases, may be in conflict with those of Saudi society. That is, foreign customs and cultures that might be in conflict with the ethics and religion of Saudi society are bound to be admitted (Al-Senany, 1998), taking into account the traditional nature of the society in particular. An important aspect of this issue is the readiness of foreign workers to work for cheaper rates of pay, as foreign workers compete unfairly with Saudi workers, by accepting lower wages than are demanded by their Saudi counterparts. This competition is seen as unfair because the incoming worker has fewer social obligations in comparison with those of the Saudi worker. In fact, the findings of previous research reported in this chapter show that one of the main reasons the private sector and Saudi owners prefer to employ foreigners is because they accept lower wages and are less expensive to hire than Saudis (e.g. *The Economist*, 1997; Mellahi and Hinai, 2000). This competition, based on wages, has contributed to a high

level of unemployment among Saudis, especially the young. Many families have unemployed members who experience feelings of resentment, contempt and even hatred towards foreign workers and society as a result, not to mention psychological problems such as depression and stress, as well as xenophobia.

It is also important to note that reliance on large numbers of foreign workers, particularly in the form of drivers and housekeepers, has contributed to Saudis becoming prestige-conscious, in terms of looking down on many jobs carried out by these workers, feeling that they are demeaning. Worse still, some families entrust their children to foreign nursemaids to bring them up, a practice that has negative effects on children's language, habits and behaviour, in addition to the breaking down of the traditional family structure (Al-Beeshi and Ben-Taleb, 2002).

### **3.3.3 Stability and Security Factors**

Increases in the rate at which foreign workers enter the country have led to increases in crimes, such as murder, drugs, offences of an immoral nature, bribery, forgery, theft and the violation of residency laws (Al-Beeshi and Ben-Taleb, 2002). Because their residency is short, some foreigners seek to increase their income by any means, legal or otherwise. There are direct problems (related to foreigners themselves) and indirect security problems that foreigners contribute to, resulting from an increase in foreign subjects and workers arriving in the country. Criminal offences committed by foreign workers from 1986 to 1995 totalled around 163,974, while the number of non-national workers who committed crimes amounted to only 20,496 in 1995 (Al-Senany, 1998). Crimes not directly committed by these foreign workers, but to which they have contributed, include business cover cases, as well as other crimes committed by Saudis due to their unemployment. During the period 1986-1995, the number of Saudis who committed crimes because of unemployment reached 30,182 (Al-Senany, 1998). In fact, the Saudi security forces broke a drug gang this year which included 13 Saudis and 22 foreigners who distributed drugs inside Saudi Arabia (BBC, 2009b).

However, unemployment of Saudis cannot be solely blamed on foreigners; other factors also contribute to it, directly related to Saudis themselves (e.g. an unwillingness to do certain jobs due to prestige, a demand for high wages and preference for employment in the public sector only).

### **3.3.4 Health and Ecological Factors**

The scarcity of water is an important issue in Saudi Arabia, as water resources in the country consist either of non-renewable ground water or refined salt water, both of which cost millions of Saudi Riyals to produce or process. Increasing the number of foreign workers coming into the country puts great pressure on the water supply and constitutes a continuous drain on resources. Moreover, there is a notable increase in the disposal of wastewater, due to an increase in population resulting from the arrival of a large number of foreign workers. It is expensive for government institutions to transport, treat and dispose of this wastewater, not to mention the ecological problems this process may cause in the future. Increases in the number of foreign workers has also led to an increase in the number of vehicles used in the traffic system in Saudi Arabia, resulting in frequent traffic jams that lead to air pollution. Also, oil and used spare parts will endanger the environment and constitute a heavy economic burden, which is difficult to treat or overcome (Al-Senany, 1998).

### **3.4 A GENERAL SURVEY OF THE LITERATURE ON SAUDISATION**

Previous research, reviewed next, has tackled the topic of Saudisation from different perspectives, mostly indirectly, by investigating related issues, such as obstacles and barriers to Saudisation. Mansoor (1985), for instance, studied the labour needs and requirements of the Saudi Arabian government, how to respond to them, and how to achieve self-sufficiency through Saudisation. He concluded that Saudisation faced obstacles because the perceived labour needs and requirements of the government did not correspond to measured productivity and real demands, but instead followed official measurements of the size of work, and also the fact that work across government departments was of poor quality. For example, more than two authorities often undertook the same work and there was no employee liability or accountability. The study recommended that, in order for the government to apply efficient strategies and policies to achieve self-sufficiency in labour, it must link its labour demands to education and training, thus using the full capacity of the Saudi workforce more efficiently. In short, planning must attempt to put the right man in the right job. Moreover, wage policies and allowances must relate to productivity and this, in turn, will help with competition. Also, the energy of the native workforce must also be harnessed by revising the skeletal schedules that affect the productivity of the

government, and appointment policies should also be examined, as well as the actual number of workers that are needed in order to overcome the employment overload. Viola (1986) and Al-Assaf (1987) are some of the earliest studies that investigated Saudisation indirectly, by focusing on the role of education and the economic sectors, and education and training on human resources development in Saudi Arabia, respectively. Some previous research (Al-Hassani, 1986) argues and concludes that private sector managers are not interested in employing Saudis due to them not accepting small wages, their lack of qualifications and insufficient work experience, and their perception of some jobs as demeaning.

Al-Ogla (1991) investigated factors affecting Saudisation in the private sector as perceived from the perspective of Saudi graduate job seekers during their final year of university study. The study found willingness among the students to work in the private sector, once they graduated, but work-protection laws, social perceptions towards the acceptability of taking up certain types of job (i.e. prestige), family size and influences of social background and education, were identified as possible obstacles against doing so.

Ahmed (1992) studied the Saudisation of the Saudi labour market by examining the relationship between the Saudi economy and alterations in the labour market. He also set out to explore the labour market, its most important factors and movements, and looked at the economic differences between Saudi and foreign workers and the private and the public sector. He also sought to show the effects of variations in the geographical distribution of jobs in the Kingdom, and explained features of the Saudi economy and how these correlate with economic projects. The study found that the Saudi labour market is distinguished by reliance on only a small proportion of local workers, with labour features in the public sector and the private sector being distinct. The market is also distinguished by great changes in the style of skills that are required as a result of the decisive shift in Saudi Arabia's economic goals, increasing the demand for types of expertise, which the current workforce is unable to provide. The study recommended that Saudi economic strategy should not be limited to replacing national with foreign workers over a limited period, but must be utilitarian or at least carried out without prejudicing the efficiency of the current economy; it must also incur fewer costs. That is, since employment is not a commodity, but a production factor, it has a cost and must therefore exist to fulfil certain needs

according to certain rules. Moreover, the increasing number of native graduates who apply for jobs and those who are already in work; the preference of young Saudis for working in the government rather than the private sector; and the common expectations in any kind of work, such as good wages, opportunities for promotion, job stability, and the proximity of the place of work to home, are all factors that must be taken into considerations. Ahmed (1992) found that there is a perception in the private sector that increasing the number of Saudis in the workforce will lead to rises in the cost of production and decreases in both profits and production, as well as to more competition regarding foreign commodities in the local market.

Also, there were important differences between national and foreign workers. It was thought that foreign workers are more punctual, have a lower rate of absenteeism, are more serious about their work, abide by regulations, seek lower wages, and are more productive, settled and willing to relocate. The local Saudi worker was perceived as one who perseveres in educating himself, is easier to communicate with, happy to be observed, best serves the national economy in the long run, and is content to adhere to prevailing traditions and behaviour. Foreign workers were found to be characterised by a higher level of productivity, skill and experience; command of other languages; can be employed at reduced costs; and are more mobile and keen to work. Ahmed's (1992) study shows that the most important policies that affect participation rates in the labour force are training and developing the labour systems and coordinating the related authorities.

Al-Nifeai (1993) carried out a study on the role of the Manpower Council in slowly increasing the proportion of Saudi labour in the private sector. The research found that there are factors responsible for the low participation of Saudis in the private sector, namely the attraction of working in the public sector, the opportunity to win scholarships or to receive training both within the Kingdom or abroad, and social perceptions. These factors are largely responsible for the preference of Saudi nationals to search for employment and work in the public sector. Also, the quantity and quality of labour required in the private sector (e.g. skills, work experience, education level) is not always available among the Saudi workforce, due to the lack of fit between education and training in Saudi Arabia and the labour needs of the private sector. Furthermore, the higher wages demanded by Saudi workers, coupled with their lower rates of productivity in comparison to foreign workers, leads owners of private sector

businesses to prefer to employ foreigners. Similar perceptions and findings have been reported: that Saudis would demand six times the salary that a skilled foreign worker would be prepared to accept and would not work as hard (The Economist, 1997). In fact, the widespread belief among Saudi managers is that local workers are much more expensive to hire than expatriates (Mellhai and Al-Hinai, 2000a). Also, Saudi workers are perceived as less disciplined than their foreign counterparts (Mellhai, 2003; Mellahi and Wood, 2001).

Al-Nifeai (1993) also found that there are no fixed wage scales in most areas of the private sector which leads to the situation where wages are governed by the laws of supply and demand, making native workers leave their jobs after comparatively short periods. The study recognizes that the domination of foreign workers in most jobs in the Saudi private sector makes replacing them by Saudi workers very difficult, but not impossible, in the future. The study recommends achieving this replacement through the planning of educational policies to allow education and training provision for Saudis to be driven by the needs of the labour market, thus providing the skills and experience required by the private sector. Also, the surplus of specialists in the field of the physical sciences could be used to replace the foreign workers in private organizations, while the national surplus in the field of the human and social sciences could be retrained to supply the needs of the private sector.

The Saudi Council of Manpower (1995) carried out a study on the employment of Saudi labour in the private sector in order to identify the nature of problems that were facing the drive to employ such a workforce. This study was launched in response to the increase in the Saudi workforce looking for jobs (as the education system produces more graduates) and the fact that most Saudis seemed to prefer working in the public sector. The study found that the proportion of Saudi workers in the private sector did not exceed 12% and concluded that there were signs of unemployment amongst the foreign labour force which would, it was thought, lead to negative effects on the security and the economic and social life of Saudi Arabia. Also, the participation of Saudi workers in the private sector was actually decreasing, in spite of the increase in the number of Saudi graduates and the completion of most development projects. The participation of Saudi workers in the industry sector was also decreasing, due the size of private institutions and the system of education and

training. This is while Saudi Arabia was attempting to achieve the aim of having a labour force 90% of which was made up of Saudis.

Al-Ghaith and Al-Maashouq (1996) studied the problem of the low percentage of Saudis compared to non-Saudis employed in the private sector, together with measures to reverse this trend. They identified a lack of foreign language skills, bias from employers towards Saudis, workloads in the private sector, the high wages demanded by Saudis, and employers' focus on financial gain, as reasons for such a trend.

Al-Turaigi (1997) and Al-Ewain (1999) studied the obstacles to Saudisation in the private sector as perceived by employers and job seekers, and identified some similar obstacles. Ismaeil (1999) studied the relationship between productivity, the education and skill levels of the workforce, and the distribution of workers in economic sectors in Saudi Arabia. The study also sought to discover the extent of the foreign labour force, its structural function, and what factors caused foreign workers to gain employment in the private sector. It also revealed data about the migration and settlement of foreign labour in Saudi Arabia and allocated the mechanism of Saudisation. The study revealed that the migration of workers to Saudi Arabia was out of control until it was restricted; it resulted in the eventual settlement of many of these workers who became Saudi citizens. Also, duality in the Saudi economy led to unemployment, caused partly by the fact that the demand for skilled labour in the industrial and modern sectors was not matched by a supply of suitably qualified labour. There was also a large supply of labour in traditional sectors, but the demand for this was low, and this contributed to foreign workers coming to the Kingdom in large numbers to work in the newer, more modern sectors. This explains why Saudi Arabia started to expand general and higher education in order to produce Saudi workers who are qualified and trained to participate in the nation's development in greater numbers. As a result, the proportion of Saudi labour increased from 14.8% in 1966 to 38.2% in 1997, and the proportion of foreign workers also increased from one million to 7.2 million during the same period. The study found that Saudis prefer to work in the public as opposed to the private sector because wages in the private sector are low, jobs are less secure, and most Saudis prefer administrative and clerical jobs, rather than carrying out manual work. It recommended that improving the participation of Saudis in the private sector will only come about if Saudis have a

more positive view of the type of work the sector offers and abandon negative perceptions of the sector. It also advised that the Saudi labour market must be better controlled and organized to prepare the Saudi labour force through appropriate education and training. Investment in the private sector must also be increased, while encouraging citizens to take manual jobs where they are needed.

Al-Kanhal's (2000) study on civil service jobs in the General Presidency of the National Guard (GPNG) in the central and eastern areas of Saudi Arabia attempted to find out what benefits were gained by the Saudis in these jobs and the obstacles that prevented staffing these jobs exclusively with Saudis. He also examined the social, economic and security implications of employing foreign labour in Saudi Arabia, as well as the policies and mechanisms for allocating civil jobs in the GPNG. The study revealed that the most important benefit of employing Saudis in civil service jobs in the GPNG was confidence in their efficiency; the employment of foreign workers was restricted in order to lessen economic, social and security problems. The study found that the factors which hindered the employment of Saudis in civil service jobs in the GPNG were their inadequate training, low levels of confidence in their productivity and the difficulties encountered when trying to dismiss them if the standard of their work was found to be unsatisfactory. The negative aspects of employing foreign workers were found to be low levels of loyalty and low commitment to their jobs. Furthermore, most of the capital gained by foreign workers would be lost abroad and their employment was felt to perpetuate negative feelings regarding the status of manual work. The policies that were helping to increase the number of Saudis in civil service jobs in the GPNG included: building up a sense of discipline and responsibility among young employees, making directors aware of the importance of Saudisation in the labour force, and improving training.

Al-Sudani and Abdul-Alkhier (2001) investigated the future of Saudi workers in the drive to improve productivity, and attempted to measure the effect of increasing productivity on the demand for national workers. The study examined the functions of the labour market in Saudi Arabia with regard to the demand for labour and the supply of native Saudi labour, and the effect of changes in productivity on the demand for native Saudi workers. The study found that the wages of Saudi workers were higher than their foreign counterparts, but their productivity was lower in certain types of work. This led to an increase in the dependence on foreign, rather than native labour.

Also, Saudi workers were less mobile for social and demographic reasons and did not respond so easily to change and to the demands of local labour markets; this explained their lower rate of participation in the Saudi job market.

The study also found that there was competition between the supply of Saudi and foreign labour, which resulted in differentiation in wages and, in turn, encouraged businesses to increase their reliance on foreign workers. Also, productivity increased more rapidly than capital, which caused a reduction in the demand for labour, and probably meant that labour had been replaced by capital.

Madhi and Barrientos (2003) studied Saudisation and employment and career development, in terms of the policies aimed at reducing the dependence on foreign labour by replacing it with Saudi employees. They concluded that there are important constraints on the implementation of Saudisation, especially in terms of its impact on the productivity and competitiveness of the Saudi economy. However, even partial implementation of Saudisation is bound to have an important effect on employment and career development in the country by restricting opportunities for non-Saudi employees and undermining the sustainability of differentials between Saudi and non-Saudi employees. Al-Dosary and Rahman (2005) concluded from their critical review of Saudisation that Saudisation would reduce competitiveness among regional businesses in terms of a business friendly environment, and decrease foreign investment. Therefore, it should be implemented more through market forces and time-specific incentives, rather than relying only on a quota system.

### **3.5 OBSTACLES TO THE SAUDISATION OF THE LABOUR MARKET: A SURVEY OF THE LITERATURE**

A study comparing immigrant and native Saudi labour was conducted by Al-Twajry and Habeib (1988) in order to find the most important advantages of each, as seen by directors or managers in different organizations in Saudi Arabia. They also investigated the effect of employment policies on both sets of workers. The study found that Saudi workers were perceived by managers as trustworthy and possessing leadership qualities, while foreign workers were seen as efficient and more ready to adapt and settle into a new organization, than their Saudi counterparts. This indicates that the differences between the two groups are relative and not absolute, meaning

that all these characteristics are available in both groups but to different degrees. The responsibility for allocating the distribution of labour in Saudi Arabia must be shouldered by both the state and its citizens. The state provides education and training but citizens must make the most of these opportunities and possibilities and fulfill their work responsibilities with efficiency and competency. A study by Al-Subhi (1992) looked at the policy of replacing foreign workers in the technical sector by evaluating the efficiency of Saudis in technical jobs in Saudi Airlines.

It focused on the problems and obstacles facing the authorities and trainees in technical administration departments in attempting to replace foreign workers with Saudis, by identifying how far departments were conforming to plans for the reorganisation of the labour force. The study found that the obstacles included the scarcity of training courses for employees; the lack of experience in technical fields; a deficiency in the qualifications required for technical jobs on the part of Saudi workers; the lack of responsibility from young workers doing technical work; low numbers of trained Saudi technicians (either because applicants were not of suitable ability for the training or because of their lack of experience); and a reluctance to offer promotion to administrative jobs for Saudi employees to replace the immigrant labour because of their inefficiency. In addition, Al-Bukhari (1993) studied the lack of technically qualified labour in the industrial sector to identify suitable planning programmes for Saudis in technical fields, and the factors that lead to the deficiencies in native technical workers within the industrial sector of private companies. He also assessed if managers and decision-makers in factories were aware of the importance of Saudi workers in the industrial private sector. The study revealed that there was only a limited desire to employ Saudis in technical jobs in the private sector because of the availability of immigrant workers who offered experience at relatively lower cost. Furthermore, few industrial organisations had planned to place Saudis in technical jobs because the management or directors were not interested in the process of Saudisation. The study also found that the preference for immigrant labour in the industrial private sector was due to the unwillingness and inability of Saudi workers to adapt well to an industrial environment. Also, the private sector was not expanding sufficiently to employ native workers, as there was a lack of suitably qualified and specialist native workers. The study also revealed that Saudi society has a generally negative view of industrial work and the apprenticeship system was not sufficiently

developed by the authorities to feed the industrial private sector. A study carried out by the Ministry of the Interior of Saudi Arabia (1997) focused on the issue of immigrant labour and the process of Saudisation. The Ministry aimed to create a plan to carry out Saudisation in the public and private sectors through a gradual policy, by identifying the economic, security and social effects caused by the existence of 6.2 million immigrant workers belonging to many nationalities.

The obstacles facing the process of Saudisation in the private sector included the desire of Saudis to remain settled in one vocational area and the preference of managers and the private sector for immigrant workers because they are less costly to hire and have better qualifications for their field of work, as the findings of other research reported in this chapter reveal. The study recommended that a wide database about the labour market and its needs should be created in order to classify both the jobs that are available, the Saudi workers who are seeking jobs, and the kind of qualifications that are needed for work in the private sector. A statistical survey of companies and private institutions should be carried out, classifying the data into groups according to the size of the work force, the proportion of native workers in each company, and its requirements in terms of specialties, skills and academic qualifications. The study also recommended that information should be coordinated and shared between the General Secretary of Labour, the Ministry of Labour and Social Affairs, and all the authorities concerned. Also, labour offices should be developed and higher education should be reorganised to meet the needs of the labour market, such as by offering incentives to attract Saudis to areas of work where they are needed. Al-Salamah (1998) studied the impact of immigrant labour in the Saudi petrochemicals sector by identifying the effect of the movement of the money paid to foreign workers on the Saudi balance of payments, the range of skills and technical experience of the immigrant labour force, and the effect of technology on the national economy of Saudi Arabia. The study found that Saudis accounted for the majority of workers in factories producing highly technical and complicated products. This demonstrates that Saudi workers could be as efficient as their foreign counterparts and are capable of gaining advanced technical skills, once they are given the opportunity to become qualified to do so through education and training. Higher rates of Saudi workers were, however, found in financial and administrative fields, probably because many Saudis are suitably educated, have expertise in these areas, and prefer this type

of work. The study also found that Saudi workers were not keen to replace foreign workers in one of the companies studied, Saudi Arabia Industries Corporation (SABIC), especially in those jobs that did not need training or qualifications, because of the poor wages paid by SABIC to native workers with few qualifications. The study revealed the proportion of national workers in industrial sector jobs as being 92.9% of the total labour force, a figure estimated by the Ministry of the Interior which initiated the Saudisation of such jobs.

National workers are now benefiting from the expertise of immigrant workers in the training cycle because priority has been given to the training of the native workforce to improve its technical skills. This is an example of the beneficial impact of the managed and limited immigration of skilled, rather than unskilled, foreign workers coming to Saudi Arabia, in terms of helping to increase the skills and expertise of native Saudi workers (and subsequently their employability) in contrast to causing their unemployment, wrongly attributed to skilled rather than unskilled immigrants. Al-Sultan (1998) studied the features of the labour market in Saudi Arabia that distinguish it from those in other countries, where there is unemployment among the native workforce. The study aimed at identifying important features of this market and obstacles which hindered the process and success of Saudisation. Al-Sultan noted that the number of citizens participating in the labour market was decreasing; the labour market was not homogeneous; and that wages were limited to allow a balance between supply and demand. Also, there was an external negative effect on the market brought about by the employment of foreign workers, together with increased costs associated with replacing these with Saudi labour. The obstacles which hindered the process of Saudisation in the private sector included the rivalry between immigrant and national workers; the fact that efforts to promote Saudisation were directed more towards larger organizations in the private sector, when there is actually an increasing number of small companies in the same sector; and educational output and training, in terms of graduates coming to the Saudi job market not matching the needs of this market. Also, there was considerable variation in the employment systems of the two sectors (public and private), in terms of wrong perceptions held about the advantages of employing foreign workers rather than Saudis; information technology was insufficiently exploited in the labour market; and many people were afraid that Saudisation would reduce the ability of the private sector to compete. Al-Harbi (1999)

studied the process of Saudisation in the medical profession in hospitals in Riyadh in order to identify its financial and social effects, how it is implemented and obstacles it encountered, and how training affected the Saudisation of doctors' jobs. The study found that there was a number of reward-related issues that hindered the Saudisation of doctors' jobs in public hospitals, including wages that were lower for Saudi doctors in public hospitals in comparison with their counterparts in private sector hospitals; also, wages did not take into account the type of work carried out by doctors in the public sector (e.g. specialist expertise).

Furthermore, no bonuses were available for doctors operating in specialist fields or in medical areas where there was a known shortage, and doctors in the public sector were not allowed to work extra hours in the private sector in their free time. According to the study, the Saudisation of doctors' jobs in public hospitals was hindered by social factors, including the customs and traditions of Saudi society which are opposed to women working as medical personnel. Also, the family life of doctors was negatively affected by night shifts and working during holiday periods. Saudisation within public hospitals was hindered by the low numbers of students that graduated from medical colleges; the fact that many Saudi doctors had little experience in the fields in which they were appointed; and many of the students who joined medical colleges had poor English language skills. Training problems that hindered the Saudisation of doctors' jobs in public hospitals included the provision of training, much of which was not geared to the latest practices in medicine; hospitals that did not encourage doctors to join the training programmes that they offered or no such programmes being available; and the fact that few opportunities were available to send doctors abroad to gain higher qualifications, technical skills and to learn about advances in medicine and related technology. Al-Otaibi (2000) studied Saudisation in the industrial private sector in Riyadh, in terms of the efforts undertaken to achieve it, and examined how the output of the Saudi educational system could meet the needs of such a sector. He also sought to identify the economic and social difficulties that hindered Saudis from obtaining work in the industrial private sector. Al-Otaibi found no statistically significant differences between the personal characteristics of workers (e.g. qualifications, age, experience in industrial work, social status and nationality) and the rate of Saudisation. There were also no statistically significant differences between economic and social obstacles and the rate of Saudisation. Similarly,

differences in the relationships between administrative problems, job security, the level of job responsibility, the type of company, and the rate of Saudisation showed no statistical significance. However, there was a statistically significant difference between the length of time a Saudi worker stayed with the institution, the nationality of those in authority, and the rate of Saudisation.

The studies reviewed above suggest that there are certain reasons why Saudisation, as a policy, is facing major implementation problems, mainly in the private sector, some of which relate to the nature of the Saudi workforce and others to the nature of the profession. However, it seems that the lack of adequate qualifications, skills and work experience among Saudi graduates and the Saudi workforce in general remains as an important reason for the sluggish implementation and only modest success of Saudisation.

### **3.6 RESISTANCE AND OBSTACLES TO SAUDISATION IN THE PRIVATE SECTOR: A SURVEY OF THE LITERATURE**

Opposition and obstacles the Saudisation initiative faces in the private sector have been addressed in previous research, some of which is reviewed above. The reasons why employers tend not to employ Saudis and why Saudis refrain from working in the private sector are some of the related issues that have been researched. A study by the Chamber of Commerce (1982) looked at the reasons why young Saudis were reluctant to work in the private sector. It found that these reasons included the fact that the private sector tends to use day-and-night shift working; it places great emphasis on the process of attending and leaving work and on workers' availability during working hours; and the participation of employees in policy-planning and decision-making was weak in the private sector, with managers and owners monopolizing these activities. Also, most Saudi families do not want their sons to work in the private sector, preferring the public sector. Many job-seekers and workers in the private sector also prefer to work in the public sector because of the advantages it has in terms of career stability and shorter working hours, in comparison with the private sector. In addition, the public sector is also characterized by allowing weekly and annual leave, flexibility and tolerance in performance evaluation, and more tolerant monitoring systems than the private sector (Chamber of Commerce, 1982). A field study on Saudisation by Ahmed (1992) was carried out in a number of the largest Saudi companies. It revealed that Saudi youth prefer, in any job, a high wage and other financial privileges,

prospects of promotion, career stability and a short distance between their job and their area of residence. Obstacles to Saudisation were found to be the impossible conditions and requirements set by the private sector for Saudi job seekers.

The study also revealed that the private sector perceives foreign workers as distinct from Saudis, in terms of offering higher productivity, proficiency, mastery of the English language, lower cost and less absenteeism, taking their work more seriously and being more mobile in terms of locating to other regions for work. Meanwhile, the private sector viewed the Saudi worker as distinct from the foreign worker in terms of education standards, continuity, ease of contact, supervision and monitoring, and in observing traditions, customs and behaviour. The Chamber of Commerce (1993) investigated means of increasing Saudi labour in the private sector. In identifying the restraints on Saudisation, the study found the following factors: low wages earned by the immigrant workers in comparison with Saudi workers; the higher levels of training and qualifications among foreign workers that better met the requirements of the jobs; and the ease of moving foreign workers or dispensing with them according to the interests or demands of the company. Also, foreign workers had favourable characteristics of reliability, stability, their observation of the law, and their experience and mastery of the English language (Chamber of Commerce, 1993).

The Chamber of Commerce (1994) conducted a study concerning ways of increasing the participation of Saudis in the private sector and identified a number of economic, social and political factors which affected the allocation of labour in the Saudi economy. The study found that businessmen in the private sector preferred to replace foreign labour with national workers gradually, and that demand for foreign labour would continue in the private sector because of its increasing role in economic activity. The factors that encouraged businessmen to hire foreign labour included their own personal experience or advice they had received from others that lead them to prefer foreign labour to keep their companies running and productive. The study recommended that in order to replace foreign workers with Saudis, the skills of the Saudi workforce need to be developed, and vocational training and expertise must be improved. It also recommended starting to replace foreigners in manual jobs, followed by jobs in administration, technical employment, specialist work, consultancy jobs and finally within those activities related to the security of the country and its citizens.

Al-Johani's study (1996) looked at ways of increasing productivity and considered wage policy and its effect on the process of replacing foreign with native labour in the private sector. The study aimed to find a theoretical base to design a productivity policy in order to employ Saudis in the private sector, effective ways of replacing foreign with native labour, and the effect this would have on income and prices. The premise of the research was that the purpose of the private sector is to gain profits that are as large as possible; the only variable in terms of profitability and productivity is labour and since the Saudi economy is facing foreign competition and a competitive economic climate, Saudi Arabia is therefore free to bring in labour from abroad. The study concluded that, in spite of the tendency for native labour to raise the level of productivity, there is no negative relationship between the employment of native labour in the private sector and the level of prices. The study also concluded that replacing foreign with native labour might have no clear effect on productivity. Any increase in productivity gained by employing native workers might lead to an increased tendency to employ such labour in the private sector. However, raising the productivity level of native labour, making it higher than that for foreign workers, is not easy and needs much time and effort. Therefore, such replacement might need to occur partially at first, by raising the cost of employing foreign workers by attaching fixed fees to their employment. However, such a policy would lower the productivity of the private sector. The study recommended that Saudisation must be carried out gradually to avoid it having a detrimental effect on productivity and prices. This could be achieved by imposing fees on the importation of foreign labour for jobs that could be performed by qualified Saudis, and using such fees to train the national workforce.

Al-Mejlad's (1996) study investigated the problems related to employing Saudi graduates, and the job opportunities available to them in both the public and private sectors in Saudi Arabia, in order to identify the relationship between the type of education and qualifications graduates had and the needs of the labour market. The study also attempted to find ways of replacing foreign with Saudi labour in both the public and private sectors. The university education offered to Saudis was found to be one of the main factors negatively affecting their employment chances in the private sector. Such education is not in line with the needs of the private sector, especially in jobs which require scientific expertise that a university education does not offer.

As a result, the number of Saudi graduates working in the private sector is low because the sector does not encourage them to join it; it also imposes difficult conditions for their employment, in terms of asking for high-level qualifications, and considerable experience and competence in foreign languages, especially English. The study also found that there was less competition in the public sector for native than for foreign labour, while this is higher in the private sector. This is because most jobs in the public sector are administrative and clerical, which Saudi workers prefer, and competition was found to be still high for jobs that require scientific expertise. The competition for jobs between foreign and Saudi workers was found to have increased in the private sector because foreign workers tend to be concentrated in manual and craft work, since Saudi workers do not take up such employment for social and customs-related reasons. The study identified that job specifications set by the private sector, such as requiring a high level of scientific expertise, long practical experience and mastery of the English language, are obstacles that do not encourage the employment of Saudi job seekers. A study by Al-Daras (1997) on Saudi technicians within the Saudi telecommunication sector looked at ways of increasing the employment of Saudis by focusing on important factors, such as training, the nature of the work environment and work practices, and workers' employment needs and preferences. It also sought to identify ways to implement Saudisation and how the process could be accelerated. The technicians and directors thought that the working conditions and environment in the Saudi communication sector were above average. The research found a statistically significant relationship between the standards of training, the payment of bonuses, the work conditions and environment, and the standards of work of Saudis in the communication sector. A weak, but nonetheless statistically significant relationship, was found between wages and the standards of work of Saudi workers. Most respondents felt that a suitable period for achieving Saudisation in the technical labour force would be between 5-15 years, which must be accomplished gradually. Most of respondents also agreed on what obstacles stood in the way of employing more Saudis in the technical labour force: namely, training, wages and employment. The study also found that the length of training provided was thought to be insufficient.

Other obstacles noted were a lack of attention to English language education in colleges and technical training for those in the Saudi communications sector,

inadequacy in qualifying trainees, lack of security and fixed employment in technical jobs, lack of labour allowances, low wages, lack of other allowances such as lodging, poor advertising for vacant technical jobs, and a lack of effective ways to attract native, technically qualified cadres. Al-Qahtani's study (1998) examined the relationship between the output of the higher education system in Saudi Arabia (i.e. graduates) and the needs of the labour market, focusing on King Saud University and the business sector in Riyadh. It aimed to identify how far higher education met the needs of the labour market and looked at the standards of graduates and their training needs. It also aimed to identify how the authorities should allocate students wishing to go to university in an attempt to guide prospective students to those specialties in high demand by the labour market, as well as suggesting ways of coordinating education courses in order to develop the creative and pioneering skills of university students. The study sought the views of labour market representatives, university students and the authorities. Those studying technical subjects at university were felt to be most closely in line with the needs of the labour market, while the least needed were those who would graduate in theoretical subjects and who would most likely be in need of training when they started work. The important factors that lead to the poor relationship between the output of higher education and the needs of the labour market included: lack of encouragement to students to specialize in areas required by the labour market, a failure to develop suitable syllabuses, a lack of coordination and planning of the labour force, weak and inefficient guidance for students, increased drop-out rates from higher education, weaknesses in coordinating education with the needs of the labour market, and a failure to develop the creative capacity of students. The factors that respondents felt contributed to graduates not fulfilling the needs of the private sector included: poor proficiency in the English language, lack of IT skills, lack of sufficient experience, and the irrelevance of specialties in which graduates were qualified. The study found that graduates who worked in the private sector were considered to be honest, obedient, respectful of the rules of their organisation, co-operative with workmates, punctual and productive. However, they were reluctant to move job in line with the needs of the organization, lacked experience, and had poor foreign language and computing skills.

The most important specialties required in the labour market in the future were found to be economics, accounting, business administration, technological sciences,

computing and information technology. Al-Deweesh (1998) studied the role of the training authorities in Riyadh in raising the standards and rates of employment of the Saudi labour force in the private sector. The study found that 48% of trainees felt that their special expertise would help them to find work in the private sector, while 50% of the respondents from the companies felt that their expertise was in demand. Both the trainees and the training authorities agreed that there was a shortage in the skills areas in which they were offering training, while the trainees and the companies thought that the training authorities were inadequate. The companies surveyed were found to prefer trainees in the general sector, and the training authorities indicated that they felt that the efficiency of those trainees they tutored was average. Most of the trainees who took part in the survey mentioned that they had little guidance in terms of job searching or choosing a career, while the training authorities indicated that no co-ordination existed to match training with the needs of the labour market, even though most of the respondents from all three groups (the trainees, training authorities and companies) agreed on the importance of training before work. 50% of the trainees indicated that they thought that the government should bear the cost of training, 50% of the training authorities supported the idea that the private sector should bear the cost of educating its trainees, while 83% of respondents from the companies and 57% from the training authorities thought that trainees themselves should bear the cost of training because then trainees would be more committed and motivated towards their training. Al-Azaz and Al-Sayed (1999) used the Soft System Approach to study the problems associated with employing Saudi workers by analysing the most important obstacles that hinder reaching the required level of use of Saudi labour. They applied this approach because it is affected by economic, human, social and cultural influences that could not be investigated by a quantitative methodology. The approach works on the principle of participation in all the stages of analysis and application, and by regular intervention where problems occur; it concentrates on executing the offered suggestions, instead of merely offering recommendations. The study included groups of institutions and individuals who had different points of view and different preferences.

It was found that the employment of Saudi labour is a very important strategic aim, requiring continuous development because it is a complicated problem, and both its benefits and cost must be balanced in the longer term. The economic policies needed

to activate Saudisation in the private sector, without exploiting Saudis themselves, in an effort to improve the nation's economic growth, were studied by Al-Hogbani (1999). The study found that Saudisation must be achieved gradually by replacing foreign with Saudi workers. However, such a policy will depend largely on the job opportunities that the labour market can provide and on satisfying such a market, since this governs the selection of labour, especially as it will measure the cost of employing Saudis against that of employing immigrants. Despite the fact that there are few labour opportunities in the public sector (since vacancies arise only through resignation, retirement, dismissal and death), the study acknowledged that the public sector was more attractive than the private sector to Saudi workers. The research suggested that Saudisation could be achieved, while still preserving the economic freedom of the investor. This could be done by controlling the factors related to profits, such as time and quality assurance, to avoid any negative impact on the economy, such as price rises, moving capital abroad illicitly, and reducing deposits.

A study by Al-Ghaith and Al-Maashouq (1996) sought the views of employers, managers, Saudi job seekers, the employed and foreign workers, and found that the notion that working in the private sector is less acceptable to Saudis was wrong. They also found that it was untrue that low salaries and poor incentives in the private sector strongly affect Saudisation and that some professional jobs in the private sector were looked down upon. The study revealed as false, the belief that Saudis are more willing to work in the public sector, even if the salary is lower than what is earned in the private sector. The study also revealed that many of the comparisons made between foreign and Saudi workers are inaccurate. For example, a Saudi worker was not less efficient than a foreign worker, the flexibility of a foreign worker in moving as work demands is not greater than a Saudi worker, and reliability and respect for work is not greater or can only be found in a foreign worker, rather than a Saudi worker. However, a foreign worker may be better than a Saudi in terms of mastery of the English language and in offering greater experience (Al-Ghaith and Al-Maashouq, 1996).

A field study by Al-Turkistani (1998) explored the attitude of the labour market toward university graduates and discovered a number of factors that prevented Saudis from getting jobs. These included: a lack of practical experience and mastery of the English language, the high wages demanded by Saudis, social connections and a

reluctance to carry out fieldwork. Al-Sultan (1998) identified factors hindering the process of replacing foreign workers with Saudi labour in the private sector. Among these were the lower cost of employing foreign workers in comparison with Saudi workers, Saudisation efforts were limited to large organizations only, the existence of two distinct systems to which the civil labour force was subjected (the labour laws and the social security system which is also applicable to workers in the private sector), and the civil service and retirement system applicable to workers in the government sector. He also found that employers believe that bringing in foreign labour is an undisputed right and not a necessity dependent on the volume of work offered to the domestic labour force, the allocation of operation and maintenance work in the public sector to the lowest bidder through differential contracts that obliges the investor to employ the workers that cost the least in order to lower the total cost, education output (i.e. graduates) does not meet the requirements of the labour market, and that there is no benefit from feeding information and statistics into the labour market (Al-Sultan, 1998). Al-Qahtani's (1998) study surveyed employment directors in the private sector, and academics and students at King Saud University, and revealed some of the reasons why Saudi graduates are unqualified and unprepared to work in the private sector. These included lack of IT skills, poor command of the English language, and little or no experience and training. The private sector sees these prerequisites as important when offering jobs. A study by Al-Shimemari (2001) on a sample of staff members in colleges of administrative sciences found that the most important factors relating to the nature and design of the curriculum, which contributed to graduates being unqualified and unprepared for the labour market, were the lack of cooperative education in the curriculum, lack of training, time-consuming and lengthy curriculum development, lack of emphasis on the acquisition of good English language skills, and very slow changes to curricula. Also, factors related to method of teaching included: the non-existence of the applied models similar to those used by organizations in the labour market and that the examples given in the curriculum represented external communities.

Also, open competition was rarely used and no attention was given to independent-learning. Other important factors related to colleges and departments included: few visits to establish links were made to the private sector and awareness of the

importance of the compatibility between college departments and the requirements of the labour market was weak.

### **3.7 GOVERNMENT'S INITIATIVES TO ENSURE AND ENHANCE SAUDISATION**

Saudisation-related policies were put forward in the Fourth Development Plan (1985-1990) in which attention was paid to developing Saudi manpower through expansion in education, vocational training and rehabilitation. The Fifth Development Plan (1990-1995) continued to implement such policies by focusing on coordinating the output of education (i.e. the quality of graduates) with the need for development and by offering incentives to encourage the private sector to employ Saudi workers. In the Sixth Development Plan, developing Saudi manpower and increasing employment opportunities for them became the most important aims and priorities. The plan focused on policies needed to deal with obstacles to human resource development in the country and on replacing foreign with Saudi labour, as well as encouraging the private sector to provide more job opportunities for Saudis (Ministry of Planning, 1995).

The Sixth Development Plan witnessed positive developments towards implementing Saudisation. These included an increased rate of participation of Saudis in the labour market, linking this participation to education and training, encouraging the private sector to employ Saudis instead of foreign nationals, and providing financial resources and information to promote the performance of market services (Ministry of Planning, 2000). The Seventh Development Plan focused on developing Saudi manpower by addressing issues of proficiency and policies of the labour market in the light of recent national and international trends. Most important of these trends were the prospective influences of privatization and Saudi Arabia joining the World Trade Organization (WTO). These trends required the enhancing of the productivity, performance and efficiency of the Saudi labour force, by removing the obstacles to employment of Saudis in the public and private sectors, extending the capacity of the private sector to employ an increasing number of graduates, and putting in place a mechanism to reinforce the role of government in providing training and development. An accurate and comprehensive database on the labour market was also needed, as well as more emphasis on putting plans in place to employ Saudi workers, ensuring the

implementation of these plans, and following them up while increasing the connection and coordination among them (Ministry of Planning, 2000).

The Saudi government issued a directive in 2003 that made employment in gold and jewelry crafts, as well as the grocery and fruit sectors and taxi driving, open exclusively to Saudis. The directive prohibited the issue of new licenses for taxi drivers and undertaking employment would be exclusive to Saudis in all activities. For example, bringing in foreign labour, transferring sponsorship and modifying professions to taxi-driving activities, were all stopped. Saudising public taxi drivers was to proceed gradually to reach 30% by April 2003, 50% by February 2004, 75% by August 2004 and 100% by February 2005 (Al-Yaum, 2003). In April 2003, the Saudi Crown Prince ordered a committee to be formed that included the Ministry of the Interior, the Ministry of Labour and Social Affairs, and the Ministry of Finance and Planning to study the Saudisation process in 21 business activities, in which 200,000 foreign workers were employed. This order was based on recommendations made by the Ministry of Labour and Social Affairs, which advocated that business activities should all be gradually Saudised, until this process was complete within three years period.

It was conditional in the first year that there should be one Saudi worker for each activity, even if there were only one worker in the company or business. If there was more than one, there must be a Saudi among them. In the second year, 50% of the total number of shop assistants must be Saudis. A year later, complete Saudisation should be achieved with a percentage of 100% being reached in all businesses (Al-Qahtany, 2003). The Ministry of Labour and Social Affairs put in place a law to replace foreign labour with Saudis in 25 jobs gradually and over 3 years, starting from February 21st, 2004. Activities that are supposed to be run exclusively by Saudis are ladies' and children's fashion stores, men's and women's textile stores, men's fashion stores, children's toy stores, women's gown stores, stores for sewing accessories, herbs and spice stores, oriental scent and perfumeries, perfume stores, flower and gift stores, sales stores, carpet and furniture stores, shoe stores, watch stores, units and niches in trade centres, libraries, stationery shops, schools and government cafes, mobile and cellular phone stores, frozen broiler stores, ceremony equipment rental stores, car spare parts' stores, tent stores, car accessories' stores, and building and health equipment stores (Al-Zahem, 2003). Jobs and activities that can be occupied by

Saudis in the companies within the private sector will be increased to provide citizens with more job opportunities, together with the chance to practise and work in different fields and activities. Also, employers will be given the chance to attract and train young Saudis to enable them to work in these different work activities.

### **3.8 EXPERIENCE OF LOCALIZATION OF THE LABOUR MARKET IN OTHER COUNTRIES**

Saudi Arabia is not the only country adopting strategies and policies to localize its labour market. Other countries, such as Oman, Bahrain, Kuwait, Qatar, Jordan and Malaysia have adopted similar policies to Saudisation in order to enhance job opportunities for their local population and job seekers, as detailed next. These policies of localization of the local labour market underline the importance of the topic for many countries, other than Saudi Arabia, and further support the rationale for investigating Saudisation in this research.

#### **3.8.1 Omanisation**

As in many of the other Gulf nations, economic development is a relatively recent phenomenon in Oman, and therefore the Sultanate has a large proportion of foreign workers as the Omani workforce lacks the skills to replace them. Increasingly, though, Omani citizens are gaining education and training and are now seeking employment opportunities to put their skills to use. Al-Alawi and Shibani (1999) studied the organization of labour in Oman and focused on the strategies used in the development of the national Omani labour force in the country. The study found that the rate of national workers, as a proportion of the total labour force in Oman, decreased from 64.6% to 35.2% during the twenty years from 1975 to 1995. As a result, the government introduced a number of policies to develop the country's own human resources while restricting foreign labour, thus lessening the nation's dependence on expatriate workers. These policies included reducing the number of foreign workers in the private sector, compensating the private sector for the expenses spent on training and qualifying Omanis for the purpose of replacing expatriates, planning and organizing vocational and technical training, and encouraging graduates from technical training institutes and schools of technology to work in the private sector.

For the future, Oman's policies include plans to develop the nation's human resources and the efficient use of its labour force, by promoting and encouraging general and technical education and training in handicrafts in order to increase the rate of participation of national labour from 68% to 95% in the public sector, and from 15% to 75% in the private sector. The obstacles which face these policies in the private sector in Oman are education and training that are not sufficiently relevant to the needs of the private sector; wages and other incentives in the private sector, which are less attractive in comparison to those offered by the public sector; national workers not being attracted by manual work; employers holding negative perceptions of national Omani workers; and the fact that acquiring foreign workers is relatively easy. The Omani government has introduced initiatives to remove such obstacles, which include the provision of continuous training at all levels for Omanis, from secondary school to university and an awareness-raising campaign about the importance of work which seeks to show that manual work is not, as tends to be traditionally thought in Arab nations, degrading but that work is good for both the individual and the economic health of the country (Al-Wehib, 2003).

The Ministry of Labour has also developed plans to replace foreign workers with nationals, starting in workshops, factories and certain areas of vocational work, with the aim of encouraging self-sufficiency in the labour market (Al-Wehib, 2003). This plan was to be put in place gradually in four stages. In stage one (2002), foreign workers would begin to be replaced in rural areas and small towns; in stage two (2003) they would be replaced in cities; in stage three (2004 -2006) 50% of foreign workers would be replaced by Omanis; and in stage four (2007-2009) Omanisation would be complete. The Ministry of Labour formulated a strategy to achieve co-operation between the private and the public sectors to achieve higher levels of employment for its citizens. It also attempted to establish records and information regarding work, encouraging participation and publicising job opportunities, as well as developing policies to predict the future needs of the labour market and connecting these with education and training. The legislation designed to implement Omanisation was intended to be practical, starting with increasing the number of graduates, and offering better training in line with the needs of the labour market. This would offer more opportunities to nationals seeking work and result in decreases in the number of foreign workers in the Sultanate (Al-Zamel, 2003). Furthermore, in certain industries,

a fixed quota of foreign workers was allowed and it was not permitted to exceed it. The strategy of the Omani Ministry of Labour focused on making the importation of foreign workers more expensive by imposing taxes and limiting the quantity of foreign workers by imposing a quota system (Al-Zamel, 2003).

### **3.8.2 Bahrain**

At present, 90% of workers in the Bahraini government sector are national, but this figure is only 30% in the private sector. So, in order to achieve greater levels of Bahrainisation of the labour market, national workers will need to be absorbed into private enterprises, especially small and medium-sized businesses. New legislation is aimed at achieving this by setting fixed percentages of Bahrainis that must be employed before foreign workers can be so. In establishments of more than 10 people, if Bahrainisation is less than 50%, then a 5% increase in nationals must be achieved annually. In companies of 10 or fewer, at least one Bahraini must be employed, while in new businesses, whether these are foreign or Bahraini companies, at least 10% must be nationals and this must increase by 5% per year (Al-Zamel, 2003).

The benefit of this legislation lies in its gradual nature, since such changes will take place over five years and the Government has made it clear that it will not force these policies, as it feels that implementing them quickly will be disruptive, and is concerned not to lose businesses by insisting on changes too quickly. The government has stated that if a company reaches a proportion of 50% nationals in its workforce, then it may stop at that level, and there is no pressure to abandon foreign workers altogether. The Government attempts to encourage new enterprises by demanding, at first, only a 20% proportion of nationals to be employed, while profits are built and so the 50% quota is not expected to be reached straightaway. This is because the government wishes to be seen as fair to businesses and acknowledges that it is often easier to find suitably skilled personnel from abroad (Al-Zamel, 2003). However, there are rewards and tax incentives available for companies and organisations that reach the set targets (Al-Zamel, 2003).

### **3.8.3 Kuwait**

The labour market in Kuwait is not different from those in other Gulf countries in terms of the low participation of national workers in the labour market and the higher

concentration of those workers in the public sector, which exceeds 93% of the total labour in this sector while their ratio in the private sector does not exceed 5-7%. Most of the national labour is concentrated in non-productive sectors and these workers are holders of medium and higher educational qualifications (Al-Wehib, 2003). These characteristics of the labour market can be attributed to the heavy dependence on foreign workers for economic development and prosperity in the last decades, the attractiveness and benefits of working in the public sector, the structure of the economy being highly dependent on the service sector, the lower share of the private sector in these activities, and social norms which negatively affect work in the private sector or in vocational jobs for Kuwaiti citizens. Also, there is a lack of fit between graduates' skills and the needs of the labour market. As unemployment among Kuwaitis increased, the government introduced policies in 2000 to deal with this. These included: restructuring the labour market and increasing the participation of Kuwaitis in it, improving the qualifications of workers in the public sector to enhance their productivity, and enhancing the capacity of the private sector and increasing its share in economic growth.

To attain the aims of this strategy, the government adopted a plan which consisted of replacing national workers in the public sector which entailed a 10% annual increase of national workers that started in 1997; the replacement in the private sector was set at 1% annually. The replacement of 5,000 Kuwaiti workers in technical and management jobs in the first 5 years was to be followed by the replacement of 5,000 Kuwaiti in medical jobs in the following 5 years. To encourage Kuwaitis to work in the private sector and help the private sector employ them, the government provided certain incentives, which included child benefits provided to Kuwaiti workers and search and training costs financed by the government. Private companies who adhered to government instructions to increase their employment of Kuwaiti workers were given material and financial incentives, and the opportunity to participate in government purchase and contracts (AL-Wehib, 2003).

In the period between 1975 and 1985, the public sector in Kuwait increased its absorption of nationals from 76% to 92% of all employees, and employment in this sector is now 93% and averages more than 70% among any Gulf country relative to nationals (World Bank, 2008). Public sector employment in oil-producing countries,

such as Kuwait, provides a means for both distributing oil and oil-related wealth through the economy (World Bank, 2008).

#### **3.8.4 Qatar**

An idea about localization of the labour market can be gleaned from Nasier's study (1995) which focused on the public sector to evaluate Qatari policy in the field of civil employment aimed at benefiting Qatari citizens and using local labour efficiently in all jobs. The study found that the Ministry of Foreign Affairs employed the greatest number of Qataris, with a rate of 75%, while the Ministry of Work and Social Affairs employed 69%, the Ministry of Information 62%, the Ministry of Energy and Industry 59%, the Ministry of Education and Finance 57%, and the Ministry of Entailed Estate and Islamic Affairs 29%. Administrative jobs in the public sector accounted for the greatest share of Qatari employment with a rate of 96%, clerical jobs were second with a rate of 62%, educational jobs accounted for 51%, and jobs in the field of agriculture, livestock breeding and fishery amounted to 15% (Nasier, 1995).

Most Qatari civil servants had poor academic qualifications but the number working in such departments increased over time. This indicates that the increase in the number of officers in the public sector was accompanied by an overall reduction in the level of qualifications which, in turn, had negative effect on efficiency. At the same time, a rise was observed in the number of graduate officers, which is likely to enlarge the specialized nature of human resources in the public sector in Qatar. These officers had an age range of less than 35 to 55 years and above. The most important obstacles that hinder localization in Qatar are the lack of Qatari workers of both the quality and quantity required in the labour market, the absence of planning to employ the native workforce efficiently, the low number of women participating in the public sector, and a weakness in the relationship between the jobs existing in Qatar and education and training policies. Labour regulations in Qatar regarding employing expatriates are perceived by 41% of small and medium enterprises (SMEs) as a major or severe constraint on their firms, and 35% mentioned these regulations and the lack of skills among Qataris as major or severe problems (World Bank, 2008). The problems are mostly related to the lack of the availability of qualified Qataris within the quota system, constraints resulting from restrictions on hiring expatriates, and the

excessive difficulties associated with dismissing non-performing employees (World Bank, 2008).

### **3.8.5 Jordan**

The localization of jobs in Jordan came about as a response to the imbalance and challenges in the labour market, namely the unemployment rate that doubled in less than a decade, between 1981-1991, when, at the same time, foreign workers accounted for more than 20-25% of the labour force (Al-khateeb, 2003). The government intervened in the labour market to address the factors that worked in favour of foreign workers at the expense of Jordanian workers. However, unemployment in the country is considered a structural problem, as many of those looking for jobs have a relatively high level of education, while the foreign workers are in jobs that do not require training or long experience, such as the agriculture and construction sectors. To eliminate the unemployment problem and expand the opportunities for the Jordanian labour force, the government adopted a strategy that took into consideration the right of different parties; this has been implemented gradually (Al-khateeb, 2003).

It includes continuous teaching and training at all levels to ensure that the qualifications of graduates are consistent with the needs of the labour market, increasing awareness of the importance of work and that manual work is not demeaning, enhancing investment in rural and low income regions in order to open up more work opportunities for them, and preventing emigration from such regions to the big cities. Also, 15 vocational work centres for foreigners were closed and foreign workers were given a period to obtain the required work permit, according to work allowed that was consistent with government policy. Agreement with Egypt to restrict the entrance of workers, unless they had a pre-work permit, was re-activated, and training and rehabilitation opportunities for Jordanian workers were enhanced (Al-khateeb, 2003).

### **3.8.6 Malaysia**

The Malaysian government introduced measures intended to limit the number of foreign workers in the country by increasing the cost of hiring them from abroad and by controlling the quality of labour that is imported. The number of workers that can

be brought to the country is restricted, especially in the categories of semi or low - skilled workers. These strategies also ensure that most workers remain in the country only for a short time. Foreign workers in Malaysia must obtain a visa in order to gain employment. This is a temporary visa, which can extend for a maximum of 20 years, and is available only for highly or semi-skilled labour. Recipients must be between 18 and 45 years of age and must be paid a salary of less than 300 US dollars a month; they are not allowed to be accompanied by their family. A vocational work visa is a one-year contract and workers in this category are not allowed to bring their family into the country with them. A company's owner must take out insurance for each of his/her foreign workers. A labour visa is available for highly skilled workers, for which contracts have to be more than two years in duration but may be extended up to five years. Wages must be in excess of 300 US dollars a month and workers in this category are allowed to bring their family with them (Al-Zamel, 2003). Other policies encourage companies to offer work only to locals and the private sector in particular is given incentives to employ Malaysian citizens. These incentives include the waiving of certain regulations and restrictions, and offering bonuses and travel grants for workers in private sector companies.

Further legislation encourages the economic development and growth of the private sector while controlling the supply and demand for labour. Such measures have succeeded in keeping foreign workers at a reasonable level and in maintaining a stable economy with foreign workers accounting for only 13% of the total labour force (Al-Zamel, 2003).

### **3.9 CONCLUSION**

The literature reviewed in this chapter suggests that restraints on Saudisation, particularly in the private sector, can be classified as restraints related to Saudi job seekers and employees, foreign labour, owners and employers, and Saudi education and training systems. According to findings reviewed from previous studies, obstacles which Saudisation faced and is still facing can be traced to the following: Saudi job seekers and employees themselves (e.g. a preference among most for working in the public sector and their demand for high wages); foreign labour (e.g. they possess skills Saudis do not have and which the private sector needs, and their willingness to accept lower wages than Saudi workers); owners and employers, especially in the

private sector (e.g. they prefer non-Saudis as they are cheaper, more mobile and reliable; they also work harder than Saudis); inadequate education and training systems in Saudi (i.e. inadequate and inappropriate curriculum design and contents, inappropriate methods of teaching, lack of links with the private sector and industry, and/or vocational training that results in a lack of fit between the knowledge and skills of Saudi graduates and those required by industry and the labour market); and the ineffective employment systems found in the Saudi labour market.

The overall and important conclusion to derive from the above findings is that the negative view among Saudis that slow progress in the implementation of Saudisation, especially in the private sector, is mainly due to the opposition of employers to Saudisation, is misguided. Rather, such slow progress can also be blamed, to a large extent, on the Saudis themselves (namely, job seekers, graduates, young people and employees) who lack the qualifications, skills and person specifications required in the private sector and in the labour market in general, due to inadequate education and training systems; many foreign workers possess these advantages.

The literature reviewed in this chapter still indicates that the perceptions of Saudisation among employers, employees in the private sector and Saudi job seekers have been addressed only partially, with a few studies identified as being exceptions. This research aims to contribute further to these few studies and to build on previous literature, hopefully filling the gaps and addressing the limitations identified from the review of this literature.

The next chapter presents details of the research methodology.

## **Chapter 4**

### **RESEARCH METHODOLOGY**

#### **4.1 INTRODUCTION**

This chapter presents the research methodology. It explains the philosophical basis on which the approach of this study to methodology is built and the data collection method used. It also explains how the research constructs were operationalised and the measures used. The chapter discusses the piloting of the research instrument, the sampling strategy used and how data was collected. The data analysis methods used is explained and a summary of the chapter is provided. The chapter starts by presenting the research strategy and design adopted in this research.

#### **4.2 RESEARCH DESIGN AND STRATEGY**

This study adopts an inductive research strategy and a qualitative research design. Hence, this research is designed as an explorative case based on survey research. It should be pointed out that the paucity of research, and hence the lack of literature and theories, on the topic of this study (Saudisation) made it difficult for this researcher to pursue pure and more empirical and positivist approach to research, where hypotheses derived from previous literature and theories are tested using more quantitative, rigorous and complex statistical methods than used in this study (e.g. Structural Equation Modeling SEM). As pointed out in the conclusion of chapter two, the Saudi labour market and employment in Saudi Arabia exhibit unique features (Madhi and Barrientos, 2003). Saudisation is also unique to Saudi Arabia, and along with labour market and employment, it has not received much research attention, particularly empirical, and hence the above-mentioned lack of literature and theories on Saudisation.

#### **4.3 RESEARCH METHODOLOGY AND METHOD**

Research methodology is defined as the research related framework of the study, which can be either qualitative or quantitative in nature. The research methodology of this research is, thus, qualitative in nature (Bryman, 2004). This is because; this study is a case study aiming to measure the perceptions of various stakeholders on

Saudisation, namely employers in the private sector on one hand, and private sector Saudi employees and Saudi job seekers on the other. In addition, because this study aims to explore the opinions and perspectives of these stakeholders that are most affected by Saudisation, it adopted a qualitative research methodology.

As regards to research method, which is generally defined as the data collection and analysis tools, this research relied on quantitative survey questionnaire to collect data (Bryman, 2004). This approach involved gathering large amount of quantitative data, needed for statistical analysis (e.g. factor analysis). This approach to method is nomethic, in terms of quantifiable operationalisation of concepts, precise models and hypotheses testing (Burrell and Morgan, 1979). The ethnographic approach and qualitative method, which allows more detailed study and in-depth probing and involves collecting qualitative data, such as through case-study and interviews, was considered by the researcher but found to be unsuitable for this research and difficult to pursue. This is due to the limited available time the researcher had to complete the study, access from businesses and individual in the private sector becoming more difficult, which meant lack of time for detailed study. Also co-operation from these businesses and individuals in the private sector would have been unlikely, especially with this researcher with whom they never previously collaborated, and the fact that they are opposed to the topic of the investigation (i.e. Saudisation).

#### **4.4 DATA COLLECTION METHOD**

This section presents the instrument used to collect data and the rationale for employing it rather than other methods. It also reviews other data collection methods that were considered and justifies why they were not used. This review is important given the heavy reliance on the use of questionnaires in organizational research (Hinkin, 1995) as the case with this study.

##### **4.4.1 Use of Questionnaire: Rationale**

Questionnaire is the most commonly used method of data collection in field research (Stone, 1978) but is prone to bias. In fact, all instruments are subject to potential unknown bias (House et al, 1999). Research faces the difficulty of assuring the accuracy of construct under examination (Barrett, 1972). The use of such questionnaires in this study allows control over and assessment of construct validity through rigorous measurement of scales and statistical instrument.

Analytical, quantitative survey questionnaires were used to collect primary data for this research, because such survey acknowledge their intermediate position and connection with the logic of deductive inquiry, by their emphasis on reliability in data collection and the statistical control of variables in place of the physical control of the lab (Gill and Johnson, 2002). It should be pointed out that to the best of this researcher's knowledge, no questionnaire that would have measured perceptions of Saudisation exactly as intended in this research exists in the literature. Moreover, if such questionnaire exists, it might have been perceived by the private sector as bias towards the views of the Saudi government if it was used, and/or would have needed to be adapted to meet the aims of this research. An example is the questionnaire designed by Al-Ghaith and Al-Maashouq (1996) and used by Al-Humaid (2003), which has pre-determined, closed-ended, leading and confrontational types of questions and seems to be informed by the views of the government, especially the Ministry of Labour. Examples of items from this questionnaire include: expatriate managers and consultants are bias to expatriates from their home countries; it is easy to dismiss expatriate workers compared to the Saudi; the government should impose more restrictions on importing foreign workers. If such biased questionnaire was employed in this research, it could have resulted in some non-response or missing data, as the case in Al-Humaid's (2003) research, or worst denial of access. Therefore, the researcher had to construct and pre and pilot test a questionnaire specifically designed to measure such perceptions.

This study was designed to assess the perceptions of Saudisation among private sector employers, employees and job seekers, a copy of which can be found in the appendix section. Two self-administered questionnaires were developed as the main instrument for data collection for each target group (private sector employers as one group and employees and job seekers as the other). Such questionnaire was used to collect data because the researcher can obtain information more easily and the questionnaire responses are easily coded (Saunders et al., 2003). However, such self-administered questionnaire suffers from non-response, missing data and lack of control over response rate, as experienced in this research. The private sector employees and job seekers questionnaire is composed of four sections asking for different data from the respondents.

The first section relates to demographic information; the second to their perceptions of Saudisation; the third to their perceptions of government policies to ensure Saudisation; and the fourth relates to their perceptions of initiatives on how to enhance Saudisation. The questionnaire for the private sector employers consisted of six sections. The first relates to demographic information; the second to organisational data; the third relates to their perceptions of Saudisation; the fourth to employment competencies and person specification required by these employers; the fifth relates to their perceptions of Saudi government's policies to ensure Saudisation and the sixth relates to their perceptions on initiatives to enhance Saudisation. It should be mentioned that the questionnaires employed five-point Likert measurement scale from "Strongly Agree" to "Strongly Disagree". The questionnaires were translated into Arabic, the mother tongue of Saudi population and then back-translated into English. In addition, closed-ended questions were used in both questionnaires.

#### **4.4.2 Alternative Data Collection Methods**

The following is an evaluation of other data collection methods that were considered for use in this study. Based on the evaluation of the advantages and disadvantages of using these alternative methods, detailed below, it was decided that these methods could not be employed in and are unsuitable for this research.

##### **4.4.2.1 Interviews**

Interviews would have allowed this research flexibility in data collection and analysis (Yeung, 1995). Especially as part of case study approach, interviews would have allowed this study to generate an in-depth account of events, relationships, experiences or process (Descomb, 1998) and analysis of context (i.e. private sector in Saudi Arabia), as relates to the topic under investigation (i.e. perception of Saudisation). More importantly, and if used as part of multi-method approach, interviews would have been useful in supplementing, validating, illuminating and interpreting the quantitative data gathered from the same setting (Miles and Huberman, 1994). Moreover, the use of interviews would have allowed this researcher to probe the interviewees for clarity or for more detailed information when needed (Tashakkori and Teddus, 2003). However, compared to the questionnaire used, interviews are less reliable and difficult to replicate and therefore lose scientific rigor (Yeung, 1995).

Also, the characteristics of the interviewer (e.g. gender, nationality) could have influenced answers and yielded bias response (Thomas, 2002). Furthermore, an interviewee could have shown reticent-loquacious bias, which could have caused communication problems with the interviewer (Harpaz, 2004) and to response becoming under or over weighted. For example, a Chinese interviewee can be quiet and reserved during an interview but an Indian may be happy to talk. This could have been the case if interviews were used during the field research in Saudi Arabia, especially with the respondents among the foreign workers. In addition, the researcher would have faced what is known as 'authenticity' problem if he used interview (Pareek and Rao, 1980), which refers to whether trustworthy, sincere and pertinent information will be obtained from interviewees. This problem is compounded by the fact that some cultures, such as the Japanese, distinguish between what is said in public and what one really thinks (Rao and Hashimoto, 1996). This would have been the case in this research, especially when interviewing the respondents from among the foreign workers but also with Saudi employers. Above all, the lack of time and the unhappiness of the private sector with the topic of the investigation (Saudisation) would have made respondents unwilling to participate in an interview or engage with the researcher during the interviews. In addition, the wide geographical dispersion of respondents in Saudi Arabia meant that using interviews would have made data collection more difficult and time-consuming. It should be stated that despite advantages and disadvantages, most studies comparing responses elicited from interviews and questionnaire found no difference (Pareek and Rao, 1980).

#### **4.4.2.2 Observation**

This method can be participant or non-participant-based, but would have been inappropriate method to pursue due to the difficulty of access experienced using the less intrusive and time-consuming method of questionnaire. The non-participant observation method would have involved collecting data without trying to be part of the organizational system (Sekaran, 1992). This method would have been ethically flawed, as respondents would have resented the presence of the researcher and being observed without prior knowledge (Analoui and Kakabadse, 1991). Equally, the participant observation method would have still faced difficulty with access.

Even if access is secured, respondents would have been reluctant to engage or interact with the researcher as an outsider, not least because of the sensitivity of the topic they are being observed about and discussed (perceptions of Saudisation). Moreover, because they are conscious of the fact that they are being observed, respondents may behave differently to normal, which would have led to misleading observations being made.

#### **4.2.2.3 Focus group**

The use of focus group (Schein, 1985) would have generated useful qualitative data that would have been used as basis for subsequent interviews on the topic to be investigated, which in this research had already been identified (i.e. perceptions of Saudisation). It would have also helped to identify the topic of the research (in the sense of confirming, rather than, identifying, that the topic of Saudisation, that had already been identified by the researcher, is indeed an important issue for the private sector that requires investigation), help define questions, check interview protocol for application and comprehension (Doran, 2002). However, this method would have been incompatible with the positivist approach to methodology of this research and time-consuming. In concluding, considering that this study aims to measure the perceptions of various stakeholders in the Saudisation process, namely private sector employers and employees, as well as, Saudi job seekers, questionnaire is found to be the best method to generate such data.

### **4.5 OPERATIONALISATION AND MEASURES**

Perception of Saudisation was operationalised in terms of views sought from various stakeholders, namely employers and employees in the private sector, and Saudi job seekers, about the following Saudisation-related aspects.

- 1) Whether private sector Saudi workers and job seekers have the employment competencies and job specification (qualifications, skills, work experience, mobility, productivity, performance rate) required by the private sector and if they did, would they be employed by the private sector;
- 2) The impact of Saudisation on the private sector and Saudi economy;
- 3) Government's policies to ensure Saudisation and

#### 4) Initiatives to enhance Saudisation.

Example of questionnaire items measuring views of employers, employees and job seekers about the above issues include; “I think education qualification of Saudi workers are adequate for my business”; “If the skills of Saudi workers are adequate for my establishment I can support employing them”; “Do you think the experience of Saudi fit into such requirement for your business?”; “What is the impact of Saudisation on your business?” (Sections 3 and 4 of employers questionnaire and section 2 of the employees and job seekers questionnaire); “The private sector is negatively affected by the imposition of Saudisation”; and “Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects” (sections 5 and 6 of employers questionnaire and sections 3 and 4 of the employees and job seekers questionnaire).

It should be noted that only employers were asked about the employment competencies and person specification required by their private sector from their workers and Saudi job seekers. The questionnaires also included questions related to demographic and organizational background (i.e. age, nationality, tenure in organisation, qualifications, business type, number of employees, number of Saudi and non-Saudi employed). Other questions are also asked of private sector employees and job seekers (Type of job being sought, history of job search, and which sector (private or public) is preferred for employment). This demographic and organizational data can be found in section 1 and 2 of the employers’ questionnaire and section 1 of the employees and job seekers questionnaire.

## **4.6 PILOTING**

### **4.6.1 Pre-Test**

Once the two survey questionnaires used in the study were designed and developed, they were tested prior to being piloted. The pre-testing was essential because they were newly designed and developed data collection instrument, and various characteristics need to be evaluated by experts before pilot-testing (e.g. construction: order and meaning of questions).

Therefore, seven academics in Saudi Arabia with expertise on the topic enquired by the questionnaires, namely Saudisation, were invited to evaluate the design of the

questionnaires and provide suggestions. They recommended important changes which were implemented that improved the quality of the questionnaires. Also, content (or face validity) which relates to how well does the measuring instrument sample from all areas of content in the conceptual description (Punch, 2005) was established. According to Rubin and Babbie (1997) content validity relates to the stage to which a measure scale covers the range of meanings included within a concept. In other words, content or face validity should determine whether the items in the test stand for the course and purposes of the research. If all experts agreed the questionnaire items symbolize the content field acceptably, the test could be said to have content validity (Ary et al, 1996). Therefore, the questionnaires were revised with the involvement of a panel of another three academics. The questionnaires were then amended based on their suggestions and by the recommendations from this last revision.

#### **4.6.2 Pilot Test**

Pilot testing is an important trial run because it is very difficult to predict how respondents will interpret and react to questions (Gill and Johnson, 2002). Pilot testing can control many of the problems in questionnaires, because it allows the evaluation of the applicability of questions and scales to population, their reliability and design characteristics and making changes and adaptation (Harpaz, 2004). According to Fink and Kosecoff (1998: p 41) “a pilot test is a tryout, and its purpose is to help produce a survey form that is usable and that will provide you with the information you need. A pilot survey can also tell you how much time it takes to complete the survey. Pilot testing helps to improve the response rate because it can eliminate several potential sources of difficulty such as poorly worded questions”. Therefore, a pilot test of the pre-tested and amended and improved final version of the questionnaires was conducted, using a sample size of 50 respondents randomly chosen from each sub-population (employers and employees in the private sector and Saudi job seekers). The respondents were asked to complete the questionnaires and provide feedback about the clarity of questions and on any other aspects of the questionnaires. Minor changes to the wording of some of the questions were made based on this feedback.

The final version of the employers' questionnaire and the employees and job seekers questionnaire used in the study can be found in Appendices I and II, respectively.

### 4.6.3 Validity and Reliability

Part of the reason for pilot-testing of the questionnaires is to test their internal reliability and in turn their validity. The question of validity draws attention to how far a measure really measures the concept that it purports to measure (Bryman and Cramer, 2001). Internal reliability is a characteristic that every survey and data collection instrument, especially newly designed, should demonstrate. Internal reliability indicates how consistently a test measures whatever it purports to measure (Ary et al, 2002). Cronbach-Alpha test (Cronbach, 1951) for which a value of 0.7 is recommended as acceptable level for this coefficient (Nunnally, 1978) was used to examine the internal reliability of the questionnaires. The Cronbach-Alpha test is designed as a measure of internal consistency; that is all items within the instrument measure the same construct (George and Mallery, 2003). It is the most commonly used measure of internal reliability (Price and Mueller, 1986). Cronbach's alpha coefficient was computed to measure the internal consistency of the summated scales in both questionnaires. Table 4.1 below shows the number of items in each scale of the questionnaires and their respective Cronbach's Alpha value.

**Table 4.1: Internal Consistency Reliability of Employers and Employees and Job Seekers Questionnaires**

Summated scale	Number of Items	Cronbach's Alpha A
<b>1. Employers Questionnaire</b>		
Perceptions of Saudisation-related issues	18	0.853
Perceptions about Government Policies to Ensure Saudisation	7	0.727
Perceptions of initiatives to Enhance Saudisation	7	0.776
<b>2: Employees and Job Seekers Questionnaire</b>		
Perceptions of Saudisation-related issues	18	0.773
Perceptions of Government Policies to Ensure Saudisation	7	0.620
Perceptions of initiatives to Enhance Saudisation	7	0.857

The alpha values for the private sector employers' questionnaire vary from 0.85 to 0.73, which indicate good internal consistency reliability. The alpha values for scales of the private sector employees and job seekers questionnaire range from 0.77 to 0.86, which also indicate good internal consistency. However the value for the scale measuring perceptions of government policies to ensure Saudisation (0.62) is minimally adequate reliability.

## **4.7 SAMPLING**

### **4.7.1 Introduction**

This section provides details about the criteria used to select respondents and how access was gained. The section also explains the sampling strategy used, the sources the research data was collected from and how.

### **4.7.2 Criteria for Sampling**

It is important to note that due to the religious and cultural norms of Saudi Arabia, all the respondents sampled from the employers and employees in the private sector and from among the job seekers had to be male. This is because of the strict separation between the genders in Saudi Arabia and the cultural emphasis on privacy for female, which makes reaching women for data collection purpose very difficult (Al-Ashban and Burney, 2001). The male respondents chosen for the research were those who are unemployed but actively seeking jobs at the time. Those who were at the time working on temporary basis in the private sector, while job searching, and others working permanently in the private sector, within some of the same companies from where the employers were sampled, were included in the research. Those employed in the private sector, especially permanently employed, were surveyed because their work experience in the private sector and knowledge of the issues enquired about in the questionnaire would enrich the data collected and sought. In addition, the perceptions of these employees in the private sector, along with those of job seekers, would give different perspectives on the issues investigated to those of employers and help the research in establishing the credibility of employers' responses and perceptions, and whether they suffer from bias or response acquiescence.

Sampling employees working on temporary basis in the private sector was also due to the fact that all of them, and even those permanently employed, were or will likely be seeking jobs in the public sector and/or become unemployed soon, like the majority of respondents in the sample, and were only working in the private sector at the time because they did not want to be unemployed, not because they wanted to. In fact, the public sector in Saudi Arabia, as in all Gulf and MENA regions, has seen a rise in absorbing some educated individuals who can not afford to be unemployed (World Bank, 2008). Such rise shows the importance of the saturated public sector in solving the high unemployment problem that Saudi Arabia and other Gulf and MENA

countries suffer from, and underlines the importance of the Saudisation policy for Saudi Arabia, which struggled to shift employment of local workforce from the public sector to replace expatriates in the private sector. The research sample includes few foreign workers employed in the private sector, who are in managerial or senior posts only. Including more expatriate workers in the sample, especially at non-managerial or employee level, would have been difficult, because their employers or owners would not have allowed them to participate in a research that investigates sensitive and controversial topic, such as Saudisation, and one that has been imposed on them and therefore they are unhappy with. Also, the employees themselves would not have participated in the research for fear of losing their jobs, if they defied their employer or owner and participated without consent, especially if they expressed views they do not approve of. In fact, private sector managers prefer to employ non Saudi because they believe they are easier to control and are more disciplined than their Saudi counterparts (Atiyyah, 1996; Lumsden, 1993). As a result and unlike employers and employees and job seekers, there was no questionnaire designed specifically for expatriate workers (i.e. measure their perceptions of Saudisation) because such investigation would need to be the focus of future research, focusing only on the perceptions of Saudisation among expatriate workers in the private sector.

#### **4.7.3 Sampling Strategy**

Non-probability sampling strategy, in the shape of purposive sampling (Cavana et al, 2001) was used in this research. This approach may sometimes be the best sampling design choice, particularly when there is a limited population (i.e. employers and employees in the private sector and Saudi job seekers) that can provide the necessary information, but generalisability is restricted.

Although its generalisability is limited, non-probability sampling designs have certain advantages and are sometimes the only viable choice for a researcher. The above purposive sampling approach is reflected in the data being collected from employers and employees in the private sector only and Saudi, not foreign, job seekers. However, given the lack of sources in Saudi Arabia (i.e. job centres or employment agencies) through which Saudi job seekers could be identified, contacted and approached initially for data collection later, the researcher approached any Saudi job seeker. Therefore, although the sampling of Saudi job seekers is purposive, it is also

somewhat quasi simple random (probability) or convenient (non-probability) sampling strategy.

#### **4.7.4 Sources of Data**

Data was collected from 300 employers in the private sector and similar number of temporary and permanent employees and Saudi job seekers. From the 300 self-administered questionnaires, 226 were returned by the employers in the private sector, which represents 75.3% response rate. The relatively lower response rate from the employers may be attributed to the reluctance of some to disclose information and express views on Saudisation, given how controversial the topic is. Also, it may reflect their unhappiness with Saudisation, which has been imposed on them by the government, or their fear that the research may expose their non-compliance with Saudisation legislations.

From 300 questionnaires administered to private sector employees and Saudi job seekers, 270 were returned, which represents a response rate of 90%. Unlike previous research on Saudisation, which focuses on one region, especially the capital Riyadh (e.g. Al-Humaid, 2003) and to ensure generalisability of the findings within Saudi Arabia, the sample for employers and employees in this research were drawn from seven different sectors: industrial or production, agriculture, services, commercial, financial, insurance, medical; and spread across the five main regions of Saudi Arabia: Northern, Central, Eastern, Southern, and Western, from where private sector Saudi employees and job seekers were also drawn. Some of these sectors, especially services, agriculture and production, were chosen because they are dominated by the private sector (Mellahi, 2007).

### **4.8 DATA COLLECTION PROCESS**

#### **4.8.1 Introduction**

This section explains how the research data was collected in Saudi Arabia. This includes how access to the sample (employers and employees in the private sector and Saudi job seekers) was gained and the research instrument (survey questionnaire) was administered to collect data.

#### 4.8.2 Access

It is relevant to this study to point out that conducting research in Saudi Arabia is a formidable undertaking, since in every step along the way, the research process is hampered by cultural hurdles and there are difficult barriers in language, religion, customs, social etiquettes and laws that have to be carefully navigated (Tuncalp, 1988). There is also a tendency to strongly guard what little information exists (Tuncalp, 1988) and information is not always reliable. In terms of access, it was difficult to include or gain access to female respondents in this research. In addition, the topic of Saudisation is very sensitive and controversial one in the country, especially for the private sector, which is unhappy about this policy being imposed on it by the government (20% of employees must be Saudi nationals).

In many countries, a researcher's purpose is suspect (Napier and Thomas, 2001) and participants can perceive the researcher as an agent of management, a university or even the government and hence deny him/her access, especially if these individuals control such access (Thomas, 2002). As result, businesses in the private sector were very reluctant to take part in this study, because they viewed the researcher with suspicion, as one doing work on behalf of the government. In other words, those businesses and individuals that were approached in the private sector believed this researcher to be one of the inspectors from the Ministry of Labour, who are sent periodically to the private sector to check if they are implementing the government's Saudisation policy imposed on it. This explains the difficulties this research faced in persuading businesses in the private sector to participate in this study on the perceptions of Saudisation and allow access to their employees.

Moreover, this difficulty was compounded by the fact that the topic of Saudisation is difficult issue for the private sector, because it has been forced on it, in terms of the sector being required by law to employ Saudis and reduce the proportion of non-Saudi recruited. In fact, one of the most discussed issues among employers was the increasing difficulty of employment of foreign workers (Mellahi, 2007). Other difficulties relating to access this researcher faced was the wide geographical dispersion of respondents across Saudi Arabia's five main regions, which made reaching them for data collection purpose, especially job seekers, challenging and time consuming process. In order to gain access, telephone contact was made with some employers in the private sector in advance in order to set up an initial meeting to

explain the nature of the research and gain permission for access. Due to the difficulty of gaining access, lack of co-operation and to avoid denial of access (some employers not only refused access but did so in an impolite manner) the researcher approached the employers for access to them and their employees at their work place in person, and without prior telephone contact or writing, in the majority of cases. Job seekers were identified and access to them was gained through centres, which provides employability training to increase their chances of finding work. Some temporary private sector employees were found in these centres and were surveyed in this research.

#### **4.8.3 Collection of Data**

The private sector employers and employees questionnaires were administered to most of them by the researcher in person and with the help of colleagues. The job seekers and further temporary private sector employees questionnaire was administered by the researcher and the trainers in the centres, where job seekers and some of these temporary private sector employees were located and receive employability training. In both cases, the questionnaire was shown to the respondent first and instructions on how to complete it were then explained. Some respondents preferred to complete the questionnaire in their own time and returned it to the researcher days, weeks or months later. In addition to the questionnaire, a letter which explained the nature of the research and promised confidentiality and anonymity was given to each respondent. This letter can be found in Appendix III.

#### **4.9 DATA ANALYSIS METHODS**

A number of statistical analysis in the form of Univariate and Bivariate statistical methods were employed to analyse the primary data collected through questionnaire, using Statistical Package for Social Science (SPSS) computer programme that provides various tests together with their probability of statistical significance. Descriptive analysis, exploratory factor analysis (EFA), Mann-Whitney *U* test, cross-tabulation, Chi-Square, and Spearman test of correlation, were employed to various degree, in order to properly interpret the data as relevant to the questions and aims of the research, so adequate understanding of the findings can be gained, and correct and relevant conclusion, implications and recommendations can be drawn. Descriptive analysis was used first, starting with demographic and organizational data, as reflected

by both frequency and summary statistics. Descriptive analysis is used because it can facilitate and improve subsequent analysis, as it allows patterns in the responses to be summarized, and an inferential analysis was employed to explore the data in such patterns and the relationships between various variables under investigation. Factor Analysis is a useful multivariate technique used in this research to define the underlying structure in a data matrix from exploratory perspective, by reducing a set of complex data into a simpler set and more manageable number of underlying latent constructs (Haire et al, 1998).

Exploratory factor analysis was used in this research because there was no prior specification of the number of factors, and there was weak or non-existent theory to the research instrument, i.e. the questionnaire used (Anderson and Gerbing, 1982). That is, this researcher had no prior knowledge that the items designed to measure a factor do indeed measure the intended factor, by exhibiting high loadings on that factor and low loadings on the other (Byrne, 1994). Hence the usefulness of using EFA in this research because it determines how the items measurements (observed variables) are linked and related to their underlying latent factor or construct, as represented by factor loadings (Byrne, 1994). Also, EFA was appropriate because various variables being tested and needed to be separated into sets that measure single dimensions of multi-dimension concept- that of Saudisation (Ferguson and Cox, 1993).

An example is in sections 3 and 2 of the employers and employees and job seekers questionnaires, respectively, where the perceptions of a number of Saudisation-related issues are measured, under Saudisation as multi-dimensional concept, and these issues needed to be separated and named or labelled according to the factoring or loading of the items that measure them.

Mann-Whitney  $U$  test is a non-parametric equivalent of the unpaired two-group  $t$ -test (Robson, 2002). It was used in this research to test if there were any differences in the extent of agreement that allowed the research to ascertain if there are fundamental differences in perceptions between private sector employers on one hand, and employees and job seekers on the other. Univariate analysis was used to assess the answers of respondents to a particular question, while bivariate method was used to test the significance among variables, which involved using cross-tabulation and Chi-square tests (Bryman and Cramer, 1994). Cross-tabulation and Chi-square test were

used to test relationships between variables, with test result of  $p=0.05$  or less indicating significant association or relationship. The relationship between responses relating to perceptions of private sector employers and their demographic and organizational characteristics (type of business; size of business in terms of number of employees; level of education; organizational tenure) was tested using Cross-Tabulation and Chi-square. Cross-tabulation is one of the simplest and most frequently used ways of demonstrating the presence or absence of a relationship between pairs of variables (Bryman and Cramer, 2001).

A cross-tabulation is a joint frequency distribution of cases to two or more classification variables. The combination of values for two variables defines a cell, the basic element of all tables. The cross-tabulations of various variables are the basis for the tables needed to perform the chi-square test. Chi-square is a nonparametric test that helps determine if a systematic relationship exists between two variables. The table is a row-percentage, where in each cell a percentage of the row total is computed. The row-percentage addresses the question among those in each activity, what percentage hold different attitudes. Henceforth, all the cross-tabulations are row-percentage. Chi-Square is not a strong statistic, in that it does not convey information about the strength of the relationship (Bryman and Cramer, 2001).

Unlike Chi-square, correlation indicates both the strength and the direction of the relationship between a pair of variables (Bryman and Cramer, 2001). Chi-square is a non-parametric technique used in this research to analyse the relationship between the demographic and organizational factors and the perceptions of Saudisation among employers. The relationship between employers' perceptions and size of their business by number of employees, level of education and tenure in organisation was tested using Spearman test of correlation.

After all the statistical analysis of the primary data and the findings of the research presented, the results were also interpreted to give further meanings to the results. While the responses given to the questionnaire provide socially constructed perceptions of participants, interpreting the results provides an opportunity to further understand those findings of the perceptions in qualitative manner. In other words, as qualitative researcher, one needs to 'get close' to the research subjects to see the world through their eyes (i.e. perceptions of Saudisation) as one would be unable to gain any leverage on this level of analysis from a distance (Bryman and Burgess, 1999).

#### **4.10 SUMMARY**

This chapter briefly explained the philosophical approach to methodology. It also explained the data collection method used (quantitative survey questionnaire), justified its use and reviewed other methods considered, but were not used and why. The pre and pilot testing of the survey questionnaire, especially designed and developed for this study, and important related issues of validity and reliability, were also explained. The chapter also explains the sampling strategy and the sampling criteria used to select respondents. How access was gained and data collected, as well as, the methods used to analyse the research data were also detailed. After presenting the research process, the next chapter presents details of the research findings.

## **Chapter 5**

# **ANALYSING THE PERCEPTIONS OF STAKEHOLDERS ON SAUDISATIONS: THE EMPIRICAL FINDINGS**

### **5.1 INTRODUCTION**

This chapter presents the findings of the research. It describes the research sample, by detailing the demographic and organizational characteristics of the private sector employers and employees and the Saudi job seekers who were surveyed for the study. The chapter presents the results of the exploratory factor analysis and the names for the factors or variables obtained to use in discussion of related findings. The findings on the perceptions of Saudisation among private sector employers and employees and Saudi job seekers, which address the questions and the aims of the study, and the results of tests examining differences in these perceptions are then presented.

### **5.2 DESCRIPTION OF THE RESEARCH SAMPLE**

Sections 1 and 2 of the employers questionnaire and sections 1 of the employees and job seekers questionnaire asked respondents for demographic and organizational information: nationality, age, qualifications, tenure in organization, marital status, number of dependents, length of work experience, current employment status and whether job is permanent or temporary, length of job search, sector preferred for work (private or public), position, type of business, size of business by number of workers employed, number of Saudi and non-Saudi employed. The demographic and organisational data gathered is presented in the following section.

#### **5.2.1 Demographic and Organisational Characteristics of Private Sector Employers**

Table 5.1 below shows that 86.5% of the employers were Saudis; of which 25.1% and 61.4% were owners and business managers, respectively. As can be seen, all of the businesses surveyed were owned by Saudis, and only 13.5% of these businesses were directed by non-Saudis. The distribution of the sampled employers according to age shows that 37.4% of them were under 36 year old; 42.3% between 36 and 45 year; and 20.3% were 46 year old or more. In terms of qualifications, most of these employers (46.5%) held a university degree, with 27% and only 4% at Master and

PhD level, respectively, while 9.3% and 12.8% held secondary or less and post secondary diploma, respectively.

Table 5.1 shows that, as far as tenure in organisation, 23.3% of the employers had been with their organization for less than 5 years; 29.6% had 6-10 years tenure; while 21.5% and 25.6% had 11-15 years and 15 years or more tenure with their organisation, respectively.

**Table 5.1: Demographic and Organisational Characteristics of Private Sector Employers**

Variable	Frequency	Percent
<b>NATIONALITY OF EMPLOYERS</b>		
Saudi Business Owners	56	25.1
Saudi Manager	137	61.4
Non-Saudi Business Owners	0	0.0
Non-Saudi Manager	30	13.5
Total	223	100.0
<b>AGE</b>		
Under 25 Years	9	4.1
25-35 Years	74	33.3
36-45 Years	94	42.3
Over 45 Years	45	20.3
Total	222	100.0
<b>QUALIFICATIONS</b>		
Secondary or less	21	9.3
Post Secondary Diploma	29	12.8
University	105	46.5
Master	61	27.0
PhD	10	4.4
Total	226	100.0
<b>TENURE</b>		
Less than 5 years	52	23.3
6-10 Years	66	29.6
11-15 Years	48	21.5
More than 15 years	57	25.6
Total	223	100.0

Table 5.2 depicts the percentage of employers surveyed from the private sector by type of sector or activity of their businesses, size (number of workers employed) and level of skill among their non-Saudi employees. In terms of business activities, 40.2% of the employers surveyed in these organizations were in the commercial sector; 28.1% in services; 17.0% in industrial; 6.3% in medical; 5.4% in agricultural; 2.7% in financial and 0.4% were in the insurance sector.

In terms of size, 26.7% of these businesses or organizations had less than 20 employees; 20.9% had between 20-39 workers; 18.2% employed 40 to 99 workers and 34.2% had more than 100 workers. In terms of skill level of the non-Saudi workers employed, 37.5% of these businesses had non Saudi workers with high skills, while 35.9% and 26.5% of them had non-Saudi workers who possessed medium and low level of skills, respectively. This result implies that private organizations demand skilled workforce.

**Table 5.2: Distribution of Sampled Private Sector Employers According to Type of Sector, Number of Employees and Skill Level of their Non-Saudi Employees**

Variable	Frequency	Percent
<b>TYPE OF SECTOR</b>		
Commercial	90	40.2
Service	63	28.1
Industrial	38	17.0
Medical	14	6.3
Agricultural	12	5.4
Financial	6	2.7
Insurance	1	0.4
Total	224	100.0
<b>NUMBER OF EMPLOYEES</b>		
Less than 20 employees	60	26.7
20-39 Employees	47	20.9
40-99 Employees	41	18.2
100 or over	77	34.2
Total	225	100.0
<b>SKILL LEVEL OF NON-SAUDI EMPLOYEES*</b>		
high skills	116	37.5
Medium skills	111	35.9
low skills	82	26.5
Total	309	100.0

\* Multiple response (total ≠ sample size)

### **5.2.2 Demographic and Organisational Characteristics of Private Sector Employees and Saudi Job Seekers**

Table 5.3 shows the demographic and the organizational characteristics of private sector employees and Saudi job seekers surveyed. The table shows that nearly 50% of the respondents were under 25 years of age; 38.1% were between 25-35 years; 9.3% between 36-45 years, while 3.3% were over 45 years. These figures underline the youthfulness of those employed in the private sector and the Saudi job seekers.

According to Table 5.3, 59.6% of the respondents were single and those who were married (40.4%) had between 1 (27.4%); 2 (22.2%) and 3 (17.4%) dependents. In

terms of qualifications, almost half of the respondents (44.9%) held a Bachelor degree, with 10.9% and 0.8% at Master and PhD level, respectively, while 26% and 17.4% had secondary diploma or less (i.e. school leavers) and post secondary diploma, respectively. More than half of the respondents (54.1%) had no work experience; with 11.5% having less than two years; 10% and 13.7% had between 2-5 and 6-10 years, respectively, while 10.7% had more than 10 years work experience.

**Table 5.3: Demographic and Organisational Characteristics of Private Sector Employees and Saudi Job seekers**

Variable	Frequency	Percent
<b>AGE</b>		
Under 25 Years	133	49.3
25-35 years	103	38.1
36- 45 Years	25	9.3
Over 45 years	9	3.3
Total	270	100.0
<b>MARITAL STATUS</b>		
Single	152	59.6
Married	103	40.4
Total	255	100.0
<b>NUMBER OF DEPENDENTS</b>		
0	89	33.0
1	74	27.4
2	60	22.2
3	47	17.4
Total	270	100.0
<b>QUALIFICATIONS</b>		
Secondary or less	69	26
Post Secondary Diploma	46	17.4
University	119	44.9
Master	29	10.9
PhD	2	0.8
Total	265	100.0
<b>WORK EXPERIENCE</b>		
No experience	146	54.1
Less than 2 years	31	11.5
2-5 years	27	10.0
6-10 years	37	13.7
More than 10 years	29	10.7
Total	270	100.0

Table 5.4 presents the primary data findings on employment status, job type and sector preference for employment of employees and Saudi job seekers. As can be seen from the table, more than half of the respondents (59.3%) were unemployed but seeking jobs during the survey, while the remaining 40.7% were employed in the private sector. Of the 40.7% (110) of the respondents who were employed, 88.2% and

11.8% had permanent and temporary jobs (while job searching), respectively. 69.3% of these employees in the private sector and Saudi job seekers had a preference for working in the public sector, while only 30.7% preferred to work in the private sector.

**Table 5.4: Employment Status, Job Type and Sector Preference for Employment of Employees and Saudi Job seekers**

Variable	Frequency	Percent
<b>EMPLOYMENT STATUS</b>		
Employed	110	40.7
Unemployed	160	59.3
Total	270	100.0
<b>TYPE OF JOB</b>		
Permanent	97	88.2
Temporary	13	11.8
Total	110	100.0
<b>SECTOR PREFERENCE FOR EMPLOYMENT</b>		
Public sector	183	69.3
Private sector	81	30.7
Total	264	100.0

### **5.3 FACTOR ANALYSIS OF QUESTIONNAIRES RESPONSES**

The results of Exploratory Factor Analysis (EFA) of private sector employers' questionnaire and employees and job seekers questionnaire responses are detailed next. EFA was used in order to determine how the items measurements (observed variables) are linked and related to their underlying latent factor or construct as represented by factor loadings (Byrne, 1994). In other words, to uncover the factor structures or constructs for items scales intended to measure perceptions of Saudisation-related issues, government's policies to ensure Saudisation and initiatives to enhance it.

#### **5.3.1 Factor Analysis of Employers Questionnaire Response**

The results of exploratory factor analysis of employers' questionnaire responses on their perceptions of Saudisation-related issues, government policies to ensure Saudisation and initiatives to enhance it, are shown next.

##### **5.3.1.1 Perceptions of Saudisation-related issues**

To assess the dimensionality of the eighteen items that measure the perceptions of employers on Saudisation-related issues, factor analysis was performed using the

principal components method to retain only factors with eigenvalues greater than one (>1) with varimax rotation. Principal components analysis is the most common and recommended extraction method (Kline, 1994). An eigenvalue is an estimate of the amount of variance associated with or explained by a factor and the sum squares of the factor loading of each factor (Ferguson and Cox, 1993). Examination of the statistics of the Kaiser Meyer test of sample adequacy and Bartlett's (BS) test based on the Chi-square was carried out in order to determine the appropriateness of the correlation matrix for factor analysis (Dziuban and Shirkey, 1974). To test the factorability of the data, the Kaiser-Meyer-Olkin (KMO) test is used to measure the sample adequacy, while Bartlett's test is a test of sphericity. Kaiser 1 (K1) is the most widely followed rule in deciding on the number of factors to extract and retain (Ferguson and Cox, 1993).

The Bartlett's test is a test of the null hypothesis that no relationship exists between variables and significant results indicate that there are relationships to be examined (Ferguson and Cox 1993). The KMO test indicates whether association in the matrix can be accounted for by a smaller set of factors and a minimum value of 0.5 is required (Ferguson and Cox, 1993). For the factor analysis to proceed, Bartlett's test of sphericity should be significant ( $p < 0.05$ ) and KMO test of sample adequacy should be  $> 0.8$ .

Results in Table 5.5 strongly support the use of factor analysis, as the Kaiser-Meyer Olkin Measure of Sampling Adequacy produced 0.91, which is higher than the critical value ( $KMO > 0.8$ ) indicating adequate sample, and the Bartlett's Test of Sphericity is significant ( $P\text{-value} < 1\%$ ) and can be used safely in the case of this study.

**Table 5.5: KMO and Bartlett's Test of Employers Questionnaire Items Responses on their Perceptions of Saudisation-Related Issues**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.91
Bartlett's Test of Sphericity	Approx. Chi-Square	2125.8
	Df	153
	Sig.	0.000

Based on the results presented in Table 5.6, factor analysis was performed using principal components analysis with varimax rotation and Kaiser Normalisation. The PCA is concerned with specifying a number of factors to account for the maximum amount of variance in the data. PCA with an eigenvalues greater than 1.0 is regarded

as significant and can be used to determine the factors to extract (Pallant 2007). As can be seen in Table 5.6, there are 4 factors with an eigenvalues greater than 1 (5.768 and 1.145). That is, these eighteen items can be reduced to 4 factors. Each factor explains a particular amount of variance in the items. In this case, factor 1 explains 32.05%; factor 2 explains 19.4%; factor 3 explains 10.9%; and factor 4 explains 6.4%, of the total variance. Together these 4 factors explain 67.9% of the variance.

**Table 5.6: Total Variance Explained by Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Saudisation-Related Issues**

Component	Initial eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.231	45.729	45.729	5.768	32.047	32.047
2	1.795	9.971	55.7	3.492	19.397	51.444
3	1.14	6.334	62.033	1.834	10.187	61.631
4	1.073	5.96	67.994	1.145	6.363	67.994
5	0.757	4.203	72.197			
6	0.741	4.117	76.313			
7	0.649	3.608	79.921			
8	0.55	3.056	82.977			
9	0.445	2.474	85.452			
10	0.426	2.364	87.816			
11	0.415	2.304	90.119			
12	0.368	2.042	92.162			
13	0.308	1.711	93.873			
14	0.275	1.526	95.399			
15	0.245	1.361	96.76			
16	0.219	1.216	97.975			
17	0.193	1.07	99.046			
18	0.172	0.954	100			

*Extraction Method: Principal Components Analysis.*

Another method of locating major factors is the Scree test, but it is considered subjective (Kline, 1994). That is, the result could contain more than one break in the gradient, making identifying the number of factors that correspond to that break problematic (Ferguson and Cox, 1993). Although the Kaiser (K1) is the main method used in this research to decide on the number of factors to extract and retain, the results of the other extraction method (the scree test) are nonetheless provided throughout the factor analysis section.

The Scree plot in Figure 5.1 below shows that the eigenvalues slopes steeply downwards, from factor one to factor four before moving slowly towards the horizontal line. The Scree plot reveals a clear break after the fourth factor.

**Figure 5.1: Scree Plot Results of Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Saudisation-Related Issues**

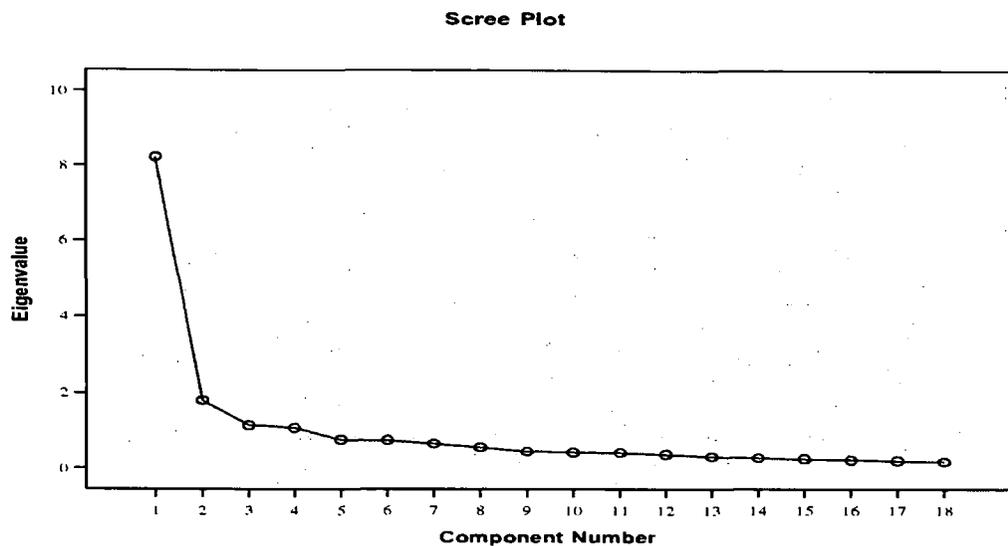


Table 5.7 presents the rotated solution, which shows the presence of 4 factors with a number of strong loadings. A factor loading is a correlation coefficient showing how much weight is assigned to that factor. The higher the loading, the more that item belongs to that factor (De Vaus 2002). A normal loading of at least 0.4 in absolute magnitude is considered significant before the item can be said to belong to the component (De Vaus 2002).

Table 5.7 also depicts the communality of each item. Communalities measure correlations among the 18 items to be factor-analysed. A higher correlation among the variables implies the more they have in common or the higher their communalities would be. Communalities for items were generally reasonably high, ranging from a low of 0.48 for item “*Saudi workers do not seek to change their jobs*” to 0.904 for item “*Saudi workers concern with their social prestige*”.

**Table 5.7: Results of Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Saudisation-Related Issues**

No.	Variable/Factor	1	2	3	4	Communalities
1	I think the Saudi workers have the required experience for my business	0.827				0.714
2	I think the Saudi workers have the required skills for my business	0.793				0.747
3	Saudi workers are ready to accept vocational (or handcraft) jobs	0.793				0.691
4	According to my experience; Saudi workers are more productive than Non-Saudi workers	0.761				0.665
5	Saudi workers are ready to work in any location	0.723				0.582
6	Saudi workers are ready to accept any job	0.722				0.553
7	Productivity of Saudi workers is adequate for my business	0.715				0.659
8	I think education qualifications of Saudi workers are adequate for my business	0.678				0.601
9	According to my experience Saudi workers with adequate education have high performance	0.584				0.693
10	Saudi workers do not seek to change their jobs	0.580				0.482
11	If the skills of Saudi workers are adequate for my establishment I can support employing them		0.797			0.776
12	Saudi workers with adequate experience have high performance		0.793			0.743
13	If the experience of Saudi workers is adequate for my business I can support employing them		0.743			0.720
14	According to my experience Saudi workers with adequate skills have high performance		0.740			0.658
15	If the qualifications of Saudi workers are adequate I can support employing them		0.590			0.607
16	My business concerns about family responsibility of Saudi workers			0.814		0.743
17	My business offers stable job and security for Saudi workers			0.802		0.702
18	Saudi workers concern with their social prestige				0.948	0.904
	Total	5.768	3.492	1.834	1.145	
	% of Variance	32.047	19.397	10.187	6.363	
	Cumulative %	32.047	51.444	61.631	67.994	

The ten items that have high loading on the first factor shown in Table 5.7 are “I think the Saudi workers have the required experience for my business”; “I think the Saudi workers have the required skills for my business”; “Saudi workers are ready to accept vocational (or handcraft) jobs”; “According to my experience; Saudi workers are more productive than Non-Saudi workers”.; “Saudi workers are ready to work in any location”; “Saudi workers are ready to accept any job”; “I think education

qualifications of Saudi workers are adequate for my business”; “Productivity of Saudi workers is adequate for my business”; ; “According to my experience Saudi workers with adequate education have high performance” and “*Saudi workers do not seek to change their jobs*”.

The five items that have high loading on the second factor are “If the skills of Saudi workers are adequate for my establishment I can support employing them”; “Saudi workers with adequate experience have high performance”; “If the experience of Saudi workers is adequate for my business I can support employing them”; “According to my experience Saudi workers with adequate skills have high performance” and “If the qualifications of Saudi workers are adequate I can support employing them”.

The two items that have high loading on the third factor are “My business offers stable job and security for Saudi workers” and “My business concerns about family responsibility of Saudi workers”. The one item that has high loading on the fourth factor is “Saudi workers are concerned with their social prestige”.

### 5.3.1.2 Government’s policies to ensure Saudisation

Similar factor analysis was conducted on the seven questionnaire items intended to measure employers’ perceptions of government’s policies to ensure Saudisation. Table 5.8 shows KMO = 0.78 indicating adequate sample and significant Bartlett’s test of sphericity with a value <1%. This implies that factor analysis can be used effectively with this data.

**Table 5.8: KMO and Bartlett’s Test of Employers Questionnaire Items Responses on their Perceptions of Government’s Policies to Ensure Saudisation**

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		0.78
<b>Bartlett’s Test of Sphericity</b>	Approx. Chi-Square	959.71
	df	21
	Sig.	0.000

Table 5.9 shows that there are 2 factors with an eigenvalue > 1 (3.519 and 1.476). That is, these seven items can be reduced to 2 factors. Each factor explains a particular amount of variance in the items. In this case, factor 1 explains 50.3% and

factor 2 explains 21.08% of the total variance. Together these 2 factors explain 71.4% of the variance.

**Table 5.9: Total Variance Explained by Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Government’s Policies to Ensure Saudisation**

Component	Initial eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.65	52.136	52.136	3.519	50.276	50.276
2	1.346	19.223	71.359	1.476	21.083	71.359
3	0.708	10.121	81.48			
4	0.636	9.087	90.567			
5	0.405	5.793	96.36			
6	0.179	2.553	98.912			
7	0.076	1.088	100			

*Extraction Method: Principal Components Analysis.*

The Scree plot in Figure 5.2 below shows that the eigenvalues slopes steeply downwards, from factor one to factor two, before moving slowly towards the horizontal line. The Scree plot reveals a clear break after the second factor.

**Figure 5.2: Scree Plot Results of Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Government’s Policies to Ensure Saudisation**

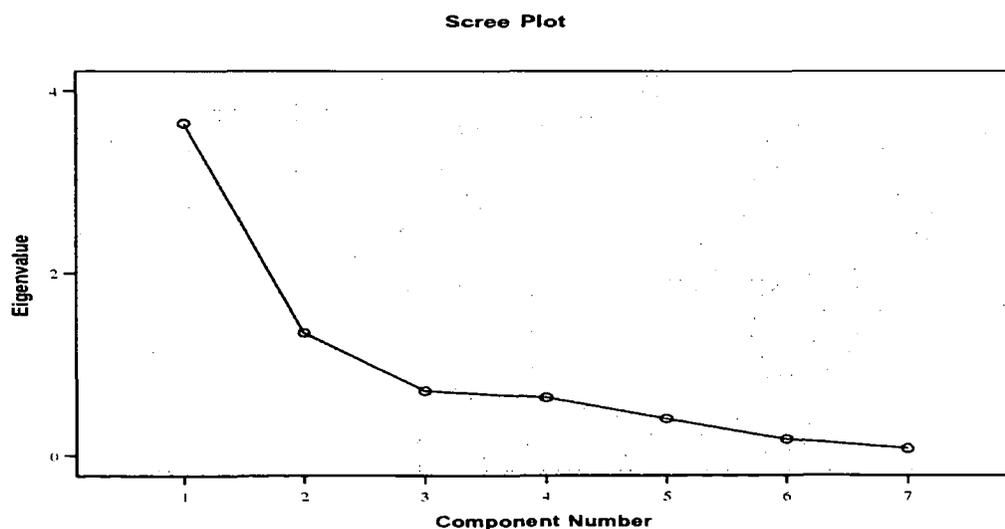


Table 5.10 presents the rotated solution, which shows the presence of two factors with a number of strong loadings. Communalities for items were generally reasonably

high, ranging from a low of 0.453 for “The legislations of minimum-wage is so important for enhancing Saudisation” to 0.85 for “My establishment implemented social responsibility regarding Saudisation”.

**Table 5.10: Results of Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Government’s Policies to Ensure Saudisation**

No.	Variable/Factor	1	2	Communalities
1	My establishment has few rules of social responsibility regarding Saudisation	0.917		0.845
2	My establishment implemented social responsibility regarding Saudisation	0.917		0.852
3	My establishment is aware of its social responsibility regarding enhancing Saudisation	0.903		0.837
4	My business needs to join to system of social security	0.679		0.471
5	The legislations of minimum-wage is so important for enhancing Saudisation	0.638		0.453
6	There are some government legislations regarding Saudisation		0.880	0.791
7	These legislations are sufficient for Saudisation		0.780	0.746
	Total	3.519	1.476	
	% of Variance	50.276	21.083	
	Cumulative %	50.276	71.359	

The five items that have high loading on the first factor shown in Table 5.10 above are “My establishment has few rules of social responsibility regarding Saudisation”; “My establishment implemented social responsibility regarding Saudisation”; “My establishment is aware of its social responsibility regarding enhancing Saudisation”; “My business needs to join to system of social security” and “The legislations of minimum-wage is so important for enhancing Saudisation”. The two items that have high loading on the second factor are “There are some government legislations regarding Saudisation” and “These legislations are sufficient for Saudisation”

### 5.3.1.3 Initiatives to enhance Saudisation

Similar factor analysis was conducted on the seven questionnaire items intended to measure employers perceptions of initiatives to enhance Saudisation. Table 5.11

below shows KMO = 0.81 indicating adequate sample and significant Bartlett's test of sphericity with a value <1%.

**Table 5.11: KMO and Bartlett's Test of Employers Questionnaire Items Responses on their Perceptions of Initiatives to Enhance Saudisation**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.81
Bartlett's Test of Sphericity	Approx. Chi-Square	584.06
	df	21
	Sig.	0.000

Table 5.12 below shows that there are 2 factors with an Eigenvalues > 1 (3.429 and 1.17). That is, these seven items can be reduced to 2 factors. Each factor explains a particular amount of variance in the items. In this case, factor 1 explains 48.10% and factor 2 explains 16.7%, of the total variance. Together these 2 factors explain 65.7% of the variance.

**Table 5.12: Total Variance Explained by Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Initiatives to Enhance Saudisation**

Component	Initial eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.509	50.125	50.125	3.429	48.981	48.981
2	1.09	15.566	65.692	1.17	16.711	65.692
3	0.754	10.775	76.467			
4	0.567	8.1	84.567			
5	0.461	6.588	91.155			
6	0.372	5.314	96.47			
7	0.247	3.53	100			

*Extraction Method: Principal Components Analysis*

The Scree plot in Figure 5.3 below shows that the eigenvalues slopes steeply downwards, from factor one to factor two, before moving slowly towards the horizontal line. The Scree plot reveals a clear break after the second factor.

**Figure 5.3: Scree Plot Results of Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Initiatives to Enhance Saudisation**

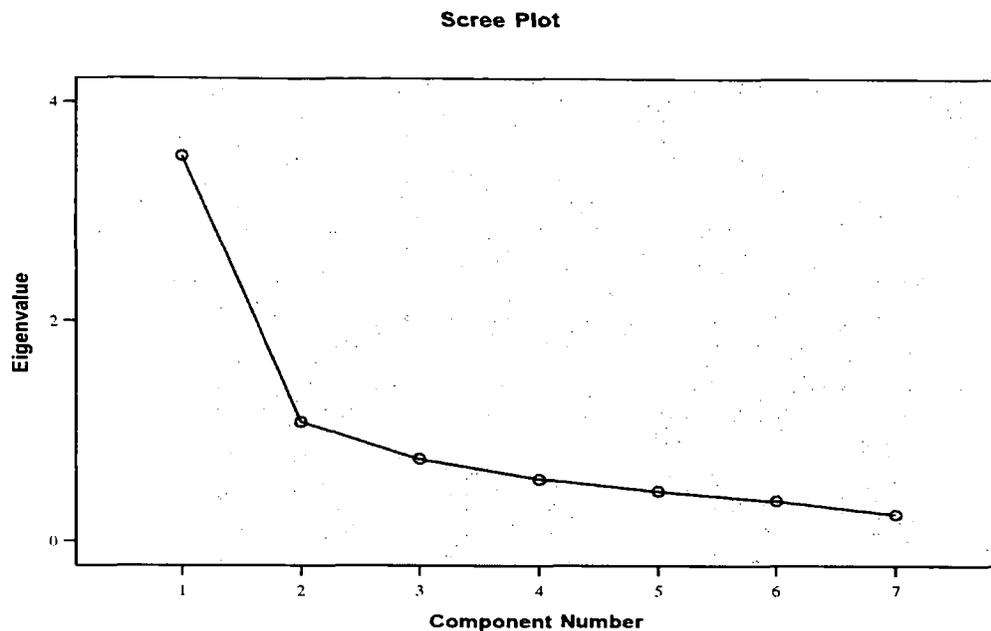


Table 5.13 below presents the rotated solution, which shows the presence of two factors with a number of strong loadings. Communalities for items were generally reasonably high, ranging from a low of 0.46 for "*Using gradual approach to replace expatriates with Saudis may increase Saudisation without adverse effects*" to 0.85 for item "*The private sector is negatively affected by the imposition of Saudisation*".

**Table 5.13: Results of Factor Analysis of Employers Questionnaire Items Responses on their Perceptions of Initiatives to Enhance Saudisation**

No	Variable/Factor	1	2	Communalities
1	Should increase the training of Saudis to meet the needs of businesses.	0.814		0.679
2	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	0.790		0.624
3	Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	0.784		0.617
4	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.	0.777		0.608
5	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	0.770		0.761
6	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.	0.559		0.459
7	The private sector is negatively affected by the imposition of Saudisation.		0.911	0.850
	Total	3.429	1.170	
	% of Variance	48.981	16.711	
	Cumulative %	48.981	65.692	

The six items that have high loading on the first factor shown in Table 5.13 above are “Should increase the training of Saudis to meet the needs of businesses”; “Give support and benefits from the government to the private sector to take responsibility for training the workers they need”; “Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector”; “Should give subsidies and benefits to businesses that achieve a high rate of Saudisation”; “Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector” and “Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects”. The one item that has high loading on the second factor is “The private sector is negatively affected by the imposition of Saudisation”.

### 5.3.2 Factor Analysis of Employees and Job Seekers Questionnaire Response

Factor analysis results of private sector employees and job seekers questionnaire items responses on their perceptions of Saudisation-related issues, government's policies to ensure Saudisation and initiatives to enhance it are shown next.

#### 5.3.2.1 Perceptions of Saudisation-related issues

To assess the dimensionality of the eighteen items that measure the perceptions of employees and job seekers of Saudisation-related issues (Questionnaire section 2) similar factor analysis was performed. Table 5.14 presents the results of the statistical tests, which strongly support the use of factor analysis as KMO = 0.8 and Bartlett's Test of Sphericity is significant with P-value < 1%

**Table 5.14: KMO and Bartlett's Test of Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Saudisation-Related Issues**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.796
Bartlett's Test of Sphericity	Approx. Chi-Square	1140.804
	df	153
	Sig.	0.000

Table 5.15 shows that there are five factors with an eigenvalues greater than 1 (2.962 to 1.165). That is, these eighteen items can be reduced to five factors. Each factor explains a particular amount of variance in the items. In this case, factor 1 explains 16.5%; factor 2 explains 15%; factor 3 explains 12.4%; factor 4 explains 10.9%; and factor 5 explains 6.5% of the total variance. Together these five factors explain 61.2% of the variance.

**Table 5.15: Total Variance Explained by Factor Analysis of Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Saudisation-Related Issues**

Component	Initial eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.459	24.772	24.772	2.962	16.454	16.454
2	2.828	15.712	40.484	2.698	14.988	31.441
3	1.434	7.964	48.448	2.238	12.431	43.873
4	1.217	6.761	55.21	1.953	10.852	54.725
5	1.078	5.99	61.199	1.165	6.475	61.199
6	0.961	5.338	66.537			
7	0.867	4.816	71.353			
8	0.707	3.929	75.283			
9	0.659	3.663	78.946			
10	0.654	3.633	82.579			
11	0.53	2.946	85.525			
12	0.495	2.752	88.277			
13	0.454	2.523	90.8			
14	0.431	2.393	93.193			
15	0.363	2.019	95.212			
16	0.315	1.748	96.96			
17	0.29	1.61	98.57			
18	0.257	1.43	100			

The Scree plot in Figure 5.4 below shows the eigenvalues slopes steeply downwards from the factor one to factor five before moving slowly towards the horizon line. The Scree plot reveals a clear break after the fifth factor.

**Figure 5.4: Scree Plot Results of Factor Analysis of Private Sector Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Saudisation-Related Issues**

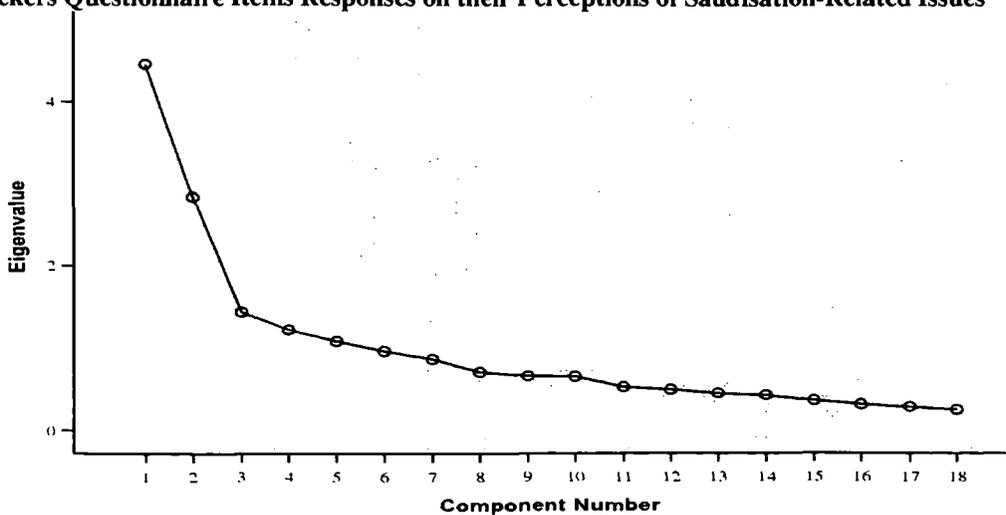


Table 5.16 presents the rotated solution, which shows the presence of five factors with a number of strong loadings. Table 5.16 also depicts communalities, which measure correlations among the 18 items to be factor analysed. Communalities for items were generally reasonably high, ranging from a low of 0.40 for item “*The educational qualifications of Saudi workers are adequate for the needs of the private sector*” to 0.73 for item “*Saudi workers with adequate skills perform well*”.

**Table 5.16: Results of Factor Analysis of Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Saudisation Related Issues**

No.	Variable/Factor	1	2	3	4	5	Com.
1	If the qualifications of Saudi workers are adequate, the private sector will be willing to employ them.	0.776					0.63
2	If the skills of Saudi workers are adequate for the private sector, they can be offered work.	0.768					0.70
3	If the experience of Saudi workers is adequate for businesses, the private sector will be willing to employ them.	0.749					0.65
4	The private sector offers stable work and security for Saudi workers.	0.731					0.58
5	The private sector is concerned about the family responsibilities of Saudi workers.	0.720					0.55
6	Saudi workers have the skills required to satisfy the needs of the private sector.		0.787				0.67
7	Saudi workers have the experience required by the private sector.		0.752				0.66
8	The productivity of Saudi workers is adequate for the private sector.		0.746				0.65
9	The educational qualifications of Saudi workers are adequate for the needs of the private sector.		0.543				0.40
10	Saudi workers are more productive than non-Saudi workers.		0.517				0.54
11	Saudi workers are ready to accept any job			0.825			0.73
12	Saudi workers are ready to accept vocational (or handcraft) jobs			0.811			0.68
13	Saudi workers are ready to work in any location			0.616			0.47
14	Saudi workers with adequate skills perform well.				0.834		0.73
15	Saudi workers with adequate experience have high performance				0.746		0.67
16	Saudi workers with adequate education have high performance				0.592		0.54
17	Saudi workers concern with their social prestige					0.750	0.62
18	Saudi workers are not keen to change their jobs.					0.618	0.53
	Rotation Sums of Squared Loadings	2.96	2.70	2.24	1.95	1.17	
	% of Variance	16.45	14.99	12.43	10.85	6.47	
	Cumulative %	16.45	31.44	43.87	54.72	61.20	

The five items that have high loading on the first factor shown in Table 5.16 are “If the qualifications of Saudi workers are adequate, the private sector will be willing to employ them”; “If the skills of Saudi workers are adequate for the private sector, they

can be offered work”; “If the experience of Saudi workers is adequate for businesses, the private sector will be willing to employ them”; “The private sector offers stable work and security for Saudi workers”; “The private sector is concerned about the family responsibilities of Saudi workers”.

The five items that have high loading on the second factor are “Saudi workers have the skills required to satisfy the needs of the private sector”; “Saudi workers have the experience required by the private sector”; “The productivity of Saudi workers is adequate for the private sector”; “The educational qualifications of Saudi workers are adequate for the needs of the private sector”; “Saudi workers are more productive than non-Saudi workers”.

The three items that have high loading on the third factor are “Saudi workers are ready to accept any job”; “Saudi workers are ready to accept vocational (or handcraft) jobs”; “Saudi workers are ready to work in any location”. The three items that have high loading on the fourth factor are “Saudi workers with adequate skills perform well”; “Saudi workers with adequate experience have high performance”; and “Saudi workers with adequate education have high performance”.

The two items that have high loading on the fifth factor are “Saudi workers concern with their social prestige” and “Saudi workers are not keen to change their jobs”.

### 5.3.2.2 Government’s policies to ensure Saudisation

Similar factor analysis was conducted on the seven questionnaire items intended to measure employees and job seekers perceptions of government’s policies to ensure Saudisation. Table 5.17 shows KMO = 0.75 indicating fairly adequate sample and significant Bartlett’s test of sphericity with a value <1%.

**Table 5.17; KMO and Bartlett’s Test of Employees and Job seekers Questionnaire Items Responses on their Perceptions of Government’s Policies to Ensure Saudisation**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.75
Bartlett's Test of Sphericity	Approx. Chi-square	684.07
	df	21
	Sig.	0.0000

Table 5.18 shows that there are three factors with an Eigenvalues greater than 1 (2.629 and 1.203). That is, these seven items can be reduced to three factors. Each factor

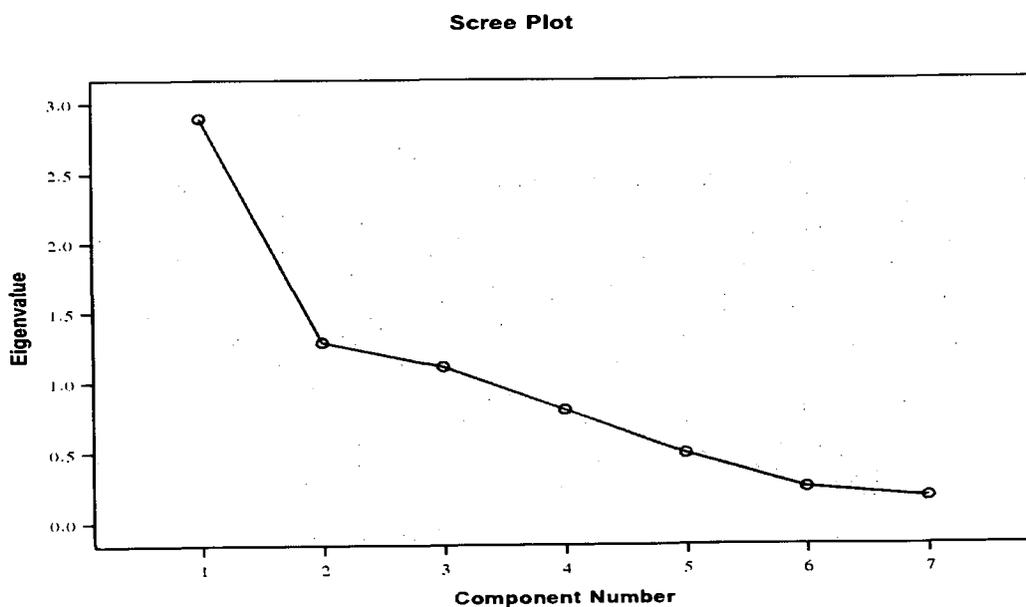
explains a particular amount of variance in the items. In this case, factor 1 explains 37.6%; factor 2 explains 20.8%; and factor 3 explains 17.2% of the total variance. Together these three factors explain 75.5% of the variance.

**Table 5.18: Total Variance Explained by Factor Analysis of Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Government’s Policies to Ensure Saudisation**

Component	Initial eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.893	41.333	41.333	2.629	37.554	37.554
2	1.284	18.338	59.671	1.456	20.797	58.35
3	1.11	15.863	75.534	1.203	17.184	75.534
4	0.802	11.459	86.993			
5	0.49	6.996	93.99			
6	0.245	3.506	97.495			
7	0.175	2.505	100			

*Extraction Method: Principal Components Analysis*

**Figure 5.5: Scree Plot Results of Factor Analysis of Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Government’s Policies to Ensure Saudisation**



The Scree plot in Figure 5.5 shows the eigenvalues slopes steeply downwards from the factor one to factor three before moving slowly towards the horizon line. The Scree plot reveals a clear break after the third factor

Table 5.19 presents the rotated solution, which shows the presence of three factors with a number of strong loadings. Table 5.19 also depicts communalities, which measure correlations among the 7 items to be factor analysed. Communalities for items were generally reasonably high, ranging from a low of 0.59 for “*The legislation regarding minimum wage is important to enhance Saudisation*” to 0.88 for “*The private sector has few rules of social responsibility regarding Saudisation*”.

**Table 5.19: Results of Factor Analysis of Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Government’s Policies to Ensure Saudisation**

No.	factor	1	2	3	Comm.
1	The private sector has few rules of social responsibility regarding Saudisation	0.926			0.879
2	The private sector has fulfilled its social responsibility regarding Saudisation	0.917			0.847
3	The private sector is aware of its social responsibility regarding encouraging Saudisation	0.894			0.831
4	Government legislation exists regarding Saudisation		0.886		0.804
5	This legislation is sufficient to achieve Saudisation.		0.758		0.704
6	The private sector needs to join the social security system.			0.787	0.637
7	The legislation regarding a minimum wage is important to enhance Saudisation			0.744	0.586
	Rotation Sums of Squared Loadings	2.63	1.46	1.20	
	% of Variance	37.55	20.80	17.18	
	Cumulative %	37.55	58.35	75.53	

The three items that have high loading on the first factor shown in Table 5.19 above are “The private sector has few rules of social responsibility regarding Saudisation”; “The private sector has fulfilled its social responsibility regarding Saudisation”; “The private sector is aware of its social responsibility regarding encouraging Saudisation”. The two items that has high loading on the second factor are “Government legislation exists regarding Saudisation” and “This legislation is sufficient to achieve Saudisation”.

The two items that has high loading on the third factor are “The private sector needs to join the social security system” and “The legislation regarding a minimum wage is important to enhance Saudisation”.

### 5.3.2.3 Initiatives to enhance Saudisation

Similar factor analysis was conducted on the seven questionnaire items intended to measure employees and job seekers perceptions of initiatives to enhance Saudisation. Table 5.20 below

shows KMO = 0.85 indicating adequate sample and significant Bartlett's test of sphericity with a value <1%.

**Table 5.20: KMO and Bartlett's Test of Employees and Job seekers Questionnaire Items Responses on their Perceptions of Initiatives to Enhance Saudisation**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.85
Bartlett's Test of Sphericity	Approx. Chi-Square	634.3223
	Df	21
	Sig.	0.0000

Table 5.21 shows that there are two factors with an eigenvalues greater than 1 (3.158 and 1.397). That is, these seven items can be reduced to two factors. Each factor explains a particular amount of variance in the items. In this case, factor 1 explains 45.2% and factor 2 explains 19.962% of the total variance. Together these two factors explain 65.1% of the variance.

**Table 5.21: Total Variance Explained by Factor Analysis of Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Initiatives to Enhance Saudisation**

Component	Initial eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.444	49.201	49.201	3.158	45.109	45.109
2	1.111	15.87	65.071	1.397	19.962	65.071
3	0.671	9.586	74.657			
4	0.619	8.848	83.504			
5	0.457	6.526	90.031			
6	0.393	5.609	95.639			
7	0.305	4.361	100			

*Extraction Method: Principal Components Analysis*

The Scree plot in Figure 5.6 shows the Eigenvalues slopes steeply downwards from factor one to factor two before moving slowly towards the horizon line. The Scree plot reveals a clear break after the second factor.

**Figure 5.6: Scree Plot Results of Factor Analysis of Employees and Job seekers Questionnaire Items Responses on their Perceptions of Initiatives to Enhance Saudisation**

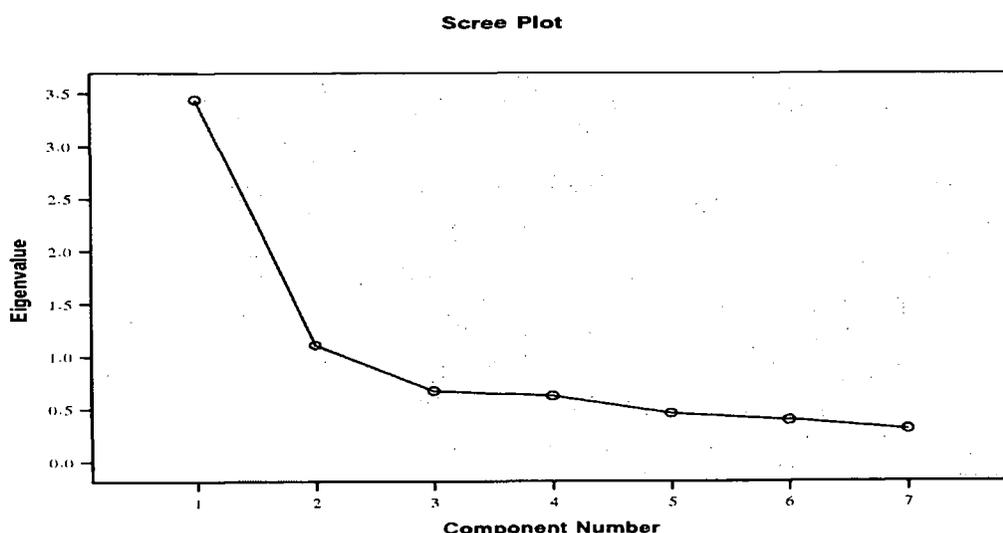


Table 5.22 presents the rotated solution, which shows the presence of two factors with a number of strong loadings. Table 5.22 also depicts communalities, which measure correlations among the 7 items to be factor analysed. Communalities for items were generally reasonably high, ranging from a low of 0.51 for item “Using gradual approach to replace expatriates may increase Saudisation without adverse effects” to 0.78 for item “The private sector is negatively affected by imposing of Saudisation”.

**Table 5.22: Results of Factor Analysis of Employees and Job Seekers Questionnaire Items Responses on their Perceptions of Initiatives to Enhance Saudisation**

No	factor	1	2	Com.
1	Increase the training of Saudis to meet the needs of businesses.	0.813		0.725
2	Increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	0.799		0.642
3	Give subsidies and benefits to businesses that achieve a high rate of Saudisation.	0.776		0.603
4	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	0.764		0.680
5	Organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	0.720		0.612
6	The private sector is negatively affected by imposing of Saudisation.		0.883	0.783
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.		0.599	0.509
	Total	3.158	1.397	
	% of Variance	45.11	19.97	
	Cumulative %	45.11	65.07	

The five items that have high loading on the first factor shown in Table 5.22 are “*Increase the training of Saudis to meet the needs of businesses*”; “*Increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”; “*Give subsidies and benefits to businesses that achieve a high rate of Saudisation*”; “*Give support and benefits from the government to the private sector to take responsibility for training the workers they need*”; “*Organise communication between the private sector, training centres institutions and universities to determine the real needs of the private sector*”. The two items that has high loading on the second factor are “*The private sector is negatively affected by imposing of Saudisation*” and “*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*”.

### **5.3.3 Naming the Emerged Factor Structures**

For the purpose of discussing the findings of the research, labels or names need to be attached to the factors obtained from the above EFA, based on comparison of these factors (i.e. how items loaded on these factors in each section of the employers and employees and job seekers questionnaires responses). High loading of variables will influence to a greater extent this naming or labelling selected to represent a factor (Haire et al, 1998). Items with high loading may help interpret the factor and attaching adjectives to variables helps underpinning the naming of a factor, while items that do not load on a factor may be important in describing what the factor is not (Rummel, 1970). There are close similarities between the number of factors, as well as, how items loaded, when results of EFA of employers and employees and job seekers questionnaires responses are compared.

Factor analysis of responses to the section measuring employers and employees and job seekers perceptions on Saudisation-related issues yielded four and five factors, respectively, two and three factors in responses to section measuring perceptions on government’s policies to ensure Saudisation, and two factors in each case in response to section measuring perceptions on initiatives to enhance Saudisation. The differences in factoring of items may be attributed to differences in responses between employers on one hand, and employees and job seekers on the other, due to differences in how they read and understood a questionnaire item or statement. The cross-factoring or loading of items on the same factor, unexpectedly, can be attributed to their relation to more than one or to the same concept or variable, caused partially by the way items or statements in the questionnaire are worded.

For example, items in the employees and job seekers questionnaire responses measuring their perceptions of the willingness of the private sector employers to employ Saudis, factor with items measuring whether the sector offers job security for Saudis, and with items measuring whether the sector fulfills its Saudisation-related social responsibility. In other words, all of these items measure issues that are closely related and hence load on the same factor (i.e. fulfilling social responsibility would imply willingness to employ Saudis and offering them job security at least in the short term, i.e. supporting Saudisation).

Tables 5.7 and 5.16 show the results of factor analysis of 18 items in sections 3 and 2 of the employers and employees and job seekers questionnaires responses, respectively, which measure their perceptions on a number of Saudisation-related issues. Four factors were obtained from analysis of the employers responses (Table 5.7) and five factors were yielded by the analysis of the employees and job seekers responses (Table 5.16). There are similarities in the way items loaded on factors when results in these tables are compared, which influences the names given to variables here. For example, most of the items that measure willingness to employ Saudi if they had adequate skills, qualifications etc, factored together or loaded on the same factor, in the FA of this section of employers and employees and job seekers questionnaire responses. The same applies to items measuring performance of Saudis who have adequate skills, education, experience etc.

As for differences in number of factor and cross-factoring, it is attributed to the fact that, unlike other sections of the questionnaires, there are a number of different issues that the 18 items in this section measure, which are interrelated and underlined by the same construct (e.g. adequacy of Saudi skills, experience...etc and willingness to employ them if they had them). Nonetheless, the overall names or categories that will be used when discussing subsequent findings related to items measuring perceptions of Saudisation-related issues in this 18-items section, based on the number of factors obtained in Tables 5.7 and 5.16 will be: Saudisation-related social responsibility; willingness to employ qualified Saudis; Adequacy of Saudis workers (skills, experience, qualifications, education, productivity); performance of Saudis workers with adequate skills, experience...etc including performance compared to non-Saudis; readiness of Saudis to accept any type of job or vocational/handicraft; mobility of Saudis for work; Saudi workers concern with social prestige; commitment of Saudi workers to employer or job and job security for Saudi workers in the private sector”.

Tables 5.10 and 5.19 show the results of factor analysis of 7 items in sections 5 and 3 of the employers and employees and job seekers questionnaires responses, respectively,

which measure their perceptions of government's policies to ensure Saudisation. Two factors were obtained from FA of employers responses (Table 5.10) and three factors were obtained from FA of employees and job seekers responses (Table 5.19). Again, there are similarities in the way items loaded together on the same factor, when tables are compared, such as items measuring perceptions of Saudisation-related social responsibilities. Nonetheless, the overall names or categories that will be used when discussing subsequent findings related to these 7 items measuring perception of government's policies to ensure Saudisation, based on the number of factors obtained in Tables 5.10 and 5.19 will be: awareness; fulfillment; and existence of Saudisation-related social responsibility policies; adequacy of existing Saudisation policies; minimum wage and social security policies to ensure Saudisation.

Tables 5.13 and 5.22 show the results of factor analysis of 7 items in sections 6 and 4 of the employers and employees and job seekers questionnaires responses, respectively, which measure their perceptions of initiatives to enhance Saudisation. Two factors were obtained from FA of employers' responses (Table 5.13) and two factors were obtained from FA of employees and job seekers responses (Table 5.22). Again, there are similarities in the way items loaded together on the same factor, when tables are compared, such as items measuring perceptions of recommendations to enhance Saudisation.

It should be pointed out that while 5 items in this section are worded as initiatives or recommendations, item 7 measuring perceptions of the impact of Saudisation "*The private sector is negatively affected by the imposition of Saudisation*" was unfortunately worded as a statement. This may explain why the item loaded separately or alone in the analysis of employers responses (Table 5.13); and in the analysis of employees and job seekers responses (Table 5.22) it loaded together with item 6 which measure perceptions on use of gradual approach to Saudisation "*using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*", which was also worded as a statement.

Unlike employees and job seekers, employers seem to have understood item 6 "*using gradual approach...*" as a recommendation or an initiative and so the item loaded on the same factor as the remaining 5 items or initiatives, but understood item 7 "*the private sector is negatively affected...*" as a statement and so it loaded separately in FA of their responses. Employees and job seekers seem to have treated both item 6 and 7 as statements, rather than initiatives or recommendations, and so the two items loaded together or separately from the 5 items initiatives or recommendations. Nonetheless, the

overall names or categories that will be used when discussing subsequent findings related to these 7 items measuring perceptions of initiatives to enhance Saudisation, based on the number of factors obtained in Tables 5.13 and 5.22 will be: *initiative to enhance Saudisation; the impact of government's imposed Saudisation on the private sector; and use of gradual approach to implement Saudisation.*

The above labels or names of variables will be used when discussing the response to items that loaded together on that particular label or factor (e.g. *willingness to employ adequately qualified Saudis*). In the same time, what an item measures will be indicated when discussing results as relate to a single item (e.g. *job security; social prestige*) especially those that loaded with one-two items or separately in rare cases.

## **5.4 PERCEPTIONS OF SAUDISATION AMONG PRIVATE SECTOR EMPLOYERS**

Sections 3, 4, 5 and 6 of the private sector employers' questionnaire asked about their perceptions of Saudisation as relates to the questions and aims of the study. The responses relating to the perceptions of employers of these issues are presented next.

### **5.4.1 Private Sector Employers Perceptions of Saudisation – Related Issues**

Section 3 of the employers questionnaire asked about their perceptions of the following Saudisation-related aspects: whether they are concerned with Saudisation-related social responsibility towards Saudi workers and their families; willing to employ Saudis if they possessed the required employment competencies and job or person specification (skills; qualifications; work experience); the employment competencies and person specification they demand; readiness of their Saudi workers to accept any job and vocational work; mobility of Saudi workers for employment in terms of readiness to work in any location; adequacy of Saudi workers qualifications, skills, work experience and productivity for their business or private sector; performance of their Saudi workers (including those with adequate skills, education and qualifications); productivity of their Saudi workers compared to non-Saudis; whether their Saudis workers are concerned with their social prestige; whether their Saudis workers are committed to employer and job; and whether they offer job security for Saudi workers. The responses relating to these perceptions of employers on these issues are presented in Table 5.23.

Table 5.23 shows that most of the employers (81.2%) either strongly agree, agree or somewhat agree that they are concerned with Saudisation-related social responsibility

towards families of their Saudi workers *“My business concerns about family responsibility of Saudi workers”*. Most of the employers (68%) agreed that the qualifications of Saudi workers are adequate for their private sector businesses *“I think education qualifications of Saudi workers are adequate for my business”*; whereas 32% think otherwise. The majority of employers (93.8%) expressed willingness to employ Saudis if they had adequate qualifications *“If the qualifications of Saudi workers are adequate I can support employing them”*.

Similarly, most employers (85.8%) agreed that Saudi workers with adequate education have high performance *“According to my experience Saudi workers with adequate education have high performance”*. Likewise, almost all the employers (99.1%) believe that Saudi workers are concerned with their social prestige *“Saudi workers concern with their social prestige”*. Only 37.8% of the employers agreed that Saudi workers are ready to accept any job; whereas about 62.2% disagreed that *“Saudi workers are ready to accept any job”*. Results in Table 5.23 further shows that only 44.6% of employers believe that Saudi workers are ready to accept vocational jobs *“Saudi workers are ready to accept vocational (or handcraft) jobs”*. About half of the employers (50.9%) agreed that Saudi workers have the work experience that their private sector requires *“I think the Saudi workers have the required experience for my business”*. The majority of employers (95.1%) expressed willingness to employ Saudis if they had adequate work experience *“If the experience of Saudi workers is adequate for my business I can support employing them”*. Also, the majority of employers (91.1%) agreed that Saudi workers with adequate experience have high performance *“Saudi workers with adequate experience have high performance”*. Less than half of the employers (45.7%) believe Saudi workers are mobile for jobs *“Saudi workers are ready to work in any location”*, while just above half (54.5%) agree that Saudi workers have the skills required by their private sector *“I think the Saudi workers have the required skills for my business”*. Most of the employers (92.4%) expressed willingness to employ Saudis if they had adequate skills *“if the skills of Saudi workers are adequate for my establishment I can support employing them”*, and 88.4% believe that Saudi workers with adequate skills perform to a high level *“According to my experience Saudi workers with adequate skills have high performance”*. About 62% of employers believe that Saudi workers are committed to employer or job *“Saudi workers do not seek to change their jobs”* and more than three quarter (78.1%) believe that their private sector offers stable work and security for Saudi workers *“My business offers stable job and security for Saudi workers”*. As can be seen from Table 5.23, 67.7% of the respondents agreed on the adequacy of the productivity of Saudi workers *“Productivity of*

*Saudi workers is adequate for my business” and only 43.8% believe that Saudi workers are more productive than non-Saudi workers “according to my experience, Saudi workers are more productive than non-Saudi workers”.*

**Table 5.23: Private Sector Employers Perceptions of Saudisation-Related Issues**

No	Item	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	Mean	Std
1	My business concerns about family responsibility of Saudi workers	3.6%	15.2%	28.7%	41.7%	10.8%	3.41	0.99
2	I think education qualifications of Saudi workers are adequate for my business	3.6%	28.4%	34.7%	25.2%	8.1%	3.06	1.00
3	If the qualifications of Saudi workers are adequate I can support employing them	0.9%	5.3%	25.8%	35.6%	32.4%	3.93	0.94
4	According to my experience Saudi workers with adequate education have high performance	1.8%	12.5%	37.1%	29.5%	19.2%	3.52	1.00
5	Saudi workers concern with their social prestige	0.9%	0.0%	9.4%	48.7%	41.1%	4.29	0.71
6	Saudi workers are ready to accept any job	18.2%	44.0%	28.0%	7.6%	2.2%	2.32	0.93
7	Saudi workers are ready to accept vocational (or handcraft) jobs	21.9%	33.5%	27.7%	13.8%	3.1%	2.43	1.07
8	I think the Saudi workers have the required experience for my business	15.6%	33.5%	37.1%	9.8%	4.0%	2.53	1.00
9	If the experience of Saudi workers is adequate for my business I can support employing them	0.4%	4.5%	15.2%	47.3%	32.6%	4.07	0.83
10	Saudi workers with adequate experience have high performance	0.9%	8.0%	31.1%	41.8%	18.2%	3.68	0.89
11	Saudi workers are ready to work in any location	16.1%	38.1%	33.6%	9.4%	2.7%	2.44	0.96
12	I think the Saudi workers have the required skills for my business	11.3%	34.2%	36.5%	14.4%	3.6%	2.65	0.98
13	If the skills of Saudi workers are adequate for my establishment I can support employing them	0.9%	6.7%	21.5%	51.6%	19.3%	3.82	0.85
14	According to my experience Saudi workers with adequate skills have high performance	1.3%	10.2%	38.7%	37.8%	12.0%	3.49	0.88
15	Saudi workers do not seek to change their jobs	10.6%	27.4%	31.0%	25.2%	5.8%	2.88	1.08
16	My business offers stable job and security for Saudi workers	2.2%	19.6%	29.9%	37.5%	10.7%	3.35	0.99
17	Productivity of Saudi workers is adequate for my business	5.4%	26.9%	41.7%	22.9%	3.1%	2.91	0.91
18	According to my experience Saudi workers are more productive than non-Saudi workers	23.9%	32.3%	26.5%	13.3%	4.0%	2.41	1.11
	All Items	7.8%	21.1%	29.7%	28.5%	12.9%	3.18	1.14

In order to identify the importance given to each statement, the mean values from Table 5.23 are ranked from highest to lowest and presented in Table 5.24.

**Table 5.24: Mean Ranking of Private Sector Employers Perceptions of Saudisation-Related Issues**

Ranking	Item	Mean Value
1	Saudi workers concern with their social prestige	4.29
2	If the experience of Saudi workers is adequate for my business I can support employing them	4.07
3	If the qualifications of Saudi workers are adequate I can support employing them	3.93
4	If the skills of Saudi workers are adequate for my establishment I can support employing them	3.82
5	Saudi workers with adequate experience have high performance	3.68
6	According to my experience Saudi workers with adequate education have high performance	3.52
7	According to my experience Saudi workers with adequate skills have high performance	3.49
8	My business concerns about family responsibility of Saudi workers	3.41
9	My business offers stable job and security for Saudi workers	3.35
10	I think education qualifications of Saudi workers are adequate for my business	3.06
11	Productivity of Saudi workers is adequate for my business	2.91
12	Saudi workers do not seek to change their jobs	2.88
13	I think the Saudi workers have the required skills for my business	2.65
14	I think the Saudi workers have the required experience for my business	2.53
15	Saudi workers are ready to work in any location	2.44
16	Saudi workers are ready to accept vocational (or handcraft) jobs	2.43
17	According to my experience, Saudi workers are more productive than non-Saudi workers	2.41
18	Saudi workers are ready to accept any job	2.32

According to the mean ranking in Table 5.24 of the 18 statements on Saudisation-related issues, the three most important and most agreed with statements among employers relate to their perceptions of social prestige among Saudi workers: “*Saudi workers concern for social prestige*”; willingness to employ Saudi workers with adequate experience “*if the experience of Saudi workers is adequate for my business I can support employing them*” and willingness to employ Saudi workers with adequate qualifications “*if the qualifications of Saudi workers are adequate I can support employing them*”.

The three least important and least agreed with statements among employers relate to readiness of Saudi workers to accept any jobs “*Saudi workers are ready to accept any*

job”; the productivity of Saudi workers being higher than non-Saudi workers “according to my experience, Saudi workers are more productive than non-Saudi workers” and readiness of Saudi workers to accept vocational jobs “Saudi workers are ready to accept vocational (or handicraft) jobs”.

#### 5.4.2 Private Sector Employers Perceptions of Employment Competencies and Person Specification They Require

Section 4 of the employers questionnaire asked about employment competencies and person specifications required by their private sector (skills; education; qualifications; and work experience) and whether their Saudi workers have these competencies and specification and what factors affecting the productivity of their Saudi workers. As results in Table 5.25 show, from among four factors, two were perceived by employers as having the most effect on the productivity of their Saudi workers. These factors are continuous training, as stated by 70.4% of them and respect of work and business regulations, as confirmed by 63.7%. The ability of Saudi workers to develop themselves according to the needs of the job was perceived by 48.9% employers as the third factor; and quality of education of Saudi workers as the fourth factor, as perceived by 38.1%.

**Table 5.25: Private Sector Employers Perceptions of Factors Affecting the Productivity of their Saudi Workers**

FACTORS AFFECTING THE PRODUCTIVITY OF SAUDI WORKERS	Response				Total
	Yes	Percent	No	Percent	
Quality of education	85	38.1%	138	61.9%	223
Continues training	157	70.4%	66	29.6%	223
Ability of workers to develop themselves according to the work needs	109	48.9%	114	51.1%	223
Respect of work and business regulations	142	63.7%	81	36.3%	223

Regarding qualifications, and as Table 5.26 shows, most employers (78.3%) consider the level of qualifications of their Saudi workers as important because of the impact of qualifications on productivity. The qualifications most required by these private sector employers range from post secondary school diploma (37.3%) to undergraduate Bachelor degree (39%) and postgraduate degree (Master 5.6% and 0.6% PhD).

As can be seen from Table 5.26, 62.8% of the employers believe that their Saudi workers do not possess the skills the private sector requires.

**Table 5.26: Private Sector Employers Perceptions of Qualifications and Skills of their Saudi Workers**

Response	Frequency	Percent
<b>A. Impact of qualifications of Saudi workers on their productivity</b>		
Yes	177	78.3
No	49	21.7
Total	226	100.0
<b>B. Type of qualifications required by employers</b>		
Less than Secondary	4	2.3
Secondary	27	15.3
Post Secondary School Diploma	66	37.3
University	69	39.0
Master	10	5.6
PhD	1	0.6
Total	177	100.0
<b>C. Do Saudi workers have the skills required by employers</b>		
Yes	83	37.2
No	140	62.8
Total	223	100.0

Table 5.27 shows the type of skills most required by private sector employers. As revealed in the table, the most required skill is information technology, as mentioned by 82.0% of employers, followed by language skills (58%) and then vocational skills (55.1%).

**Table 5.27: Private Sector Employers Perceptions of the Type of Skills they Require**

SKILLS REQUIRED	Response				Total
	Yes		No		
	Frequency	Percent	Frequency	Percent	
Language	51	58.0%	37	42.0%	88
Information technologies	73	82.0%	16	18.0%	89
Vocational	49	55.1%	40	44.9%	89

Results in Table 5.28 show that most of the employers believe that the work experience of Saudi workers is required upon to the needs of their private sector businesses.

**Table 5.28: Private Sector Employers Perceptions of the Suitability of the Work Experience of their Saudi Workers**

Response	Frequency	Valid Percent
Yes	183	81.3
No	42	18.7
Total	225	100

Table 5.29 shows the types of work experience required by private sector employers. Vocational-related work experience was cited by 84% as the most sought after,

followed by management (46.3%); technology (38.3) and secretary and office management (25.7%).

**Table 5.29: Private Sector Employers Perceptions of the Type of Work Experience they Require**

Work Experience Required	Yes		No		Total
	Frequency	Percent	Frequency	Percent	
Management	81	46.3%	94	53.7%	175
Secretary and office management	45	25.7%	130	74.3%	175
Vocational	147	84.0%	28	16.0%	175
Technology	67	38.3%	108	61.7%	175

### 5.4.3 Private Sector Employers Perceptions of the Impact of Saudisation on the Private Sector and the Saudi Economy

Section 4 of the employers' questionnaire also asked about their perceptions of the impact of Saudisation on their private sector businesses and on the Saudi economy as a whole. The results of their responses are shown in Table 5.30, from which it can be seen that about 62% of them believe that their businesses will suffer as skilled foreign workers will leave, especially when full Saudisation is achieved. About 21.3% thought that their businesses will not be affected on complete Saudisation, as there will still be enough skilled workers, while almost 17% believed there will not be any change.

**Table 5.30: Private Sector Employers Perceptions of the Expected Impact of Saudisation on their Businesses**

Perceptions of The Impact of Saudisation	Frequency	Valid Percent
My business will suffer, as the skilled people will leave	139	61.8
My business will not be affected, as there will be enough skilled Saudi employees	48	21.3
There will not be any change	38	16.9
Total	225	100.0

Table 5.31 shows the perceptions of employers on the expected impact of Saudisation on the Saudi economy. About 56.6% of employers stated that the Saudi economy will lose skilled foreign labour, especially once full Saudisation is achieved. About 28.1% of employers thought that Saudi unemployment will decrease, as more job opportunities for Saudis would become available, especially once complete Saudisation is achieved, and about 15.4% thought there will not be any change.

**Table 5.31: Private Sector Employers Perceptions of the Expected Impact of Saudisation on the Saudi Economy**

Perceptions of The Impact of Saudisation on the Economy	Frequency	Valid Percent
Saudi economy will lose skilled foreign labour	125	56.6
Saudi unemployment will decrease due to new job opportunities	62	28.1
There will not be any change	34	15.4
Total	221	100.0

#### **5.4.4 Private Sector Employers Perceptions of Government’s Policies to Ensure Saudisation**

Section 5 of the employers’ questionnaire asked them about their perceptions of the government’s Saudisation policies. Table 5.32 below shows that almost all employers (90.7%) either strongly agree, agree or somewhat agree that they are aware of government’s Saudisation legislations “*There are some government legislations regarding Saudisation*”. 63% believe that these legislations are sufficient to achieve Saudisation “*These legislations are sufficient for Saudisation*”. The majority of the employers (85.4%) believe that the legislation proposing the introduction of the minimum wage to the private sector is important for enhancing the Saudisation process “*The legislations of minimum-wage is so important for enhancing Saudisation*”.

About three quarters of employers (74.7%) expressed awareness of their Saudisation-related social responsibility to enhance the Saudisation process in their businesses “*My establishment is aware of its social responsibility regarding enhancing Saudisation*”. About 73% of employers agreed that they had few rules of Saudisation-related social responsibility “*My establishment has few rules of social responsibility regarding Saudisation*”. Almost similar proportion of employers (70.7%) believe that they have fulfilled their Saudisation-related social responsibility “*My establishment implemented social responsibility regarding Saudisation*”, while 77.3% of them agreed that their businesses need to join the social security system, which is proposed by the government, with the aim of ensuring Saudisation “*My business needs to join system of social security*”.

**Table 5.32: Private Sector Employers Perceptions of the Government's Policies to Ensure Saudisation**

No.	Item	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	Mean	Std
1	There are some government legislations regarding Saudisation	2.7%	6.7%	21.8%	51.1%	17.8%	3.75	0.92
2	These legislations are sufficient for Saudisation	7.6%	29.3%	35.6%	21.8%	5.8%	2.89	1.02
3	The legislations of minimum-wage is so important for enhancing Saudisation	4.0%	10.7%	16.9%	34.7%	33.8%	3.84	1.13
4	My establishment is aware of its social responsibility regarding enhancing Saudisation	2.7%	22.6%	32.7%	32.3%	9.7%	3.24	1.00
5	My establishment has few rules of social responsibility regarding Saudisation	2.7%	24.3%	34.5%	29.2%	9.3%	3.18	0.99
6	My establishment implemented social responsibility regarding Saudisation	3.5%	25.7%	34.5%	26.5%	9.7%	3.13	1.02
7	My business needs to join to system of social security	5.3%	17.3%	10.2%	37.3%	29.8%	3.69	1.22
	All Items	4.1%	19.5%	26.6%	33.3%	16.5%	3.39	1.10

The analysis is further expanded by ranking the mean scores established in Table 5.32 on the responses given on private sector employers' perceptions of the government's policies to ensure Saudisation. This aims to establish the importance given by the respondents to each of the statement. Table 5.33, therefore, ranks the mean values from highest to lowest to establish the weights attributed to each statement.

**Table 5.33: Mean Ranking of Private Sector Employers Perceptions of the Government's Policies to Ensure Saudisation**

Ranking	Opinions on Government Policies	Mean Value
1	The legislations of minimum-wage is so important for enhancing Saudisation	3.84
2	There are some government legislations regarding Saudisation	3.75
3	My business needs to join to system of social security	3.69
4	My establishment is aware of its social responsibility regarding enhancing Saudisation	3.24
5	My establishment has few rules of social responsibility regarding Saudisation	3.18
6	My establishment implemented social responsibility regarding Saudisation	3.13
7	These legislations are sufficient for Saudisation	2.89

According to the mean ranking in Table 5.33, of the 7 statements on government's policies to ensure Saudisation, the three most important and most agreed with

statements among employers relate to their perceptions of the minimum wage *“The legislations of minimum-wage is so important for enhancing Saudisation”*; their awareness of Saudisation-related legislations *“There are some government legislations regarding Saudisation”* and proposal for their private sector to join social security *“My business needs to join to system of social security”*. The three least important and least agreed with statements relate to whether current Saudisation legislations are sufficient *“These legislations are sufficient for Saudisation”*; fulfilment of Saudisation-related social responsibility *“My establishment implemented social responsibility regarding Saudisation”*; and the existence of Saudisation-related social responsibility rules in their business *“My establishment has few rules of social responsibility regarding Saudisation”*.

#### **5.4.5 Private Sector Employers Perceptions of Initiatives to Enhance Saudisation**

Section 6 of the private sector employers’ questionnaire asked for their views on how the Saudisation process can be enhanced. As results in Table 5.34 shows, the majority of employers (93%) advocated that subsidies and benefits should be awarded by the government to businesses that achieve a high rate of Saudisation *“Should give subsidies and benefits to businesses that achieve a high rate of Saudisation”*.

Almost all of the employers (93.3%) believe that the government should increase awareness among Saudis of the importance of work, and enhance Saudisation by allocating more jobs to Saudis in the private sector *“Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector”*.

Similarly, almost all the employers (99.1%) recommended an increase in the training of Saudis in accordance with meeting the needs of businesses in the private sector *“Should increase the training of Saudis to meet the needs of businesses”*. Again, almost all of the employers (98.3%) advocated that the government should establish communication between businesses in the private sector, training centres, institutions and universities, in order to determine the needs of the private sector *“Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector”*.

Providing support and benefits to the private sector in order to enable it to take responsibility for training Saudi workers according to their needs was recommended by almost all of the employers (96.5%) *“Give support and benefits from the*

government to the private sector to take responsibility for training the workers they need". Over three quarter of employers (78.4%) thought that the private sector has been negatively affected by government-imposed Saudisation "The private sector is negatively affected by the imposition of Saudisation", and almost all of them (96%) recommended the use of a gradual approach to replace expatriates with Saudis to increase Saudisation without any adverse effects "Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects".

**Table 5.34: Private Sector Employers Perceptions of Initiatives to Enhance Saudisation**

	Item	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	Mean	Std
1	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.	1.8%	5.3%	12.4%	31.0%	49.6%	4.21	0.97
2	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	2.2%	4.5%	21.0%	34.4%	37.9%	4.01	0.99
3	Should increase the training of Saudis to meet the needs of businesses.	0.0%	0.9%	8.0%	38.7%	52.4%	4.43	0.68
4	Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	0.9%	0.9%	8.0%	31.0%	59.3%	4.47	0.76
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	0.0%	3.5%	13.3%	34.1%	49.1%	4.29	0.83
6	The private sector is negatively affected by the imposition of Saudisation.	7.5%	14.2%	18.6%	28.8%	31.0%	3.62	1.26
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.	0.9%	3.1%	9.3%	38.9%	47.8%	4.30	0.83
	All Items	1.9%	4.6%	12.9%	33.8%	46.7%	4.19	0.96

To give further meaning to the results established in Table 5.34, Table 5.35 brings together the results in ranking the mean values of each of statement in Table 5.34. In other words, it is also important to locate the weight and importance given to each of the statement, which can be established by ranking the mean values from highest to the lowest, as in Table 5.35.

**Table 5.35: Mean Ranking of Private Sector Employers Perceptions of Initiatives to Enhance Saudisation**

Ranking	Opinions on Enhancing Saudisation	Mean Value
1	Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	4.47
2	Should increase the training of Saudis to meet the needs of businesses.	4.43
3	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.	4.30
4	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	4.29
5	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.	4.21
6	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	4.01
7	The private sector is negatively affected by the imposition of Saudisation.	3.62

According to the mean ranking in Table 5.35, of the 7 statements on initiatives to enhance Saudisation, the three most important and most agreed with statements among employers relate to their view that the government “*should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*”; and “*Should increase the training of Saudis to meet the needs of businesses*” and that “*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*”. The three least important and least agreed with statements among employers relate to their views of the impact of Saudisation “*The private sector is negatively affected by the imposition of Saudisation*”; that the government “*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*” and that the government “*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation*”.

## **5.5 PERCEPTIONS OF SAUDISATION AMONG PRIVATE SECTOR SAUDI EMPLOYEES AND JOB SEEKERS**

Section 2, 3 and 4 of private sector employees and job seekers questionnaire asked them about their perceptions on the same issues (excluding questions on job requirements and person specification) as in the preceding section. The results of their responses are presented in the following sections.

### **5.5.1 Saudi Employees and Job Seekers Perceptions of Saudisation-Related Issues**

Section 2 of employees and job seekers questionnaire asked them about the same Saudisation-related issues that were asked of private sector employers in section 3 of their questionnaire: whether the private sector is concerned with their Saudisation-related social responsibility towards families of their Saudi workers; willingness of the private sector to employ Saudis if they possessed the required competencies and person specification (skills; qualification; education; and work experience); readiness of Saudi workers to do any work and vocational work; mobility of Saudi workers for employment in terms of readiness to work in any location; adequacy of Saudi workers skills; work experience; education; and productivity for the private sector; performance of Saudi workers in the private sector, including those with adequate skills; education; experience and qualifications; productivity of private sector Saudi workers compared to non-Saudis, whether Saudis workers are concerned with their social prestige; whether their Saudis workers are committed to job and whether the private sector offers job security for Saudi workers. The responses relating to the perceptions of employees and job-seekers on these issues are presented in Table 5.36, which shows that just above half of the employees and job seekers (53.2%) agreed that the private sector is concerned with Saudisation-related social responsibility towards families of their Saudi workers “*The private sector is concerned about the family responsibilities of Saudi workers*”. Most of the employees and job seekers (77.2%) thought that the qualifications of Saudi workers are adequate for the needs of the private sector “*The educational qualifications of Saudi workers are adequate for the needs of the private sector*”. Most of the employees and job seekers (77.9%) also believed that businesses in the private sector would be willing to employ Saudis if their qualifications are adequate “*If the qualifications of Saudi workers are adequate, the private sector will be willing to employ them*”.

The majority of employees and job seekers (92.8%) thought that private sector Saudi workers with adequate education are high performers “*Saudi workers with adequate*

*education have high performance*". About 91.4% of employees and job seekers believe that Saudi workers are concerned with their social prestige "*Saudi workers concern with their social prestige*". More than half of the employees and job seekers (52.3%) believe that Saudi workers are ready to accept any job "*Saudi workers are ready to accept any job*", and 71.7% believe that Saudi workers are ready to accept vocational (or handcraft) jobs "*Saudi workers are ready to accept vocational (or handcraft) jobs*". Over three quarters of the respondents (76.5%) believe that Saudi workers have the experience required by the private sector "*Saudi workers have the experience required by the private sector*".

Most of the employees and job seekers (87.3%) thought that if the work experience of Saudis is adequate for businesses in the private sector, employers would be willing to employ them "*If the experience of Saudi workers is adequate for businesses, the private sector will be willing to employ them*". The majority of employees and job seekers (97.3%) thought that Saudi workers with adequate work experience are high performers "*Saudi workers with adequate experience have high performance*". In terms of mobility for work, 58.6% of employees and job seekers believe that Saudi workers are ready to work in any location "*Saudi workers are ready to work in any location*", and most of them (80%) believe that Saudi workers have the skills required to satisfy the needs of businesses in the private sector "*Saudi workers have the skills required to satisfy the needs of the private sector*".

About 85% of employees and job seekers believe that if the skills of Saudis are adequate for businesses in private sector, they would be offered employment "*If the skills of Saudi workers are adequate for the private sector, they can be offered work*". Around 96.6% of employees and job seekers thought that Saudi workers with adequate skills perform well "*Saudi workers with adequate skills perform well*" and 75.3% of them believe that Saudi workers are committed to employer by not being keen to change their jobs "*Saudi workers are not keen to change their jobs*". About 60.6% of employees and job seekers believe that the private sector does not offer stable work and security for Saudi workers "*The private sector offers stable work and security for Saudi workers*".

Around 86.9% of employees and job seekers thought that the productivity level of Saudi workers is adequate for the private sector "*The productivity of Saudi workers is adequate for the private sector*", and 63% of them believe Saudi workers are more productive than non-Saudi workers "*Saudi workers are more productive than non-Saudi workers*".

**Table 5.36: Private Sector Employees and Job Seekers Perceptions of Saudisation-Related Issues**

No	Item	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	Mean	Std
1	The private sector is concerned about the family responsibilities of Saudi workers.	10.7%	37.0%	38.5%	11.1%	2.7%	2.58	0.92
2	The educational qualifications of Saudi workers are adequate for the needs of the private sector.	4.9%	17.9%	34.2%	31.2%	11.8%	3.27	1.04
3	If the qualifications of Saudi workers are adequate, the private sector will be willing to employ them.	3.4%	18.7%	43.9%	27.1%	6.9%	3.15	0.92
4	Saudi workers with adequate education have high performance	1.5%	5.7%	23.8%	44.5%	24.5%	3.85	0.91
5	Saudi workers concern with their social prestige	2.0%	6.7%	20.0%	41.6%	29.8%	3.91	0.97
6	Saudi workers are ready to accept any job	13.5%	34.2%	31.6%	14.3%	6.4%	2.66	1.08
7	Saudi workers are ready to accept vocational (or handcraft) jobs	7.9%	20.4%	42.3%	23.0%	6.4%	3.00	1.01
8	Saudi workers have the experience required by the private sector.	2.6%	20.9%	44.8%	22.4%	9.3%	3.15	0.94
9	If the experience of Saudi workers is adequate for businesses, the private sector will be willing to employ them.	3.5%	9.2%	43.1%	35.4%	8.8%	3.37	0.90
10	Saudi workers with adequate experience have high performance	0.4%	2.3%	26.5%	47.3%	23.5%	3.91	0.79
11	Saudi workers are ready to work in any location	7.9%	33.5%	33.8%	19.2%	5.6%	2.81	1.02
12	Saudi workers have the skills required to satisfy the needs of the private sector.	1.1%	18.9%	44.9%	26.4%	8.7%	3.23	0.89
13	If the skills of Saudi workers are adequate for the private sector, they can be offered work.	1.9%	13.1%	50.0%	28.1%	6.9%	3.25	0.84
14	Saudi workers with adequate skills perform well.	0.0%	3.4%	26.4%	49.1%	21.1%	3.88	0.77
15	Saudi workers are not keen to change their jobs.	5.1%	19.6%	36.5%	28.6%	10.2%	3.19	1.03
16	The private sector offers stable work and security for Saudi workers.	15.2%	45.4%	29.0%	8.2%	2.2%	2.37	0.92
17	The productivity of Saudi workers is adequate for the private sector.	1.2%	12.0%	44.8%	34.4%	7.7%	3.36	0.83
18	Saudi workers are more productive than non-Saudi workers.	10.7%	26.3%	35.2%	16.7%	11.1%	2.91	1.14
	All Items	5.2%	19.2%	36.1%	28.2%	11.3%	3.21	0.43

In order to identify the importance given to each statement, the mean values from Table 5.36 are ranked from highest to lowest and presented in Table 5.37.

**Table 5.37: Mean Ranking of Private Sector Employees and Job Seekers Perceptions of Saudisation-Related Issues**

Ranking	Item	Mean Value
1	Saudi workers concern with their social prestige	3.91
2	Saudi workers with adequate experience have high performance	3.91
3	Saudi workers with adequate skills perform well	3.88
4	Saudi workers with adequate education have high performance	3.85
5	If the experience of Saudi workers is adequate for businesses, the private sector will be willing to employ them	3.37
6	The productivity of Saudi workers is adequate for the private sector	3.36
7	The educational qualifications of Saudi workers are adequate for the needs of the private sector	3.27
8	If the skills of Saudi workers are adequate for the private sector, they can be offered work.	3.25
9	Saudi workers have the skills required to satisfy the needs of the private sector	3.23
10	Saudi workers are not keen to change their jobs	3.19
11	Saudi workers have the experience required by the private sector	3.15
12	If the qualifications of Saudi workers are adequate, the private sector will be willing to employ them	3.15
13	Saudi workers are ready to accept vocational (or handcraft) jobs	3.00
14	Saudi workers are more productive than non-Saudi workers	2.91
15	Saudi workers are ready to work in any location	2.81
16	Saudi workers are ready to accept any job	2.66
17	The private sector is concerned about the family responsibilities of Saudi workers	2.58
18	The private sector offers stable work and security for Saudi workers	2.37

According to the mean ranking in Table 5.37, of the 18 statements on Saudisation-related issues, the three most important and most agreed with statements for employees and job seekers relate to their perceptions of social prestige among Saudi workers “*Saudi workers concern with their social prestige*”; adequately experienced Saudi workers being high performers “*Saudi workers with adequate experience have high performance*” (both statements are joint first as the most important with identical Mean score 3.9) that adequately skilled Saudi workers perform well “*Saudi workers with adequate skills perform well*” and that adequately educated Saudi workers are high performers “*Saudi workers with adequate education have high performance*”.

The three least important and least agreed with statements relate to the perceptions that the private sector offers job stability and security “*The private sector offers stable*

*work and security for Saudi workers*"; that the private sector is concerned with Saudisation-related social responsibility towards the families of their Saudi workers *"The private sector is concerned about the family responsibilities of Saudi workers"* and readiness of Saudi workers to accept any job *"Saudi workers are ready to accept any job"*.

### 5.5.2 Private Sector Employees and Job Seekers Perceptions of the Expected Impact of Saudisation on Their Employment Prospects

Section 2 of the employees and job seekers questionnaire also asked for their views on the expected impact of Saudisation on their employment prospects. As results in Table 5.38 depicts, more than two thirds of employees and job seekers (67.1%) believe that Saudisation will create job opportunities for them. However, 27.3% of the respondents believe that Saudisation will not change their current status, while 5.6% thought that Saudisation will have no positive effect on their current status, as they don't have the necessary skills to secure a job in the private sector and labour market.

**Table 5.38: Private Sector Employees and Job Seekers Perceptions of the Expected Impact of Saudisation on their Employment Prospects**

The Expected Impact of Saudisation	Frequency	Valid Percent
Since I do not have the skills, it will not affect my life positively	14	5.6
It will create job opportunities for me	167	67.1
There will not be any change	68	27.3
Total	249	100.0

### 5.5.3 Saudi Employees and Job Seekers Perceptions of Government's Policies to Ensure Saudisation

As in the private sector employers' questionnaire, section 3 of the employees and job seekers questionnaire asks for their perceptions of the Saudi government policies aimed at ensuring Saudisation. As results in Table 5.39 shows, most of the employees and job seekers (88.3%) expressed awareness of Saudisation-related government legislations *"Government legislation exists regarding Saudisation"* and 61.5% thought that these legislations are sufficient for achieving Saudisation *"This legislation is sufficient to achieve Saudisation"*.

Almost all of the employees and job seekers (95.5%) thought that the proposed legislation of minimum wage is important for enhancing Saudisation *"The legislation regarding a minimum wage is important to enhance Saudisation"*. However, less than

half of the employees and job seekers (48.9%) believed that the private sector is aware of its Saudisation-related social responsibility to enhance and ensure the Saudisation process “*The private sector is aware of its social responsibility regarding encouraging Saudisation*”. Only 35.3% of the employees and job seekers thought that the private sector has few rules of Saudisation-related social responsibility to enhance and ensure the Saudisation process “*The private sector has few rules of social responsibility regarding Saudisation*”. Also, only 32.9% believe that the private sector has fulfilled its Saudisation-related social responsibility to enhance and ensure Saudisation “*The private sector has fulfilled its social responsibility regarding Saudisation*”. Most of the employees and job seekers (97%) believe that the private sector needs to join social security system “*The private sector needs to join the social security system*”.

**Table 5.39: Private Sector Employees and Job Seekers Perceptions of Government’s Policies to Ensure Saudisation**

No	Item	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	Mean	Std
1	Government legislation exists regarding Saudisation.	2.3%	9.4%	25.9%	48.5%	13.9%	3.62	0.92
2	This legislations is sufficient to achieve Saudisation.	6.7%	31.7%	34.3%	20.5%	6.7%	2.89	1.03
3	The legislation regarding a minimum wage is important to enhance Saudisation	1.5%	3.0%	15.3%	34.7%	45.5%	4.20	0.91
4	The private sector is aware of its social responsibility regarding encouraging Saudisation	8.9%	42.2%	35.9%	11.1%	1.9%	2.55	0.87
5	The private sector has few rules of social responsibility regarding Saudisation	14.1%	50.6%	30.1%	4.5%	0.7%	2.27	0.79
6	The private sector has fulfilled its social responsibility regarding Saudisation	19.3%	47.8%	28.1%	4.1%	0.7%	2.19	0.82
7	The private sector needs to join the social security system.	0.7%	2.2%	8.1%	30.4%	58.5%	4.44	0.80
	All Items	7.7%	26.7%	25.4%	21.9%	18.3%	3.17	0.51

In order to identify the importance given to each statement, the mean values from Table 5.39 are ranked from highest to lowest and presented in Table 5.40.

**Table 5.40: Mean Ranking of Private Sector Employees and Job Seekers Perceptions of Government’s Policies to Ensure Saudisation**

R	Item	Mean V.
1	The private sector needs to join the social security system	4.44
2	The legislation regarding a minimum wage is important to enhance Saudisation	4.20
3	Government legislation exists regarding Saudisation	3.62
4	This legislations is sufficient to achieve Saudisation	2.89
5	The private sector is aware of its social responsibility regarding encouraging Saudisation	2.55
6	The private sector has few rules of social responsibility regarding Saudisation	2.27
7	The private sector has fulfilled its social responsibility regarding Saudisation	2.19

According to the mean ranking in Table 5.40, of the 7 statements on government’s policies to ensure Saudisation, the three most important and most agreed with statements among employees and job seekers relate to their perceptions of the proposed introduction of social security system to the private sector “*The private sector needs to join the social security system*”; the importance of minimum wage legislation to enhancing Saudisation “*The legislation regarding a minimum wage is important to enhance Saudisation*” and their awareness of Saudisation-related legislations “*Government legislation exists regarding Saudisation*”. The three least important and least agreed with statements relate to their perceptions of fulfillment of the private sector of their Saudisation-related responsibility “*The private sector has fulfilled its social responsibility regarding Saudisation*”; the existence of Saudisation-related social responsibility rules in the private sector “*The private sector has few rules of social responsibility regarding Saudisation*” and awareness of the private sector employers of their Saudisation-related social responsibility “*The private sector is aware of its social responsibility regarding encouraging Saudisation*”.

#### **5.5.4 Saudi Employees and Job Seekers Perceptions of Initiatives to Enhance Saudisation**

Section 4 of the employees and job seekers questionnaire asks for their perceptions on the same initiatives on how to enhance Saudisation that were asked of private sector employers. As results in Table 5.41 show, the majority of employees and job seekers (97.8%) recommended that subsidies and benefits should be given by the government to businesses that achieve a high rate of Saudisation “*Give subsidies and benefits to businesses that achieve a high rate of Saudisation*”. Almost all employees and job seekers (99.3%) recommended increasing awareness of the importance of work among Saudis and offering them more jobs in the private sector “*Increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”.

Almost all of the employees and job seekers (98.6%) advocated increasing the training of Saudis to meet the needs of the private sector “*Increase the training of Saudis to meet the needs of businesses*”, 97.5% recommended that the government should establish communication between the private sector, training centres, institutions and universities to determine the needs of the private sector “*Organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*” and 96.3% advocated giving support and benefits to the private sector to take responsibility for training the workers according to its need “*Give support and benefits from the government to the private sector to take responsibility for training the workers they need*”.

Just over half of the employees and job seekers (56.9%) thought that the private sector is negatively affected by government-imposed Saudisation “*The private sector is negatively affected by imposing of Saudisation*” and over three quarters (79.5%) supported the use of gradual approach to replace expatriates workers with Saudis as a way of increasing Saudisation without any adverse effects “*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*”.

**Table 5.41: Private Sector Employees and Job Seekers Perceptions of Initiatives to Enhance Saudisation**

No	Item	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	Mean	Std
1	Give subsidies and benefits to businesses that achieve a high rate of Saudisation.	0.0%	2.2%	7.4%	28.5%	61.9%	4.50	0.73
2	Increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	0.0%	0.7%	10.0%	29.3%	60.0%	4.49	0.70
3	Increase the training of Saudis to meet the needs of businesses.	0.0%	1.5%	11.9%	29.3%	57.4%	4.43	0.76
4	Organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	0.4%	2.2%	8.6%	28.3%	60.6%	4.46	0.77
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	1.1%	2.6%	13.0%	32.7%	50.6%	4.29	0.87
6	The private sector is negatively affected by imposing of Saudisation.	13.5%	29.6%	31.8%	15.7%	9.4%	2.78	1.15
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.	5.6%	14.9%	15.6%	26.0%	37.9%	3.76	1.26
	All Items	2.9%	7.6%	14.0%	27.1%	48.3%	4.10	0.59

In order to identify the importance given to each statement, the mean values from Table 5.41 are ranked from highest to lowest and presented in Table 5.42.

**Table 5.42: Mean Ranking of Private Sector Employees and Job Seekers Perceptions of Initiatives to Enhance Saudisation**

Ranking	Item	Mean Value
1	Give subsidies and benefits to businesses that achieve a high rate of Saudisation	4.50
2	Increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector	4.49
3	Organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector	4.46
4	Increase the training of Saudis to meet the needs of businesses	4.43
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need	4.29
6	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects	3.76
7	The private sector is negatively affected by imposing of Saudisation	2.78

According to the mean ranking in Table 5.42, of the 7 statements on initiatives to enhance Saudisation, the three most important and most agreed with statements among employees and job seekers relate to their views that the government should “Give subsidies and benefits to businesses that achieve a high rate of Saudisation”; and “increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector” as well as “organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector”.

The three least important and least agreed with statements relate to employees and job seekers views that “The private sector is negatively affected by imposing of Saudisation”; that the government should be “Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects” as well as “Give support and benefits from the government to the private sector to take responsibility for training the workers they need”.

## **5.6 DIFFERENCES IN PERCEPTIONS BETWEEN EMPLOYERS AND SAUDI EMPLOYEES AND JOB SEEKERS**

Differences in perceptions between employers on one hand and employees and job seekers on the other surveyed on the above Saudisation-related issues, policies to ensure Saudisation and initiatives on enhancing Saudisation were also investigated in this study. The reason for such an analysis comes from the idea to measure the convergence and/or divergence between supply and demand sides on the issues identified. In other words, investigating such differences are necessary for the purpose of rigor in the research process and gaining deeper insight into and enrichment of the findings of the study.

### **5.6.1 Differences in Perceptions between Private Sector Employers and Saudi Employees and Job Seekers on Saudisation-Related Issues**

Difference in perceptions between the two groups, private sector employers on the one hand, and employees and Saudi job seekers on the other, regarding a number of Saudisation-related issues were examined by using Mann-Whitney  $U$  test. As the results in Table 5.43 show, there are significant differences in agreement ( $p < 0.01$ ) on the statements relating to these issues between the two groups. As reflected by higher mean or median score of the items, employers agree more than employees and job seekers that they are concerned with their Saudisation-related responsibility towards the families of their Saudi workers “*My business concerns about family responsibility of Saudi workers*”; that the qualifications of Saudi workers are adequate: “*If the qualifications of Saudi workers are adequate I can support employing them*”; that Saudi workers are concerned with their social prestige “*Saudi workers are concerned for social prestige*”, that they are willing to employ Saudi if they had adequate work experience “*If the experience of Saudi workers is adequate for my business I can support employing them*”; that they are willing to employ Saudis if they had adequate skills “*if the skills of Saudi workers are adequate for my establishment I can support employing them*” and that they offer job security for Saudi workers “*my business offers stable job and security for Saudi workers*”.

On the other hand, and as revealed by higher mean or median score of the items, employees and job seekers agreed more than employers on the adequacy of Saudi workers qualifications “*I think education qualifications of Saudi workers are adequate for my business*”; the performance of Saudi workers with adequate

qualifications is high *“according to my experience Saudi workers with adequate education have high performance”*; readiness of Saudi workers to accept any job *“Saudi workers are ready to accept any job”*; readiness of Saudi workers to accept vocational jobs *“Saudi workers are ready to accept vocational (or handicraft) jobs”*; the adequacy of the work experience of Saudi workers *“I think the Saudi workers have the required experience for my business”*; high performance among Saudi workers with adequate work experience *“Saudi workers with adequate experience have high performance”*; the mobility of Saudi workers for employment *“Saudi workers are ready to work in any location”*; Saudi workers possess skills the private sector needs *“I think the Saudi workers have the required skills for my business”*; high performance of adequately skilled Saudi workers *“according to my experience Saudi workers with adequate skills have high performance”*; commitment of Saudi workers to job *“Saudi workers do not seek to change their jobs”*; the adequacy of the productivity of Saudi workers *“Productivity of Saudi workers is adequate for my business”*; and that Saudi workers are more productive than non-Saudis *“according to my experience, Saudi workers are more productive than non-Saudi workers”*.

**Table 5.43: Results of Mann-Whitney U Test Examining Differences in Perceptions between Employers and Employees and Job Seekers on Saudisation-Related Issues**

	Item	Employers		Employees and Job Seekers		Mann-Whitney U	Wilcoxon W	Z	Sig
		Median	Mean	Median	Mean				
1	My business concerns about family responsibility of Saudi workers	4.0	3.4	3.0	2.6	15910.5	50363.5	-8.99	0.000
2	I think education qualifications of Saudi workers are adequate for my business	3.0	3.1	3.0	3.3	25587.5	50340.5	-2.44	0.015
3	If the qualifications of Saudi workers are adequate I can support employing them	4.0	3.9	3.0	3.2	16691.0	51144.0	-8.62	0.000
4	According to my experience Saudi workers with adequate education have high performance	3.0	3.5	4.0	3.8	23825.0	49025.0	-3.95	0.000
5	Saudi workers concern with their social prestige	4.0	4.3	4.0	3.9	22419.5	55059.5	-4.37	0.000
6	Saudi workers are ready to accept any job	2.0	2.3	3.0	2.7	24651.0	50076.0	-3.53	0.000
7	Saudi workers are ready to accept vocational (or handcraft) jobs	2.0	2.4	3.0	3.0	20774.5	45974.5	-5.94	0.000
8	I think the Saudi workers have the required experience for my business	3.0	2.5	3.0	3.1	19942.0	45142.0	-6.74	0.000
9	If the experience of Saudi workers is adequate for my business I can support employing them	4.0	4.1	3.0	3.4	16613.0	50543.0	-8.61	0.000
10	Saudi workers with adequate experience have high performance	4.0	3.7	4.0	3.9	25679.0	51104.0	-2.76	0.006
11	Saudi workers are ready to work in any location	2.0	2.4	3.0	2.8	23857.0	48833.0	-3.90	0.000
12	I think the Saudi workers have the required skills for my business	3.0	2.6	3.0	3.2	19930.0	44683.0	-6.45	0.000
13	If the skills of Saudi workers are adequate for my establishment I can support employing them	4.0	3.8	3.0	3.3	18227.5	52157.5	-7.47	0.000
14	According to my experience Saudi workers with adequate skills have high performance	3.0	3.5	4.0	3.9	22570.5	47995.5	-4.95	0.000
15	Saudi workers do not seek to change their jobs	3.0	2.9	3.0	3.2	24295.5	49946.5	-3.08	0.002
16	My business offers stable job and security for Saudi workers	3.0	3.3	2.0	2.4	14579.5	50894.5	-10.26	0.000
17	Productivity of Saudi workers is adequate for my business	3.0	2.9	3.0	3.4	21346.5	46322.5	-5.25	0.000
18	According my experience: Saudi workers are more productive than Non-Saudi workers	2.0	2.4	3.0	2.9	23161.5	48812.5	-4.78	0.000

In order to identify the importance given to each statement, the mean values from Table 5.43 are ranked from highest to lowest and presented in Table 5.44.

**Table 5.44: Mean Scoring on the Differences in Perceptions between Employers and Employees and Job Seekers on Saudisation-Related Issues**

	Item	Employers		Employees and Job Seekers	
		Mean	Rankin	Rankin	Mean
1	My business concerns about family responsibility of Saudi workers	3.4	7	11	2.6
2	I think education qualifications of Saudi workers are adequate for my business	3.1	9	4	3.3
3	If the qualifications of Saudi workers are adequate I can support employing them	3.9	3	5	3.2
4	According to my experience Saudi workers with adequate education have high performance	3.5	6	2	3.8
5	Saudi workers concern with their social prestige	4.3	1	1	3.9
6	Saudi workers are ready to accept any job	2.3	14	10	2.7
7	Saudi workers are ready to accept vocational (or handcraft) jobs	2.4	13	7	3.0
8	I think the Saudi workers have the required experience for my business	2.5	12	6	3.1
9	If the experience of Saudi workers is adequate for my business I can support employing them	4.1	2	3	3.4
10	Saudi workers with adequate experience have high performance	3.7	5	1	3.9
11	Saudi workers are ready to work in any location	2.4	13	9	2.8
12	I think the Saudi workers have the required skills for my business	2.6	11	5	3.2
13	If the skills of Saudi workers are adequate for my establishment I can support employing them	3.8	4	4	3.3
14	According to my experience Saudi workers with adequate skills have high performance	3.5	6	1	3.9
15	Saudi workers do not seek to change their jobs	2.9	10	5	3.2
16	My business offers stable job and security for Saudi workers	3.3	8	12	2.4
17	Productivity of Saudi workers is adequate for my business	2.9	10	3	3.4
18	According my experience; Saudi workers are more productive than Non-Saudi workers	2.4	13	8	2.9

According to the comparison of the mean ranking of 18 statements on Saudisation-related issues in Table 5.44, the most agreed upon statement equally among employers as well as employees and job seekers relate to their perceptions that “*Saudi workers concern with social prestige*” but with employers agreeing slightly higher (Mean 4.3 and 3.9, respectively). For employees and job seekers, the statements relating to their perception of adequately skilled Saudi workers being high performers “*according to my experience Saudi workers with adequate skills have high performance*” and adequately experienced Saudi workers being high performers

“*Saudi workers with adequate experience have high performance*” are also the most agreed with (Mean 3.9 for both).

While the second most agreed with statement among employers relates to their willingness to employ Saudi workers if they are adequately experienced “*If the experience of Saudi workers is adequate for my business I can support employing them*”; for employees and job seekers, it relates their perception of adequately educated Saudi workers being high performers “*According to my experience Saudi workers with adequate education have high performance*” (Mean 4.1 and 3.8, respectively). The third most agreed upon statement among employers relates to their willingness to employ Saudi workers with adequate qualifications “*If the qualifications of Saudi workers are adequate I can support employing them*” (Mean 3.9); for employees and job seekers, the statements relate to their perceptions of the willingness of the private sector employers to employ adequately experienced Saudi workers “*If the experience of Saudi workers is adequate for my business I can support employing them*” and the adequacy of the productivity of Saudi workers for private sector employers “*Productivity of Saudi workers is adequate for my business*” (Mean 3.4 respectively). While the least agreed upon of all statements among employers relate to their perception of the readiness of Saudi workers to accept any job “*Saudi workers are ready to accept any job*”; for employees and job seekers, it relates to whether the private sector offers job stability and security “*My business offers stable job and security for Saudi workers*” (Mean 2.3 and 2.4 respectively). The second least agreed with statements among employers relate to their perceptions of the readiness of Saudi workers to do vocational work “*Saudi workers are ready to accept vocational (or handcraft) jobs*”; mobility in terms of readiness to work anywhere “*Saudi workers are ready to work in any location*”; and their productivity compared to non-Saudi workers “*According to my experience; Saudi workers are more productive than Non-Saudi workers*” (Mean for all statement 2.4); while among employees and job seekers, it relates to the concern for Saudisation-related social responsibility towards the families of Saudi workers among private sector employers “*My business concerns about family responsibility of Saudi workers*” (Mean 2.6). The third least agreed upon statement among employers relates to their perception of whether Saudi workers have the work experience their private sector requires “*I think the Saudi workers have the required experience for my business*”; while for employees and job seekers, it relates

to the readiness of Saudi workers to accept any job “*Saudi workers are ready to accept any job*” (Mean 2.5 and 2.7, respectively). Differences in perceptions are reflected in differences in the ranking of the importance of statements.

### **5.6.2 Differences in Perceptions between Private Sector Employers and Saudi Employees and Job Seekers on Government’s Policies to Ensure Saudisation**

Differences in perceptions between private sector employers and employees and Saudi job seekers about government policies to ensure Saudisation were examined using Mann-Whitney *U* Test. As the results of the test in Table 5.45 show, there are significant differences in agreement between employers and employees and Saudi job seekers on 5 of the 7 statement relating to government policies to ensure Saudisation ( $p < 0.01$ ). As reflected by significantly higher mean or median score of the items, employers agreed more than employees and job seekers on their awareness of Saudisation-related responsibility “*My establishment is aware of its social responsibility regarding enhancing Saudisation*”; having few Saudisation-related rules in their businesses “*My establishment has few rules of social responsibility regarding Saudisation*”; and that they fulfilled their Saudisation-related social responsibility “*My establishment implemented social responsibility regarding Saudisation*”.

On the other hand, and as reflected by significantly higher mean or median score of the items, employees and job seekers agreed more than employers on the importance of minimum wage as a policy to enhance Saudisation “*The legislations of minimum-wage is so important for enhancing Saudisation*” and the need for the private sector to join social security system “*My business needs to join system of social security*”. The results in Table 5.45 show that there were no significant differences in agreement between employers and employees and job seekers ( $p > 0.05$ ) on being aware of government’s Saudisation legislations “*There are some government legislations regarding Saudisation*” and the adequacy of these legislations to achieve Saudisation “*These legislations are sufficient for Saudisation*”.

**Table 5.45: Results of Mann-Whitney U Test Examining Differences in Perceptions between Employers and Employees and Job Seekers on Government's Policies to Ensure Saudisation**

Item	Employers		Employees and Job Seekers		Mann-Whitney U	Wilcoxon W	Z	Sig	
	Median	Mean	Median	Mean					
1	There are some government legislations regarding Saudisation	4.0	3.7	4.0	3.6	27527.5	63038.5	-1.65	0.099
2	These legislations are sufficient for Saudisation	3.0	2.9	3.0	2.9	29964.5	66010.5	-0.12	0.902
3	The legislations of minimum-wage is so important for enhancing Saudisation	4.0	3.8	4.0	4.2	24938.0	50363.0	-3.51	0.000
4	My establishment is aware of its social responsibility regarding enhancing Saudisation	3.0	3.2	2.0	2.5	18881.0	55466.0	-7.66	0.000
5	My establishment has few rules of social responsibility regarding Saudisation	3.0	3.2	2.0	2.3	15265.0	51580.0	-10.04	0.000
6	My establishment implemented social responsibility regarding Saudisation	3.0	3.1	2.0	2.2	15305.0	51890.0	-10.02	0.000
7	My business needs to join to system of social security	4.0	3.7	5.0	4.4	19405.0	44830.0	-7.44	0.000

In order to identify the importance given to each statement, the mean values from Table 5.45 are ranked from highest to lowest and presented in Table 5.46.

**Table 5.46: Mean Scoring on the Differences in Perceptions between Employers and Employees and Job Seekers on Government's Policies to Ensure Saudisation**

Item	Employers		Employees and Job Seekers		
	Mean	Ranking	Ranking	Mean	
1	There are some government legislations regarding Saudisation	3.7	2	3	3.6
2	These legislations are sufficient for Saudisation	2.9	5	4	2.9
3	The legislations of minimum-wage is so important for enhancing Saudisation	3.8	1	2	4.2
4	My establishment is aware of its social responsibility regarding enhancing Saudisation	3.2	3	5	2.5
5	My establishment has few rules of social responsibility regarding Saudisation	3.2	3	6	2.3
6	My establishment implemented social responsibility regarding Saudisation	3.1	4	7	2.2
7	My business needs to join to system of social security	3.7	2	1	4.4

According to comparison of the mean ranking of 7 statements on perceptions of government policies to ensure Saudisation among employers compared to employees and job seekers in Table 5.46, while the most agreed upon statement among employers relates to their perception regarding the minimum wage “*The legislations of minimum-wage is so important for enhancing Saudisation*”; for employees and job seekers it relates to their perception on the proposed introduction of social security in the private sector “*My business needs to join to system of social security*” (Mean 3.8 and 4.4, respectively). While the second most agree with statement among employers relates to their perceptions of their awareness of Saudisation legislations “*There are some government legislations regarding Saudisation*”, and joining of social security “*My business needs to join to system of social security*” (both statements are joint second as the most important with identical mean 3.7); for employees and job seekers, it relates to the importance of the minimum wage “*The legislations of minimum-wage is so important for enhancing Saudisation*” (Mean 4.2).

While the least agreed upon statement among employers relates to their perception that Saudisation legislation is enough “*These legislations are sufficient for Saudisation*”; for employees and job seekers it relates to their perception that the private sector employers have fulfilled their Saudisation-related social responsibility “*My establishment implemented social responsibility regarding Saudisation*” (Mean 2.9 and 2.2, respectively). The second least agreed with statement among employers relates to their perception that they fulfilled their Saudisation-related social responsibility “*My establishment implemented social responsibility regarding Saudisation*”; while for employees and job seekers, it relates to whether private sector employers have Saudisation-related social responsibility rules “*My establishment has few rules of social responsibility regarding Saudisation*” (Mean 3.1 and 2.3, respectively).

### **5.6.3 Differences in Perceptions between Private Sector Employers and Saudi Employees and Job Seekers on Initiatives to Enhance Saudisation**

Differences in perceptions between private sector employers and employees and Saudi job seekers on initiatives on how to enhance Saudisation were examined using Mann-Whitney U test. The results of the test in Table 5.47 show that that there are

significant differences ( $p < 0.01$ ) between the perceptions of employers and employees and Saudi job seekers on advocating these initiatives. As reflected by significantly higher mean or median score of the items, employees and job seekers advocated more than employers that the government should reward businesses that achieve high Saudisation “*Should give subsidies and benefits to businesses that achieve high rate of Saudisation*”; increase awareness of the importance of work among Saudis and offer them more jobs in the private sector “*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”. On the other hand, and as reflected by significantly higher mean or median of the items, employers advocated more than employees and job seekers, the gradual approach to Saudisation “*using gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*”; and agreed more than employees and job seekers that the imposition of Saudisation had a negative impact on their private sector businesses “*the private sector is negatively affected by the imposition of Saudisation*”.

Results in Table 5.47 show that there were no significant differences ( $p > 0.05$ ) in agreement between employers on one hand, and employees and Saudi job seekers on the other, regarding the remaining initiatives. That is, and as reflected by similar high mean and median scores of the relevant items, both groups agreed that the government should increase communication with the private sector to determine its needs “*Should organize communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*”; increase training of Saudis to meet the needs of businesses in the private sector “*should increase the training of Saudis to meet the needs of businesses*”; and support the private sector to train Saudi workers according to their needs “*Give support and benefits from the government to the private sector to take responsibility for training the workers they need*”.

**Table 5.47: Results of Mann-Whitney *U* Test Examining Differences in Perceptions between Employers and Employees and Job Seekers on Initiatives to Enhance Saudisation**

Item	Employers		Employees and Job Seekers		Mann-Whitney <i>U</i>	Wilcoxon <i>W</i>	Z	Sig	
	Median	Mean	Median	Mean					
1	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.	4.0	4.2	5.0	4.5	25887.0	51538.0	-3.26	0.001
2	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	4.0	4.0	5.0	4.5	22078.0	47278.0	-5.64	0.000
3	Should increase the training of Saudis to meet the needs of businesses.	5.0	4.4	5.0	4.4	29647.5	55072.5	-0.52	0.606
4	Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	5.0	4.5	5.0	4.5	30227.0	55878.0	-0.12	0.902
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	4.0	4.3	5.0	4.3	30041.0	55692.0	-0.25	0.806
6	The private sector is negatively affected by the imposition of Saudisation.	4.0	3.6	3.0	2.8	18825.0	54603.0	-7.37	0.000
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.	4.0	4.3	4.0	3.8	23778.0	60093.0	-4.43	0.000

In order to identify the importance given to each statement, the mean values from Table 5.47 are ranked from highest to lowest and presented in Table 5.48.

**Table 5. 48: Comparison of Mean Scoring for Differences in Perceptions between Employers and Employees and Job Seekers on Initiatives to Enhance Saudisation**

	Item	Employers		Employees and Job Seekers	
		Mean	Ranking	Ranking	Mean
1	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation	4.2	4	1	4.5
2	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector	4.0	5	1	4.5
3	Should increase the training of Saudis to meet the needs of businesses	4.4	2	2	4.4
4	Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector	4.5	1	1	4.5
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need	4.3	3	3	4.3
6	The private sector is negatively affected by the imposition of Saudisation	3.6	6	5	2.8
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects	4.3	3	4	3.8

According to comparison of the mean ranking of 7 statements on perceptions of initiatives to enhance Saudisation among employers compared to employees and job seekers in Table 5.48, the most agreed upon statement equally among employers and employees and job seekers relates to their view that the government “*Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*” (Mean 4.5 for both).

For employees and job seekers, the views that the government “Should give subsidies and benefits to businesses that achieve a high rate of Saudisation” and “Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector” are also the most agreed with statements with similar Mean 4.5. The second most agreed with statement among employers and equally employees and job seekers relates to their view that the government “Should increase the training of Saudis to meet the needs of businesses” (Mean 4.4 for both).

The least agreed upon statement among employers, as well as, employees and job seekers relates to their view regarding the impact of imposed Saudisation on the private sector “*The private sector is negatively affected by the imposition of Saudisation*” (Mean 3.6 and 2.8, respectively). While the second least agreed with statement among employers relates to the view that the government “*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”; for employees and job seekers, it relates to the view that the government should be “*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*” (Mean 4.0 and 3.8, respectively). The results comparing mean ranking of statements and differences in perceptions and will be discussed in Chapter 7.

## **5.7 SUMMARY**

This chapter presented the findings of the research through the statistical analysis of the primary data. It described the research sample by detailing the demographic and organizational characteristics of the private sector employers and employees and Saudi job seekers who were surveyed for the study. The chapter presented the results of the exploratory factor analysis and the names for the factors or variables obtained to use in the subsequent discussion of the findings. It then presented its findings on the perceptions of Saudisation among private sector employers on one hand, and private sector employees and Saudi job seekers on the other, which address the questions and the aims of the study. Also the results of the mean ranking of the importance of the statements relating to these perceptions and to differences in these perceptions were presented.

The chapter also presented the results of tests examining differences in these perceptions between employers on one hand, and employees and Saudi job seekers on the other, and the results of the mean ranking comparing these differences in perceptions.

As far as the findings on perceptions of Saudisation-related issues, concerns among large proportion of employers for Saudisation-related social responsibility towards the families of their workers was found. However, only small proportion of employees in the private sector and job seekers believe that such concerns exist. The adequacy of the qualifications, work experience, skills and productivity of Saudi workers for the

private sector is not demonstrated in the findings, when various evidence are considered (e.g. only 68%, 50.9%, 54.5%, 67.7% of employers, respectively, believe that the qualifications, work experience, skills and productivity of their Saudi workers are adequate for their businesses) and only 43.8% believe that they are more productive than non-Saudis, which undermines their claim of such productivity being adequate. Willingness to employ Saudis if they had adequate qualifications, work experience and skills, was found among the majority of employers. There is high performance among Saudi workers with adequate qualifications, experience and skills perceived by employers. Perceptions of social prestige among Saudi workers, unreadiness to accept any job or vocational jobs and lack of mobility for work in terms of not being ready to work in any location, were found among employers and employees and job seekers. Perceptions of commitment of Saudi workers to employer, in terms of remaining in their jobs, and that job stability and security are afforded by the private sector, were found.

As far as the findings on the employment competencies and person specification the private sector employers require from their Saudi employees and job seekers, the most required are IT or technology, language, vocational, management and administrative skills, as well as, continuous training and self-development in line with the requirements of the job, and respect for work and regulations and education, with more emphasis on degree and post-secondary qualifications.

This research found skilled foreign workers in the private sector with high, medium and low level of skills and high percentage of employers (62.8%) who believe that their Saudi employees do not have the skills they require, with only 54.5% who thought that such skills are adequate, and only 68% who believe the qualifications of their Saudi workers are adequate for their businesses, with large proportion among them (34.7%) only somewhat think so. Large proportion of employers (70.4% and 78.3%) cited the person specification (continuous training and self development; respect for work and education or qualifications) as important because they have the most impact on productivity of their Saudi employees. Most of the employers (81.3%) thought that their Saudi workers must have work experience suited to their businesses. Just above half of them (50.9% with large proportion 37.1% only somewhat agreed) that the work experience of their Saudi workers is adequate for their private sector. Only 54.1% of employees and job seekers in this research had work experience. In

terms of the predicted impact of Saudisation on the private sector, the perceptions of future negative impact of Saudisation on the private sector and the Saudi economy among fairly large proportion of employers (due to skilled expatriate labour that will leave); and perceived positive impact among equal proportion of employees and job seekers (due to more jobs that will become available for them) were found.

As far as the findings on perceptions on government policies to ensure Saudisation, awareness among employers and employees and job seekers of Saudisation legislations was found. The Saudisation legislations are perceived as adequate by employers and employees and job seekers. Support among the majority of employers, employees and job seekers for the proposals of introducing the minimum wage and social security to the private sector, in order to enhance Saudisation was found. Awareness of Saudisation-related social responsibility to encourage Saudisation was found among employers. However, only 48.9% of employees and job seekers agreed that employers have such awareness. Fulfillment of Saudisation-related social responsibility, in terms of having social responsibility rules and implementing such responsibility, was claimed by large proportion of employers. However, employees and job seekers disagreed, with only 35.3% agreed on the existence of such rules in the private sector, and only 32.9% agreed that employers fulfilled or implemented such responsibility.

As far as perceptions on initiatives to enhance Saudisation, rewarding businesses for achieving high level of Saudisation was recommended by the majority of employers and employees and job seekers. However, there was more support for this initiative among employees and job seekers than employers. Similarly, increasing awareness of the importance of work among Saudis and offering them more jobs in the private sector was recommended by the majority of employers and employees and job seekers, but is supported more by the employees and job seekers. The negative impact that government imposed-Saudisation has had on the private sector was perceived by more employers (78.4%) than by employees and job seekers (only 56.9%). The majority of employers recommended replacing expatriate workers with Saudis in the private sector gradually to minimise adverse effects (96%), while less but significant proportion of employees and job seekers advocated such approach (79.5%). Almost all of the employers and employees and job seekers expressed support for the remaining initiatives of increasing communications between private sector; training centres and universities to establish what the needs of the private sector are; increasing training for Saudis to meet the needs of the

private sector and supporting the private sector to take responsibility for training of Saudis workers according to their needs.

Differences in the extent of agreement on all the issues explored were found among employers on one hand, and employees and job seekers on the other, which suggested, in some cases, fundamental differences in perceptions between the two groups, consistent with and supportive of inferences made in the discussion of the main findings on perceptions in chapter 7. All of the findings in this chapter will be discussed in full in chapter 7.

The next chapter presents the findings on the Correlation of the perceptions of employers on Saudisation with their demographic and organisational characteristics.

## **Chapter 6**

# **CORRELATING THE PERCEPTIONS OF EMPLOYERS ON SAUDISATION WITH THEIR DEMOGRAPHIC AND ORGANISATIONAL CHARACTERISTICS**

### **6.1. INTRODUCTION**

To ensure rigor in research and gain better understanding of and insight into the findings on the perceptions of employers presented previously in the previous chapter, the influence of demographic and organizational factors on such perceptions was accounted for. The relationship between responses relating to perceptions of private sector employers and their demographic and organizational characteristics (type of their business; size of business in terms of number of employees; education level or qualifications; organizational tenure) was tested using Cross-Tabulation and Chi-square test. The relationship between employers' perception and size of business by number of employees, level of education and tenure in organisation was tested using Spearman correlation test.

Due to the large quantity of cross-tabulation analysis undertaken and findings generated (tables) only representative sample of the cross-tabulation tables are presented, while summary of all the results are reported in concise format. The results of correlations found and all related tables are also presented. It should be noted as a criteria for this section that in Chi-Square testing 5% level of statistical significance is utilized; and therefore, any test results lower than 0.05 is considered as statistically significant which implies that null hypothesis of existence of correlation is accepted. The first Chi-Square results are provided followed by the correlation results for each statement.

It should be noted that while Chi-Square results from each table related to each statement are reported immediately, correlation coefficient can be found in the correlation table at the end of each section containing Spearman correlation scores for all statements related to that section.

## **6.2 THE ASSOCIATION BETWEEN PERCEPTIONS OF EMPLOYERS AND TYPE OF THEIR BUSINESS**

The association between the perceptions of private sector employers on a number of Saudisation-related issues (Questionnaire section 3: 18 items); government policies to ensure Saudisation (Questionnaire section 5: 7 items) and initiatives to enhance Saudisation (Questionnaire section 6: 7 items) and the type of their business was tested. The results are presented next.

### **6.2.1 Association between Perceptions on Saudisation-Related Issues and Type of Business**

The association between the perception of private sector employers on a number of Saudisation-related issues (Questionnaire section 3: 18 items) and type of their business was tested in this section.

Cross tabulation results in Table 6.1 below show that at the 5% level of significance, there is an association between employers' perception on their willingness to employ Saudis with adequate qualifications "*If the qualifications of Saudi workers are adequate I can support employing them*" and type of their business activity (Chi-square=38.431; df=24; P-value=0.031). The table shows that most employers in all private sector businesses surveyed would employ Saudis if they had adequate qualifications, with the exception of small minority in commercial (11.1%), services (3.2%), and agricultural (16.7%).

**Table 6.1: Cross-Tabulation Results on Association between Employers Perceptions on their Willingness to Employ Saudi Workers with Adequate Qualifications and their Type of Business**

Type of Business		If the qualifications of Saudi workers are adequate I can support employing them					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Industrial	Count	0	0	7	14	17	38
	%	0.0%	0.0%	18.4%	36.8%	44.7%	100%
agricultural	Count	0	2	6	4	0	12
	%	0.0%	16.7%	50.0%	33.3%	0.0%	100%
Commercial	Count	2	8	30	32	18	90
	%	2.2%	8.9%	33.3%	35.6%	20.0%	100%
Service	Count	0	2	9	21	30	62
	%	0.0%	3.2%	14.5%	33.9%	48.4%	100%
Financial	Count	0	0	2	3	1	6
	%	0.0%	0.0%	33.3%	50.0%	16.7%	100%
Medical	Count	0	0	3	5	6	14
	%	0.0%	0.0%	21.4%	35.7%	42.9%	100%
Insurance	Count	0	0	0	1	0	1
	%	0.0%	0.0%	0.0%	100.0%	0.0%	100%
Total	Count	2	12	57	80	72	223
	%	0.9%	5.4%	25.6%	35.9%	32.3%	100%

Statistic	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38.431	24	0.031

The cross-tabulation results in Table 6.2 shows that there is a statistical significant association between the perception of employers on readiness of Saudis workers to accept any type of job "Saudi workers are ready to accept any job" and their type of business (Chi-square=46.587; df=24; P-value=0.004). The majority of employers (agricultural 75%, commercial 72.2%, financial 83.3% and insurance 100%) did not believe that Saudi workers are ready to accept any job, while about 60% and 45.2% of those in industrial and services, respectively, believe they are.

**Table 6.2: Cross-Tabulation Results on Association between Employers Perceptions on Readiness of Saudi Workers to Accept any Job and their Type of Business**

Type of Business		Saudi workers are ready to accept any job					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Industrial	Count	0	15	12	9	2	38
	%	0.0%	39.5%	31.6%	23.7%	5.3%	100%
agricultural	Count	1	8	3	0	0	12
	%	8.3%	66.7%	25.0%	0.0%	0.0%	100%
Commercial	Count	27	38	21	4	0	90
	%	30.0%	42.2%	23.3%	4.4%	0.0%	100%
Service	Count	9	25	22	4	2	62
	%	14.5%	40.3%	35.5%	6.5%	3.2%	100%
Financial	Count	0	5	1	0	0	6
	%	0.0%	83.3%	16.7%	0.0%	0.0%	100%
Medical	Count	3	7	3	0	1	14
	%	21.4%	50.0%	21.4%	0.0%	7.1%	100%
Insurance	Count	0	1	0	0	0	1
	%	0.0%	100.0%	0.0%	0.0%	0.0%	100%
Total	Count	40	99	62	17	5	223
	%	17.9%	44.4%	27.8%	7.6%	2.2%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.587	24	0.004

A statistically significant association between the perceptions of employers on the following issues and their type of business was also found (i.e. perceptions differed depending on type of business). Employers differed in perceptions on concern for Saudisation-related social responsibility: "*My business concerns about family responsibility of Saudi workers*" (Chi-square =38.6, P-value = 0.03); with those in industrial, commercial, financial, and insurance businesses being more concerned than those in agricultural, medical and service.

Also on readiness of Saudi workers to do vocational jobs: "*Saudi workers are ready to accept vocational (or handcraft) jobs*" (Chi-square=60.036; df=24; P-value=0.000); with those employers in agricultural (73%), commercial (77.3%), and insurance (100%) sectors believe that Saudis are not ready, while about 70% of those in industrial and 57.1% in service, 50% of financial, 64.3% of medical sectors think they are. On adequacy of Saudis experience for business: "*I think Saudi workers have the required experience for my business*" (Chi-square=55.332; df=24; P-value=0.000); with those in industrial (65%) and service (67.7%) businesses agreeing, whilst about 58.4% of those in agricultural, 64.5% in commercial and 50% in medical and

financial businesses, respectively, disagreeing. On performance of Saudis: "*Saudi workers with adequate experience have high performance*" (Chi-square=45.254; df=24; P-value=0.005); with those in industrial (84.2%), service (66.2%), financial (83.3%), and medical (61.4%) sectors agreeing with this statement, while 8.3% of those in agricultural, commercial (13.3%), service (8%) and medical (14.3%) sectors disagreeing with this statement.

Significant association was also found in relation to perceptions on mobility of Saudis for work: "*Saudi workers are ready to work in any location*" (Chi-square=39.525; df=24; P-value=0.024); with most employers in the agricultural (58.3%), commercial (67.1%), financial (66.7%), medical (85.7%), and insurance (100%) sectors believing they are, while 26.3% and 45.1% of those in industrial and service sectors, respectively don't. On whether Saudis have skills required in their private sector: "*I think the Saudi workers have the required skills for my business*" (Chi-square=49.645; df=24; P-value=0.002); with most employers in the agricultural (66.6%), commercial (60.3%), and financial (66.7%) sectors believing they have, whereas 37.8% and 22.5% of those in industrial and service sectors think otherwise.

On performance of Saudi workers with adequate skills: "*According to my experience Saudi workers with adequate skills have high performance*" (Chi-square=54.355; df=24; P-value=0.000); with 25% of employers in agricultural, 18% in commercial, and 14.3% in medical sectors think they have, while none of those in industrial, financial, and insurance sectors believe they do.

On commitment of Saudis to jobs: "*Saudi workers do not seek to change their jobs*" (Chi-square=48.806; df=24; P-value=0.002); with most employers in agricultural (75%) and commercial (55.6%) sectors believing so and 13% of those in industrial, 23.8% in service, 16.7% in financial and 35.7% in medical believe not, while all of those in insurance agree only somewhat with this statement.

Association was also found on perceptions relating to the adequacy of the productivity of Saudi workers: "*Productivity of Saudi workers is adequate for my business*" (Chi-square=48.628; df=24; P-value=0.002); with 58.3% and 41.6% of employers in agricultural and commercial sectors, respectively do not think so, while 16.2% of them in industrial, 22.6% in service, 33.4% in financial, 28.6% of medical, and all in insurance sectors think otherwise. On productivity of Saudi workers compared to non-

Saudis: "According my experience, Saudi workers are more productive than Non-Saudi workers" (Chi-square=62.471; df=24; P-value=0.000); with most employers in agricultural (66.7%) and commercial (76.7%) sectors believe they are, while most of them in the other sectors (medical, insurance, financial, industrial) don't.

However, no significant association between the perceptions of employers on the following remaining issues and type of their business could be established (i.e. perceptions are independent from type of business): On the adequacy of Saudis qualifications for their business "I think education qualifications of Saudi workers are adequate for my business"(Chi-square=32.8, df=24, and P-value=0.107). On whether Saudi workers with adequate education are high performers "According to my experience Saudi workers with adequate education have high performance"(Chi-square=33.06, df=24; P-value=0.103). On Saudi workers' concern for social prestige "Saudi workers concern with their social prestige (Chi-square=11.509, df=18; P-value=0.872). On their willingness to employ Saudi workers with adequate work experience "If the experience of Saudi workers is adequate for my business I can support employing them" (Chi-square=24.042, df=24; P-value=0.459). On their willingness to employ Saudi workers with adequate skills "If the skills of Saudi workers are adequate for my establishment I can support employing them"(Chi-square=25.763, df=24; P-value=0.365). On whether their business offers job security to Saudis "My business offers stable job and security for Saudi workers" (Chi-square=27.277, df=24; P-values=0.292).

### **6.2.2 Association between Perceptions on Government's Policies to Ensure Saudisation and Type of Business**

The association between the perceptions of private sector employers on government's policies to ensure Saudisation (Questionnaire section 5: 7 items) and type of their business was tested. The results of cross tabulation in Table 6.3 shows that at the 5% level of significance, there is an association between employers' perceptions on awareness of their Saudisation-related social responsibility: "My establishment is aware of its social responsibility regarding enhancing Saudisation" and type of their business (Chi-square=51.107; df=24; P-value=0.001); with the majority of them in all sectors believing so, while most of those in the agricultural sector (66.7%) do not.

**Table 6.3: Cross-Tabulation Results on Association between Employers Perceptions on their Awareness of their Saudisation-Related Social Responsibility and their Type of Business**

Type of Business		My establishment is aware of its social responsibility regarding enhancing Saudisation					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Industrial	Count	0	1	9	20	8	38
	%	0.0%	2.6%	23.7%	52.6%	21.1%	100%
agricultural	Count	0	8	2	0	2	12
	%	0.0%	66.7%	16.7%	0.0%	16.7%	100%
Commercial	Count	4	27	34	21	4	90
	%	4.4%	30.0%	37.8%	23.3%	4.4%	100%
Service	Count	2	11	19	24	7	63
	%	3.2%	17.5%	30.2%	38.1%	11.1%	100%
Financial	Count	0	2	2	2	0	6
	%	0.0%	33.3%	33.3%	33.3%	0.0%	100%
Medical	Count	0	1	6	6	1	14
	%	0.0%	7.1%	42.9%	42.9%	7.1%	100%
Insurance	Count	0	0	1	0	0	1
	%	0.0%	0.0%	100.0%	0.0%	0.0%	100%
Total	Count	6	50	73	73	22	224
	%	2.7%	22.3%	32.6%	32.6%	9.8%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	51.107	24	0.001

The cross-tabulation results in Table 6.4 show significant association between type of business and perceptions of employers on fulfilling their Saudisation-related social responsibility: "My establishment implemented social responsibility regarding Saudisation" (Chi-square=41.308; df=24; P-value=0.015); with the majority of employers in all sectors believing that their establishment have done so, while most of those in the agricultural sector (66.7%) believe otherwise.

**Table 6.4: Cross-Tabulation Results on Association between Employers Perceptions on Fulfilling their Saudisation-Related Social Responsibility and their Type of Business**

Type of Business		My establishment implemented social responsibility regarding Saudisation					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Industrial	Count	1	1	13	16	7	38
	%	2.6%	2.6%	34.2%	42.1%	18.4%	100%
Agricultural	Count	0	8	2	1	1	12
	%	0.0%	66.7%	16.7%	8.3%	8.3%	100%
Commercial	Count	5	32	28	18	7	90
	%	5.6%	35.6%	31.1%	20.0%	7.8%	100%
Service	Count	2	14	24	17	6	63
	%	3.2%	22.2%	38.1%	27.0%	9.5%	100%
Financial	Count	0	0	4	2	0	6
	%	0.0%	0.0%	66.7%	33.3%	0.0%	100%
Medical	Count	0	2	5	6	1	14
	%	0.0%	14.3%	35.7%	42.9%	7.1%	100%
Insurance	Count	0	0	1	0	0	1
	%	0.0%	0.0%	100.0%	0.0%	0.0%	100%
Total	Count	8	57	77	60	22	224
	%	3.6%	25.4%	34.4%	26.8%	9.8%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	41.308	24	0.015

Other significant associations found relate to employers perceptions on whether they had Saudisation-related social responsibility rules: "*My establishment has few rules of social responsibility regarding Saudisation*" (Chi-square=53.683; df=24; P-value=0.000); with the majority of them in all sectors believing they have, except those in agricultural sector (75%) who do not. On the proposal to join social security: "*My business needs to join to system of social security*" (Chi-square=39.722; df=24; P-value=0.023); with the majority of employers (more than 92% in industrial, service, financial, medical and insurance sectors) believing they need to do so, while about a third of those in agricultural and commercial sectors believe otherwise.

No significant association between perceptions on the remaining policies and their type of business was found. These are awareness of Saudisation legislations: "*There are some government legislations regarding Saudisation*" (Chi-square=24.422, df=24, and P-value=0.438). On whether current Saudisation policies are enough: "*These legislations are sufficient for Saudisation*" (Chi-square=24.147, df=24, and P-value=0.453). Also on whether the proposed minimum wage in the private sector

would enhance Saudisation: "*The legislations of minimum-wage is so important for enhancing Saudisation*" (Chi-square=28.293, df=24, and P-value=0.248).

### 6.2.3 Association between Perceptions on Initiatives to Enhance Saudisation and Type of Business

The association between the perceptions of private sector employers on initiatives to enhance Saudisation (Questionnaire section 6: 7 items) and type of their business was tested. Cross-tabulation results in Table 6.5 show that at the level of the 5% significance, there is an association between employers perceptions advocating more training for Saudis tailored to their private sector needs as a way of enhancing Saudisation: "*Should increase the training of Saudis to meet the needs of businesses*" with type of business activity (Chi-square=34.968; df=18; P-value=0.010); with all of the employers agreeing that the government should increase the training of Saudis to meet the needs of businesses in the private sector, with the exception of 3.2% of those in the service sector.

**Table 6.5: Cross-Tabulation Results on Association between Employers Perceptions on Initiatives to Increase Training of Saudis to Enhance Saudisation and their Type of Business**

Type of Business		Should increase the training of Saudis to meet the needs of businesses				Total
		Disagree	Somewhat agree	Agree	Strongly agree	
Industrial	Count	0	1	10	27	38
	%	0.0%	2.6%	26.3%	71.1%	100%
agricultural	Count	0	2	9	1	12
	%	0.0%	16.7%	75.0%	8.3%	100%
Commercial	Count	0	12	38	39	89
	%	0.0%	13.5%	42.7%	43.8%	100%
Service	Count	2	1	20	40	63
	%	3.2%	1.6%	31.7%	63.5%	100%
Financial	Count	0	1	1	4	6
	%	0.0%	16.7%	16.7%	66.7%	100%
Medical	Count	0	1	8	5	14
	%	0.0%	7.1%	57.1%	35.7%	100%
Insurance	Count	0	0	0	1	1
	%	0.0%	0.0%	0.0%	100.0%	100%
Total	Count	2	18	86	117	223
	%	0.9%	8.1%	38.6%	52.5%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.968	18	0.010

Cross-tabulation results in Table 6.6 shows significant association between employers' perceptions on the need to establish communication with the private sector in order to determine its labour needs as a way of enhancing Saudisation: "*Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*" and their type of business (Chi-square=44.744; df=24; P-value=0.006); with all of them agreeing on or recommending that this step should be implemented by the Saudi government, except for minority of 2.6%, 3.2% and 7.1% among those in industrial, service and medical sectors, respectively.

**Table 6.6: Cross-Tabulation Results on Association between Employers Perceptions on Initiative to Establish Communication with the Private Sector to Enhance Saudisation and their Type of Business**

Type of Business		Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Industrial	Count	0	1	0	6	31	38
	%	0.0%	2.6%	0.0%	15.8%	81.6%	100%
agricultural	Count	0	0	0	9	3	12
	%	0.0%	0.0%	0.0%	75.0%	25.0%	100%
Commercial	Count	0	0	13	30	47	90
	%	0.0%	0.0%	14.4%	33.3%	52.2%	100%
Service	Count	2	0	3	17	41	63
	%	3.2%	0.0%	4.8%	27.0%	65.1%	100%
Financial	Count	0	0	0	2	4	6
	%	0.0%	0.0%	0.0%	33.3%	66.7%	100%
Medical	Count	0	1	2	4	7	14
	%	0.0%	7.1%	14.3%	28.6%	50.0%	100%
Insurance	Count	0	0	0	1	0	1
	%	0.0%	0.0%	0.0%	100.0%	0.0%	100%
Total	Count	2	2	18	69	133	224
	%	0.9%	0.9%	8.0%	30.8%	59.4%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.744	24	0.006

Other significant associations found between type of sector and perceptions on recommending that government rewards businesses for achieving high level of Saudisation: "*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation*" (Chi-square=41.483; df=24; P-value=0.015); with more than 92% of

them in industrial, commercial, services, financial, medical and insurance sectors recommending this initiative, with the exception of 25% of those in the agriculture sector. On raising awareness of the importance of work and offering more jobs to Saudis in the their private sector: "*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*" (Chi-square=51.103; df=24; P-value=0.001); with the majority of employers (92% in industrial, 83.9% in service, 83.3% in financial, 71.4% in medical, and 100% in insurance) recommending this initiative to the Saudi government.

On government supporting the private sector to train their Saudi according to their needs: "*Give support and benefits from the government to the private sector to take responsibility for training the workers they need*" (Chi-square=33.978; df=18; P-value=0.013); with the majority of them agreeing that the government should implement such initiative, with 58.3% of them in the agricultural agreeing only somewhat. A final association between type of sector and perceptions was found relating to the impact of government imposed Saudisation on the private sector: "*The private sector is negatively affected by the imposition of Saudisation*" (Chi-square=45.426; df=24; P-value=0.005); with employers either agreeing strongly, agreeing or somewhat agreeing, that imposed Saudisation has negatively affected their private sector, with percentage of those agreeing varying from 67.3% of those in the financial sector to 92.3% of those in the commercial businesses. However, no association was found between type of business and perceptions of employers relating to gradual approach to implementing Saudisation: "*Using gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*" (Chi-square=12.400, df=24, and P-value=0.975).

### **6.3 THE ASSOCIATION BETWEEN EMPLOYERS PERCEPTIONS AND THE SIZE OF THEIR BUSINESS BY NUMBER OF EMPLOYEES**

The association between the perceptions of employers on Saudisation-related issues (section 3: 18 items); government policies to ensure Saudisation (section 5: 7 items) and initiatives to enhance Saudisation (section 6: 7 items) of their questionnaire and the size of their business by number of employees was tested. The results are presented next.

### 6.3.1 The Association between Perceptions of Saudisation-Related Issues and Size of Business by Number of Employees

The results of cross tabulation in Table 6.7 show that at the level of 5% of significance, there is an association between the size of businesses by number of employees and employers' perceptions on their willingness to employ Saudis with adequate skills: "If the skills of Saudi workers are adequate for my establishment I can support employing them" (Chi-square=44.059; df=16; P-value=0.000); with 80% of employers with 1-25 employees, 100% with 26-50 employees, 100% with 51-75 employees, 92.6% with 76-100 employees, and 98.5% with more than 100 employees, agreeing they would.

Significant positive correlation between such perception and size of business by number of employees was found as shown in Table 6.9 (correlation coefficient=0.341, P-value=0.000); indicating that employers with larger business in terms of number of workers are more willing to employ skilled Saudis.

**Table 6.7: Cross-Tabulation Results on Association between Employers Perceptions on their Willingness to Employ Skilled Saudi Workers and Size of their Business by Number of Employees**

Number of employees per Business	If the skills of Saudi workers are adequate for my establishment I can support employing them						Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
1-25 employees	Count	2	12	19	31	6	70
	%	2.9%	17.1%	27.1%	44.3%	8.6%	100%
26-50 employees	Count	0	0	9	21	8	38
	%	0.0%	0.0%	23.7%	55.3%	21.1%	100%
51-75 employees	Count	0	0	3	7	1	11
	%	0.0%	0.0%	27.3%	63.6%	9.1%	100%
76-100 employees	Count	0	2	6	18	1	27
	%	0.0%	7.4%	22.2%	66.7%	3.7%	100%
more than 100 employees	Count	0	1	8	33	23	65
	%	0.0%	1.5%	12.3%	50.8%	35.4%	100%
Total	Count	2	15	45	110	39	211
	%	0.9%	7.1%	21.3%	52.1%	18.5%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.059	16	0.000

Cross-tabulation results in Table 6.8 shows a significant association between size of businesses and employers' perceptions on whether their Saudi workers have the work

experience they required: "I think the Saudi workers have the required experience for my business" (Chi-square=46.384; df=16; P-value=0.000); with 66.2% of employers with 1-25 employees, 52.7% with 26-50 employees, 41.6% with 51-75 employees, 62.9% with 76-100 employees, and 27.7% with more 100 employees, do not think that Saudi workers have the required experience for their businesses.

Significant positive correlation between such perception and size of business was found as shown in Table 6.9 (correlation coefficient= 0.354, P-value=0.000); suggesting that employers with larger businesses in terms of number of employees believe that Saudi workers have the required work experience for their businesses.

**Table 6.8: Cross-Tabulation Results on Association between Employers Perception on Whether their Saudi Workers Have the Required Work Experience and Size of their Business by Number of Employees**

Number of employees per Business	I think Saudi workers have the required experience for my business						Total
	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree		
1-25 employees	Count	21	26	20	3	1	71
	%	29.6%	36.6%	28.2%	4.2%	1.4%	100%
26-50 employees	Count	5	15	14	1	3	38
	%	13.2%	39.5%	36.8%	2.6%	7.9%	100%
51-75 employees	Count	4	1	6	1	0	12
	%	33.3%	8.3%	50.0%	8.3%	0.0%	100%
76-100 employees	Count	4	13	8	1	1	27
	%	14.8%	48.1%	29.6%	3.7%	3.7%	100%
more than 100 employees	Count	1	17	29	14	4	65
	%	1.5%	26.2%	44.6%	21.5%	6.2%	100%
Total	Count	35	72	77	20	9	213
	%	16.4%	33.8%	36.2%	9.4%	4.2%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.384	16	0.000

Significant association between size of business and perceptions of employers on the following issues was also found: On concern for social responsibility to Saudi workers and their families: "My business concerns about family responsibility of Saudi workers" (Chi-square=37.950; df=16; P-value=0.002); with 65.7% of employers with 1-25 employees, 83.8% with 26-50 employees, 91.7% with 51-75 employees, 92.6% with 76-100 employees and 87.7% with more 100 employees, believe they are. Significant positive correlation was found as shown in Table 6.9

(correlation coefficient=0.338, P-value=0.000); suggesting that employers with large businesses in terms of number of employees are more concerned about such responsibility. On the adequacy of the qualifications of Saudi workers: "*I think education qualifications of Saudi workers are adequate for my business*" (Chi-square=29.747; df=16; P-value=0.019); with 55% with 1-25 employees, 66.7% with 26-50 employees, 50% with 51-75 employees, 77.0% with 76-100 employees, and 80.7% with more 100 employees, agreeing they are adequate. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.305, P-value=0.000); suggesting agreement among large businesses.

Association was also found on willingness of employers to employ Saudis with adequate qualifications: "*If the qualifications of Saudi workers are adequate I can support employing them*" (Chi-square=55.676; df=16; P-value=0.019); with 83.1% of employers in companies with 1-25 employees, 97.4% with 26-50 employees, 100% with 51-75 employees, 100% with 76-100 employees, and 100% with more 100 employees, being willing to do so. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.435, P-value=0.000); suggesting more willingness among employers with large businesses in terms of number of employees.

Similarly, on the performance of adequately educated Saudis statistically significant association was established: "*According to my experience Saudi workers with adequate education have high performance*" (Chi-square=30.501; df=16; P-value=0.016); with 74.7% of employers with 1-25 employees, 86.8% with 26-50 employees, 91.7% with 51-75 employees, 88.9% with 76-100 employees, and 92.2% with more 100 employees, believing so. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.299, P-value=0.000); suggesting more agreement among employers with large businesses in terms of number of employees on this statement. On readiness of Saudis to accept any job: "*Saudi workers are ready to accept any job*" (Chi-square=40.361; df=16; P-value=0.001); with employers with smaller businesses disagreeing more with this statement (77.5% with 1-25 employees, 71.8% with 26-50 employees, 66.7% with 51-75 employees, 63.0% with 76-100 employees, and 42.2% with more 100 employees). Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.369, P-value=0.000); suggesting that employers with large businesses in terms of number of employees believe or agree more that Saudi workers are ready to accept any job. Association was

also found on perceptions relating to willingness of Saudi workers to do vocational or manual jobs: "*Saudi workers are ready to accept vocational (or handcraft) jobs*" (Chi-square=39.028; df=16; P-value=0.001); with 67.6% of employers with 1-25 employees, 69.2% with 26-50 employees, 66.7% with 51-75 employees, 62.9% with 76-100 employees, and 28.5% with more 100 employees, don't believe so. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.343, P-value=0.000); suggesting agreement among employers with larger businesses in terms of number of employees that Saudis do accept such jobs.

Similarly, statistically significant correlation was also found on willingness to employ Saudis with adequate work experience: "*If the experience of Saudi workers is adequate for my business I can support employing them*" (Chi-square=43.048; df=16; P-value=0.000); with 88.6% of employers with 1-25 employees, 100% with 26-50 employees, 100% with 51-75 employees, 96.3% with 76-100 employees, and 97% with more 100 employees, being willing to do so. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.320, P-value=0.000); suggesting agreement or willingness among employers with large businesses. On the performance of adequately work-experienced Saudis: "*Saudi workers with adequate experience have high performance*" (Chi-square=45.864; df=16; P-value=0.000); with 83.1% of employers with 1-25 employees, 89.5% with 26-50 employees, 100% with 51-75 employees, 96.3% with 76-100 employees, and 96.9% with more 100 employees, agreeing they are. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.320, P-value=0.000); suggesting agreement among employers with large businesses that Saudis with adequate work experience perform to high standards. On mobility of Saudis for work: "*Saudi workers are ready to work in any location*" (Chi-square=44.763; df=16; P-value=0.000); with 70% of employers with 1-25 employees, 72.9% with 26-50 employees, 75% with 51-75 employees, 55.5% with 76-100 employees, and 27.7% with more than 100, don't believe so. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.387, P-value=0.000); suggesting more agreement with this statement among employers with larger businesses in terms of number of employees.

Similarly, significant association was also found for whether Saudi workers have the required skills: "*I think the Saudi workers have the required skills for my business*" (Chi-square=46.513; df=16; P-value=0.000); with 30.5% of employers with 1-25

employees, 56.8% with 26-50 employees, 58.3% with 51-75 employees, 40.8% with 76-100 employees 80% with more 100 employees); believing they have. Significant positive correlation was also found as shown in Table 6.9 (correlation coefficient= 0.381, P-value=0.000); suggesting more agreement among employers with larger businesses in terms of number of employees.

Also, on the performance of Saudis with adequate skills statistically significant result was established: "*According to my experience Saudi workers with adequate skills have high performance*" (Chi-square=35.132; df=16; P-value=0.004); with 77.1% of them with 1-25 employees, 84.6% with 26-50 employees, 100% with 51-75 employees, 88.9% with 76-100 employees, and 98.5% with more 100 employees, believing they have. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.285, P-value=0.000); suggesting more agreement with this statement among employers with larger businesses in terms of number of employees. On commitment of Saudis to employer or job: "*Saudi workers do not seek to change their jobs*" (Chi-square=41.441; df=16; P-value=0.000); with 45.1% of them with 1-25 employees, 61.5% with 26-50 employees, 58.3% with 51-75 employees, 44.5% with 76-100 employees, and 86.2% with more than 100 employees, think that Saudi workers do not seek to change their jobs. There is significant positive correlation between the employers' perceptions on this issue and company's size in terms of number of employees as shown in Table 6.9 (correlation coefficient= 0.311, P-value=0.000); which suggests that larger companies perceive that Saudi workers do not seek to change their jobs.

Also, on offering job security for Saudi workers: "*My business offers stable job and security for Saudi workers*" (Chi-square=30.272; df=16; P-value=0.017); with 62.0% of employers with 1-25 employees, 86.8% with 26-50 employees, 83.3% with 51-75 employees, 92.6% with 76-100 employees, and 87.5% with more than 100 employees, that they do offer such security. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.261, P-value=0.000); suggesting more agreement with this view among employers with larger businesses in terms of number of employees. Similarly, on the adequacy of the productivity of Saudi workers: "*Productivity of Saudi workers is adequate for my business*" (Chi-square=51.756; df=16; P-value=0.000); with 43.6% of employers with 1-25 employees, 75.7% with 26-50 employees, 66.6% with 51-75 employees, 74.1% with 76-100 employees, and

81.6% with more than 100 employees, believing so. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.402, P-value=0.000); suggesting more agreement among employers with larger businesses in terms of number of employees.

Significant association was also found on the productivity of Saudis workers compared to non-Saudis: "*According my experience; Saudi workers are more productive than Non-Saudi workers*" (Chi-square=40.254; df=16; P-value=0.001); with 73.2% of employers with 1-25 employees, 59.0% with 26-50 employees, 41.6% with 51-75 employees, 66.6% with 76-100 employees, and 40.0% with more than 100 employees believing they are. Significant positive correlation was found as shown in Table 6.9 (correlation coefficient= 0.331, P-value=0.000); suggesting that employers with larger businesses in terms of number of employees agreeing more that Saudi workers are more productive than non-Saudi workers.

No association was found between size of business and employers' perceptions on concern among Saudis for social prestige: "*Saudi workers concern with their social prestige*" (Chi-square=8.875; df=16; P-value=0.714); which implies that perceptions on this issue are similar among employers across all sizes of businesses, and no significant correlation was found either as shown in Table 6.9 (correlation coefficient= -0.010, P-value=0.889).

All the above results of correlations between size of business and employers' perceptions on Saudisation-related issues are summarized and depicted in Table 6.9. As Table 6.9 indicates, except for item 5 (Saudi workers concern with their social prestige), positive association was established between size of business by number of employees and employers' perceptions of Saudisation-related issues.

**Table 6.9: Results of Spearman Correlation Test between Size of Businesses by Number of Employees and Employers Perceptions of Saudisation-Related Issues**

Item	Saudisation-related issues	Correlation Coefficient	P-Value
1	My business concerns about family responsibility of Saudi workers	0.338	0.000
2	I think education qualifications of Saudi workers are adequate for my business	0.305	0.000
3	If the qualifications of Saudi workers are adequate I can support employing them	0.435	0.000
4	According to my experience Saudi workers with adequate education have high performance	0.299	0.000
5	Saudi workers concern with their social prestige	-0.010	0.889
6	Saudi workers are ready to accept any job	0.369	0.000
7	Saudi workers are ready to accept vocational (or handcraft) jobs	0.343	0.000
8	I think the Saudi workers have the required experience for my business	0.354	0.000
9	If the experience of Saudi workers is adequate for my business I can support employing them	0.320	0.000
10	Saudi workers with adequate experience have high performance	0.342	0.000
11	Saudi workers are ready to work in any location	0.387	0.000
12	I think the Saudi workers have the required skills for my business	0.381	0.000
13	If the skills of Saudi workers are adequate for my establishment I can support employing them	0.341	0.000
14	According to my experience Saudi workers with adequate skills have high performance	0.285	0.000
15	Saudi workers do not seek to change their jobs	0.311	0.000
16	My business offers stable job and security for Saudi workers	0.261	0.000
17	Productivity of Saudi workers is adequate for my business	0.402	0.000
18	According my experience; Saudi workers are more productive than Non-Saudi workers	0.331	0.000

### 6.3.2 The Association between Perceptions of Government's Policies to Ensure Saudisation and Size of Business by Number of Employees

The results of cross tabulation in Table 6.10 demonstrates significant association rules or policies: "My establishment has few rules of social responsibility regarding Saudisation" (Chi-square=54.875; df=16; P-value=0.000); with 45.1% of employers with 1-25 employees, 79.5% with 26-50 employees, 100% with 51-75 employees, 77.8% with 76-100 employees, and 90.8% with more than 100 employees, agree that their establishments have few of such rules. Significant positive correlation between this perception item and size of business was found as shown in Table 6.12 (correlation coefficient= 0.381, P-value=0.000); suggesting more agreement with this statement among employers with larger businesses in terms of number of employees (more than 25).

**Table 6.10: Cross-Tabulation Results on Association between Employers Perceptions on Having Saudisation-Related Social Responsibility Rules and Size of their Business by Number of Employees**

Number of employees per business		My establishment has few rules of social responsibility regarding Saudisation					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
1-25 employees	Coun	5	34	17	12	3	71
	%	7.0%	47.9%	23.9%	16.9%	4.2%	100
26-50 employees	Coun	0	8	16	12	3	39
	%	0.0%	20.5%	41.0%	30.8%	7.7%	100
51-75 employees	Coun	0	0	5	6	1	12
	%	0.0%	0.0%	41.7%	50.0%	8.3%	100
76-100 employees	Coun	0	6	15	4	2	27
	%	0.0%	22.2%	55.6%	14.8%	7.4%	100
more than 100 employees	Coun	1	5	23	26	10	65
	%	1.5%	7.7%	35.4%	40.0%	15.4%	100
Total	Coun	6	53	76	60	19	214
	%	2.8%	24.8%	35.5%	28.0%	8.9%	100

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	54.875	16	0.000

Results of cross-tabulation in Table 6.11 show significant association between business size and employers perceptions on the proposed policy of joining social security system: "My business needs to join to system of social security" (Chi-square=71.741; df=16; P-value=0.000); with 49.3% of employers with 1-25

employees, 87.1% with 26-50 employees, 100% with 51-75 employees, 96.3% with 76-100 employees, and 89.3% with more than 100 employees, agree that they need to do so. Significant positive correlation between this perception and size of business was found as shown in Table 6.12 (correlation coefficient= 0.415, P-value=0.000); suggesting more agreement on joining such system among employers with larger number of employees (more than 25).

**Table 6.11: Cross-Tabulation Results on Association between Employers Perceptions on Joining Social Security System to Ensure Saudisation and Size of their Business in by Number of Employees**

Number of employees per company		My business needs to join to system of social security					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
1-25 employees	Count	7	29	7	20	8	71
	%	9.9%	40.8%	9.9%	28.2%	11.3%	100%
26-50 employees	Count	1	4	2	17	15	39
	%	2.6%	10.3%	5.1%	43.6%	38.5%	100%
51-75 employees	Count	0	0	3	6	2	11
	%	0.0%	0.0%	27.3%	54.5%	18.2%	100%
76-100 employees	Count	1	0	2	18	6	27
	%	3.7%	0.0%	7.4%	66.7%	22.2%	100%
more than 100	Count	1	6	6	19	33	65
	%	1.5%	9.2%	9.2%	29.2%	50.8%	100%
Total	Count	10	39	20	80	64	213
	%	4.7%	18.3%	9.4%	37.6%	30.0%	100%

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	71.741	16	0.000

Significant association was found between business size and employers' perceptions on the remaining issues. These are, on their awareness of Saudisation legislations: "There are some government legislations regarding Saudisation" (Chi-square=27.449; df=12; P-value=0.037); with 87.3% of employers with 1-25 employees, 94.7% with 26-50 employees, 83.3% with 51-75 employees, 96.3% with 76-100 employees, and 90.8% with more than 100 employees agreeing, but no significant correlation was found as shown in Table 6.12 (correlation coefficient = -0.083, P-value=0.227). Also, on the proposed minimum wage policy: "The legislations of minimum-wage is so important for enhancing Saudisation" (Chi-square=63.489; df=16; P-value=0.000); with 64.8% of employers with 1-25 employees, 92.3% with 26-50 employees, 100% with 51-75 employees, 96.2% with 76-100 employees and 95.4% with more than 100 employees agreeing, that such

policy is very important for enhancing Saudisation. Significant positive correlation was found as shown in Table 6.12 (correlation coefficient= 0.233, P-value=0.001); suggesting more agreement among employers with larger businesses in terms of number of employees (more than 25).

Significant association was also found relating to awareness of Saudisation-related social responsibility: "*My establishment is aware of its social responsibility regarding enhancing Saudisation*" (Chi-square=58.235; df=16; P-value=0.000); with 47.9% of employers with 1-25 employees, 82.1% with 26-50 employees, 100% with 51-75 employees, 88.9% with 76-100 employees, and 89.2% with more than 100 employees, believe they are aware of such responsibility. Significant positive correlation was found as shown in Table 6.12 (correlation coefficient= 0.410, P-value=0.000); suggesting employers with larger businesses in terms of number of employees being especially or more aware of such responsibility (more than 25 employees). Association was also found relating to fulfilling Saudisation-related social responsibility: "*My establishment implemented social responsibility regarding Saudisation*" (Chi-square=55.263; df=16; P-value=0.000); with 45% of employers with 1-25 employees, 76.9% with 26-50 employees, 91.7% with 51-75 employees, 81.5% with 76-100 employees and 87.6% with more than 100 employees, believing they have done so. Significant positive correlation was found between this perception and business size as shown in Table 6.12 (correlation coefficient= 0.321, P-value=0.000); suggesting employers with larger businesses in terms of number of employees agreeing more that they have fulfilled such responsibility (more than 25 employees).

However, no significant association was found between business size and employers' perception on the adequacy of current Saudisation legislations: "*These legislations are sufficient for Saudisation*", (Chi-square=19.024; df=12; P-value=0.267); and no significant correlation found either (correlation coefficient= 0.126, P-value=0.066) as shown in Table 6.12.

All the above results of correlations between size of business and employers' perceptions on government's policies to ensure Saudisation are summarised in Table 6.12 through Spearman correlation results. As Table 6.12 shows, except for items 1 and 2 (*There are some government legislations regarding Saudisation*); there is a

positive association between size of business by number of employees and employers' perceptions of government's policies to ensure Saudisation.

**Table 6.12: Results of Spearman Correlation Test between Size of Businesses by Number of Employees and Employers Perceptions of Government's Policies to Ensure Saudisation**

Item	Policies to ensure Saudisation	Correlation Coefficient	P-Value
1	There are some government legislations regarding Saudisation	-0.083	0.227
2	These legislations are sufficient for Saudisation	0.126	0.066
3	The legislations of minimum-wage is so important for enhancing Saudisation	0.233	0.001
4	My establishment is aware of its social responsibility regarding enhancing Saudisation	0.410	0.000
5	My establishment has few rules of social responsibility regarding Saudisation	0.381	0.000
6	My establishment implemented social responsibility regarding Saudisation	0.321	0.000
7	My business needs to join to system of social security	0.415	0.000

### **6.3.3 The Association between Perceptions of Initiatives to Enhance Saudisation and Size of Business by Number of Employees**

Cross-tabulation results in Table 6.13 show that at the 5% level of significance, there is an association between company size by number of employees and employers' perceptions on initiative of government to support the private sector to train Saudis according to its labour needs in order to enhance Saudisation: *"Give support and benefits from the government to the private sector to take responsibility for training the workers they need"* (Chi-square=30.917; df=12; P-value=0.002); with 73.3% of employers with 1-25 employees, 89.7% with 26-50 employees, 91.3% with 51-75 employees, 80.4% with 76-100 employees and 92.3% with more than 100 employees, agreeing on this measure. Significant positive correlation between this perception and business size was found as shown in Table 6.15 (correlation coefficient= 0.251, P-value=0.000); suggesting stronger agreement on this measure among employers with larger businesses in terms of number of employees (more than 25), even though this agreement is high across all sizes of businesses.

**Table 6.13: Cross-Tabulation Results on Association between Employers Perceptions on Initiative to Provide Support for the Private Sector to Train Saudi Workers to Enhance Saudisation and Size of their Business by Number of Employees**

Number of employees per company		Give support and benefits from the government to the private sector to take responsibility for training the workers they need.				Total
		Disagree	Somewhat agree	Agree	Strongly agree	
1-25 employees	Count	5	14	26	26	71
	%	7.0%	19.7%	36.6%	36.6%	100%
26-50 employees	Count	0	4	17	18	39
	%	0.0%	10.3%	43.6%	46.2%	100%
51-75 employees	Count	1	0	4	7	12
	%	8.3%	0.0%	33.3%	58.3%	100%
76-100 employees	Count	0	8	10	9	27
	%	0.0%	29.6%	37.0%	33.3%	100%
more than 100 employees	Count	1	4	15	45	65
	%	1.5%	6.2%	23.1%	69.2%	100%
Total	Count	7	30	72	105	214
	%	3.3%	14.0%	33.6%	49.1%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30.917	12	0.002

Results of cross-tabulation in Table 6.14 show significant association between size of business and perceptions of employers on initiatives to enhance Saudisation by rewarding businesses that achieve high level of Saudisation : "Should give subsidies and benefits to businesses that achieve a high rate of Saudisation" (Chi-square=32.290; df=16; P-value=0.009); with 87.3% of employers with 1-25 employees, 100% with 26-50 employees, 91.7% with 51-75 employees, 92.6% with 76-100 employees, and 93.8% with more than 100 employees, believing that the government should reward such businesses. Significant positive correlation between this perception and company's size was found as shown in Table 6.15 (correlation coefficient= 0.181, P-value=0.008); suggesting stronger agreement on this initiative among employers with large businesses in terms of number of employees (more than 25), even though such agreement is widespread among all businesses.

**Table 6.14: Cross-Tabulation Results on Association between Employers Perceptions on Initiative to Reward Businesses for Achieving High Rate of Saudisation and Size of their Business by Number of Employees**

Number of employees Per company		Should give subsidies and benefits to businesses that achieve a high rate of Saudisation					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
1-25 employees	Count	3	6	10	25	27	71
	%	4.2%	8.5%	14.1%	35.2%	38.0%	100%
26-50 employees	Count	0	0	5	13	21	39
	%	0.0%	0.0%	12.8%	33.3%	53.8%	100%
51-75 employees	Count	0	1	2	3	6	12
	%	0.0%	8.3%	16.7%	25.0%	50.0%	100%
76-100 employees	Count	1	1	8	12	5	27
	%	3.7%	3.7%	29.6%	44.4%	18.5%	100%
more than 100 employees	Count	0	4	3	15	43	65
	%	0.0%	6.2%	4.6%	23.1%	66.2%	100%
Total	Count	4	12	28	68	102	214
	%	1.9%	5.6%	13.1%	31.8%	47.7%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.290	16	0.009

Significant association was found relating to the initiative on raising awareness among Saudis of the importance of work and increasing their employment in the private sector: "Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector" (Chi-square=54.767; df=16; P-value=0.000); with 80.3% of employers with 1-25 employees, 100% with 26-50 employees, 100% with 51-75 employees, 96.3% with 76-100 employees, and 100% with more 100 employees agreeing with this initiative. Significant positive correlation between this perception and size of business was found as shown in Table 6.15 (correlation coefficient= 0.337, P-value=0.000); suggesting stronger agreement with this initiative among employers with larger businesses in terms of number of employees (more than 25), even though such agreement is widespread across all businesses. Association was also found on increasing training of Saudis to meet the labour needs of the private sector: "Should increase the training of Saudis to meet the needs of businesses" (Chi-square=34.849; df=12; P-value=0.000); with 83.1% of employers with 1-25 employees, 92.3% with 26-50 employees, 100% with 51-75 employees, 92.6% with

76-100 employees, and 96.1% with more than 100 employees, agreeing that the government should increase such training. Significant positive correlation between this perception business size was found as shown in Table 6.15 (correlation coefficient= 0.263, P-value=0.000); suggesting stronger agreement among employers of larger businesses in terms of number of employees (more than 25), though such agreement is widespread across all businesses.

Similarly, on initiative to increase communication between the private sector and training centres and universities to address its labour needs: "*Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*" (Chi-square=34.499; df=12; P-value=0.005); with 100% of employers with 1-25 employees, 97.4% with 26-50 employees, 91.7% with 51-75 employees, 96.3% with 76-100 employees, and 98.5% with more 100 employees agreeing with this initiative. Significant positive correlation between this perception and business size was found as shown in Table 6.15 (correlation coefficient= 0.219, P-value=0.001); suggesting stronger agreement among employers with larger businesses, though such agreement spreads across all businesses, including those with 25 employees or less.

Also, on the impact of government's imposed Saudisation on the private sector: "*The private sector is negatively affected by the imposition of Saudisation*" (Chi-square=41.956; df=16; P-value=0.000) with 83.0% of employers with 1-25 employees, 74.3% with 26-50 employees, 50% with 51-75 employees, 66.7% with 76-100 employees, and 53.1% with more than 100 employees, agreeing that the private sector is negatively affected by such Saudisation. Significant negative correlation was found as shown in Table 6.15 (correlation coefficient= -0.321, P-value=0.000); suggesting that employers of large businesses in terms of number of employees do not see the private sector as negatively affected by the imposition of Saudisation. No significant association was found between size of business and perception on initiative to gradually replace foreign workers with Saudis to enhance Saudisation without negative effects: "*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*" (Chi-square=9.361; df=16; P-value=0.898). No significant correlation was found either, as shown in Table 6.15 (correlation coefficient=0.038, P-value=0.579).

The results in this section are all summarized and presented in Table 6.15 as Spearman correlation for size of business and employers' perceptions on initiatives to enhance Saudisation. Table 6.15 depicts that except for item 7 (*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*) Spearman correlation test produced positive correlation between size of business by number of employees and employers' perceptions of initiatives to enhance Saudisation.

**Table 6.15: Results of Spearman Correlation Test between Size of Businesses by Number of Employees and Employers Perceptions of Initiatives to Enhance Saudisation**

Item	Initiatives to enhance Saudisation	Correlation Coefficient	P-Value
1	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.	0.181	0.008
2	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	0.337	0.000
3	Should increase the training of Saudis to meet the needs of businesses.	0.263	0.000
4	Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	0.219	0.001
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	0.251	0.000
6	The private sector is negatively affected by the imposition of Saudisation.	-0.321	0.000
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.	0.038	0.579

## **6.4 THE ASSOCIATION BETWEEN EMPLOYERS PERCEPTIONS AND THEIR LEVEL OF EDUCATION**

The association between the perceptions of employers on a number of Saudisation-related issues (section 3: 18 items); government policies to ensure Saudisation (section 5: 7 items) and initiatives to enhance Saudisation (section 6: 7 items) of their questionnaire and their level of education was tested, and the results are presented in the following sections.

### **6.4.1 The Association between Perceptions of Saudisation-Related Issues and Employers' Level of Education**

Cross-tabulation results in Table 6.16 show significant association between employers' level of education and Saudisation-related issues: on willingness to employ adequately work-experienced Saudis: *"If the experience of Saudi workers is adequate for my business I can*

support employing them" (Chi-square=36.027; df=16; P-value=0.003); with 50% of employers with secondary or less qualification, 65.5% with post secondary diploma, 87.6% with university degrees, 80% with master, and 100% with PhD, showing such willingness.

Significant correlation between this perception and level of education was found as shown in Table 6.17 (correlation coefficient= 0.149, P-value=0.026); suggesting more agreement with this statement among employers with master and PhD qualifications.

**Table 6.16: Cross-Tabulation Results on Association between Employers Perceptions on their Willingness to Employ Saudi Workers with Adequate Work Experience and the Level of their Education**

Education Level/ Qualifications		If the experience of Saudi workers is adequate for my business I can support employing them					Total
		S disagree	Disagree	S.what agree	Agree	S. agree	
Secondary or less	Count	0	4	6	7	3	20
	%	0.0%	20.0%	30.0%	35.0	15.0%	100%
Post Secondary Diploma	Count	0	4	6	9	10	29
	%	0.0%	13.8%	20.7%	31.0	34.5%	100%
University	Count	0	1	12	56	36	105
	%	0.0%	1.0%	11.4%	53.3	34.3%	100%
Master	Count	1	1	10	27	21	60
	%	1.7%	1.7%	16.7%	45.0	35.0%	100%
PhD	Count	0	0	0	7	3	10
	%	0.0%	0.0%	0.0%	70.0	30.0%	100%
Total	Count	1	10	34	106	73	224
	%	0.4%	4.5%	15.2%	47.3	32.6%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.027	16	0.003

Significant association between employers' level of education and their perceptions on the remaining Saudisation-related issues was found: On concern for Saudisation-related social responsibility towards Saudi workers: "*The private sector is concern about family responsibility of Saudi workers*" (Chi-square=39.313; df=16; P-value=0.001); with most employers at all level of education believe they are, especially highly educated (61.9% with secondary or less qualification, 69% with post secondary diploma, 88.5% with university degrees, 84.7% with master, and 60% with PhD); but no significant correlation was found as shown in Table 6.17 (correlation coefficient= 0.094, P-value=0.163). On the adequacy of Saudi workers' qualifications: "*I think education qualifications of Saudi workers are adequate for my business*" (Chi-square = 30.038; df=16; P-value=0.018); with employers, especially highly educated, believing they are (42.9% with secondary or less qualification, 72.4% with post secondary diploma, 70.6% with university degrees, 68.3% with master, and 80% with PhD); but no significant correlation was found as shown in Table 6.17 (correlation coefficient= 0.087, P-value=0.195).

On willingness to employ adequately qualified Saudis: "*If the qualifications of Saudi workers are adequate I can support employing them*" (Chi-square=55.557; df=16; P-value=0.000); with highly educated employers being very willing to do so (81.0% with secondary or less qualification, 79.3% with post secondary diploma, 98.1% with university degrees, 96.7% with master and 100% with PhD degrees); but significant correlation was found as shown in Table 6.17 (correlation coefficient= 0.239, P-value=0.000). On the mobility of Saudi workers for employment: "*Saudi workers are ready to work in any location*" (Chi-square=36.027; df=16; P-value=0.003); with many believing they aren't, especially those at lower level of education (80% with secondary or less qualification, 46.4% with post secondary diploma, 55.8% with university degrees, 47.5% with master, and 50% with PhD degrees); but significant correlation between this perception and level of education was found as shown in Table 6.17 (correlation coefficient= 0.156, P-value=0.020).

Significant association was also found relating to perceptions on willingness to employ adequately skilled Saudis: "*If the skills of Saudi workers are adequate for my establishment I can support employing them*" (Chi-square=36.075; df=16; P-value=0.003); with most employers at all level of education, especially highly educated, being willing to do so (70% with secondary or less qualification, 78.6% with post secondary diploma, 96.2% with university degrees, 98.3% with master degrees, and 100% with PhD); and significant correlation was found as shown in Table 6.17 (correlation coefficient= 0.183, P-value=0.006). On the performance of adequately skilled Saudi workers: "*According to my experience Saudi workers with adequate skills have high performance*" (Chi-square=26.450; df=16; P-value=0.048); with most employers, especially highly educated believing they do (76.2%) with secondary or less qualification, 79.3% with post secondary diploma, 91.3% with university degrees, 90.2% with master degrees, and 100% with PhD); with significant correlation was also found as shown in Table 6.17 (correlation coefficient= 0.202, P-value=0.002). On commitment of Saudi workers to employer or job: "*Saudi workers do not seek to change their jobs*" (Chi-square=26.358; df=16; P-value=0.049); with employers at all levels, especially highly educated, agreeing they don't (42.9% with secondary or less qualification, 48.3% with post secondary diploma, 63.8% with university degrees, 72.1% with master and 60% with PhD); with significant correlation found as shown in Table 6.17 (correlation coefficient= 0.192, P-value=0.004).

Significant association was found relating to offering job security to Saudi workers: "*My business offers stable job and security for Saudi workers*" (Chi-square=33.908; df=16; P-value=0.006); with most employers believe they do, especially highly educated (57.1% with secondary or less qualification, 65.5% with post secondary diploma, 88.3% with university degrees, 73.8% with master and 80% with PhD); but no significant correlation was found as shown in Table 6.17 (correlation coefficient= 0.062, P-value=0.357). On the adequacy of the productivity of Saudi workers: "*Productivity of Saudi workers is adequate for my business*" (Chi-square=33.908; df=16; P-value=0.006); with many employers, especially at highly educated, believing it is adequate (33.3 % with secondary or less qualification, 50% with post secondary diploma, 74% with university degrees, 76.7% with master degrees, and 70% with PhD); and significant positive correlation was found as shown in Table 6.17 (correlation coefficient= 0.251, P-value=0.000).

On the productivity of Saudi workers compared to non-Saudis: "*According my experience; Saudi workers are more productive than Non-Saudi workers*" (Chi-square=30.317; df=16; P-value=0.016); with employers only partially agreeing with this statement at all level of education, but disagreeing at secondary or less level (14.3% with secondary or less qualification, 41.4% with post secondary diploma, 42.9% with university degrees, 57.4% with master and 40% with PhD); and significant positive correlation was found as shown in Table 6.17 (correlation coefficient= 0.225, P-value=0.001).

No association between employers' level of education and perceptions on the remaining following issues were found. These are on performance of adequately educated Saudi workers: "*According to my experience Saudi workers with adequate education have high performance*" (Chi-square=19.750; df=16; P-value=0.232); and significant correlation was found as shown in Table 6.17 (correlation coefficient= 0.0143, P-value=0.033). On concern of Saudis workers for social prestige: "*Saudi workers concern with their social prestige*" (Chi-square=16.731; df=12; P-value=0.160); and no significant correlation was found (correlation coefficient= 0.047, P-value=0.486).

On readiness of Saudi workers to accept any job: "*Saudi workers are ready to accept any job*" (Chi-square=20.967; df=16; P-value=0.180); and no significant correlation was found as shown in Table 6.17 (correlation coefficient= 0.069, P-value=0.300). On readiness of Saudi workers to do any vocational or manual jobs: "*Saudi workers are*

*ready to accept vocational (or handcraft) jobs*" (Chi-square=15.555; df=16; P-value=0.484); and no significant correlation existed as shown in Table 6.17 (correlation coefficient= 0.128, P-value=0.056). On whether Saudi workers had the work experience they require: "*I think the Saudi workers have the required experience for my business*" (Chi-square=26.148; df=16; P-value=0.052); but significant positive correlation was found as shown in Table 6.17 (correlation coefficient= 0.161, P-value=0.016).

On the performance of adequately work-experienced Saudi employees: "*Saudi workers with adequate experience have high performance*" (Chi-square=22.703; df=16; P-value=0.122); but significant positive correlation was found as shown in Table 6.17 (coefficient= 0.207, P-value=0.002). No association was also found on the adequacy of the skills of Saudi workers: "*I think the Saudi workers have the required skills for my business*" (Chi-square=23.956; df=16; P-value=0.090); but significant positive correlation was found as shown in Table 6.17 (correlation coefficient= 0.181, P-value=0.007).

All the above results of correlations between employers' level of education and their perceptions on Saudisation-related issues are presented all together in Table 6.17.

**Table 6.17: Results of Spearman Correlation Test between Employers Level of Education and their Perceptions of Saudisation-Related Issues**

	Saudisation-related issues	Correlation Coefficient	P-value
1.	My business concerns about family responsibility of Saudi workers	0.094	0.163
2.	I think education qualifications of Saudi workers are adequate for my business	0.087	0.195
3.	If the qualifications of Saudi workers are adequate I can support employing them	0.239	0.000
4.	According to my experience Saudi workers with adequate education have high performance	0.143	0.033
5.	Saudi workers concern with their social prestige	0.047	0.486
6.	Saudi workers are ready to accept any job	0.069	0.300
7.	Saudi workers are ready to accept vocational (or handcraft) jobs	0.128	0.056
8.	I think the Saudi workers have the required experience for my business	0.161	0.016
9.	If the experience of Saudi workers is adequate for my business I can support employing them	0.149	0.026
10.	Saudi workers with adequate experience have high performance	0.207	0.002
11.	Saudi workers are ready to work in any location	0.156	0.020
12.	I think the Saudi workers have the required skills for my business	0.181	0.007
13.	If the skills of Saudi workers are adequate for my establishment I can support employing them	0.183	0.006
14.	According to my experience Saudi workers with adequate skills have high performance	0.202	0.002
15.	Saudi workers do not seek to change their jobs	0.192	0.004
16.	My business offers stable job and security for Saudi workers	0.062	0.357
17.	Productivity of Saudi workers is adequate for my business	0.251	0.000
18.	According my experience; Saudi workers are more productive than Non-Saudi workers	0.225	0.001

#### **6.4.2 The Association between Perceptions of Government's Policies to Ensure Saudisation and Employers' Level of Education**

Cross-tabulation results in Table 6.18 show significant association between employers' level of education and their perceptions on government's policies to ensure Saudisation by introducing minimum wage to the private sector: "*The legislations of minimum-wage is so important for enhancing Saudisation*" (Chi-square=29.172; df=16; P-value=0.023); with most of them agreeing on this proposed policy, especially those highly educated (66.7% with secondary or less qualification, 69.0% with post secondary diploma, 91.4% with university degrees, 88.3% with

master and 90% with PhD). Significant positive correlation between this perception and level of education was found as shown in Table 6.19 (correlation coefficient=0.176, P-value=0.008).

**Table 6.18: Cross-Tabulation Results on Association between Employers Perceptions on the Minimum Wage Legislation and the Level of their Education**

Education Level Qualifications		The legislations of minimum-wage is so important for enhancing Saudisation					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Secondary or less	Count	4	3	4	7	3	21
	%	19.0%	14.3%	19.0%	33.3%	14.3%	100%
Post Secondary Diploma	Count	3	6	5	5	10	29
	%	10.3%	20.7%	17.2%	17.2%	34.5%	100%
University	Count	1	8	19	41	36	105
	%	1.0%	7.6%	18.1%	39.0%	34.3%	100%
Master	Count	1	6	8	22	23	60
	%	1.7%	10.0%	13.3%	36.7%	38.3%	100%
PhD	Count	0	1	2	3	4	10
	%	0.0%	10.0%	20.0%	30.0%	40.0%	100%
Total	Count	9	24	38	78	76	225
	%	4.0%	10.7%	16.9%	34.7%	33.8%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.172	16	0.023

Significant association was also found relating the awareness of Saudisation-related social responsibility: "My establishment is aware of its social responsibility regarding enhancing Saudisation" (Chi-square=35.777; df=16; P-value=0.003); with those highly educated employers especially believing that they had this awareness (57.1% with secondary or less qualification, 51.7% with post secondary diploma, 81.0% with university degrees, 82.0% with master, and 70% with PhD); and significant positive correlation between this perception and level of education was found as shown in Table 6.19 (correlation coefficient= 0.211, P-value=0.001).

On having Saudisation-related social responsibility rules: "My establishment has few rules of social responsibility regarding Saudisation" (Chi-square=38.449; df=16; P-value=0.001); with highly educated employers especially agreeing that their establishments had few of such rules (38.1% with secondary or less qualification,

57.7% with post secondary diploma, 81.0% with university degrees, 83.6% with master, and 60.0% with PhD); and significant positive correlation between this perception and level of education was found as shown in Table 6.19 (correlation coefficient= 0.235, P-value=0.000).

On fulfilling Saudisation-related social responsibility: "*My establishment implemented social responsibility regarding Saudisation*" (Chi-square=34.628; df=16; P-value=0.004); with highly educated employers especially believing they have done so (38.1% with secondary or less qualification, 51.7% with post secondary diploma, 78.1% with university degrees, 82.0% with master degrees, and 50.0% with PhD); and significant positive correlation between this perception and level of education was found as shown in Table 6.19 (correlation coefficient= 0.212, P-value=0.001).

On the proposed policy for employers of private sector businesses to join social security system: "*My business needs to join to system of social security*" (Chi-square=34.628; df=16; P-value=0.004); with highly educated employers especially agreeing that they should do so (57.1% with secondary or less qualification, 57.7% with post secondary diploma, 83.8% with university degrees, 85.0% with master degrees, and 80.0% with PhD). Significant positive correlation between this perception and level of education was found as shown in Table 6.19 (correlation coefficient= 0.136, P-value=0.041).

No significant association between level of education and perceptions on the following remaining issues was found: On awareness of Saudisation legislations: "*There are some government legislations regarding Saudisation*" (Chi-square =21.329; df=16; P-value=0.166); but significant negative correlation between this perception and level of education was found as shown in Table 6.19 (correlation coefficient= -0.149, P-value=0.025); suggesting that highly educated employers are not aware of or don't have in their businesses such legislations. On the adequacy of current Saudisation legislations: "*These legislations are sufficient for Saudisation*" (Chi-square=22.902; df=16; P-value=0.116); and no significant correlation between this perception and level of education was found as shown in Table 6.19 (correlation coefficient= 0.001, P-value=0.982).

The results in this section relating to the correlations between employers' level of education and their perceptions of government's policies to ensure Saudisation are shown in Table 6.19 through Spearman correlation scores.

**Table 6.19: Results of Spearman Correlation Test between Employers Level of Education and their Perceptions of Government's Policies to Ensure Saudisation**

Item	Policies to ensure Saudisation	Correlation Coefficient	P-Value
1	There are some government legislations regarding Saudisation	-0.149	0.025
2	These legislations are sufficient for Saudisation	0.001	0.982
3	The legislations of minimum-wage is so important for enhancing Saudisation	0.176	0.008
4	My establishment is aware of its social responsibility regarding enhancing Saudisation	0.211	0.001
5	My establishment has few rules of social responsibility regarding Saudisation	0.235	0.000
6	My establishment implemented social responsibility regarding Saudisation	0.212	0.001
7	My business needs to join to system of social security	0.136	0.041

#### **6.4.3 The Association between Perceptions of Initiatives to Enhance Saudisation and Employers' Level of Education**

Results of cross tabulation in Table 6.20 show significant association between employers' level of education and their perceptions of the Saudisation-enhancing initiative of raising awareness of the importance of work among Saudis and increasing their employment in the private sector: "*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*" (Chi-square = 48.031; df=16; P-value=0.000); with the majority of them at all level of education agreeing with such measure (66.6% of those with secondary or less qualification, 82.7% with post secondary diploma, 98.1% with university degrees, 98.3% with master, and 100% with PhD). Significant positive correlation between this perception and level of education was found as shown in Table 6.21 (correlation coefficient= 0.218, P-value=0.001).

**Table 6.20: Cross-Tabulation Results on Association between Employers Perceptions of Increasing Awareness among Saudis of the Importance of Work and Providing More Jobs for them in the Private Sector and their Level of Education**

Education Level Qualifications	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.					Total	
		Strongly disagree	Disagree	Somewhat agree	Agree		Strongly agree
Secondary or less	Count	3	4	4	6	4	21
	%	14.3%	19.0%	19.0%	28.6%	19.0%	100%
Post Secondary Diploma	Count	1	4	9	5	10	29
	%	3.4%	13.8%	31.0%	17.2%	34.5%	100%
University	Count	0	2	24	36	42	104
	%	0.0%	1.9%	23.1%	34.6%	40.4%	100%
Master	Count	1	0	9	24	26	60
	%	1.7%	0.0%	15.0%	40.0%	43.3%	100%
PhD	Count	0	0	1	6	3	10
	%	0.0%	0.0%	10.0%	60.0%	30.0%	100%
Total	Count	5	10	47	77	85	224
	%	2.2%	4.5%	21.0%	34.4%	37.9%	100%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.031	16	0.000

Association was also found relating to rewarding private sector businesses who achieve high level of Saudisation: "Should give subsidies and benefits to businesses that achieve a high rate of Saudisation" (Chi-square=38.362; df=16; P-value=0.001); with most employers at all levels agreeing with this measure, especially among highly educated (71.4% of those with secondary or less qualification, 89.7% with post secondary diploma, 97.1% with university degrees, 93.4% with master and 100% with PhD); and significant positive correlation between this perception and level of education was found as shown in Table 6.21 (correlation coefficient=0.164, P-value=0.013).

On increasing training of Saudis to meet the labour needs of the private sector: "Should increase the training of Saudis to meet the needs of businesses"(Chi-square=29.654; df=12; P-value=0.003); with the majority of employers at all level of education agreeing with this measure (95.2% of those with secondary or less qualification, 100% with post secondary diploma, 99% with university degrees, 100% with master, and 100% with PhD); and significant positive correlation between this perception and level of education was found as shown in Table 6.21 (correlation coefficient= 0.308, P-value=0.000). On establishing communication between the private sector, training centres and universities

to determine its needs: *"Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector"* (Chi-square=34.368; df=16; P-value=0.005); with the majority of employers at all levels agreeing with this measure (95.2% among those with secondary or less qualification, 100% with post secondary diploma, 100% with university degrees, 95.1% with master and 100% with PhD); and significant positive correlation was found as shown in Table 6.21 (correlation coefficient= 0.230, P-value=0.001).

No association between employers' level of education and their perceptions on the following remaining initiatives to enhance Saudisation was found. On government supporting the private sector to train Saudis according to their labour needs: *"Give support and benefits from the government to the private sector to take responsibility for training the workers they need"* (Chi-square=19.451; df=12; P-value=0.078); but significant positive correlation between this perception and level of education existed as shown in Table 6.21 (correlation coefficient= 0.204, P-value=0.002); suggesting that highly educated employers are more recommending of such measure.

No association was found on perceptions relating to the negative impact of imposed Saudisation on the private sector *"The private sector is negatively affected by the imposition of Saudisation"* (Chi-square=17.420; df=16; P-value=0.359); but significant negative correlation between this perception and level of education was found as shown in Table 6.21 (correlation coefficient= -0.226, P-value=0.001); suggesting less educated employers agreeing with this view more. On gradually replacing expatriates with Saudis with minimum negative affect *"Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects"* (Chi-square=16.407; df=16; P-value=0.425); and no significant correlation was found as shown in Table 6.21 (correlation coefficient= 0.077, P-value=0.251).

The results of the correlation discussed in this section are shown in Table 6.21 with Spearman correlation scores relating to employers' level of education and perceptions of initiatives to enhance Saudisation.

**Table 6.21: Results of Spearman Correlation Test between Employers Level of Education and their Perceptions of Initiatives to Enhance Saudisation**

No.	Initiatives to enhance Saudisation	Correlation Coefficient	P-Value
1	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.	0.164	0.013
2	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	0.218	0.001
3	Should increase the training of Saudis to meet the needs of businesses.	0.308	0.000
4	Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	0.230	0.001
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	0.204	0.002
6	The private sector is negatively affected by the imposition of Saudisation.	-0.226	0.001
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.	0.077	0.251

## **6.5 THE ASSOCIATION BETWEEN EMPLOYERS PERCEPTIONS AND THEIR TENURE IN ORGANISATION**

The association between the perception of employers on Saudisation related to a number of issues (Questionnaire section 3: 18 items); government’s policies to ensure Saudisation (Questionnaire section 5: 7 items) initiatives to enhance Saudisation (Questionnaire section 6: 7 items) of their questionnaire and their tenure in organization was tested, and the results are presented in this section.

### **6.5.1 The Association between Perceptions of Saudisation-Related Issues and Organisational Tenure**

Results of cross tabulation in Table 6.22 show at the 5% level of significance, there is an association between employers’ tenure in organization and their perceptions on the productivity of Saudis compared to non Saudis: "*According my experience; Saudi workers are more productive than Non-Saudi workers*" (Chi-square=23.61; df=12; P-value=0.023); with those with longer tenure believing that Saudis aren’t more productive (42.3% with less than 5 years, 46.9% with 6-10 years, 66.7% with 11-15 years, and 71.9% with more than 15). Significant correlation between this perception and employers’ tenure was found as shown in Table 6.23 (correlation coefficient= -0.285, P-value=0.000).

**Table 6.22: Cross-Tabulation Results on Association between Employers Perceptions of the Productivity of their Saudi Workers Compared to Non Saudis and the Length of their Tenure in Organisation**

Tenure in organisation		According my experience; Saudi workers are more productive than Non-Saudi workers					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Less than 5 years	Count	6	16	18	9	3	52
	%	11.5%	30.8%	34.6%	17.3%	5.8%	100%
6-10 Years	Count	9	22	20	11	4	66
	%	13.6%	33.3%	30.3%	16.7%	6.1%	100%
11-15 Years	Count	17	15	10	6	0	48
	%	35.4%	31.3%	20.8%	12.5%	0.0%	100%
More than 15 years	Count	21	20	11	3	2	57
	%	36.8%	35.1%	19.3%	5.3%	3.5%	100%
Total	Count	53	73	59	29	9	223
	%	23.8%	32.7%	26.5%	13.0%	4.0%	100%

Chi-Square Tests	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.61	12	0.023

Other significant associations relating to perceptions on the following issues were found. On the adequacy of Saudis qualifications: *"I think education qualifications of Saudi workers are adequate for my business"* (Chi-square=32.96; df=12; P-value=0.001); with those employers with longer tenure believing that the qualifications of Saudis aren't adequate (18% with less than 5 years, 18.5% with 6-10 years, 43.8% with 11-15 years, and 50% with more than 15 years). Significant correlation between this perception and tenure was also found as shown in Table 6.23 (correlation coefficient= -0.263, P-value=0.000).

On whether Saudi workers have the required work experience: *"I think the Saudi workers have the required experience for my business"* (Chi-square=22.95; df=12; P-value=0.028); with those with longer tenure believing that such experience doesn't exist among Saudi workers (34.6% among those with less 5 years, 42.2% with 6-10 years, 56.3% with 11-15 years, and 64.9% with more than 15 years). Significant correlation between this perception and tenure was also found as shown in Table 6.23 (correlation coefficient= -0.263, P-value=0.000).

On the mobility of Saudi workers: *"Saudi workers are ready to work in any location"* (Chi-square=33.46; df=12; P-value=0.001); with those with more than 11 years or longer tenure disagreeing on this statement compared with employers in companies with less than 10 years. Significant correlation between this perception and tenure existed as shown in Table 6.23 (correlation coefficient= -0.179, P-value=0.008). On

the adequacy of skills of Saudi workers: "*I think the Saudi workers have the required skills for my business*" (Chi-square=34.50; df=12; P-value=0.001); with those with longer tenure disagreeing with this statement (25% of those with less than 5 years, 36.4% with 6-10 years, 58.4% 11- 15 years, and 67.9% with more than 15 years). Significant correlation between this perception and tenure existed as shown in Table 6.23 (correlation coefficient= -0.304, P-value=0.000).

On willingness to employ adequately skilled Saudis: "*If the skills of Saudi workers are adequate for my establishment I can support employing them*" (Chi-square=21.90; df=12; P-value=0.039); with employers with various tenure being very willing to do so (98% of those with less than 5 years, 93.9% with 6-10 years, 93.7% with 11-15 years, and 85.7% with more than 15 years). No significant correlation was found as shown in Table 6.23 (correlation coefficient=-0.060, P-value=0.379).

Also on the adequacy of the productivity of Saudi workers: "*Productivity of Saudi workers is adequate for my business*" (Chi-square=37.03; df=12; P-value=0.000); with those with less than 10 year tenure agreeing more (78.8% of those with less than 5 years, 84.6% with 6-10 years, 56.2% with 11-15 years, and 49.1% with more than 15 years); and significant correlation between this perception and tenure existed as shown in Table 6.23 (correlation coefficient= -0.298, P-value=0.000).

However, no significant association was found between employers' length of tenure in organization and their perceptions on the following Saudisation-related issues: On willingness to employ Saudis with adequate qualifications: "*If the qualifications of Saudi workers are adequate I can support employing them*" (Chi-square=20.77, df=12, and P-value=0.054); and no significant correlation existed as shown in Table 6.23 (correlation coefficient=-0.101, P-value=0.135). On the performance of adequately educated Saudis: "*According to my experience Saudi workers with adequate education have high performance*" (Chi-square=12.60, df=12, and P-value=0.399); and no significant correlation existed as shown in Table 6.23 (correlation coefficient=-0.097, P-value=0.150). On concern for Saudisation-related social responsibility "*My business concerns about family responsibility of Saudi workers*" (Chi-square=5.68, df=12, and P-value=0.931); and no significant correlation was found as shown in Table 6.23 (correlation coefficient=0.028, P-value=0.683).

On Saudi workers' concern for social prestige "*Saudi workers concern with their social prestige*" (Chi-square=4.51, df=12, and P-value=0.875); and no significant correlation was found as shown in Table 6.23 (correlation coefficient=0.028, P-value=0.674). On readiness of Saudis workers to accept any job: "*Saudi workers are ready to accept any job*" (Chi-square=17.15, df=12, and P-value=0.144); but significant correlation existed as shown in Table 6.23 (correlation coefficient=-0.214, P-value=0.001); suggesting those with longer tenure disagreed with this statement. On readiness of Saudis workers to do vocational or manual jobs: "*Saudi workers are ready to accept vocational (or handcraft) jobs*" (Chi-square=20.84, df=12, and P-value=0.053); but significant correlation was found as shown in Table 6.23 (correlation coefficient=-0.19, P-value=0.005); indicating those with longer tenure disagreeing with this statement.

On willingness to employ Saudi workers with adequate work-experienced: "*If the experience of Saudi workers is adequate for my business I can support employing them*" (Chi-square=13.08, df=12, and P-value=0.363); and no significant correlation existed as shown in Table 6.23 (correlation coefficient=-0.062, P-value=0.358).

No association was found on the performance of adequately work-experienced Saudis: "*Saudi workers with adequate experience have high performance*" (Chi-square=16.69, df=12, and P-value=0.161); but significant correlation existed as shown in Table 6.23 (coefficient=-0.18, P-value=0.007) suggesting those with longer tenure disagreeing with this statement. On the performance of adequately-skilled Saudis: "*According to my experience Saudi workers with adequate skills have high performance*" (Chi-square=9.24, df=12, and P-value=0.682); and no significant correlation existed as shown in Table 6.23 (correlation coefficient=-0.093, P-value=0.165).

On commitment of Saudi workers to employer or job: "*Saudi workers do not seek to change their jobs*" (Chi-square=15.01, df=12, and P-value=0.241); but significant correlation existed (correlation coefficient=-0.206, P-value=0.002); suggesting those with longer tenure disagreeing with this statement. Also, on job security offered to Saudi workers: "*My business offers stable job and security for Saudi workers*" (Chi-square=11.85, df=12, and P-value=0.458); and no significant correlation was found as shown in Table 6.23 (correlation coefficient=-0.087, P-value=0.200).

All of the above results of correlations between employers' tenure in organization and perceptions of Saudisation-related issues are presented in Table 6.23 by listing their Spearman correlation scores.

**Table 6.23: Results of Spearman Correlation Test between Employers Length of Tenure in Organisation and their Perceptions of Saudisation-Related Issues**

No	Saudisation-related issues	Correlation Coefficient	P-value
1	My business concerns about family responsibility of Saudi workers	0.028	0.683
2	I think education qualifications of Saudi workers are adequate for my business	-0.263	0.000
3	If the qualifications of Saudi workers are adequate I can support employing them	-0.101	0.135
4	According to my experience Saudi workers with adequate education have high performance	-0.097	0.150
5	Saudi workers concern with their social prestige	0.028	0.674
6	Saudi workers are ready to accept any job	-0.214	0.001
7	Saudi workers are ready to accept vocational (or handcraft) jobs	-0.190	0.005
8	I think the Saudi workers have the required experience for my business	-0.263	0.000
9	If the experience of Saudi workers is adequate for my business I can support employing them	-0.062	0.358
10	Saudi workers with adequate experience have high performance	-0.180	0.007
11	Saudi workers are ready to work in any location	-0.179	0.008
12	I think the Saudi workers have the required skills for my business	-0.304	0.000
13	If the skills of Saudi workers are adequate for my establishment I can support employing them	-0.060	0.379
14	According to my experience Saudi workers with adequate skills have high performance	-0.093	0.165
15	Saudi workers do not seek to change their jobs	-0.206	0.002
16	My business offers stable job and security for Saudi workers	0.087	0.200
17	Productivity of Saudi workers is adequate for my business	-0.298	0.000
18	According my experience; Saudi workers are more productive than Non-Saudi workers	-0.285	0.000

### 6.5.2 The Association between Perceptions of Government's Policies to Ensure Saudisation and Organisational Tenure

Results of cross-tabulation in Table 6.24 show significant association between length employers' tenure in organisation and their perceptions on the adequacy of government's current Saudisation legislations: "*These legislations are sufficient for Saudisation*" (Chi-square=22.17; df=12; P-value=0.035); with those with longer tenure believing that these legislations aren't sufficient. Significant correlation between this perception and tenure was also found as shown in Table 6.25 (correlation coefficient= -0.133, P-value=0.049).

**Table 6.24: Cross-Tabulation Results on Association between Employers Perceptions of the Adequacy of Government’s Saudisation Legislations and the Length of their Tenure in Organisation**

Company's Tenure		These legislations are sufficient for Saudisation					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Less than 5 years	Count	3	15	16	16	2	52
	%	5.8%	28.8%	30.8%	30.8	3.8%	100%
6-10 Years	Count	2	13	31	18	2	66
	%	3.0%	19.7%	47.0%	27.3	3.0%	100%
11-15 Years	Count	4	19	14	7	3	47
	%	8.5%	40.4%	29.8%	14.9	6.4%	100%
More than 15 years	Count	8	17	19	7	6	57
	%	14.0%	29.8%	33.3%	12.3	10.5%	100%
Total	Count	17	64	80	48	13	222
	%	7.7%	28.8%	36.0%	21.6	5.9%	100%

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.17	12	0.035

Association between tenure of employers and their perceptions on the other policies was found: On the proposed minimum wage policy: *"The legislations of minimum-wage is so important for enhancing Saudisation"* (Chi-square=24.11; df=12; P-value=0.019); with those employers with longer tenure disagreeing. Significant correlation was found as shown in Table 6.25 (correlation coefficient= -0.246, P-value=0.000).

Also on awareness of Saudisation-related social responsibility: *"My establishment is aware of its social responsibility regarding enhancing Saudisation"* (Chi-square=21.18; df=12; P-value=0.047) with those with shorter tenure showing more of such awareness (92.3% among those with less than 5 years, 75.8% with 6-10 years, 68.7% 10-15 years, and 64.9% with more than 15 years); but no significant correlation between this perception and tenure existed as shown in Table 6.25 (correlation coefficient= -0.123, P-value=0.067).

On having Saudisation-related social responsibility rules or policies: *"My establishment has few rules of social responsibility regarding Saudisation"* (Chi-square=21.99; df=12; P-value=0.037); with employers with shorter tenure having less of such roles (80.8% of those with less than 5 years, 74.2% with 6-10 years, 62.9% with 10-15 years, and 66.6% with more than 15 yrs); but no significant correlation between this perception and tenure existed as shown in Table 6.25 (correlation coefficient = -0.069, P-value=0.308).

No associations found relate to awareness of Saudisation legislations: "*There are some government legislations regarding Saudisation*" (Chi-square=15.94, df=12, and P-value=0.193); but no significant correlation existed as shown in Table 6.25 (correlation coefficient=0.035, P-value=0.602).

No associations on fulfilling of Saudisation-related social responsibility: "*My establishment implemented social responsibility regarding Saudisation*" (Chi-square=19.42, df=12, and P-value=0.078); but no significant correlation existed as shown in Table 6.25 (correlation coefficient=-0.067, P-value=0.318). On joining the proposed social security system: "*My business needs to join to system of social security*" (Chi-square=12.17, df=12, and P-value=0.431); but no significant correlation existed as shown in Table 6.25 (correlation coefficient=-0.114 P-value=0.091).

All the above results of correlations between employers' length of tenure in organization and perceptions of policies to ensure Saudisation are presented in Table 6.25 with Spearman correlation scores.

**Table 6.25: Results of Spearman Correlation Test between Employers Length of Tenure in Organisation and their Perceptions of Government's Policies to Ensure Saudisation**

	Policies to ensure Saudisation	Correlation Coefficient	P-value
1.	There are some government legislations regarding Saudisation	0.035	0.602
2.	These legislations are sufficient for Saudisation	-0.133	0.049
3.	The legislations of minimum-wage is so important for enhancing Saudisation	-0.246	0.000
4.	My establishment is aware of its social responsibility regarding enhancing Saudisation	-0.123	0.067
5.	My establishment has few rules of social responsibility regarding Saudisation	-0.069	0.308
6.	My establishment implemented social responsibility regarding Saudisation	-0.067	0.318
7.	My business needs to join to system of social security	-0.114	0.091

### 6.5.3 The Association between Perceptions of Initiatives to Enhance Saudisation and Organisational Tenure

Results of cross tabulation in Table 6.26 show significant association between employers' length of tenure in organisation and their perceptions of the negative impact of government's imposed Saudisation on their private sector: "*The private sector is negatively affected by the imposition of Saudisation*" (Chi-square=30.37; df=12; P-value=0.002); with those with longer tenure believing that their private

sector had been negatively affected by government imposed-Saudisation (67.3% among those with less than 5 working years, 65.7% with 6-10 years, 79.1% with 10 - 15 years, and 91.2% with more than 15 years). Significant positive correlation between this perception and tenure was found as shown in Table 6.27 (correlation coefficient= 0.311, P-value=0.000).

**Table 6.26: Cross-Tabulation Results on Association between Employers Perceptions of the Impact of Imposed Saudisation on their Private Sector Businesses and the Length of their Tenure in Organisation**

Tenure in organisation		The private sector is negatively affected by the imposition of Saudisation.					Total
		Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree	
Less than 5 years	Count	6	11	15	9	11	52
	%	11.5%	21.2%	28.8%	17.3%	21.2%	100%
6-10 Years	Count	5	11	15	23	12	66
	%	7.6%	16.7%	22.7%	34.8%	18.2%	100%
11-15 Years	Count	2	8	6	13	19	48
	%	4.2%	16.7%	12.5%	27.1%	39.6%	100%
More than 15 years	Count	3	2	6	19	27	57
	%	5.3%	3.5%	10.5%	33.3%	47.4%	100%
Total	Count	16	32	42	64	69	223
	%	7.2%	14.3%	18.8%	28.7%	30.9%	100%

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30.37	12	0.002

No association was found between employers' length of tenure in organisation and their perceptions on the following remaining initiatives to enhance Saudisation by rewarding businesses that achieve high rate of Saudisation: "*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.*" (Chi-square=18.27, df=12, and P-value=0.107); and no significant correlation was found either, as shown in Table 6.27 (correlation coefficient=-0.063 P-value=0.346). No association was found on perception to raise awareness of the importance of work and offer more jobs to Saudi in the private sector: "*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*" (Chi-square=6.3, df=12, and P-value=0.177); but significant correlation existed as shown in Table 6.27 (correlation coefficient=-0.141, P-value=0.035); suggesting disagreement with such recommendation among employers with longer tenure. On increasing training of Saudis to meet the need of the private sector: "*Should increase the training of Saudis to meet the needs of businesses*" with company's working years" (Chi-square=5.11, df=9, and P-value=0.824); with no significant

correlation found either as shown in Table 6.27 (correlation coefficient=-0.039 P-value=0.565).

On government supporting the private sector to train Saudis according to their labour needs: *"Give support and benefits from the government to the private sector to take responsibility for training the workers they need"* (Chi-square=7.69, df=9, and P-value=0.565); and no significant correlation was found as shown in Table 6.27 (correlation coefficient=-0.010 P-value=0.877). On establishing communication between the private sector, training centres and universities to determine its needs: *"Should organize communication between the private sector, training centers, institutions and universities to determine the real needs of the private sector"* (Chi-square=16.7, df=12, and P-value=0.160); and no significant correlation was found as shown in Table 6.27 (correlation coefficient=-0.055 P-value=0.410). On implementing gradual approach to Saudisation: *"Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects"* (Chi-square=7.58, df=12, and P-value=0.816); and no significant correlation was found either as shown in Table 6.27 (correlation coefficient=-0.008 P-value=0.900). All the above results of correlations between employers' tenure in organization and perceptions of initiatives to enhance Saudisation are shown in Table 6.27.

**Table 6.27: Results of Spearman Correlation Test between Employers Length of Tenure in Organisation and their Perceptions of Initiatives to Enhance Saudisation**

	Initiatives to enhance Saudisation	Correlation Coefficient	P-value
1	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.	-0.063	0.346
2	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.	-0.141	0.035
3	Should increase the training of Saudis to meet the needs of businesses.	-0.039	0.565
4	Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector.	-0.055	0.410
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.	-0.010	0.877
6	The private sector is negatively affected by the imposition of Saudisation.	0.311	0.000
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.	-0.008	0.903

## **6.6 SUMMARY**

Controlling for demographic and organizational factors relating to employers (type of business, size in terms of number of employees, level of education and length of tenure in organization) the chapter presented the findings on the relationships between these factors and perceptions of employers. Statistically significant associations between employers' perceptions and their demographic and organizational characteristics were found. These associations are supportive of the main findings and inferences made on perceptions and provide further insight into these perceptions, as well as, enrich the overall findings of the research. These findings are discussed in full in the next chapter.

The next chapter discusses the findings presented in chapter 5 and this chapter 6 and derives a conclusion from this discussion.

## **Chapter 7**

### **DISCUSSION OF THE FINDINGS**

#### **7.1 INTRODUCTION**

This chapter discusses the findings of the research presented in Chapters 5 and 6 relating to demographic and organizational data, perceptions of Saudisation among private sector employers, employees and job seekers, and differences in these perceptions. The findings on the relationships between demographic and organizational background of employers and their perceptions on Saudisation are also discussed.

#### **7.2 DEMOGRAPHIC AND ORGANISATIONAL CHARACTERISTICS**

Important inferences can be drawn from the findings relating to demographic and organizational background of employers and employees and job seekers, which are discussed in the following sections. Such inferences are relevant to subsequent findings on perceptions of Saudisation and the implications of the research.

##### **7.2.1 Characteristics of Private Sector Employers**

The findings on the demographic and organizational characteristics of employers in the private sector shown in Table 5.1 revealed that 86.5% of them were Saudi, most of whom were under 36 years old (37.4%) and between 36-45 years old (42.3%). The findings also revealed that only 13.5% of the private businesses surveyed were directed by non-Saudis. The fact that the majority of private sector businesses surveyed are run and owned by Saudis may suggest that the problem of lack of job opportunities for Saudis in the private sector is a Saudi-created one. In other words, the problem lies partly with Saudi employers who are opposed to Saudisation of the private sector, rather than simply to expatriate workers, whom Saudi employers prefer to employ rather than Saudis, for various logical reasons (e.g. skills, mobility, hard work, willingness to accept lower wages, in contrast to Saudi workers).

The relatively young age of the employers (only 20.3% were over 45 years old), their education level (46.5% held a university degree) and short management or business experience (only 21.5% had 11-15 years and 25% had more than 15 years organizational tenure) have important implications.

The university level education of these employers may imply that educational qualification would be an important requirement in their recruitment policies, rather than nationality, and they are likely to be supportive of initiatives that aim to improve the job prospects of Saudis through education (i.e. Saudisation). These include improving links with colleges and universities to participate in the education of Saudis to equip them with the technical and vocational skills needed in the private sector, and which the current Saudi Arabian education system does not provide. In fact, the findings on perceptions discussed later show the importance of qualifications of Saudi workers for employers (e.g. because it impacts productivity) and their support for initiatives to enhance Saudisation, including making links with training centres and universities to establish the needs of the private sector. As regards the short organizational tenure of the employers, this may mean that they may lack management and leadership skills. Therefore, they are likely to benefit from management training workshops run by the Saudi Chamber of Commerce and Industry (SCCI) using training companies from countries such as Britain.

Figures in Table 5.2 show that the majority of employers surveyed from the private sector were in the commercial (40.2%) and services (28.1%) sectors. This suggests the importance of these activities in the private sector as a target for Saudisation, and a need for training for Saudis to develop skills required by these sectors. Since the majority of the employers surveyed employed more than 20 employees, this implies that the majority of employers or businesses in the private sector will be affected by the recent law, which requires any business that employs more than 20 workers to ensure that 20% of their employees are Saudis (Gulf, 2008). The fairly large percentage (28.1%) of businesses employing fewer than 20 people suggests the important role that small businesses play in the activities of the private sector, and the need to direct skills training of Saudis and support towards this sector.

In fact, there are costs attached to implementing Saudisation, which will fall more strongly on small and medium enterprises (Madhi and Barrientos, 2003). The World Bank highlighted the fact that in the MENA region (including Saudi Arabia), while

private sector activity is concentrated in a small number of large firms that have benefited from protective policies, micro enterprises (e.g. small businesses in this study), which account for much of employment, have little access to formal finance, markets or government support programmes (World Bank, 2004).

Results in Table 5.2 also show that a high percentage of non-Saudis employed in the private sector had high level (37.5%) or medium level (35.9%) or skills. These figures underline one of the fundamental reasons that can explain the large-scale employment of foreign workers in the Saudi private sector, and that is the possession of skills that the sector needs, but which are lacking among Saudi workers and job seekers.

### **7.2.2 Characteristics of Private Sector Employees and Saudi Job Seekers**

Table 5.3 shows that 50% of private sector employees and Saudi job seekers were under 25 years of age, and 59.6% of them were single, and those married (40.4%) had 1 (27.4%) to 3 (17.4%) dependents. Almost half of the respondents had a university degree (44.9%), with only 10.9% and 0.8% holding an MA and PhD, respectively, while 26% and 17.4% had secondary and post secondary diplomas, respectively. Table 5.3 also shows that more than half of the employees and job seekers (54.1%) had no work experience, with 10% and 13.7% having between 2-5 and 6-10 work experience, respectively, and only 10.7% had more than 10 years work experience.

Results in Table 5.4 show that more than half of the respondents (59.3%) were unemployed, but seeking jobs at the time of the survey. The remaining 40.7% were employed in the private sector. Among those employed, 88.2% and 11.8% had permanent and temporary jobs (while looking for jobs), respectively. It can be expected that even those respondents with permanent jobs in the private sector would be looking to leave and become job seekers in the future, having joined the private sector only because the public sector is saturated, since the majority of Saudis prefer public sector employment, as the literature and findings from this research show.

Also, research findings cited later show that many Saudi employees in the private sector leave the sector for further reasons, which is the incompatibility of their specialization with the skills required in their jobs. The high percentage of unemployment (59.3%) found in this research is consistent with previous research and suggests that Saudisation continues to fail in improving the employment prospects of Saudi citizens. Table 5.4 also reveals that a large percentage of the private sector

employees and job seekers (69.3%) had a preference for working in the public sector, which is consistent with evidence from the literature.

The study reveals that large percentages of respondents are young (under 25 years 49.3; 25-35 years 38.1), single (59.6%), university graduates (44.9%), school leavers educated to secondary level or less (26%), or having a post-secondary school diploma (17.4%), unemployed (59.3%) and lacking work experience (54.1%). These characteristics seem to be consistent with estimates by the World Bank that unemployment in Middle-East and North Africa (MENA), of which Saudi Arabia is part, is generally concentrated among the young with intermediate level of education (eligible for government employment), and is more limited among workers with low levels of education (generally ineligible for government employment) (World Bank, 2008). In other words, unemployment has proportionally impacted those with higher levels of education, with a considerable higher probability of more than secondary education (World Bank, 2008). The youthfulness of these unemployed school leavers and university graduates in the sample (50% under 25 years old) is also consistent with a previous estimate by the Saudi American Bank that unemployment will be about 15-20% of males between 20-29 years old (Baki, 2004). This youthfulness can be explained by the birth rate in Saudi Arabia, 28.85 births/1,000 population in 2008 (CIA, 2008), which is one of the highest in the world (Mellahi, 2006). As result, the country has young population, with around 60% of the population under the age of 21 (Mellahi and Wood, 2002). This has consequences for unemployment, since the majority of these young people are unemployed.

One reason for the large proportion of school-leavers found among the respondents in this research may be that employment in the public sector is ensured by the government, explicitly or implicitly, for those with secondary and intermediate level of education (World Bank, 2008). Therefore, for some school leavers there is less incentive to pursue further and/or higher education.

This unemployment in the region is to a large extent attributed to high job expectations among job seekers with some formal education, whose qualifications are not highly valued by the private sector (World Bank 2003). The expansion of employment in the public sector to absorb Saudi employees has created overmanning and hidden unemployment, which represent a significant burden on public finance, which has been in deficit every year since 1981, with the sole exception of 1985

(Madhi and Barrientos, 2003). The high proportion of respondents surveyed who were young Saudi university graduates, who are unemployed, is not only a serious waste of potential of Saudi human resources and assets, but also explains why they are single, as they cannot afford to marry. Difficulties these young Saudis face in saving enough money to marry and start a family, due to their diminished income engendered by chronic unemployment, are all issues that can evoke their anger (Murphy, 2003). The high proportion of young unemployed in this research explain why the government is particularly concerned about young Saudis, and equipping them to replace foreign workers (Al-Dosary and Rahman, 2005). The unemployment problem is illustrated by the fact that in 2003, around one half of male Saudis of working age were in employment, compared to 90% of non-Saudis (Madhi and Barrientos, 2003).

Having such a young and educated, but unemployed population, does not only have serious implications for the economy of Saudi Arabia, but more importantly for the social stability and fabric of its Muslim society (e.g. increase in crimes) and family (e.g. immoral behaviour), and underlines just how critical the Saudisation drive is for the country. In particular, the high level of unemployment revealed in this study (59.3%) suggests that the Saudi government's aim to wipe out unemployment within five years, through its Saudisation initiative, which it stated during the sixth Jeddah economic forum (Trade Arabia, 2005) has not been achieved. It also calls into question the government employment strategy at the time, whereby 100% Saudisation was to be pursued by employment of 120,000 Saudis in the private sector every year (Al-Dosary and Rahman, 2005). In fact, the only way the government could alleviate the unemployment problem was to force the public sector to hire Saudis for non-existent jobs (Al-Dosary and Al-Rahman, 2005).

As a result, 65% of the annual budget is earmarked for salaries and that proportion is bound to increase (Raphaeli, 2003). The marriage status of a fairly large percentage of these respondents, and having dependents to look after, may explain the lack of mobility for employment purpose among Saudis, along with ties to families and tribes and regions of birth. This lack of mobility is another reason for the lack of interest among employers, especially in the private sector, in employing Saudis. The lack of work experience among a large number of these employees and job seekers, lack of further or higher qualifications (43.4% were school leavers), and the preference of the majority of them to work in the public sector, explain why expatriates, most of whom

usually have more work experience and higher education (Table 2.2 e.g. males with PhD 767 Saudi vs. 4670 non-Saudi) and are more willing to work in the private sector, are employed in the private sector more than Saudis. Another factor is the rule, enforced approximately the mid 1980s, prohibiting Saudi graduates from working in the private sector, as the government had sponsored their education and in return they had to work in the public sector (Maimani, 1989). This is an example where the Saudisation policy in the private sector is hindered by the Saudi government itself, which is a real paradox.

The above findings support those in previous research, such as on the preference of the majority of young employees and Saudi job seekers for working in the public sector. This is consistent with the findings of a 2003 survey showing that 35% of Saudis did not want their sons to join the private sector and that non-administrative jobs, such as technical jobs, did not appeal to young Saudis or to their parents (Arab News 2004a). In addition, a field study conducted in 1989 showed that 64% of Saudis job seekers preferred to work in the public sector, rather than run their own business (Al-Obaid and Ateiah, 1994). Before the 1980s, Saudis preferred to work with large private firms, but subsequently the relative advantages of working in the public sector, and the greater opportunities there for Saudis, make it preferable to the private sector, which relies heavily on foreign workers (Madhi and Barrientos, 2003). The decline in oil revenues in the 1980s has increased the attractiveness of public sector employment among Saudi nationals (Al-Khouli, 1985).

Public sector employment increased with economic development at an annual rate of 9% over the period 1975-1995, and has grown faster than employment as a whole (Al-Taweel, 1995). In fact, public work was one of the most important occupations in 1992, which along with defence, accounted for around one-half of all Saudi employment; followed by education with 16.8% of all Saudi employment (Madhi and Barrientos, 2003). The attraction for young employees and Saudi job seekers for government sector work can be explained by greater security of tenure, compared to the private sector, as well as more favourable working hours (Saudi Council of Chamber of Commerce and Industry, 1998). A study found that about 66% of Saudi job seekers felt that the split shifts system is a major factor preventing them from accepting job offers in the private sector (Al-Ghaith and Al-Maashouq, 1992). Moreover, the high salaries, promotion, opportunities, working conditions and

training opportunities, which the Saudi government was forced to introduce in the 1980s in order to attract Saudis to the public sector (Madhi and Barrientos, 2003) explain the large-scale preference for this sector among respondents. However, there are other reasons, such as lack of adequate qualifications, skills and expertise in technical and scientific fields, work experience and commitment to employer or job, social prestige, which explain why few Saudis work in the private sector.

The above findings underline the need for raising awareness of the importance of adequate further and higher education for Saudi school leavers in order to secure employment in the private sector, the benefits and importance of work including in the private sector, training Saudis in skills required by the private sector and labour market to increase their employability, and ensuring that their education is linked to such training. The above findings highlight some of the barriers to employment of Saudi in the private sector, as suggested by previous studies. Other barriers can be gleaned from the discussion in the next section on the findings relating to perceptions of Saudisation.

### **7.3 PERCEPTIONS OF SAUDISATION**

The findings on the perceptions of private sector employers and employees and Saudi job seekers on Saudisation-related issues (Tables 5.23 and 5.36), government policies to ensure Saudisation (Tables 5.32 and 5.39) and initiatives on enhancing Saudisation (Tables 5.34 and 5.41) which were presented in Chapter 5 are discussed next.

#### **7.3.1 Private Sector Employers' and Employees' and Job Seekers' Perceptions of Saudisation- Related Issues**

##### **7.3.1.1 Concern for Saudisation-related social responsibility**

The results in Table 5.23 show that while most of the employers (81.2%) agreed that they are concerned with their Saudisation-related social responsibility towards Saudi workers and their families, as indicated by the answers to the following statement: "*My business concerns about family responsibility of Saudi workers*", results in Table 5.36 show that just above half of the private sector employees and job seekers (52.3%) agreed that "*The private sector is concerned about the family responsibilities of Saudi workers*". While the majority of employers expressed concern about their Saudisation-related responsibility towards the families of their Saudi workers, almost

half of the employees and job seekers disagreed. This disagreement between employers and employees and job seekers on this issue underlines the widespread negative perception among Saudis, of the private sector, as an employer and as a sector, which prefers to employ foreign workers rather than Saudis. This argument is supported by the fact that among all those who agreed, 28.7% of employers and 38.5% of employees and job seekers, respectively, only somewhat agreed with this statement. The fact that the private sector continues to employ more foreign workers, while more Saudis are unemployed, and the sector is unhappy about government-imposed Saudisation, calls into question whether most employers in this sector do really care about the welfare of Saudi workers and their families, as they claimed, especially as private sector business, by definition, must put profit making and competitiveness before employee welfare of, if it is to survive.

Also, unemployment figures in Saudi Arabia do not support the claims of employers to have concerns for Saudi workers and their families. Unemployment among Saudis was as high as 32% in 2004, while the economy was dependent on foreign workers (Looney, 2004a), and this trend continues today, especially in the private sector, as suggested by this study, where 59.3% of the respondents were job seekers (i.e. unemployed). In fact, the World Bank indicates that unemployment continues to be widespread across the MENA region, even among oil-exporting Gulf economies (GCC) such as Saudi Arabia, which traditionally had to supplement the national workforce with expatriate labour (World Bank, 2008).

### **7.3.1.2. Adequacy of qualifications, experience, skills and productivity of Saudi workers**

#### **7.3.1.2.1 *Qualifications***

Results in Table 5.23 show that almost three quarter of employers (68%) responded affirmatively to the statement: “*I think education qualifications of Saudi workers are adequate for my business*”, while Table 5.36 showed that most employees and job seekers (77.2%) thought that “*The educational qualifications of Saudi workers are adequate for the needs of the private sector*”. This apparent agreement among employers and employees and job seekers that the qualifications of Saudi workers are adequate can be questioned for two reasons. First, the findings on the demographics of employees and Saudi job seekers surveyed in this research suggest that the Saudi

education system still continues to produce a large number of school leavers (43.4%) and graduates with university degrees (44.9%) and a lower number of holders of MAs (10.9%) and PhDs (0.8), compared to foreign employees in the private sector. However, these qualifications are not suited to the needs of the private sector and therefore create a mismatch. This is because these qualifications are grounded in humanities, literature and other theory-based subjects that are not valued by private sector employers, rather than within scientific and practical and vocational disciplines that would equip Saudi graduates with technical skills that the private sector and Saudi labour market needs.

For example, the findings in Table 5.27 show that IT and vocational skills, which most Saudi school leavers and university graduates are likely to be lacking, are the skills most wanted by the private sector (82% and 55.1%, respectively) along with language skills (58%). Also, a large proportion of those who agreed that the qualifications of Saudi workers are adequate for the private sector, 34.7% and 34.2% of employers and employees and job seekers, respectively, only somewhat agreed. One of the reasons for the dominance of foreign workers in the private sector is that most of them hold more and higher qualifications than Saudis (see Table 8 in chapter 2), and these qualifications are grounded in practical areas of expertise needed in the private sector (e.g. IT). The findings of previous research support the above arguments. That is, the same prevailing attitudes that favour university education over technical or vocational education produce a crowding of university graduates in humanities in Saudi Arabia (Madhi and Barrientos, 2003). In 1995, four fifths of all graduates of Saudi universities had degrees in the humanities, including art, literature, education, sociology, while the remaining fifth were distributed among technical and scientific subjects. Computer science, pharmacy, meteorology, environmental studies, geology and marine science together accounted for just 2% of all graduates (Madhi and Barrientos, 2003).

Economists now, therefore, criticize the education system in Saudi Arabia for its ability to meet the demands of modern industry, as young Saudis undertake the minimum study needed for public sector career (Baki, 2004). Companies that approach employment offices in the Saudi Arabia look for business graduates, engineering and technician - few Saudis hold such qualifications (Viviano, 2003). This mismatch between Saudi job-seekers' qualifications and expectations, and the

needs of the private sector is a major reason for unemployment (World Bank 2003). These statistics and other evidence from discussion in this section challenge the assertion of employers and employees and job seekers that the qualifications of Saudi workers are adequate for the private sector.

#### **7.3.1.2.2 Experience**

Results in Table 5.23 show that just above half of the employers (50.9%) agreed that Saudi workers have the work experience that the private sector requires in their response to the following statement: *“I think the Saudi workers have the required experience for my business”*. Meanwhile, results in Table 5.36 show that over three quarters of employees and job seekers (76.5%) believe that Saudi workers have the experience required by the private sector when they responded to the following statement: *“Saudi workers have the experience required by the private sector”*. Just above half of the employers believe that Saudi workers have the work experience their business requires, with large proportion (37.1%) of them only somewhat agree, which seems consistent with other supportive evidence.

There is a mismatch between the qualifications of Saudi job seekers and the skills required in the private sector, which means they are unlikely to have the skills needed in the first place to work in the sector, and therefore unlikely to have or develop the work experience required based on such skills. Previous research reveals perceived mismatch between required job and study specialization as a major reason for Saudi workers to refuse a job offer in the private sector, or to leave a job (Medina Chamber of Commerce, 1998). Around 54.1% of the employees and job seekers in this research had no work experience at all, while small percentage had work experience (10% had 2-5 years; 13.7% had 6-10 years and 10.7% had more than 10 years).

In contrast to the perceptions of the employers, over three quarters of the employees and job seekers (76.50%) believe Saudi workers have the work experience required in the private sector. However, a large proportion of them (44.8%) only somewhat/partially agreed. Given the negative perception among Saudis that the private sector is anti-Saudisation and/or prefers to employ non-Saudis, and the negative stereotype towards Saudi workers held by employers in the private sector, this contrast in perception (employers vs. employees and job seekers) is to be expected and understandable.

### 7.3.1.2.3 Skills

Results in Table 5.23 show that more than half of the employers (54.5%) agreed that Saudi workers have the skills required by the private sector when they responded to the following question: *“I think the Saudi workers have the required skills for my business”*. However, the results in Table 5.36 show that most of the employees and job seekers (80%) believe that Saudi workers have the skills required to satisfy the needs of businesses in the private sector in response to the following statement: *“Saudi workers have the skills required to satisfy the needs of the private sector”*. More than half of the employers believe that Saudi workers have the skills their business requires, but a large proportion among them (36.5%) only somewhat agree, which seems consistent with supportive evidence in this research and previous studies. Results in Table 5.26 show that 62.8% of employers believe that Saudi workers do not have the skills they or the private sector require. This is in contrast to the demographic profile of the non-Saudi workers employed by these employers, as Table 5.2 shows that they have the skills required (37.5% have high skills; 35.9% medium and 26.5% had a low level of skills). An explanation is that, while higher education remains the preferred option for young Saudis, compared with vocational and technical education, the distribution of students is overwhelmingly towards the humanities related study areas (Madhi and Barrientos, 2003). This suggests that the education and training systems in Saudi Arabia are not fully able to supply the economy with the range and quantity of skilled workers it required and so the skill, as well as qualifications, profile of Saudi nationals does not match the skills required in the private sector, due to the crowding of graduates in certain fields of study and their lack of response to demand conditions in the labour market, as a result of traditional attitudes towards vocational training and manual work (Madhi and Barrientos, 2003). Such attitudes result in a majority of skilled and technical trained Saudis not working in their field of specialization (Medina Chamber of Commerce, 1998).

Saudi Arabia, like the rest of the MENA region, is highly dependent on a large expatriate labour force, reflecting the small (but rapidly growing) size of the domestic workforce, and the limited domestic supply of adequate skills (World Bank, 2008). The above argument and supporting evidence call into question the perception of a high proportion of employees and job seekers (80%) who believe that Saudi workers have the skills required in the private sector, especially as a large proportion of them

(44.9%) only somewhat agreed. It is worth pointing out that such mismatch between qualifications and skills required in the job market can be found even in countries with an advanced education system and industry, such as the UK. A survey by the association of graduate recruiters in the UK found that of the 200 firms surveyed, 56% had concerns about a lack of 'hard skills' like literacy and leadership among UK degree graduates and that employers were less likely to trust degree graduates as 'gold standards' for recruitment (BBC, 2008a). The survey concluded that despite several years of expansionism in education, there is growing demand for high-skilled employees, which is not being met (BBC, 2008a).

#### **7.3.1.2.4 Productivity**

Results in Table 5.23 show that about 67.7% of employers agreed on the adequacy of the productivity of Saudi workers in response to the statement "*Productivity of Saudi workers is adequate for my business*", while results in Table 5.36 show that around 86.9% of employees and job seekers thought that the productivity level of Saudi workers is adequate for the private sector when they responded to the following statement: "*The productivity of Saudi workers is adequate for the private sector*". The large percentage of employers who only somewhat agreed (41.7%), and the large percentage (44.8%) of employees and job seekers who somewhat agreed, suggest that the productivity of Saudi workers is not as adequate as it should be or is claimed here. This is consistent with the previous findings that suggest Saudi workers may not have the required skills.

This inference seems to be supported by the fact that less than half of employers (43.8%) believed that Saudi workers are more productive than non-Saudi workers "*according to my experience, Saudi workers are more productive than non-Saudi workers*", and a large proportion (26.5%) only somewhat agreed (Table 5.23). Also, from the 63% of the employees and job seekers who felt Saudi workers are more productive than non-Saudi workers "*Saudi workers are more productive than non-Saudi workers*", more than half (35.2%) only somewhat agreed (Table 5.36). These high percentages of those who partially agree suggest that large proportion of employers, and especially employees and job seekers, who agreed, had doubts about their claim regarding Saudi workers being more productive than non-Saudis. This is another area where there are differences in extent of agreement and perceptions

between employers and employees and job seekers, which highlights the work rate, work ethics and commitment of non-Saudi workers that lead to private sector employers preferring to employ them rather than Saudis. Saudi workers are reported to demand as much as six times the salary expected by a skilled expatriate worker and to work less hard (The Economist, 1997).

It is useful to view the productivity of Saudis versus non-Saudis in terms of its impact on the output of the private sector. The private sector has been able to expand its share of output to the point that it now accounts for around half of the kingdom's GDP, but this is actually 10% lower than the peak attained in the mid 1980s, and the sector has not shown that it is capable of high rates of sustainable growth, while the public sector share of output has been quite stable since the early 1980s (Looney, 2004a).

### **7.3.1.3 Willingness to employ qualified Saudis**

#### **7.3.1.3.1 Qualifications**

Results in Table 5.23 show that the majority of employers (93.8%) expressed willingness to employ Saudis if they had adequate qualifications "*If the qualifications of Saudi workers are adequate I can support employing them*", while results in Table 5.36 show that most of the employees and job seekers (77.9%) also believed that businesses in the private sector would be willing to employ Saudis if their qualifications were adequate "*If the qualifications of Saudi workers are adequate, the private sector will be willing to employ them*".

The fact that the majority of employers and over three quarters of employees and job seekers believe that Saudis would be employed if they had adequate qualifications underlines the importance of equipping Saudi graduates with the type of education and qualifications the private sector and labour market need, and the value employers put on education, especially as 46.5% of employers surveyed in this research were university graduates. These perceptions also suggest that Saudi workers, graduates and job seekers do not have adequate qualifications for the private sector. However, the contrast in perceptions between employers and employees and job seekers on this issue can be gleaned from the fact that 25.8% of employers, and a large proportion of employees and job seekers (43.9%), only somewhat agreed that the private sector would employ Saudis if they had adequate qualifications. Also, the fact that Saudis lack a high level of qualifications (e.g. MAs and PhDs), compared to expatriates,

especially in technical areas that are most required in the private sector; and most job seekers in this study were school leavers (43.4%) and university graduates (44%) may challenge employers' view that they are willing to employ Saudis, as long as they possess appropriate type of qualifications.

In expressing such a view, employers may want to appear pro-Saudisation to alleviate the negative perception held among most Saudis that the private sector is reluctant to employ them. However, there are reasons for not employing them, one of which is lack of qualifications. Moreover, according to findings in previous research and in this study, qualifications alone may not guarantee Saudis job offers in the private sector, because foreign workers are valued for other reasons, such as discipline, commitment to employer or job, skills, fear of authority, being easy to hire and fire compared to Saudis etc. In addition, employers' response was to a hypothetical question, which implies that they would be willing to employ Saudis if they had adequate qualifications, when they know most Saudis workers and university graduates do not have such qualifications, and many job seekers are school leavers, as this study revealed. In other words, the qualifications of Saudis are not the types the private sector requires (Madhi and Barrientos, 2003). In fact, the Saudi education system does not prepare youth for the needs of modern industry, as they pursue the minimal qualification necessary for a public sector job (Baki, 2004).

However, few Saudi graduates are qualified in business, engineering and as technicians-qualities that are sought by private firms in local employment agencies (Viviano, 2003). Low valuation among the private sector of the formal qualifications of Saudi job seekers, who hold high job expectations, has been blamed for much of their unemployment (World Bank 2003). Although evidence reviewed in this research shows that more expatriate workers usually hold higher qualifications than Saudis, and therefore are employed in the private sector more than Saudis, not all expatriates in the country are educated to a high level or qualified to work in the private sector. In fact, the World Bank estimates that 40% of expatriate labour in the Saudi Arabian workforce do not have primary education (i.e. they are either illiterate or can just read and write) (World Bank, 2008). This may explain why the majority of employers here are in fact partially truthful when they express willingness to employ Saudis, if they had adequate and appropriate qualifications, as many expatriates are uneducated.

### 7.3.1.3.2 Experience

Results in Table 5.23 show that the majority of employers (95.1%) expressed willingness to employ Saudis if they had adequate work experience “*If the experience of Saudi workers is adequate for my business I can support employing them*”, while results in Table 5.36 show that most of the employees and job seekers (87.3%) thought that if the work experience of Saudis were adequate, businesses in the private sector would be willing to employ them “*If the experience of Saudi workers is adequate for businesses, the private sector will be willing to employ them*”. While a small proportion among the employers (15.2%) only somewhat agreed, almost half (43.1%) of the employees and job seekers only somewhat agreed. This may suggest that almost half the employees and job seekers, who only somewhat agreed, may have no confidence in private sector employers being willing to employ Saudis, even if they had adequate experience, reflecting the negative perception of the private sector among Saudis. It may also suggest that they doubt whether Saudi workers and job seekers have adequate work experience, despite their agreement. The high proportion of employers who expressed willingness to employ Saudis if they had adequate experience are responding to a hypothetical question, and they know that Saudi workers do not have the work experience required in the private sector.

The reality is, and as evidence from this study and previous research reviewed shows, Saudi graduates and job seekers lack the qualifications and skills required, and therefore are likely to lack the work experience, which is usually built on appropriate skills developed from appropriate qualifications, as 54.1% of employees and job seekers in this research indicated that they did not have any work experience at all. Also, only 54.5% of employers thought Saudi have adequate skills they required, while as can be seen in Table 5.26, 62.8% of the employers thought Saudi workers do not have the skills required in the private sector. In addition, only 50.9% of employers thought Saudi workers had adequate work experience, while only 43.8% believed they are more productive than non-Saudis workers. In other words, it is unlikely that the work experience of Saudi workers will be adequate, and therefore, employers would be unwilling to employ them, as evidence reviewed from this study and previous

research and literature indicates, when their skills and qualifications in the first place are inadequate.

#### **7.3.1.3.3 Skills**

Results in Table 5.23 show that most employers (92.4%) expressed willingness to employ Saudis if they had adequate skills "*if the skills of Saudi workers are adequate for my establishment I can support employing them*", while results in Table 5.36 show that about 85% of employees and job seekers believe that if the skills of Saudi workers were adequate for businesses in private sector, they would be offered employment "*If the skills of Saudi workers are adequate for the private sector, they can be offered work*". Although the majority of employers expressed willingness to employ Saudis if they had adequate skills, their response is to a hypothetical question, and 21.5% of them were only somewhat willing to do so. In addition, the evidence from this research and literature shows that Saudi workers do not have adequate skills, as these employers themselves claim in this study. As the results indicate, only 54.5% of the employers thought Saudi workers have adequate skills and 62.8% in Table 5.26 thought they do not have the skills required in the private sector. As noted previously, lack of skills needed for the job has been identified as a reason for job-seekers not accepting job offers in the private sector, and for employees quitting their jobs (Medina Chamber of Commerce, 1998).

Lack of these skills among Saudis can be traced to the mismatch between the skills needed in the private sector and their education and training systems (Al-Ajaji, 1995). Skills development policy in Saudi Arabia emphasizes knowledge acquisition, rather than knowledge application, and is very heavily skewed towards humanities, and this is reflected in the skills composition and occupational choices of the Saudi labour force. This indeed, suggests that the policy of Saudisation will encounter important constraints (Madhi and Barrientos, 2003). The reality is that the education system in Saudi Arabia is not preparing individuals for the occupational needs of the Kingdom, especially for the private sector, and it is this lack of appropriate occupational education that has created the need for migrant workers in Saudi Arabia (Baki, 2004), compounded by disdain for manual jobs which keeps even skilled and technical trained Saudis from working in their field of specialization (Medina Chamber of Commerce, 1998). In other words, it is unlikely that Saudi workers will have adequate

skills, and so employers would be unwilling to employ them, as evidence reviewed from this study and previous research and literature indicates that their skills and qualifications are inadequate. Although 85% of the employees and job seekers agreed that the private sector would be willing to employ Saudi workers if they had adequate skills, more than half of them (50%) only somewhat agreed. This may suggest lack of confidence in the willingness of the private sector to employ Saudis even if they adequate skills, which underlines the entrenched negative perception towards the private sector. It may also suggest that they are aware that in reality Saudi workers and job seekers like themselves (graduates and school leavers) do not have the technical and other specialized skills required in the private sector, and therefore are unlikely to be employed by the private sector, compared to many qualified expatriates.

### **7.3.1.4 Impact on performance**

#### **7.3.1.4.1 Education**

Results in Table 5.23 show that most employers (85.8%) agreed that Saudi workers with adequate education have high performance in responding to the statement that “*According to my experience Saudi workers with adequate education have high performance*”, while results in Table 5.36 show that the majority of employees and job seekers (92.8%) believed that “*Saudi workers with adequate education have high performance*”.

While this agreement among the majority of employers and employees and job seekers reflects positive perceptions, such perceptions that adequate qualifications lead to Saudis performing to high standards may be undermined by a number of issues. First, of those employers and employees and job seekers who agreed, large percentages (37.1% and 23.8%, respectively) only somewhat agreed that Saudis workers with adequate qualifications have high performance. Second, only 68% of employers thought Saudi workers have adequate qualifications, and 34.7% of them only somewhat agreed, while among 77.2% employees and job seekers who agreed, 34.2% only somewhat agreed that Saudis workers have adequate qualifications. Third, the reviewed evidence from the literature indicates that the Saudi education system has been, and is still, producing graduates with qualifications that do not match those required in the private sector. The same system is also producing large numbers of

school leavers (43.4%) and university graduates (44%); but a lower number of holders of MAs (10.9%) and PhDs (0.8%), compared to foreign employees in the private sector. Fourth, the claim of high performance among Saudis with adequate qualifications is somewhat contradictory to the belief of only 43.8% (less than half) of the same employers that Saudi workers are more productive than non-Saudi workers, while 26.5% of them only somewhat agreed. Nonetheless, these perceptions of employers and employees and job seekers are, to a small extent, reflective of reality. In other words, there will be some Saudi workers with adequate qualifications that perform to high standards in the private sector, but they may be a minority, given the reasons cited above, and the fact that the majority of workers in the private sector are expatriates.

#### **7.3.1.4.2 Experience**

Results in Table 5.23 show that the majority of employers (91.1%) agreed that Saudi workers with adequate experience have high performance “*Saudi workers with adequate experience have high performance*”; while results in Table 5.36 show that the majority of employees and job seekers (97.3%) also agreed. Again, while this agreement among the majority of employers and employees and job seekers reflects positive perceptions, such perceptions that adequately work-experienced Saudis workers perform to high standards may be undermined by a number of issues.

First, of those employers and employees and job seekers who agreed, large percentages (31.1% and 26.5%, respectively) only somewhat agreed that Saudi workers with adequate experience have high performance. Second, just above half of the same employers (50.9%) thought that Saudi workers have the work experience that the private sector requires, and a proportion of them (37.1%) only somewhat agreed, while more than half (44.8%) of the 76.5% of the employees and job seekers who agreed, only somewhat agreed that Saudi workers have the work experience required by the private sector. Third, there is a mismatch between the qualifications of Saudis job seekers and the skills required in the private sector, which means they are unlikely to have the skills needed in the first place to work in the sector, and therefore unlikely to have or develop the work experience required based on such skills. In a study on Saudisation, 26% of job seekers cited perceived mismatch between the skills needed for the job and their study specialization as the main factor leading them to

refuse a job offer in the private sector, while 15% private sector employers cited the same mismatch as the main reason behind Saudi workers quitting their jobs (Medina Chamber of Commerce, 1998). Fourth, around 54.1% of employees and job seekers surveyed in this research had no work experience at all, while a small proportion had work experience (10% had 2-5 years; 13.7% had 6-10 years and 10.7% had more than 10 years). Fifth, this claim of high performance among Saudis with adequate work experience is somewhat contradictory to the belief of only 43.8% (less than half) of the same employers that Saudi workers are more productive than non-Saudi workers, with 26.5% only somewhat agreeing.

Nonetheless, these perceptions of employers and employees and job seekers are, to a small extent, reflective of reality. In other words, there will be some Saudi workers with adequate work experience that perform to high standards in the private sector, but they may be a minority, given the reasons cited above, and the fact that the majority of workers in the private sector are expatriates.

#### **7.3.1.4.3 Skills**

Results in Table 5.23 show that about 88.4% of employers believe that Saudi workers with adequate skills perform to a high level “*According to my experience Saudi workers with adequate skills have high performance*”, while results in Table 5.36 show that the majority of employees and job seekers (96.6%) thought that “*Saudi workers with adequate skills perform well*”. Again, while this agreement among the majority of employers and employees and job seekers reflects positive perceptions, such perceptions that adequately-skilled Saudis workers perform to high standards may be undermined by a number of issues. First, of those employers and employees and job seekers who agreed, large percentages (38.7% and 26.4%, respectively) only somewhat agreed that Saudis workers with adequate skills have high performance. Second, only half of the employers (54.5%) thought Saudi workers have adequate skills, while a large proportion of them (36.5%) only somewhat agreed and 62.8% (Table 5.26) did not think Saudi workers have the skills they require, while more than half (44.9%) of the 80% of employees and job seekers who agreed, only somewhat agreed that Saudi workers have adequate skills. Third, there is mismatch between the qualifications of Saudis job seekers and the skills required in the private sector, as noted previously with reference to a study by Medina Chamber of Commerce (1998).

In fact, a majority of skilled and technical trained Saudis do not work in their field of specialization, because they despise manual work and prefer to work in managerial and office jobs (Medina Chamber of Commerce, 1998). Fourth, this claim of high performance of Saudi workers with adequate skills is somewhat contradictory to the belief of only 43.8% (less than half) of the same employers that Saudi workers are more productive than non-Saudi workers, with 26.5% of them only somewhat agreed. Nonetheless, these perceptions of employers and employees and job seekers are, to a small extent, reflective of reality. In other words, there will be some Saudi workers with adequate skills that perform to high standards in the private sector, but they may be a minority, given the reasons cited above, and the fact that the majority of workers in the private sector are expatriates.

### **7.3.1.5 Reflecting on Saudi workers' concern for social prestige**

Results in Table 5.23 and Table 5.36 show that almost all the employers (99.1%) and employees and job seekers (91.4%) believe that Saudi workers are concerned with their social prestige "*Saudi workers concern with their social prestige*". The fact that the majority of employers and employees and job seekers agreed that Saudis are pre-occupied with their social prestige, and the relatively small proportions of those who somewhat agree (9.4% and 20% respectively), underlines the extent of agreement among employers and employees and job seekers on this issue, and hence the reliability of their perceptions and response. In addition, these findings are consistent with those of previous research that found most Saudis are not prepared to work in certain professions, due to concerns with their social status and stereotypical attitudes. Such concerns are one of the main reasons why the private sector prefers to employ expatriate workers. In Saudi Arabia, the type of work, sector of employment, and social interactions at work have a strong impact on social status and private sector jobs, being often manual, are disdained by Saudis (Mellahi, 2007). Previous research had shown a tendency for Saudi job seekers to prioritize high status work, and occupations with a good reputation, over higher wages (Al-Obaid and Ateiah, 1994). Traditional attitudes towards vocational training and manual work persist among Saudis (Madhi and Barrientos, 2003). In fact, Saudis despise manual work and prefer to work in managerial and office jobs, to the extent that the majority of skilled and technical trained Saudis do not work in their field of specialization (Medina Chamber of Commerce, 1998). Since the Saudisation policy was introduced, Saudis are replacing expatriates in the gold shops and even vegetable markets (The Washington Times, 2004), but this is not

the case in the private sector, where their opportunities are constrained by adequate qualifications, skills and expertise, and in any case they still prefer public sector employment. Until recently, there has been a prevalent belief among young affluent Saudis that they did not have to work, or need not exert themselves because they did not need to strive for promotion. They would go directly from school to an administrative suite (Viviano, 2003).

Baxter (1998) gives several examples of jobs disdained by Saudi school leavers; they do not want to work as salesmen because such work has low social status, they will not take workshop jobs, because of the physical risk, and they feel insulted by low salaries; thus, pride prevents them embarking on desirable carer paths.

### **7.3.1.6. Readiness to accept jobs including vocational**

#### ***7.3.1.6.1 Readiness to accept any job***

Results in Table 5.23 and Table 5.36 show that only 37.8% of the employers and just above half of the employees and job seekers (52.3%) agreed that Saudi workers are ready to accept any job; "*Saudi workers are ready to accept any job*". The unwillingness of Saudi workers to accept any job, including vocational types is consistent with the finding that Saudi workers are concerned with their social prestige. They are also consistent with the findings of previous research. Such as that cited in the previous section, regarding preference for high status work and reputation over higher wage levels (Al-Obaid and Ateiah, 1994). Manual and technical occupations are unpopular with young Saudis compared to white-collar jobs, and they expect higher wage rate than are acceptable to non-Saudis, thereby increasing labour costs and prices, as a downside of the Saudisation drive (Madhi and Barrientos, 2003). The fact that almost half of the employees and job seekers disagreed that Saudi workers are ready to accept any job, while 31.6% of those who agreed, only somewhat agreed and that 62.2% of employers also disagreed, with 28% of those who agreed, only somewhat doing so, underline the similarity in perceptions on this issue and credibility of the response. About 69.3% of employees and job seekers surveyed in this research wanted to work in the public sector.

#### ***7.3.1.6.2 Readiness to accept vocational jobs***

Results in Table 5.23 and Table 5.36 show that 44.6% of employers and 71.7% of employees and job seekers believed that Saudi workers are ready to accept vocational jobs “*Saudi workers are ready to accept vocational (or handcraft) jobs*”. This indicates that there is a serious difference of opinions between the supply and demand sides, when it comes to readiness of Saudi workers to accept vocational jobs.

Less than half of the employers believed that Saudis are ready to accept vocational jobs, and a large percentage of them (27.7%) only somewhat agreed, and from among the 71.7% employees and job seekers who agreed, more than half (44.3%) only somewhat agreed. This is one of the issues where there is contrast in perceptions between employers and employees and job seekers, and also the reliability of the response. Even though most of the employees and job seekers, unlike employers, believe Saudis are ready to accept offers of vocational work, a very large percentage of them (44.3%) only partially think so. The findings here clearly indicate that Saudis are not ready to accept vocational jobs, which can be attributed to their concerns with prestige found in this research. A field study conducted in 1989 showed that about 80% of Saudi job seekers refused manual work (Al-Obaid and Ateiah, 1994). Manual and technical occupations are rejected by young Saudis in favour of white-collar jobs. This may explain the negative stereotype among local Saudi workers towards work in the private sector, which characterise the Saudi labour market (Mellahi, 2007). Such an attitude is one of the main reasons for lack of success of Saudisation in the private sector.

### **7.3.1.7 Mobility of Saudis for work**

Results in Table 5.23 show that less than half the employers (45.7%) believe Saudi workers are mobile for jobs “*Saudi workers are ready to work in any location*”, while results in Table 5.36 show that 58.6% of employees and job seekers believe that Saudi workers are ready to work in any location “*Saudi workers are ready to work in any location*”. These perceptions on the lack of mobility for work among Saudi workers is underlined by the fact that 33.6% and 33.8% of employers and employees and job seekers, respectively, only somewhat agreed that Saudi workers are mobile for work. This lack of mobility for employment among Saudi workers may be partially explained by and attributed to their unwillingness to accept any job or vocational work and concerns with prestige found in this research.

The lack of willingness to re-locate for work among Saudi workers is one of the main reasons the private sector prefers to employ expatriates. Marriage status shown in Table 5.3 (40% of employees and job seekers surveyed were married with 27.4% and 17.4% having 1 and 2-3 dependents, respectively) and ties to families and regions of birth are factors that may explain this lack of mobility among Saudis. At the same time, residence regulations restrict the mobility of foreign employees and ensure attachment to their jobs (Madhi and Barrientos, 2003). They are issued work permits for a specific occupation with specific employer and not allowed to change jobs without the consent of their employer or sponsor (Longva, 1999; Wapler, 2001). Such permits may be time-limited (e.g. for one year) (Mellahi, 2007). The restrictions on the mobility of expatriate workers in Saudi Arabia are detrimental, if the skills of a particular employee can be better used elsewhere. In fact, the lack of mobility of workers in the MENA region (including Saudi Arabia) prevent the best use being made of their skills, and undermines the productivity of the region's workforce as a whole (World Bank, 2008).

#### **7.3.1.8 Commitment of Saudi workers**

Results in Table 5.23 show that about 62% of employers believe that Saudi workers are committed to the employer by not changing job "*Saudi workers do not seek to change their jobs*", while results in Table 5.36 show that 75.3% of employees and job seekers believe that Saudi workers are committed to employer by not being keen to change their jobs "*Saudi workers are not keen to change their jobs*". The perception of only 62% of employers that Saudi workers are committed to job is undermined by the 31% among them who only somewhat agreed. Similarly, the higher percentage of employees and job seekers (75.3%) who perceive Saudi workers to be committed to job is undermined by the fact that more than half among them (36.5%), who only somewhat agreed. In other words, suggestions of commitment of Saudi workers to jobs based on these perceptions ought to be treated with caution for many reasons. First, the majority of Saudis prefer public sector employment (69.3% in this research). A field study conducted in 1989 showed that 64% of Saudi job seekers preferred to work in the public sector rather than run their own business (Al-Obaid and Ateiah, 1994).

Previous surveys have shown that, Saudis find the hours of work and split working day in the private sector unattractive (Saudi Council of Chamber of Commerce and Industry, 1998), and that this is a major factor preventing them from accepting job offers in the private sector (Al-Ghaith and Al-Maashouq, 1992). Pay promotion opportunities, office hours and training opportunities are all more attractive in the public sector than the private sector (Madhi and Barrientos, 2003), so Saudis who accept private sector jobs may do so only temporarily until they secure public sector employment. Also, many Saudi workers in the private sector leave their jobs because the skills needed for jobs in the private sector do not match their specialization, (Medina Chamber of Commerce, 1998). Other evidence regarding low commitment of Saudis in the public sector cast further doubt on perceptions that Saudi workers remain attached to their private sector employer by not changing job. A study found that 69% of civil servants in Saudi Arabia stay away from work without a good reason, while 54% come to work late (Abdul-Ghafour, 2003). In addition, the above perceptions of commitment of Saudi workers to employer or job are challenged by perceptions found in previous research that Saudi employers believe local workers to be less disciplined than their expatriate counterparts (Mellahi, 2003; Mellahi and Wood, 2001), a belief exacerbated by the deeply entrenched negative stereotypes of locals (Mellahi and Wood, 2002). One Saudi manager commented that *"I want to hire Saudis, but why I would hire someone who I know won't show up, won't care and can't be fired"* (The Economist, 2000, p: 47). Nonetheless, any perceived commitment of foreign workers to employer or job is not necessarily out of loyalty, but due to legal restrictions on their mobility. As mentioned before, mobility of foreign employees in Saudi Arabia is severely restricted by residence regulations, so they can not move jobs unless released and sponsored by an employer, or move from the district where their residency was issued, without permission from sponsor and authenticated by the authorities, and can only work in the occupation indicated in their official documentation, all of which restricts mobility and ensures attachment to their jobs (Madhi and Barrientos, 2003).

Holding work permits for specific occupation with specific employer means expatriate workers are prohibited from changing jobs without consent of their employer or sponsor (Longva, 1999; Wapler, 2001). This is why labour turnover and job hopping among foreign workers do not take place (Bhuian and Al-Jabri, 1996;

Mellahi and Wood, 2002). Hence the belief among Saudi private sector managers that expatriate workers are easier to control than local workers is not necessarily correct (Atiyyah, 1996; Lumsden, 1993), or rather, it is external control that may force foreign workers to remain in jobs, rather than commitment to employer or job and this is one of the main reasons for the preference of Saudi employers to employ expatriates, regardless of qualifications and skills. Saudi managers in the private sector are used to a hire and fire culture, and prefer to employ workers who fear authority and work with minimum demands (Bhuiyan et al, 2001). In some private sector firms expatriate workers can easily have their contracts terminated and be sent home at short notice (Atiyyah, 1990).

### **7.3.1.9 Job security in the private sector**

Results in Table 5.23 show that more than three quarters of employers (78.1%) believe that the private sector offers stable work and security for Saudi workers “*My business offers stable job and security for Saudi workers*”, while results in Table 5.36 show that about 39.4% of employees and job seekers believe that the private sector offers stable work and security for Saudi workers “*The private sector offers stable work and security for Saudi workers*”. The claim of a large percentage of employers (78.1%) that their businesses offer job stability and security for Saudi workers is undermined by the large proportion among them (29.9%) who only somewhat/partially agreed. Equally, from among the 39.4% of employees and job seekers who agreed, a large percentage (29%) somewhat agreed that the private sector offers job stability and security for Saudi workers. These low perceptions of job stability and security are undermined by the large percentage among employees and job seekers (69.3%) found in this research who expressed a preference for working in the public sector, where stability and job security are greater.

Public sector workforce regulations include job security guarantees, social security programmes, high wages with generous non-wage benefits (e.g. family allowances), sharp restrictions on firing and other job stabilizing policies (World Bank, 2003). These conditions contrast sharply with the hire and fire culture of the private sector (Bhuiyan et al, 2001). As one Saudi manager commented “*I want to hire Saudis, but why I would hire someone who I know won't show up, won't care and can't be fired*” (The Economist, 2000, P: 47). Saudis cannot be fired, which is one reason why

private sector managers prefer not to employ them. Also, Saudis working in the private sector, and who have become accustomed to highly paid public sector jobs, are either paid more or their private sector employers risk being penalised (Gulf, 2008).

Therefore, the belief among large proportion of employers (78.1%) that they offer job and security for Saudis should be viewed with caution, as it is not borne out by evidence from the sector and the literature. The 29.9% of employers, who only somewhat claim to offer stability and security, suggests that there may be an implicit acknowledgement among employers that such security may not be guaranteed for Saudis in the private sector, after all. At the same time, the claims of security made by such a large proportion of employers (78.1%) may also suggest that job stability and security is guaranteed if the Saudi worker is well qualified and has a high level of skills. This is even though, private sector, by its nature, is prone to job losses and redundancy at any time, especially in a recession period (as present) and therefore, job stability and security should not be expected in this sector.

### **7.3.2 Private Sector Employers' Perceptions of Employment Competencies and Person Specification Required by the Private Sector and Impact of Saudisation**

Section 4 of the employers' questionnaire asked about employment competencies and person specification required by their private sector businesses (skills, education, qualifications and work experience), whether Saudi workers meet such requirements, and what factors affect the productivity of their Saudi workers.

#### **7.3.2.1 Productivity**

As results in Table 5.25 show, from among four factors, two were perceived by employers as having the most effect on the productivity of their Saudi workers. These factors are continuous training, as stated by 70.4% of them, culture of training or self-development, and respect for work and business regulations, as confirmed by 63.7%. The ability of Saudi workers to develop themselves according to the needs of the job was perceived by 48.9% of employers as the third factor and quality of education of Saudi workers as the fourth and final factor as perceived by 38.1%. These findings show the importance of training for Saudis to develop and gain skills needed in the private sector, which are lacking among Saudi workers, as underlined by the findings on perception of the adequacy of the skills of Saudi workers, which revealed that more

than half of the employers (54.5%) thought Saudi workers had adequate skills needed in their private sector businesses require and 62.8% in Table 5.26 did not think so.

The importance of training highlighted here is consistent with the recommendation of 99.1% and 98.6% of employers and employees and job seekers, respectively, to increase the training of Saudis to meet the needs of the private sector to enhance Saudisation. The emphasis on self-development, respect for work and business regulations in the private sector may be underlined by the widespread negative perception among private sector employers of local Saudi labour, as lacking these and other positive qualities, and being accustomed to a less-disciplined public sector way of working. Examples of negative attitudes among Saudi job seekers include refusal of manual work (Al-Obaid and Ateiah, 1994) and technical occupations, in favour of white-collar jobs (Madhi and Barrientos, 2003), and reluctance to work at the wage rates acceptable to non-Saudis, leading to increased labour costs and hence prices (Madhi and Barrientos, 2003); are much expensive to hire (Mellahi and Al-Hinai, 2000) salaries expected by local Saudi workers may be six times those acceptable to a skilled expatriate worker in exchange for less work (The Economist, 1997). Surprisingly, employers view quality of education as the last factor that impacts on productivity. This may reflect their disappointment with the qualifications and education of their Saudi workers, as not meeting the skills and expertise they require in the private sector (only 68% of employers thought the qualifications of their Saudi workers are adequate with a large proportion 34.7% who only somewhat agree). This argument may be underlined by employers citing training (to gain technical and vocational skills) as the most important factor that impacts on productivity. Lack of these skills among Saudis can be attributed to the mismatch between the skills needed in the private sector and the Saudi education and training systems (Al-Ajaji, 1995).

As the findings on perceptions of the productivity of Saudi workers show, only 67.7% of employers thought Saudi workers had adequate productivity, with 41.7% only somewhat agreed, and less than half of them (43.8%) thought that Saudi workers are more productive than non-Saudis workers. These negative perceptions of the productivity of Saudi workers may be partially attributed to the lack of the person specification or qualities that are cited by employers above as having the most impact on productivity of Saudi workers (i.e. professional self-development, respect for work

and regulations, continuous training to gain and update skills in line with the requirements of the job, adequate qualifications).

### **7.3.2.2 Qualifications**

Regarding qualifications, and as the results in Table 5.26 show, most employers (78.3%) consider the level of qualifications of Saudi workers as important because of the impact of qualifications on productivity. These findings are in contrast with those in Table 5.25, which show that quality of education of Saudi workers is considered as the least factor having least impact on productivity of Saudi workers, as perceived by only 38.1% of employers.

Table 5.26 show that the qualifications most required by these private sector employers range from Bachelor degree (39%); to post secondary school diploma (37.3%), and postgraduate degree (Master 5.6% and 0.6% PhD). Most of the employees and job seekers in this study held Bachelor degrees (44.9%) and 17.4% had a post-secondary diploma, which are the most required qualifications by employers, but still, 59.3% of them were unemployed. This may suggest that these degrees and diplomas do not matching the skills requirements in the private sector. Only 68% of employers thought Saudi workers had adequate qualifications, and a proportion of them (34.7%) only somewhat agreed. This supports the suggestion that the qualifications profile of Saudi nationals does not match the qualifications required in the private sector made by Madhi and Barrientos (2003), and the claims of the economists that the education system in Saudi Arabia does not meet the demands of modern industry, as young Saudis obtain the minimum qualification needed for a public sector career (Baki, 2004). The emphasis on Master and PhD as least required by employers may suggest that these qualifications are only required in certain jobs and by a small number of businesses. It may also be because only a small number of Saudis have these qualifications, compared to non-Saudis as Table 2.2 in chapter 2 shows, and highly qualified workers (PhDs) may also be expensive to employ.

It may also suggest that some employers in the private sector may perceive higher degrees (MA, PhD) as being theoretical qualifications that do not match their needs for technical and vocational skills; hence their emphasis on post-secondary diploma and bachelor degrees as most required, because these qualifications may be more appropriate in terms of the skills that holders may have and which they require. In

other words, these findings suggest that employers seem concerned with the level and quality of qualifications because of their impact on productivity. Nonetheless, other findings in Table 5.26 suggest that private sector employers are much more concerned with the adequacy of the skills of their workers (62.8% of employers in Table 5.26 thought Saudi workers do not have adequate skills for their private sector); as further suggested by their emphasis (70.4%) on self-development and continuous training, as the most important factor that impact productivity. Nonetheless, these findings underline the value the private sector puts on both the quality and level of education and qualifications, because of their impact on productivity, which in turn impacts the bottom line.

### **7.3.2.3 Skills**

Results in Table 5.27 show the type of skills most required by private sector employers. The most required skill is information technology, as mentioned by 82% of employers, followed by language skills (58%) and then vocational skills (55.1%). These are the skills that seem most lacking among Saudis (62.8% of employers think Saudis do not have skills needed in their private sector) but held by foreign workers (37.5% of foreign workers in this study had high skills, 35.9% medium skills and 26.5% low-level skills). As noted in relation to perceptions of the adequacy of the skills of Saudi workers in the previous section, only half of employers (54.5%) thought Saudi workers had adequate skills, with large proportion of them (36.5%), only somewhat agreed. The shortage of these and other technical, scientific and business and management skills, which the private sector requires among Saudi workers (and also graduates and job seekers), explains why only a small percentage of Saudis are employed in the private sector, compared to expatriates, who do possess such skills and the lack of success Saudisation in the private sector. This may be due to lack of congruence between the skills needed in the private sector and Saudi education and training system (Al-Ajaji, 1995), and the tendency of students to be concentrated in the humanities (Madhi and Barrientos, 2003). This results in a shortfall in qualifications for the occupational needs of the economy, especially the private sector (Baki, 2004). In contrast, few Saudis are business graduates, engineering and technicians-qualities that are sought by private firms in local employment agencies (Viviano, 2003). Mapping out a different set of attractive career prospects for young Saudis compatible with the needs of modern industrial economy, under its skills development policy, has been difficult thing for the Saudi government

to achieve (Madhi and Barrientos, 2003). In other words, the type of skills cited above by employers as the most required in the private sector are not being developed among Saudi workers, graduates and job seekers, or met by education and training systems.

#### **7.3.2.4 Work experience**

Results in Table 5.28 show that the majority of employers (81.3%) believe that the work experience of Saudi workers is important to suit their private sector businesses needs. These findings are consistent with the findings on their perceptions of the adequacy of the work experience of their Saudi workers shown in the previous section, and make the finding regarding the low level of work experience among participants in this study of particular concern. Also, more than half of the employees and job seekers in this research (54.1%) had no work experience at all, while 10% had 2-5 years of work experience, 13.7% had 6-10 years and only 10% had more than 10 years. Also, experience is built on adequate skills, and results in Table 5.26 show that 62.8% of employers thought that Saudi workers lack the skills their private sector requires. Results in Table 5.29 show the types of work experience required by employers in the private sector. Vocational-related work experience was cited by 84% as the most sought after, followed by management (46.3%), technology (38.3%) and secretary and office management (25.7%). Again these areas of expertise seem lacking among Saudi workers, graduates and job seekers, compared to expatriate workers, as evidence cited from previous research suggests; and hence the recommendation of 99.1% of employers and 98.6% of employees and job seekers, respectively, to increase training for Saudis to enhance Saudisation, and the citing of continuous training by employers as the most important factor that impacts the productivity of their Saudi workers.

Although preference for higher education is still high among young Saudis, rather than vocational and technical education, the overwhelming majority study humanities (Madhi and Barrientos, 2003). The occupational needs of the economy, especially the private sector, are not being addressed by the Saudi education system (Baki, 2004). In fact, large numbers of skilled and technical trained Saudis are employed in jobs they are not specialist in, due to their rejection of manual jobs and preference for working in managerial and office jobs (Medina Chamber of Commerce, 1998).

### 7.3.2.5 Impact of Saudisation

Section 4 of the employers' questionnaire also asked about their perceptions of the impact of Saudisation on their private sector businesses and on the Saudi economy. According to their responses shown in Table 5.30, about 62% of the employers believe that their businesses will suffer, as skilled foreign workers will leave, especially when full Saudisation is achieved. This perception is consistent with employers' belief (78.4%) that their businesses have been negatively affected by government-imposed Saudisation. Only about 21.3% of employers thought that their businesses will not be affected by complete Saudisation, as there will still be enough skilled workers, while almost 17% believed there will not be any change. Results on the perceptions of employers on the expected impact of Saudisation on the Saudi economy in Table 5.31 show that about 56.6% of them thought that the Saudi economy will lose skilled foreign labour, especially on full Saudisation. These findings underline the high dependence of the private sector on foreign skilled workers, rather than on Saudis, and the importance of Saudisation and a gradual approach to replacing expatriates by Saudis to lessen the impact on the private sector and Saudi economy. The negative impact of Saudisation perceived by employers is consistent with the views of economists and experts. Saudisation has been reported to cause disturbances with some sections like transport, anticipating catastrophe (Middle East North Africa Financial Network, 2003). It has also been criticized for reducing competitiveness among regional businesses in terms of a business friendly environment and decreasing direct foreign investment (Al-Dosary and Rahman, 2005). To address this latter issue, the government has reduced the tax on foreign investors from 45% to 20% (Al-Khaleej Times, 2004). Results in Table 5.31 also show that about 28.1% of employers thought that Saudi unemployment will decrease, as more job opportunities for Saudis would become available, especially once complete Saudisation is achieved, and about 15.4% thought there will not be any change. To implement Saudisation, the government issued a ministerial decree in 1995 instructing private firms employing 20 workers or above to reduce their non-Saudi labour force annually by at least 5%, and to increase their employment of Saudi workers accordingly, and identified some posts to be filled by Saudi nationals only (Madhi and Barrientos, 2003). These measures may explain the departing of a number

of illegal migrant workers in Medina in 1995, which was responsible for steep decline in income (Madhi and Barrientos, 2003).

Section 2 of the private sector employees and job seekers questionnaire also asked for their perceptions on the expected impact of Saudisation on their employment prospects. Results in Table 5.38 show that more than two thirds of employees and job seekers (67.1%) believe that Saudisation will create job opportunities for them. Employees' and job seekers' perception that Saudisation will have a positive impact on their unemployment situation, by making more jobs available for them, is in contrast with the negative impact perceived by employers, but consistent with the predictions of previous research. It is predicted that once Saudisation takes its toll on guest workers and frees up more jobs for Saudis in the private sector, job opportunities for Saudis will increase (Baki, 2004). Even a partial implementation of Saudisation should have a positive impact on career development for Saudis, by restricting opportunities for non-Saudis and undermining the sustainability of differentials (e.g. wages) between Saudis and non-Saudis (Madhi and Barrientos, 2003). However, this prediction has so far not become reality, and in fact, there seems to be still more reliance on foreign workers in the private sector while unemployment is still high among Saudis, especially the young, as statistics in this study suggests. In fact, more than 100,000 Saudis males entering the workforce annually, the private sector can accommodate only one out of three (The Economist, 2000). It had the Saudi economy grown at the estimated 6% enough jobs for Saudi males entering the labour market, would have been created, but the reality fell far short of expectation with growth of 2.0% (Budhwar and Yaw, 2001). Therefore, it is not surprising that 27.3% of employees and job seekers as shown in Table 5.38 believe that Saudisation will not change their current unemployment status, while 5.6% thought that Saudisation will have no positive effect on their current unemployment status, as they do not have the necessary skills to secure a job in the private sector and labour market. This admission of lack of skills further supports the assertion by 62.8% of employers in Table 5.26 that Saudis do not have the skills they need (e.g. IT, language). It also supports the assertion that the Saudi education system is not preparing Saudis for the occupational needs of the economy, especially the private sector (Baki, 2004).

### 7.3.2.6 Mean ranking of statements

According to the mean ranking of the 18 statements on Saudisation-related issues in Table 5.24, the three most important and most agreed with statements among employers relate to their perceptions of social prestige among Saudi workers: “*Saudi workers concern for social prestige*”; willingness to employ Saudi workers with adequate experience “*if the experience of Saudi workers is adequate for my business I can support employing them*”, and willingness to employ Saudi workers with adequate qualifications “*if the qualifications of Saudi workers are adequate I can support employing them*”. The three least important and least agreed with statements among employers relate to readiness of Saudi workers to accept any jobs “*Saudi workers are ready to accept any job*”; the productivity of Saudi workers being higher than non-Saudi workers “*according to my experience, Saudi workers are more productive than non-Saudi workers*”, and readiness of Saudi workers to accept vocational jobs “*Saudi workers are ready to accept vocational (or handicraft) jobs*”.

The above ranking is supportive of and consistent with the inferences and arguments made in the previous discussion of the findings on the perceptions of employers related to these statements; and with evidence cited from the literature. These perceptions are: Saudi workers being concerned with social prestige, willingness of private sector employers to employ Saudi workers with adequate qualifications and experience (which suggest lack of such prerequisites among Saudis rather employers being anti-Saudisation); unreadiness of Saudi workers to accept any jobs; their being less productive than non-Saudi workers; and unreadiness to accept vocational or handicraft jobs.

According to the mean ranking of the 18 statements on Saudisation-related issues in Table 5.37, the three most important and most agreed with statements for employees and job seekers relate to their perceptions of social prestige among Saudi workers “*Saudi workers concern with their social prestige*”; adequately experienced Saudi workers being high performers “*Saudi workers with adequate experience have high performance*” (both statements are joint first as the most important with identical Mean score 3.9); that adequately skilled Saudi workers perform well “*Saudi workers with adequate skills perform well*”; and that adequately educated Saudi workers are high performers “*Saudi workers with adequate education have high performance*”. The three least important and least agreed with statements relate to perceptions that

the private sector offers job stability and security “*The private sector offers stable work and security for Saudi workers*”; that the private sector is concerned with Saudisation-related social responsibility “*The private sector is concerned about the family responsibilities of Saudi workers*”; and unreadiness of Saudi workers to accept any job “*Saudi workers are ready to accept any job*”.

The above ranking is supportive of and consistent with the inferences and arguments made in the previous discussion of the findings on the perceptions of employees and job seekers related to these statements and with evidence cited from the literature. These perceptions are: Saudi workers being concerned with social prestige (this statement is also the most agreed with and important among employers); Saudi workers with adequate experience and skills are high performers (which reflects biased views in favour of Saudi workers since this claim is not supported by findings from this research); unreadiness of Saudi workers to accept any job (a similar perception was held among employers, which supports the trustworthiness of this perception); lack of concern among private sector employers for Saudisation-related social responsibility for Saudi families and workers; and lack of job security and stability in the private sector (supported by evidence in the discussion on perceptions relating to these statements).

### **7.3.3 Employers’, Employees’ and Job Seekers’ Perceptions on Government’s Policies to Ensure Saudisation**

#### **7.3.3.1 Awareness of Saudisation legislation**

Results in Table 5.32 show that almost all employers (90.7%) agree that they are aware of the government’s Saudisation legislations “*There are some government legislations regarding Saudisation*”, while results in Table 5.39 show that most of the employees and job seekers (88.3%) expressed awareness of Saudisation-related government legislations “*Government legislations exist regarding Saudisation*”. It is expected that the majority of employers would be aware of Saudisation legislation as the findings here show, given that this legislation is imposed on them, such as the requirement that a quota of 20% (previously 30%) of their workforce must be Saudi nationals (Gulf, 2008).

Saudisation is defined as a development strategy that seeks to replace foreign workers with Saudis, largely through various employment quota targets (Looney 2004a). They

have to meet regulations on employment of Saudi nationals that must be complied with or face penalties, such as the banning of 127 companies from employing expatriate workers in 2007 after failing to comply with legislations (Gulf, 2008). However, of those employers who agreed with the statement, 21.8% were only somewhat aware of such legislation. This may suggest that some of them may want to appear ignorant about this government-imposed legislation, because they have not complied with it. It is not the awareness of these Saudisation legislations that is important, but implementing and fulfilling Saudisation. There is a reluctance among Saudi employers to embrace changes related to Saudisation, which explains the difficulties Saudisation policy has been facing (Madhi and Barrientos, 2003). A majority of the employees and job seekers were aware of Saudisation legislation, which demonstrates the importance of the issue in the country. However, 25.9% of them were only somewhat aware, which may be attributed to lack of effort from the Saudi government to raise awareness and understanding of the importance of Saudisation across all sections of the Saudi society.

#### **7.3.3.2 Adequacy of current Saudisation legislations**

Results in Table 5.32 show that more than half of the employers (63%) believed that this legislation is sufficient to achieve Saudisation "*These legislations are sufficient for Saudisation*", while results in Table 5.39 show that 61.5% of employees and job seekers thought that these legislations are sufficient for achieving Saudisation "*This legislation is sufficient to achieve Saudisation*". The perceptions among employers and employees and job seekers that Saudisation legislation is sufficient for the private sector is undermined by the large proportion among them (more than half) who only somewhat agreed (35.6% and 34.3%, respectively). These perceptions are inconsistent with evidence that show Saudisation has not made progress in the private sector, which suggests current legislation is inadequate. These perceptions would reflect reality if applied to the public sector. This is because the public sector is the only sector where Saudisation has made clear progress (Al-Dosary and Rahman, 2005). Saudisation policies introduced in the late 1990s are yet to be implemented in full due to the resistance of Saudi employers in absorbing the implications arising from the policies (Madhi and Barrientos, 2003).

Initially, there were no concentrated attempts at implementing Saudisation policies in full, but more recently Saudisation has been given a much higher priority (Madhi and Barrientos, 2003). In early 2000, the Saudi government stepped in to regulate the management of people in the private sector, by enacting comprehensive legislation to increase the participation of locals in the private sector, which has increased the employment of Saudis in this sector (Mellahi, 2007). However, it is only in the public sector that significant progress has been achieved (Al-Dosary and Rahman, 2005). For example, most public institutions succeeded in increasing the percentage of their Saudi labour to 65%, while 500,000 visas were issued to foreign workers in 1995 (Saudi Embassy, 1996). The World Bank estimates that unemployment problem affects virtually every country in the MENA region, even several oil-exporting Gulf economies, including Saudi Arabia, which traditionally had to import expatriate labourers to supplement the national workforce (World Bank, 2008). Human resource management practices have subsequently been adjusted in line with new legal requirements, include achieving 75% Saudisation (Mellahi, 2007). Such achievement is yet to be realized in full, as underlined by evidence of unemployment among Saudis and the employment pattern in the private sector, which is predominantly manned by expatriate workers.

At the same time, the entry of more Saudi nationals to the private sector is increasing recognition of the need for a different approach to managing the private sector is needed (Mellahi, 2007). A good indication of whether Saudisation legislation is sufficient is the percentage of expatriate workers in the labour market. By 2003, expatriate labour in the Gulf countries (GCC), of which Saudi Arabia is part, accounted for about three-fourths of the total workforce (Fasanao and Iqbal, 2003). Thus, a large share of the workforce in Saudi Arabia and Gulf regions in general is still composed of expatriate labour (World Bank, 2008). The evidence available seems to suggest that Saudisation legislation, like similar initiatives (localization) in other Gulf oil-producing countries, are not sufficient or adequate, as it has not achieved the aim of replacing expatriate workers with local labour. On the contrary, these Gulf countries, including Saudi Arabia and others in MENA region, are still dependent on expatriate labour (World Bank, 2008).

### 7.3.3.3 Minimum wage and social security proposed policy

Results in Table 5.32 show that most of the employers (85.4%) believe that the legislations on introducing the minimum wage to the private sector proposed by the government is important for enhancing the Saudisation process “*The legislations of minimum-wage is so important for enhancing Saudisation*”, while results in Table 5.39 show that almost all of the employees and job seekers (95.5%) thought that the proposed legislation of a minimum wage is important for enhancing Saudisation “*The legislation regarding a minimum wage is important to enhance Saudisation*”. Results in Table 5.32 also show that among employers, 77.3% agreed that their businesses need to join the social security system, which is proposed by the government, with the aim of ensuring Saudisation “*My business needs to join system of social security*”, while results in Table 5.39 show that almost all employees and job seekers (97%) believe that the private sector needs to join social security system “*The private sector needs to join the social security system*”. It is not surprising that the majority employees and job seekers support the introduction of a minimum wage and social security practices in the private sector, as means of enhancing and ensuring Saudisation. These are practices that guarantee financial and job security for Saudi workers, these issued being among the main reasons why Saudis prefer to work in the public sector, where the minimum wage and job security are guaranteed, unlike in the private sector.

Public sector workforce regulations include job security guarantees, social security programmes, high wages with generous non-wage benefits (e.g. family allowances), sharp restrictions on firing and other job stabilizing policies (World Bank, 2003). However, given that the private sector is primarily concerned with profit, rather than job security, and is opposed to Saudisation, the support for these practices among employers, especially the minimum wage, is questionable and inconsistent with evidence. Minimum wage legislation, along with restrictions on hiring and dismissing of employees, is widespread in the Gulf and MENA countries, including Saudi Arabia, and has impacted negatively on private sector development and employment creation in these regions (World Bank, 2008). Since Saudis are accustomed to highly paid public sector jobs, private sector employers must pay them more or risk being penalised (Gulf, 2008).

For these reasons, among private sector employers prefer to employing foreign workers, who unlike Saudi workers, do not demand high wages. While support for the private sector joining social security among employees and job seekers is understandable, as Saudis are accustomed to and value such benefits in the public sector, their support for the proposed introduction of the minimum wage in the private sector is also questionable and inconsistent with evidence. In fact, it is the reluctance of Saudi employees to embrace changes related to Saudisation, one of which is to accept lower wages similar to those of non-Saudi employees, that has led the Saudi authority to consider the introduction of a minimum wage policy (Madhi and Barrientos, 2003). Given the reluctance of Saudis to accept the level of wages paid to foreign workers in the private sector, as they are seen as lower than those they receive in the public sector, the unexpected support for the introduction of the minimum wage in the private sector among employees and job seekers may be due to their expectation that the value of such minimum wage will be set at a very high level, consistent with their demand for high wages. They might not show the above support for a minimum wage if it is low. Given the above, it would be difficult to implement these public-sector associated minimum wage and social security policies in the private sector.

These perceptions showing support for the proposed minimum wage and social security initiatives among the majority of employees and job seekers, and especially employers, is either due to response acquiescence or an attempt, from employers, to show that they are willing to co-operate with the government and are open to suggestions on how to make their private sector more attractive to Saudis, rather than Saudisation continuing to be imposed on them by the government.

These perceptions are slightly undermined by the 16.9% of employers, who only somewhat agreed that the minimum wage is important for enhancing Saudisation, and by the 10.2% who only somewhat agreed that their businesses should join the social security system. The corresponding percentages among employees and job seekers who partially agreed on the two policies are 15.3% for the minimum wage and 8.1% for social security. These percentages of those who only somewhat agreed are low, compared to those on perceptions of Saudisation-related issues, which suggest closer agreement in views supporting this legislation or proposals.

### 7.3.3.4 Awareness of Saudisation-related social responsibility

Results in Table 5.32 show that about three quarters of employers (74.7%) expressed their awareness of Saudisation-related social responsibility to enhance the Saudisation process in their businesses “*My establishment is aware of its social responsibility regarding enhancing Saudisation*”. However, results in Table 5.39 show that less than half of the employees and job seekers (48.9%) believed that the private sector is aware of its Saudisation-related social responsibility to enhance the Saudisation process “*The private sector is aware of its social responsibility regarding encouraging Saudisation*”. There is a clear difference in the above perceptions, as less than half of the employees and job seekers believe that the private sector is aware of its responsibility to enhance or encourage Saudisation (i.e. it has not), while a high percentage of the employers believe their businesses have encouraged Saudisation. Among employers who agreed (74.7%) almost half (32.7%) only somewhat agreed, which undermines their claim that their businesses are aware of or have been supporting Saudisation.

Also, among the employees and job seekers who agreed (48.9%), more than half or the majority (35.9%) only somewhat agreed, which suggests that the overwhelming majority of the employees and job seekers do not believe that the private sector has been encouraging or enhancing Saudisation. Available evidence is supportive of the perception of the employees and job seekers that the private sector has not demonstrated its encouragement of Saudisation. Saudisation policies introduced more than a decade ago have not been fully implemented in the full due to the resistance of Saudi employers and employees to address the implications arising from the policies (Madhi and Barrientos, 2003). Despite different Saudisation efforts, laudable progress has been achieved only in the public sector (Al-Dosary and Rahman, 2005) where most institutions raised the percentage of their Saudi labour to 65%, while 500,000 visas were issued for foreign workers in the private sector in 1995 (Saudi Embassy, 1996). The private sector is only producing enough employment for one out of three job seekers, when in fact more than 100,000 Saudis males enter the workforce annually (The Economist, 2000).

Private sector employers have been required to reduce annually their foreign labour force annually and create jobs to absorb a greater proportion of Saudis, but there have been constraints on the implementation of Saudisation, especially in terms of its

impact on the productivity and competitiveness of the economy, as even partial implementation of Saudisation expected to significant impact on employment and career development (Madhi and Barrientos, 2003). Also, unemployment among Saudis has continued to be high and is a major problem in Saudi Arabia, as it is elsewhere in the region (World Bank, 2008), while the private sector is predominantly staffed by foreign labour. The above evidence, and the large proportion of young unemployed Saudi job seekers surveyed in this research, undermines the claim of employers here that they have demonstrated awareness of their responsibility to enhance or have encouraged Saudisation.

### **7.3.3.5 Fulfillment of Saudisation-related social responsibility**

Results in Table 5.32 show that about 73% of employers agreed that they have a few rules of Saudisation-related social responsibility “*My establishment has few rules of social responsibility regarding Saudisation*”. However, results in Table 5.39 show that only 35.3% of employees and job seekers thought that the private sector has a few rules of Saudisation-related social responsibility “*The private sector has few rules of social responsibility regarding Saudisation*”. This is another example where perceptions of employers and employees and job seekers clearly differ. Available evidence undermines the claim of large percentage of employers (73%) that they have Saudisation-related social-responsibility rules, especially as less than half of the employees and job seekers (35.3%) think so. Among the employers who agreed, 34.5% or more than half, only somewhat agreed, and among the employees and job seekers who agreed (35.3%), the majority (30.1%) only somewhat agreed that these rules existed.

Results in Table 5.32 show that 70.7% of employers believed that they have fulfilled their Saudisation-related social responsibility “*My establishment implemented social responsibility regarding Saudisation*”, while results in Table 5.39 show that only a small proportion of employees and job seekers (32.9%) believed that the private sector has fulfilled its Saudisation-related social responsibility “*The private sector has fulfilled its social responsibility regarding Saudisation*”. This is a further example of how perceptions of employers and employees and job seekers differ. Available evidence undermines the claim of a large percentage of employers (70.7%) that they have fulfilled or implemented their Saudisation-related social responsibility,

especially as less than half of the employees and job seekers (32.9%) think so. Among the employers who agreed (70.7%), about half (34.5%) only somewhat agreed, and among the employees and job seekers who agreed (32.9%), the majority (28.1%) only somewhat agreed that the private sector has fulfilled its Saudisation-related social responsibility. Further evidence casts doubts on the claim of employers that they have Saudisation-related social responsibility rules, and that they have fulfilled such responsibility in the private sector. Non-Saudis constitute only around 20% of employees in the public sector, compared to 90% in the private sector (Madhi and Barrientos, 2003).

While the Saudi economy relies heavily on foreign workers, the unemployment rate among Saudis was 8.2% and as high as 32% in 2004 (Looney, 2004a). This high employment of foreign workers in the Saudi economy, especially in the private sector, while large numbers of Saudis are unemployed, continues today. The World Bank estimates that unemployment problem affects virtually every country in the MENA region, even several oil-exporting Gulf economies, including Saudi Arabia, which traditionally had to import expatriates labourers to supplement the national workforce (World Bank, 2008). Despite different Saudisation efforts, laudable progress has been achieved only in the public sector (Al-Dosary and Rahman, 2005), where most institutions raised the percentage of their Saudi labour to 65%, while 500,000 visas were issued for foreign workers in the private sector in 1995 (Saudi Embassy, 1996). The resistance of Saudi employers in absorbing the implications arising from Saudisation policies explains why such policies, introduced in the late 1990s, are yet to be implemented in the full (Madhi and Barrientos, 2003).

More than 100,000 Saudis males enter the workforce annually, but the private sector is only producing enough employment for one out of three job seekers (The Economist, 2000). Resistance to Saudisation legislation in the private sector has led the Saudi government to impose penalties on non-compliant businesses. Therefore, private sector businesses want to appear to have rules on Saudisation and be fulfilling or implementing them, to avoid penalties. This may explain the claim of employers above that they have Saudisation-related rules and have fulfilled their Saudisation-related social responsibility. Their perceptions may also suffer from response acquiescence, as they seem to contradict evidence reviewed above. Proposals put forward for securing compliance with Saudisation are freezing, non-complying firms'

applications to import new foreign workers, or to renew residence permits for existing workers, and refused of government financial support, subsidies and facilities (Madhi and Barrientos, 2003). To avoid such sanctions, private sector businesses may be motivated to give as appearance of compliance with government initiatives, through cynical window-dressing activities, such as, recruiting Saudis to meet the legal quota, without necessarily involving them effectively in the organization (Mellahi, 2007). In other words, private sector organisations conform to the Saudisation quota due to their fear of sanctions, and out of genuine conviction (Mellahi, 2007).

Fines and loss of reputation be the consequence of non-compliance with legislations, as in 2005 when companies found to flout the government's law regarding employment of foreign and Saudi citizens were published on the Ministry of Labour website (Mellahi, 2007). Moreover, in April 2007, 107 non complying companies were banned from employing foreign workers altogether (Gulf, 2008). Saudis' stereotypical attitude towards certain types of work, however, makes it difficult for private sector employers to meet government's Saudisation quota or implement its policies, point made by general manager of a cleaning firm who asserted the difficulty of meeting government targets, due to the shortage of nationals interested in that type of work (Gulf, 2008).

#### **7.3.3.6 Mean ranking of statements**

According to the mean ranking of the 7 statements on government policies to ensure Saudisation in Table 5.33, the three most important and most agreed with statements among employers relate to their perceptions of the importance of the minimum wage legislation; *"The legislations of minimum-wage is so important for enhancing Saudisation"*; their awareness of Saudisation-related legislations *"There are some government legislations regarding Saudisation"*; and the proposal for their private sector to join the social security system; *"My business needs to join to system of social security"*. The three least important and least agreed with statements relate to whether current Saudisation legislation is sufficient *"These legislations are sufficient for Saudisation"*; fulfilment of Saudisation-related social responsibility *"My establishment implemented social responsibility regarding Saudisation"*; and the existence of Saudisation-related social responsibility rules in their business *"My establishment has few rules of social responsibility regarding Saudisation"*. The

above ranking is supportive of and consistent with the inferences and arguments made in the previous discussion of the findings on the perceptions of employers related to these statements, and with evidence cited from the literature. These perceptions are: the importance of the minimum wage being important for enhancing Saudisation and the need for the private sector to join social security (these perceptions are inconsistent with evidence and should be doubted, as discussed previously); and awareness of Saudi legislation (though implementation of Saudisation is not demonstrated, as discussed). Also, Saudisation legislation being insufficient; lack of fulfillment of Saudisation-related social responsibility among employers; and lack of Saudisation-related rules in their businesses.

According to the mean ranking of the 7 statements on government policies to ensure Saudisation in Table 5.40, the three most important and most agreed with statements among employees and job seekers relate to their perceptions of the proposed introduction of social security system to the private sector "*The private sector needs to join the social security system*"; the importance of the minimum wage legislations "*The legislation regarding a minimum wage is important to enhance Saudisation*"; and their awareness of Saudisation-related legislation "*Government legislation exists regarding Saudisation*".

The three least important and least agreed with statements relate to their perceptions of fulfilment of the private sector of their Saudisation-related responsibility: "*The private sector has fulfilled its social responsibility regarding Saudisation*"; the existence of Saudisation-related social responsibility rules in the private sector: "*The private sector has few rules of social responsibility regarding Saudisation*"; and awareness among the private sector employers of their Saudisation-related social responsibility "*The private sector is aware of its social responsibility regarding encouraging Saudisation*".

The above ranking is supportive of and consistent with the inferences and arguments made in the previous discussion of the findings on the perceptions of employees and job seekers related to these statements and with evidence cited from the literature. These perceptions are: minimum wage being important for enhancing Saudisation (perception is inconsistent with evidence and should be doubted as discussed); and the need for the private sector to join the social security system (a biased perception and an understandable one as discussed, i.e. such security is one of the main reasons

Saudis prefer to work in the public sector rather than in the private sector where it does not exist); awareness of Saudisation legislation; lack of fulfillment of Saudisation-related social responsibility among private sector employers; and lack of Saudisation-related rules in their businesses; and lack of awareness in the private sector of its Saudisation-related social responsibility to encourage Saudisation (consistent with evidence, as discussed)

### **7.3.4 Employers', Employees' and Job Seekers' Perceptions of Initiatives to Enhance Saudisation**

#### **7.3.4.1 Rewarding private sector businesses**

Results in Table 5.34 show that the majority of employers (93%) advocated that subsidies and benefits should be awarded by the government to businesses that achieve a high rate of Saudisation “*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation*”. Supporting this, results in Table 5.41 show that the majority of employees and job seekers (97.8%) recommended that subsidies and benefits should be given by the government to businesses that achieve a high rate of Saudisation “*Give subsidies and benefits to businesses that achieve a high rate of Saudisation*”.

These findings show strong agreement and similarity in perceptions among employers and employees and job seekers that the government should reward businesses that achieve a high rate of Saudisation, underlined by the small percentages of those who only somewhat agree being small (employers 12.4% of employers and 7.4% of employees and job seekers). This recommendation is important for enhancing Saudisation, given the resistance of many businesses in the private sector to implementing or complying with Saudisation legislations. One private business that is recognized to have achieved a good rate of Saudisation, and is therefore supported by the government, is the global oil company Saudi Aramco, which has imposed on its awarding companies certain quotas of Saudis: 35% for construction companies, 50% for services companies and 60% for importers, industry and engineering offices (Saudi Economic Survey, 2004).

#### **7.3.4.2 Increasing awareness of the importance of work and job opportunities**

Results in Table 5.34 show that almost all of the employers (93.3%) believed that the government should increase awareness among Saudis of the importance of work and enhance Saudisation by allocating more jobs to Saudis in the private sector “*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”. Results in Table 5.41 show that almost all employees and job seekers (99.3%) recommended increasing awareness of the importance of work among Saudis and offering them more jobs in the private sector “*Increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”. As can be seen, the perceptions of both sides converge. These findings show strong agreement and similarity in perceptions among employers and employees and job seekers that the government should raise awareness among Saudis of the importance of work and provide more jobs in the private sector for Saudis to enhance Saudisation. This agreement is underlined by the relatively small percentages of those who only somewhat agree among employers (21%), and an even lower percentage among employees and job seekers (10%). The importance of this recommendation to provide more jobs for Saudis in the private sector is underlined by evidence of efforts made by the government to do take such steps.

The opposition of employers to Saudisation, negative stereotype held towards Saudis and Saudi workers, as demonstrated by evidence from the literature reviewed in this thesis, and their belief found in this research that Saudi workers do not have adequate skills needed by the private sector need (68.2%), undermine to some extent the recommendation of employers (93.3%) that the government should offer more jobs for Saudis in the private sector, especially as around a fifth of them, compared to 10%, employees and job seekers, only somewhat agreed. During the 1980s, the Saudi government realized the inability of the public sector to provide jobs indefinitely for Saudis, the government tried to direct young Saudis to the private sector, which by that time was heavily dependent on low paid expatriate workers (Al-Zalabani, 2004).

Among programmes introduced to provide jobs for Saudis are the Human Resources Development Fund (HRD) established in 1999, intended to provide apprenticeships to facilitate school-to-work transition whereby 75% of the training costs, and 50% of Saudis’ salaries in the private sector were contributed for two years (Al-Zalabani, 2004). Also, local chambers of commerce and industry, under the umbrella of the

Saudi Council of Commercial and Industrial Chambers (SCCIC), support the Saudisation policy by organizing internship projects that could lead to employment for graduates (Al-Dosary and Rahman, 2005). Despite all these efforts, however, Saudisation has made relatively little progress only in the private sector (Al-Dosary and Rahman, 2005). Nevertheless, there have been some successes. For example, the number of foreign workers recruited to the private sector during October in 2004 dropped by more than 50%, compared to the same period the previous year (Arab News, 2004b). The problem remains, however, that setting out attractive career prospects for young Saudis compatible with the needs of modern industrial economy, under its skills development policy, has proven difficult (Madhi and Barrientos, 2003). This difficulty is one of the fundamental reasons for the lack of progress on Saudisation in the private sector. The previous manpower policies of the Saudi government encouraged Saudis to seek employment in the government sector, which led to an average of 8.6% per year growth in such employment over the period 1969-1984, compared to 0.56% in the private sector (Ministry of Economy and Planning, 2006).

However, with limited job opportunities in the public sector, the government started paying more attention to the private sector, and through increased activity in production and investment, the private sector boosted its contribution to the provision of job opportunities (including in oil and gas), which accounted for 86.5% of the overall employment in 2005, while public sector employment reached 13.5% only, in that year (Ministry of Economy and Planning, 2006). Creating more jobs for Saudis in the private sector, as recommended above, is critical for solving the unemployment problem, that is, the saturation of the public sector so that some types of jobs can only be in the private sector created (Mellahi, 2006; Financial Times, 2000).

In 2002, the number of private sector employees was 87% of the country's labour force, only 916,000 people (13% of the country's labour force) were employed by the public sector (Mellahi, 2006). Commentators have been suggested that to reduce unemployment of Saudis, can be resolved by forcing the private sector firms to employ Saudis and enhancing the work environment in the private sector to attract Saudis (Looney, 2004b). This approach is in fact already applied in the form of imposition Saudisation quotas and restrictions on some occupations that are open to Saudis only. The recommendation to raise the awareness of the importance of work

among Saudis is important but difficult, because it requires changing social and stereotypical attitudes towards work among Saudis, influenced by social prestige. Reference has already been made to the young rich Saudis', expectation that, if they work all, they can immediately secure an executive post, by-passing the occupation ladder (Viviano, 2003). Moreover, preferred types of work and sector of employment, related to their impact on the social status (Mellahi, 2000). Most jobs in the private sector are of the manual type disdained by Saudis (Mellahi, 2007). Also, most Saudis perceive that their pride and social acceptance are related to the type of work they do (Al-Salamah and Wilson, 2001). A field study conducted in 1989 showed that 74% of Saudi job seekers preferred high status work and 64% selected occupations with a good reputation, rather than those with higher wage levels (Al-Obaid and Ateiah, 1994) and rejection of vocational training and manual work persist among Saudis (Madhi and Barrientos, 2003).

It has also been noted that such attitudes prevent the majority of skilled and technical trained Saudis working in their field of specialization (Medina Chamber of Commerce, 1998), and also that they demand a far higher salary than skilled expatriate workers, but will not work as hard (The Economist, 1997). Thus, lack of adequate qualifications, skills and expertise and continued preference for public sector employment mean Saudis are unable to secure work in the private sector.

#### **7.3.4.3 Increasing training**

Results in Table 5.34 show that almost all the employers (99.1%) recommended an increase in the training of Saudis in accordance with or to meet the needs of businesses in the private sector "*Should increase the training of Saudis to meet the needs of businesses*". Results in Table 5.41 show convergence with the employers' perceptions, as almost all of the employees and job seekers (98.6%) advocated increasing the training of Saudis to meet the needs of the private sector "*Increase the training of Saudis to meet the needs of businesses*". These findings show strong agreement and similarity in perceptions among employers and employees and job seekers that the government should increase the training of Saudis in line with the needs of the private sector to enhance Saudisation. This agreement is underlined by the small percentages of those who only somewhat agree (8% of employers and 11.9% of employees and job seekers). The critical need for training Saudis in skills

required by the private sector has already been acknowledged by the government and it has attempted to address it, but the results are not satisfactory, in terms of enhancing Saudisation. In other words, despite generous provision of education and training opportunities, attitudes and preferences among Saudis skew provision away from vocational and technical education and produce a large concentration of higher education on non-technical subjects, which in turn reinforces a mismatch between profiles of skills and qualifications among Saudi labour force and the needs of employers (Madhi and Barrientos, 2003).

Saudi Arabia has 75 training institutes with extensive courses for various professions and vocations in all the different fields of agriculture, industry and commerce, under the supervision of the General Organization for Technical Education and Vocational Training (GOTEVT), which is expected to train 300,000 young Saudis within three years (Trade Arabia, 2005). The government policy has attempted to qualify the Saudi workforce to replace expatriates, particularly in the private sector and placed this responsibility with GOTEVT (Al-Amr, 2001). GOTEVT focuses on the introduction of new programmes and more flexible methods of training in order to expedite employment of Saudi workers (Al-Dosary and Rahman, 2005). Nonetheless, the government has not been successful in persuading young Saudis of the merits of vocational, technical and scientific education training, in part, due to long-standing perceptions among them, which have been aided by the advantages and ease of recruitment procedures of the public sector (Madhi and Barrientos, 2003). High unemployment among Saudis and the dominance of expatriate workers in the private sector suggest the failure of the training policies attempted by the government.

#### **7.3.4.4 Establishing communication**

Results in Table 5.34 show that almost all of the employers (98.3%) advocated that the government “Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector”. In support of this, results in Table 5.41 show that the majority of the employees and job seekers (97.5%) also agreed with this idea. These findings show strong agreement and similarity in perceptions among employers and employees and job seekers, that in order to determine the needs of the private sector (i.e. skills, expertise), the government should establish communication between the sector and other relevant

stakeholders, namely universities and training centres, to enable them to do identify and address these needs (e.g. through education and training appropriate for private sector jobs). This recommendation is critical to advancing Saudisation within the private sector in a real and significant manner.

This is because unless training centres and educational institutions communicate with private sector businesses to become aware of the types of skill and expertise that are required in the private sector, and then involve the private sector in meeting them through appropriate education and training, Saudis will continue to be unable to fill vacancies in the private sector, and the sector will continue to be staffed by expatriates with the skills and expertise that match those required by the sector. There are examples in support of this approach in Saudi Arabia. For example, the global oil company Saudi Aramco in 2002 entered into partnership arrangements with vocational and industrial colleges and private sector institutes in the Kingdom (Al-Dosary and Rahman, 2005). The reduced job opportunities in the public sector for Saudis, after the previous manpower policy of actively encouraging Saudis to seek private sector employment, have led to the government paying more attention to the private sector needs for manpower, and called for the sector to participate in skills building and development among Saudis, while the new policy trend serves to achieve the aims of Saudisation in general (Ministry of Economy and Planning, 2006). To address the same skills gaps among UK graduates, engendered by an education system that continues to fail to equip them with the skills employers need, an initiative similar to the above recommendation is currently underway in the UK, to bring employers and universities together to identify why this was a topic of such “persistent dissatisfaction, persistent rumbling” (Attwood, 2008 p: 4).

#### **7.3.4.5 Supporting private sector training**

Results in Table 5.34 show that providing support and benefits to the private sector, in order to enable it to take responsibility for the training the Saudi workers according to their needs, was recommended by almost all of the employers (96.5%) “*Give support and benefits from the government to the private sector to take responsibility for training the workers they need*”. As results in Table 5.41 show, a similar proportion of the employees and job seekers (96.3%) advocated this initiative. These findings show strong agreement and similarity in perceptions among employers and employees and

job seekers, that the private sector should be allowed to take responsibility for Saudis, in line with its skills and expertise needs, and the role of the government is to support it to do so. This is another recommendation that is critical for the real advancement of Saudisation within the private sector.

This is because the education and training of Saudis provided by the government in Saudi Arabia has so far failed to equip Saudi graduates and job seekers with the skills needed in the private sector, leading to continuous reliance of the private sector on expatriate labourers, while Saudis are unemployed. Part of the problem is the difficulty of providing attractive alternative career prospects for young Saudis compatible with the needs of modern industrial economy (Madhi and Barrientos, 2003), and the resultant is a mismatch between the qualifications of Saudis job seekers and the skills required in the private sector. As noted previously, this has been cited as a reason for Saudis refusal of the private sector jobs, and of employee turnover (Medina Chamber of Commerce, 1998). The UK suffers from a similar skills gap, as employers, business leaders, Confederation of British Industry (CBI) and ministers complain about lack of basic organizational, functional, communication and numerical skills among graduates and school leavers entering the job market, due to the education system not equipping them with these skills that the industries want (Fearn, 2008a & b; BBC, 2008b & c). One in five small businesses believe Britain's workforce has poor skills, with many being forced to recruit individuals with fewer skills than they need, and half claiming that the situation is so bad that it hurts the bottom line (Sunday Times, 2008).

There are examples of private sector training initiatives already, which contribute to the implementation of Saudisation and should be encouraged. The French international hotel group Accor finalized a study to design and set up two hotel schools in Jeddah and Riyadh (Arab News, 2005). In 2002, the global oil company Saudi Aramco established a centre to train Saudis working for contractors in order to upgrade professional skills and teach specific skills, particularly in the areas of drilling and oil well maintenance (BBC, 2003). National Commercial Bank (NCB) designed an induction programme in order support the drive to the Saudisation ratio by recruiting and training talented new Saudi graduates (Al-Dosary and Rahman, 2005). The programme aims to recruit and orient recent Saudi high school and university graduates who hold a Diploma, Bachelor or Masters degrees in banking, managerial and/or computer-related majors, and they

must also be bilingual in Arabic and English (National Commercial Bank, 2005). During 2001-2005, the programme helped to increase the Saudisation percentage in NCB from 50% to 73.4% (Al-Dosary and Rahman, 2005). These examples show the variety of ways in which organizations have responded to Saudisation initiatives (Al-Dosary and Rahman, 2005) aimed at implementing and supporting Saudisation.

#### **7.3.4.6 Impact of government imposed Saudisation**

Results in Table 5.34 show that over three quarter of employers (78.4%) thought that the private sector has been negatively affected by government-imposed Saudisation “*The private sector is negatively affected by the imposition of Saudisation*”, while results in Table 5.41 show that Just over half of the employees and job seekers (56.9%) thought that the private sector is negatively affected by government-imposed Saudisation “*The private sector is negatively affected by imposing of Saudisation*”. The result clearly indicates a divergence of opinion between the supply and demand sides. While a large percentage of employers (78.4%) claim their private sector businesses have been negatively impacted by government-imposed Saudisation, and a small proportion among them (18.6%) only somewhat agreed, just over half of the employees and job seekers (56.9%), of whom larges proportion (31.8%) only somewhat agreed, thought that the private sector is negatively affected by government imposed Saudisation. This contrast in perceptions is to be expected, as Saudis hold a negative view of the private sector as anti-Saudisation, and these employees and especially job seekers may blame their unemployment on the sector, while employers’ belief that they have been negatively affected by government-imposed Saudisation is consistent with available evidence. The above perception of employees and job seekers can be attributed to, and is consistent with, the small proportion among them who believe the private sector has implemented its Saudisation-related social responsibility (32.9% compared to 70.7% of employers), and the equally small proportion among them who believe that the private sector has a few rules of Saudisation-related social responsibility (35.3% compared 73% of employers).

The negative impact of government-imposed Saudisation on the private sector perceived by a large percentage of employers is underlined by various Saudisation-imposed legislations, and consistent with the available evidence from the literature. For example, the employment of citizens in large establishments and companies

employing 20 workers or more in the private sector is regulated in the light of the Council of Ministers' decree No 50 Of 21/4/1994, which makes it mandatory for these enterprises to increase the number of their national manpower by a minimum of 5% of their total workforce every year (Ministry of Economy and Planning, 2006). Underlining the role of the private sector, the Eight Development Plan (2005 - 2009) expects that 87.8% of all new job opportunities during the plan period will be provided by the private sector, and Saudi nationals will benefit from job opportunities created through the replacement of foreign labour by Saudi citizens, over the duration of the plan (Ministry of Economy and Planning, 2006). Recent ministerial instructions restrict the number of foreign workers in government departments, limit the employment of foreigners to 10 years and require the termination of existing contracts over this maximum period (Madhi and Barrientos, 2003). Also, a recent Saudi government law reducing the required Saudisation quota in certain businesses from 30% to 20% (Gulf, 2008) highlights the pressure the Saudi government is under to strike a balance between improving the business environment and maintaining stability in the short term and creating jobs for its citizens in the long term, as well as the country's need for foreign workers, and the willingness of the government to concede long-term considerations in favour of maintaining the competitiveness of the business and labour market (Gulf, 2008). The expectation from the government is that the private sector, which depends mainly on government contracts, will take the lead in implementing Saudisation, but there are costs attached to this strategy (Madhi and Barrientos, 2003). However, the imposition of Saudisation on the private sector is not surprising, given the significant imbalance in employment of Saudis and non-Saudi workers, especially in the private sector, which continues today. For example in the 1990s, non- Saudis accounted for close to two-thirds of the labour force and around 90% of employment in the private sector, while the majority of Saudis were employed in the public sector, which was growing steady at the time (Madhi and Barrientos, 2003).

A study found that about 63% of managers in the local firms felt that the implementation of Saudisation had negative effect on their business (Medina Chamber of Commerce, 1998). Therefore, it is not surprising that employers are reluctant to implement Saudisation in full (Madhi and Barrientos 2003). Also, such findings undermine the claim of 70.7% of employers in this research that they

implemented their Saudisation-related social responsibility. It is reported that there has been a strong opposition among the private sector to some aspects of the new legal HRM agenda introduced in 2000, including 75% Saudisation targets, especially as the sector had no input into this legislation (Mellahi, 2007). At the same time employment of foreign workers has been rendered increasingly difficult by legal restrictions intended to discourage the sector from employing such workers (Mellahi, 2007). For example, a private sector firm can only apply for one work visa at a time, with a two-month period between each subsequent application (Al-Zalabani, 2002). Therefore, there are concerns about productivity at a time of shortage of manpower to execute real estate projects worth billions of dollars and bankruptcy, as a result of such restrictive regulations (Arab News, 2004C). Saudisation tends to increase business costs and make life difficult for the private sector, especially in the current difficult economic climate, and is also viewed by many in the sector as an obstacle to growth, as Saudi's expectations, transferred from the highly paid public sector, drive up private sector wages (Gulf, 2008). Like other recent HRM legislations and changes, Saudisation is imposed without consideration of private sector managers' preferences. They have been passive targets of such legislation, and victims of poor relations (Mellahi, 2007).

#### **7.3.4.7 Gradual implementation of Saudisation**

Results in Table 5.34 show that almost all of the employers (96%) recommended the use of a gradual approach to replace expatriates with Saudis to increase Saudisation as it would leave no adverse effects "*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*", while results in Table 5.41 show that over three quarters of employees and job seekers (79.5%) supported this approach.

These findings are another example where there is convergence between the perceptions of both sides, but with slight difference in the extent of agreement. The recommendation of the majority of employers (96%) to gradually replace expatriate workers with Saudis is to be expected, given the perception of a large proportion among them (78.4%) that government-imposed Saudisation has impacted negatively on their private sector businesses, and the prediction of a fairly large percentage among them (62%) that their businesses will suffer from Saudisation, as they will lose

skilled foreign workers; 56.6% thought that the economy will suffer similarly as a result. Although a large percentage (79.5%) of employees and job seekers supported the gradual replacement of expatriates with Saudi workers, 15.6% among them only somewhat supported this measure. Also, for these employees and unemployed job seekers in particular, the type of approach to replacing expatriate workers with Saudis may not be as important as replacement being fulfilled and the Saudisation of the private sector. This is because such replacement and Saudisation will create more employment opportunities for them in the private sector, as predicted by 67.1% among them in response to the question on the impact of Saudisation.

The above recommendation among employers and employees and job seekers that Saudisation should be implemented in a gradual manner to minimise its adverse effect is consistent with the government's definition of Saudisation, that is, to implement Saudisation by the replacement of the expatriate labour force with a trained and qualified local Saudi labour force in a planned manner that will ensure the continuity of work states (Al-Harbi, 1997). Despite the fact that the scope for replacing non-Saudis with Saudi employees is more limited in the private sector, it is not less important, because of the need to transfer a significant number of Saudi employees from the public to the private sector (Madhi and Barrientos, 2003).

#### **7.3.4.8 Mean ranking of statements**

According to the mean ranking of the 7 statements on initiatives to enhance Saudisation in Table 5.35, the three most important and most agreed with statements among employers relate to their view that the government “*should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*”; and “*Should increase the training of Saudis to meet the needs of businesses*”; and that “*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*”. The three least important and least agreed with statements among employers relate to their views of the impact of Saudisation: “*The private sector is negatively affected by the imposition of Saudisation*”; that the government “*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”; and that the government “*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation*”.

The above ranking is supportive of and consistent with the inferences and arguments made in the previous discussion of the findings on the perceptions of employers related to these statements, and with evidence cited from the literature. These perceptions are: the government should establish communication between the private sector and other stakeholders to address its needs; increase training of Saudis; implement Saudisation gradually (which reflects bias but is the only logical approach to implementing Saudisation in the short term); the private sector is not negatively affected by imposed Saudisation (evidence from the literature and this research showed 78.4% of employers believe that the private sector is negatively affected, it is just this is one of the least agreed with views). Also, increase awareness of the importance of work and offer more jobs for Saudis in the private sector; and reward businesses that achieve a high rate of Saudisation are recommended the least by employers, which may be due to lack of confidence in such measures, compared to the practical steps of educating and training of Saudis with the required knowledge and skills, and resentment towards Saudisation reflected by their low support for the initiative of rewarding businesses that achieve Saudisation in full.

According to the mean ranking of the 7 statements on initiatives to enhance Saudisation in Table 5.42, the three most important and most agreed with statements among employees and job seekers relate to their views that the government should “*Give subsidies and benefits to businesses that achieve a high rate of Saudisation*”; and “*increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”; as well as “*organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*”. The three least important and least agreed with statements relate to employees’ and job seekers’ views that “*The private sector is negatively affected by imposing of Saudisation*”; that the government should be “*Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*” and that it should “*Give support and benefits from the government to the private sector to take responsibility for training the workers they need*”.

This ranking is supportive of and consistent with the inferences and arguments made in the previous discussion of the findings on the perceptions of employees and job seekers related to these statements, and with evidence cited from the literature. These perceptions are: the government should establish communication between the private

sector and other stakeholders to address its needs (a similar perception was held among employers, implying the trustworthiness of this view); increase awareness of the importance of work and offer more jobs for Saudis in the private sector; and reward businesses that achieve high rate of Saudisation (both perceptions are the least agreed with or important among employers, which highlights differences in perceptions due to bias); the private sector is not negatively affected by imposed Saudisation (bias view is against the private sector and slightly inconsistent with evidence: 56.9% of employees and job seekers in this research thought that it is negatively affected, they just agreed with this statement less than others). Also, they did not favour a gradual approach to implementing Saudisation, contrary to employers' view (evidence discussed shows the logic of this gradual approach to Saudisation, it is just this is a least agreed with statement among employees and job seekers due to bias, since they wish to see the private sector Saudised); and that the government should support the private sector to train Saudis themselves according to their needs (this is a least agreed with statement, which may be due to lack of trust in the private sector to implement such measure and the sector being viewed as anti-Saudisation).

#### **7.4 REFLECTING ON THE DIFFERENCES IN PERCEPTIONS**

To establish whether differences in perceptions existed, difference in the extent of agreement between private sector employers on the one hand, and employees and Saudi job seekers on the other, in response to issues discussed in the previous sections were examined using the Mann-Whitney *U* test, as reported in the previous chapters. The findings are discussed in detail in the following sections.

It should be pointed out that the findings on differences in the extent of agreement on perceptions in this section are based on the results discussed in the previous sections. That is, these findings are a summary of the extent of differences in agreement on perceptions (agree more vs. agree less); but do not mean or show whether there are fundamental agreements or disagreements in perceptions and why, which is more important for the discussion of these differences. Discussions of the findings on perceptions in the previous sections show in detail whether there are fundamental agreements in perceptions (e.g. on readiness of Saudi workers to accept any job: only 37.8% of employers and 52.3% of employees and job seekers agreed, while 28% and

31.6% somewhat agreed, respectively) or disagreement in perceptions (e.g. regarding concerns of employers for Saudisation-related social responsibility towards Saudi families of their workers: 81.2% of employers and 53.2% of employees and job seekers agreed, while 28.7% and 38.5% somewhat agreed, respectively). The discussion in the empirical chapters established whether there is support for the findings and their reliability, using statistical evidence (i.e. frequency distribution of those who agreed and somewhat agreed); responses to items or questions addressing related or the same issues to infer if contradictions in responses exist (e.g. adequacy of skills of Saudi workers); and evidence from the findings of previous research and the literature.

The discussion in the previous sections on perceptions also argues for and makes inferences on the reasons for lack of support for the perceptions found; reasons for the agreement or disagreement in perceptions; and why employers agree more on an issue than employees and job seekers and vice versa, which is the most important and relevant for this section. Therefore, the discussion of these reasons below will be brief.

#### **7.4.1 Differences in Perceptions on Saudisation-Related Issues**

To ascertain if differences in perceptions existed between private sector employers and employees and Saudi job seekers regarding a number of Saudisation-related issues, responses of agreements on these issues were examined using Mann-Whitney *U* test. As the results in Table 5.43 show, there are significant differences in agreement ( $p < 0.01$ ) on the statements relating to these issues between employers and employees and job seekers. As reflected by higher mean or median scores on the items, employers agreed more than employees and job seekers that they are concerned about their Saudisation-related responsibility towards their Saudi workers and their families “*My business concerns about family responsibility of Saudi workers*”; the qualifications of Saudi workers are adequate: “*If the qualifications of Saudi workers are adequate I can support employing them*”; Saudi workers are concerned with their social prestige “*Saudi workers are concerned for social prestige*”, they are willing to employ Saudi workers if they have adequate work experience “*If the experience of Saudi workers is adequate for my business I can support employing them*”; they are willing to employ Saudis workers if they have adequate skills “*if the skills of Saudi*

*workers are adequate for my establishment I can support employing them*"; and that they offer job stability and security for Saudi workers "*my business offers stable job and security for Saudi workers*". On the other hand, and as revealed by higher mean or median scores on the items, employees and job seekers agreed more than employers on the adequacy of Saudi workers' qualifications "*I think education qualifications of Saudi workers are adequate for my business*"; the high performance of Saudi workers with adequate qualifications "*according to my experience Saudi workers with adequate education have high performance*"; readiness of Saudi workers to accept any job "*Saudi workers are ready to accept any job*"; readiness of Saudi workers to accept vocational jobs "*Saudi workers are ready to accept vocational (or handicraft) jobs*"; the adequacy of the work experience of Saudi workers "*I think the Saudi workers have the required experience for my business*"; high performance among Saudi workers with adequate work experience "*Saudi workers with adequate experience have high performance*"; the mobility of Saudi workers for employment "*Saudi workers are ready to work in any location*"; and that Saudi workers have the skills their private sector businesses require "*I think the Saudi workers have the required skills for my business*".

Employees and job seekers also agreed more on the high performance of adequately skilled Saudi workers "*according to my experience Saudi workers with adequate skills have high performance*"; commitment of Saudi workers to the job "*Saudi workers do not seek to change their jobs*"; the adequacy of Saudi workers productivity "*Productivity of Saudi workers is adequate for my business*"; and that Saudi workers are more productive than non-Saudis "*according to my experience, Saudi workers are more productive than non-Saudi workers*".

The results on the differences in the extent of agreement in perceptions on Saudisation-related issues shown above reveal that employers agree more than employees and job seekers that they have concerns for social responsibility towards Saudi families of their workers, offer job security and stability, would be willing to employ Saudis if they had adequate skills and work experience, that the qualifications of Saudi workers are adequate for their businesses and that Saudi workers are concerned for social prestige. The higher agreement among employers on these issues may be attributed to employers attempting to question and discredit the perceptions held among Saudis that they are anti Saudisation and are unwilling to employ Saudis.

Employees and job seekers agreed less than employers on these issues, even though they had similar perceptions, because of their negative stereotypical attitude towards employers and the private sector, and generally do low level of trust in them as they see them as anti-Saudisation. An example of converged perceptions is: Saudi workers' concern for prestige, on which 99.1% of employers and 91.4% of employees and job seekers agreed. However, on other issues, employers and employees and job seekers expressed fundamental disagreement rather than agreeing less: for instance, regarding the concern of private sector employers for social responsibility towards the Saudi families of their workers: 53.2% of employees and job seekers agreed but 81.2% of employers agreed, while 38.5% and 28.7%, only somewhat agreed, respectively. This fundamental disagreement reflects the negative perception among Saudis that the private sector is anti-Saudisation, and has not fulfilled its Saudisation-related social responsibility towards the families of their Saudi workers, and resentment towards it, especially as these employers and the private sector can be blamed for their unemployment, reflected in the large number of the job seekers among the respondents.

Also, evidence from the literature, discussed and reviewed in details in the previous sections, is inconsistent with, and does not lend support, to the claims of private sector employers to being concerned for Saudisation-related social responsibility towards families of their Saudi workers (e.g. low employment of Saudis in the private sector and continued high unemployment among graduates as found in this research). Other issues on which employers agreed more than employees and job seekers are disputed by evidence from this research and literature (e.g. qualifications of Saudi workers are adequate for their private sector business). In this sense, higher agreement among employers may be somewhat biased, and therefore, should be treated with caution. In contrast, most of the issues shown above, which view Saudi workers favourably, received higher agreement among the employees and job seekers than employers. This may be attributed to an attempt by the employees and job seekers to highlight that Saudi workers and job seekers are as qualified to work in the private sector as expatriates, contrary to employers' belief. However, differences in the extent of agreement are more significant in some cases than the rest, which suggests clear disagreement or divergences in perceptions.

Nonetheless, such disagreement does not mean that the perceptions of the employees and job seekers are credible, especially when evidence reviewed from the literature do not support them and there is a large proportion of those who only somewhat agreed among them, which casts doubt on the validity of the response. For example, regarding the higher agreement among employees and job seekers on the adequacy of Saudi workers' skills for the private sector: 54.5% of employers agree but 80% of employees and job seekers agreed with more than half (44.9%) among them only somewhat agreeing. Also, evidence from the literature does not support this perception of the employees and the job seekers, as it shows that the Saudi education system does not equip graduates with the skills the private sector needs (e.g. Baki, 2004) and that Saudi job seekers do not accept job offers in the private sector and leave their jobs in the sector, because the skills required do not match their specialization (Medina Chamber of Commerce, 1998). Despite higher agreement among employees and job seekers on the issues shown above, there are cases where the difference is insignificant, which suggests closer perceptions between employees and job seekers and employers.

Such closeness in perceptions suggests validity of response and hence reliability, based on further supporting evidence from the literature and other findings from the research data, such as the frequency of those who only somewhat agreed and responses on similar issues. An example is the similar perception of employers and employees and job seekers that Saudis are not ready to accept any job (in response to the item, *Saudi workers are ready to accept any job*: only 37.8% of employers agreed and only 52.3% of employees and job seekers agreed, while 28% and 31.6% only somewhat agreed, respectively). Evidence to support this includes a field study conducted in 1989, which showed that about 80% of Saudi job seekers refused manual work (Al-Obaid and Ateiah, 1994).

#### **7.4.1.1 Comparison of differences in Mean ranking of statements**

The differences in perceptions on Saudisation-related issues and relevant inferences and arguments discussed above, as well as the findings on the mean ranking of the most and least important and agreed with statements, are further underlined and supported by the comparison of the mean ranking of the 18 statements on Saudisation-related issues shown in Table 5.44. Differences in perceptions are reflected in

differences in the mean ranking of the importance of statements shown in Table 5.24 (for employers) and Table 5.37 (for employees and job seekers), and may reflect bias and or response acquiescence.

Table 5.44 shows that the statement most agreed upon equally among employers, and employees and job seekers relate to their perceptions that “*Saudi workers concern with social prestige*”, but with employers agreeing slightly more (Mean 4.3 and 3.9, respectively), which further strengthens the trustworthiness of this perception that is consistent with the literature. Similarly, perceptions of adequately skilled and experienced Saudi workers being high performers “*according to my experience Saudi workers with adequate skills have high performance*”; and “*Saudi workers with adequate experience have high performance*” also showed high agreement among employees and job seekers (Mean 3.9 for both) which shows biased views.

While the second most agreed with statement among employers, as previous mean ranking of statements shows, relates to their willingness to employ Saudi workers if they are adequately experienced: “*If the experience of Saudi workers is adequate for my business I can support employing them*”; for employees and job seekers, it relates to their perception of adequately educated Saudi workers being high performers “*According to my experience Saudi workers with adequate education have high performance*” (Mean 4.1 and 3.8, respectively), which shows bias as this perception is inconsistent with evidence discussed.

Furthermore, and consistent with the previous mean ranking of statements, the third most agreed upon statement among employers relates to their willingness to employ Saudi workers with adequate qualifications: “*If the qualifications of Saudi workers are adequate I can support employing them*” (Mean 3.9); while for employees and job seekers, the statements relate to their perceptions of the willingness of private sector employers to employ adequately experienced Saudi workers “*If the experience of Saudi workers is adequate for my business I can support employing them*” (which is surprisingly a perception shared with employers); and the adequacy of the productivity of Saudi workers for private sector employers “*Productivity of Saudi workers is adequate for my business*” (Mean 3.4 respectively), which is a perception not shared by employers and reflects bias, as the previous mean ranking results shows this statement to be the least agreed with statements among employers (i.e. a difference in perceptions exists).

The least agreed upon of all statements among employers relates to their perception of the readiness of Saudi workers to accept any job: “*Saudi workers are ready to accept any job*” (consistent with previous mean ranking results that showed this perception is shared by employees and job seekers i.e. unreadiness). For employees and job seekers, and consistent with previous mean ranking results on the least agreed with statements among employees and job seekers, it relates to whether the private sector offers job stability and security: “*My business offers stable job and security for Saudi workers*” (Mean 2.3 and 2.4 respectively), consistent with previous results of ranking on this statement being the least important for employees and job seekers.

Similarly, the second least agreed with statements among employers relate to their perceptions of the readiness of Saudi workers to do vocational work: “*Saudi workers are ready to accept vocational (or handcraft) jobs*”, mobility for work in terms of readiness to work anywhere: “*Saudi workers are ready to work in any location*”; and their productivity being higher compared to non-Saudi workers: “*According to my experience; Saudi workers are more productive than Non-Saudi workers*” (Mean for all statements 2.4); while among employees and job seekers, it relates to concern for Saudisation-related social responsibility towards the families of Saudi workers among private sector employers: “*My business concerns about family responsibility of Saudi workers*” (Mean 2.6), consistent with previous results of ranking of this statement as the least agreed with among employees and job seekers.

The third least agreed upon statement among employers relates to their perception of Saudi workers having the work experience their private sector requires: “*I think the Saudi workers have the required experience for my business*” (which is consistent with discussed evidence); while for employees and job seekers, and consistent with results on mean ranking and perception among employers, it relates to the readiness of Saudi workers to accept any job: “*Saudi workers are ready to accept any job*” (Mean 2.5 and 2.7, respectively), consistent with previous results ranking this statement as the least agreed with among employees and job seekers.

#### **7.4.2 Differences in Perceptions on Government’s Policies to Ensure Saudisation**

To ascertain if difference in perceptions existed between private sector employers on one hand, and employees and job seekers on the other, regarding government’s policies to ensure Saudisation, responses of agreements on these policies were

examined using Mann-Whitney *U* test. As the results in Table 5.45 show, there are significant differences in agreement between employers and employees and job seekers on 5 of the 7 statements relating to government's policies to ensure Saudisation ( $p < 0.01$ ).

As reflected by significantly higher mean or median score of the items, employers agreed more than employees and job seekers on their awareness of Saudisation-related responsibility "*My establishment is aware of its social responsibility regarding enhancing Saudisation*"; having few Saudisation-related rules in their businesses "*My establishment has few rules of social responsibility regarding Saudisation*"; and that they fulfilled their Saudisation-related social responsibility "*My establishment implemented social responsibility regarding Saudisation*". On the other hand and as reflected by significantly higher mean or median score of the items, employees and job seekers agreed more than employers on the importance of minimum wage as a policy to enhance Saudisation "*The legislations of minimum-wage is so important for enhancing Saudisation*"; and the need for the private sector to join social security system "*My business needs to join system of social security*". The results in Table 5.45 show that there were no significant differences in agreement between employers and employees and job seekers ( $p > 0.05$ ); on being aware of government's Saudisation legislations "*There are some government legislations regarding Saudisation*"; and the adequacy of these legislations "*These legislations are sufficient for Saudisation*". The higher agreement among employers claiming awareness of their responsibility to enhance Saudisation, having Saudisation-related social responsibility rules and fulfilling such responsibility is to be expected. As details in the preceding discussion on each of these perceptions show, such a higher agreement among employers on each of these issues is, in fact, a fundamental disagreement in perceptions with those of employees and job seekers. Only 48.9%, 35.3% and 32.9% of employees and job seekers agree on these above issues, respectively, compared to employers, 74.7%, 73% and 70.7%, respectively.

In addition, large proportion of employers only somewhat agreed, which cast doubt on the above claims or perceptions of employers, and the fact that these claims are inconsistent with, and not supported, by evidence from the literature reviewed. Despite these evidence casting doubts over them, these claims or perceptions of employers, represented by much higher percentage of those who agree than

employees and job seekers, is defensive in nature and can be attributed to an attempt by employers to appear pro, rather than, anti-Saudisation, as the government and Saudis perceive them, in terms of adhering to Saudisation legislations, fulfilling and enhancing Saudisation.

Such an attempt may be underlined by hope among employers to change the negative perceptions towards the private sector and reduce the imposition of Saudisation on it, that continue to impact them negatively, as the findings of this research revealed. As already argued in the previous discussion on perceptions on minimum wage and social security, the higher agreement among employees and job seekers shown above supporting the proposed introduction of the minimum wage in the private sector (95.5% with only 15.3% somewhat agreed), and for the private sector to join the social security system (97% with only 8.1% somewhat partially agreed) is to be expected. That is because the minimum wage and social security system are practiced and guaranteed in the public sector, and hence Saudis are attracted to the public rather than the private sector, as evidence from the literature reviewed earlier shows. Although the difference in agreement among employers supporting these proposals, compared to employees and job seekers, is small (85.4% for minimum wage and 77.3% for joining social security), such support is inconsistent with evidence from the literature reviewed earlier. The evidence suggests that these practices, especially minimum wage, have had negative impact on job creation and development in the private sector within other Gulf countries, and are inconsistent with the capitalist nature of the private sector. The support among employers for these proposals is also undermined by relatively higher proportion among them who only somewhat agreed (16.9% for minimum wage and 10.2% for joining social security). Other reasons for this unexpected support from employers have already been suggested (e.g. employers wanting to appear pro-Saudisation).

The results above show no differences in agreement between employers and employees and job seekers on being aware of government Saudisation legislations (employers 90.7% with 21.8% only somewhat agree, 88.3% of employees and job seekers with 25.9% only somewhat agree); and that these legislations are sufficient (63% of employers with 35.6% only somewhat agree, 61.5% of employees and job seekers with 34.3% only somewhat agree). However, this convergence is undermined by the significant percentage of those who only somewhat agreed shown above. In

addition, lack of significant differences in agreement here does not imply closer perceptions on some of these issues between employers and employees and job seekers; or that the findings on perceptions are completely credible and hence reliable. For example, in addition to the higher percentages of those who only somewhat/partially agree that cast doubts on perceptions, the evidence reviewed from this research and the literature does not support the views of employers and employees and job seekers above that the Saudisation legislations are sufficient, rather, they have been ineffective. For example, despite different efforts, laudable progress has been achieved only in the public sector (Al-Dosary and Rahman, 2005), where most institutions have increased the percentage of their Saudi labour to 65% (Saudi Embassy, 1996). The World Bank notes the prevalence of the unemployment problem countries of the MENA region, including Saudi Arabia, where at one time expatriate labourers were needed to supplement the national workforce (World Bank, 2008).

#### **7.4.2.1 Comparison of differences in Mean ranking of statements**

The differences in perceptions on government policies to ensure Saudisation and relevant inferences and arguments discussed above, as well as the findings on the mean ranking of the most and least important and agreed with statements, are further underlined and supported by the comparison of the mean ranking of the 7 statements on government policies to ensure Saudisation shown in Table 5.46. Differences in perceptions are reflected in differences in the mean ranking of the importance of statements found in Table 5.33 (for employers) and Table 5.40 (for employees and job seekers) and may reflect bias and or response acquiescence.

According to comparison of the mean ranking of 7 statements on perceptions of government policies to ensure Saudisation among employers compared to employees and job seekers in Table 5.46, while the most agreed upon statement among employers relates to their perception regarding the importance of the minimum wage “*The legislations of minimum-wage is so important for enhancing Saudisation*” (this perception is inconsistent with evidence discussed in this chapter and hence doubtful); for employees and job seekers, it relates to their perception on the proposed introduction of social security system to the private sector: “*My business needs to join to system of social security*” (Mean 3.8 and 4.4, respectively).

This perception is shared by employers, as previous results of previous ranking of the most important statements show, but reflects bias among employees and job seekers, as the system they are accustomed to in the public sector is incongruent with the nature of the private sector. The second most agreed with statement among employers relates to their perceptions of awareness of Saudisation legislation: “*There are some government legislations regarding Saudisation*” (though such awareness is undermined by their lack of support for and reluctance to implement of Saudisation); and joining social security, which is a doubtful perception contrary to the nature of the private sector “*My business needs to join to system of social security*” (both statements are joint second as the most important with identical mean 3.7). However, for employees and job seekers, it relates to the importance of the minimum wage: “*The legislations of minimum-wage is so important for enhancing Saudisation*” (Mean 4.2), which is a perception not supported by evidence discussed and hence doubtful.

The least agreed upon statement among employers relates to their perception that Saudisation legislation is enough “*These legislations are sufficient for Saudisation*” (this perception of Saudisation legislation is consistent with earlier ranking of this statement as the least important or agreed with statements and available evidence discussed earlier, i.e. legislation are insufficient). However, for employees and job seekers, it relates to their perception that the private sector employers have fulfilled their Saudisation-related social responsibility “*My establishment implemented social responsibility regarding Saudisation*” (Mean 2.9 and 2.2, respectively). This perception of lack of such fulfilment is consistent with earlier ranking of this statement as the least important or agreed and with evidence discussed. The second least agreed with statement among employers relates to their perception that they fulfilled their Saudisation-related social responsibility “*My establishment implemented social responsibility regarding Saudisation*” (consistent with previous ranking and with the inference made in discussion that such responsibility has not been fulfilled, and claims to the contrary among employers should be doubted). However, for employees and employers it relates to whether private sector employers have Saudisation-related social responsibility rules: “*My establishment has few rules of social responsibility regarding Saudisation*” (Mean 3.1 and 2.3, respectively). This perception of lack of such rules is reflected in previous ranking as the least agreed

with or important statement, and is consistent with related inference made and evidence discussed in this section.

### **7.4.3 Discussing the Differences in Perceptions on Initiatives to Enhance Saudisation**

To ascertain if differences in perceptions existed between private sector employers on the one hand, and employees and job seekers on the other, regarding initiatives to enhance Saudisation, responses of agreements on these initiatives were examined using the Mann-Whitney *U* test. The results of the test in Table 5.47 show that there are significant differences ( $p < 0.01$ ) between the views of employers and employees and job seekers in agreement on or advocating these initiatives. As reflected by significantly higher mean or median scores on the items, employees and job seekers advocated more than employers that the government should reward businesses that achieve high Saudisation “*Should give subsidies and benefits to businesses that achieve high rate of Saudisation*”; and increase awareness of the importance of work and increase Saudisation in the private sector “*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*”. On the other hand, and as reflected by significantly higher mean or median scores on of the items, employers advocated more than employees and job seekers, the gradual approach to Saudisation “*using gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects*”; and agreed more than employees and job seekers that the imposition of Saudisation had a negative impact on their private sector businesses “*the private sector is negatively affected by the imposition of Saudisation*”. The results in Table 5.47 show that there were no significant differences ( $p > 0.05$ ) in agreement between employers and employees and job seekers regarding the remaining initiatives. That is, and as reflected by similar high mean and median scores on the relevant items, both employers and employees and job seekers agreed that the government should increase communication with the private sector to determine its needs “*Should organize communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*”; increase training of Saudis to meet the needs of businesses in the private sector “*should increase the training of Saudis to meet the needs of businesses*”; and should support the private sector to train Saudis according to their skills needs “*give support and benefits from*

*the government to the private sector to take responsibility for training the workers they need*'.

The higher agreement among employees and job seekers than employers recommending that the government award businesses that achieve a high rate of Saudisation (93% of employers of whom 12.4% only somewhat agreed, and 97% of employees and job seekers with 7.4% only somewhat agreed); raise awareness among Saudis of the importance of work and offer more jobs for them in the private sector (93.3% of employers of whom 21% only somewhat agreed, and 99.3% of employees and job seekers of whom 10% somewhat agreed) may be attributed to a number of reasons. The high unemployment among job seekers and the majority of Saudis and the temporary-work status of the employed among them, the unwillingness of Saudis to accept vocational and other types of jobs due to social prestige and stereotypical attitudes, the reluctance of many employers to implement Saudisation and offer jobs to Saudis, compared to expatriates who dominate the sector, as evidence reviewed demonstrates, the lack of success of Saudisation in the private sector, may all explain why these employees and job seekers advocate and support these recommendations or initiatives more than employers.

In contrast, employers agreed and supported more than employees and job seekers, the gradual replacement of expatriates with Saudis in the private, sector as an approach to Saudisation, to minimize adverse effects (96% of employers with 9.3% only somewhat agreeing, and 79.5% of employees and job seekers with 15.6% only somewhat agreeing). This higher agreement among employers can be attributed to the negative impact that rapid implementation of Saudisation, in terms of replacement of expatriate workers, will have on their businesses, as skilled workers will leave and would be difficult to replace with Saudis lacking these skills. This explanation is supported by 62% and 56.6% of employers who predicted that their private sector and the economy, respectively, will suffer as a result of Saudisation. Also, the higher agreement among employers that the private sector has been negatively affected by government-imposed Saudisation (78.4% of employers agreed while 18.6% only somewhat agreed, compared with only 56.9% of employees and job seekers of whom 31.8% only somewhat agree) explains why employers support, more than employees and job seekers, the gradual approach to Saudisation.

However, as percentages of agreement and somewhat/partial agreement show, the difference in agreement on the impact of imposed Saudisation is more significant, and suggests fundamental disagreement in perceptions. That is, Saudi employees and job seekers disagree with employers' claim that their private sector businesses have been negatively affected by government-imposed Saudisation. However, this perception among employees and job seekers is not supported by the evidence from the literature reviewed in the previous section, which shows that the private sector, not only in Saudi Arabia, but also in similar Gulf nations, has been negatively impacted by strict localization of human resources legislations, decrees and quotas. This perception or disagreement among employees and job seekers may be attributed to the stereotypical negative view among Saudis that the private sector is anti-Saudisation and pro expatriate labour, and by other perceptions they hold revealed by this research. These include, lack of concern among employers for Saudisation-related social responsibility towards families of their Saudi workers (only 53.2% of employees and job seekers agreed that employers have such concerns while 38.5% only somewhat/partially agree); lack of fulfilment of Saudisation-related social responsibility by employers (only 32.9% agreed employers have fulfilled this responsibility, whom 28.1% only somewhat agreed); and the existence of a few Saudisation-related social responsibility rules in private businesses (35.3% agreed of whom 30.1% only somewhat/partially agreed). As shown above, there were no significant differences in agreement between employers and employees and job seekers on the remaining initiatives, as almost all of them advocated determining the needs of the private sector by establishing communication between it and universities and training centres (98.3% of employers and 97.5% of employees and job seekers); increasing training of Saudis to meet the needs of the private sector (99.1% of employers and 98.6% of employees and job seekers); and supporting the private sector to undertake the training of Saudis in line with its needs (96.5% of employers and 96.3% of employees and job seekers). Such convergence suggests closer perceptions on these issues, and hence the validity and reliability of these perceptions and findings. Also, these initiatives do not benefit employers more than employees and job seekers or vice versa, but both of them and the economy as a whole. Hence the neutrality or lack of bias in responses or perceptions towards these issues, underlined by lack of difference in agreement between the two groups, unlike on other initiatives above, where such differences exist.

### 7.4.3.1 Comparison of differences in Mean ranking of statements

The differences in perceptions on initiatives to enhance Saudisation and relevant inferences and arguments discussed above, as well as the findings on the mean rankings of the most and least important and agreed with statements, are further underlined and supported by the comparison of the mean ranking of the 7 statements on initiatives to enhance Saudisation shown in Table 5.48. Differences in perceptions are reflected in differences in the mean ranking of the importance of statements found in Table 5.35 (for employers) and Table 5.42 (for employees and job seekers) and may reflect bias and or response acquiescence. However, and throughout the findings, such bias and/or response acquiescence exist the least in statements on initiatives to enhance Saudisation, compared to statements on policies to ensure Saudisation and Saudisation-related issues, as underlined by closer agreement and hence perceptions on these initiatives.

According to comparison of the mean ranking of 7 statements on perceptions of initiatives to enhance Saudisation among employers, compared to employees and job seekers, in Table 5.48, the most agreed upon statement equally among employers and employees and job seekers relates to their view that the government “*Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*” (Mean 4.5 for both). This is an example of agreement or closeness in perceptions. For employees and job seekers, the views that the government “*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation*”; and “*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*” are also the most agreed with statements, with a similar Mean of 4.5. These perceptions are reflected in previous ranking as the most important. The second most agreed with statement among employers, and equally employees and job seekers, relates to their view that the government “*Should increase the training of Saudis to meet the needs of businesses*” (Mean 4.4 for both). This perception was not among the three most important perceptions for employees and job seekers according to the ranking results in Table 5.42, but was still important and agreed with. The least agreed upon statement among employers, as well as employees and job seekers, relates to their view regarding the impact of Saudisation on the private sector “*The private*

*sector is negatively affected by the imposition of Saudisation”* (Mean 3.6 and 2.8, respectively).

Although this perception among employees and job seekers is consistent with ranking results and reflects bias, underlined by their negative view of the private sector, it should be viewed as only one of the least agreed with statements among employers, rather than being untrue. Various evidence discussed clearly shows that the private sector is indeed negatively affected by imposed Saudisation (e.g. 78.4% of employers in this research believed the sector is negatively affected and 62% believed that Saudisation would impact on their businesses and they would suffer, through the loss of foreign skilled workforce).

The second least agreed with statement among employers relates to the view that the government *“Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector”* (this initiative was the second most important and agreed with among employees and job seekers, which is an example of difference in perceptions). For employees and job seekers, it relates to the view that the government should be *“Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects”* (Mean 4.0 and 3.8, respectively), which shows another example of difference in perceptions, as this was ranked the second most important perception among employers.

All in all, the above findings on the extent of differences in agreement and disagreements, and hence in perceptions, the mean ranking results on the most and least important and agreed with statements, and comparison of the mean ranking results on differences in perceptions, are largely consistent and supportive of the inferences and arguments made in the discussions of the findings on perceptions in the earlier sections.

More important, the existence of these significant differences in itself enhances the credibility and trustworthiness of the findings, despite the existence of bias and response acquiescence highlighted during the discussion of the findings, compared to a situation where such differences do not exist at all (i.e. similar responses and perceptions among employers, employees and job seekers that would have undermined the credibility and trustworthiness of the findings and the study as a whole).

## **7.5 DISCUSSING THE RELATIONSHIP BETWEEN EMPLOYERS' PERCEPTIONS AND THEIR DEMOGRAPHIC AND ORGANISATIONAL CHARACTERISTICS**

The findings shown in Chapter 6 on the relationship between responses relating to perceptions of private sector employers and their demographic and organizational characteristics (type of their business; size of business in terms of number of employees; education level or qualifications; organizational tenure) are discussed in the following section. Due to the quantity of these findings and the fact that these relationships are not the focus of this study, this discussion will be made as brief as possible.

### **7.5.1 The Association between Perceptions and Type of Business**

As regards perceptions on Saudisation related issues, the cross tabulation results in Table 6.1 show that at the 5% level of significance, there is an association between employers' perception of their willingness to employ Saudis with adequate qualifications "*If the qualifications of Saudi workers are adequate I can support employing them*" and their type of their business activity. The table shows that most employers in all private sector businesses surveyed would employ Saudis if they had adequate qualifications, with the exception of minority in commercial (11.1%), services (3.2%), and agricultural (16.7%) businesses. In addition, the cross-tabulation results in Table 6.2 show that there is an association between the perception of employers on readiness of Saudis workers to accept any type of job "*Saudi workers are ready to accept any job*" and type of business. The majority of employers (agricultural 75%, commercial 72.2%, financial 83.3% and insurance 100%) did not believe that Saudi workers are ready to accept any job, while about 60% and 45.2% of those in industry and services, respectively, believed they are. Employers differed in perceptions on their concerns for Saudisation-related social responsibility: "*My business concerns about family responsibility of Saudi workers*", with those in industrial, commercial, financial, and insurance businesses being more concerned than those in agriculture, medicine and services.

Also on readiness of Saudi workers to do vocational jobs: "*Saudi workers are ready to accept vocational (or handcraft) jobs*", with those in agriculture (73%), commerce (77.3%), and insurance (100%) believed Saudis are not ready, while about 70% of those in industry and 57.1% in services, 50% of finance and, 64.3% of medicine

thought they are. A significant association was also found in relation to perceptions on adequacy of Saudis workers' experience for business: "*I think Saudi workers have the required experience for my business*", with those in industry (65%) and service (67.7%) businesses agreeing; whilst about 58.4% of those in agriculture, 64.5% in commerce and 50% in medicine and finance disagreed. On the idea that Saudis with adequate experience have high performance: "*Saudi workers with adequate experience have high performance*", with those in industrial (84.2%), service (66.2%), financial (83.3%), and medical (61.4%) sectors agreed with the statement; while 8.3% of those in agricultural, commercial (13.3%), service (8%) and medical (14.3%) sectors disagreed.

Significant association was also found in relation to perceptions on mobility of Saudis for work: "*Saudi workers are ready to work in any location*", with most employers in the agricultural (58.3%), commercial (67.1%), financial (66.7%), medical (85.7%), and insurance (100%) sectors believing they are; while 26.3% and 45.1% of those in industrial and service sectors, respectively disagreed. On whether Saudis have skills required in their private sector: "*I think the Saudi workers have the required skills for my business*", with most employers in the agricultural (66.6%), commercial (60.3%), and financial (66.7%) sectors believed they have; whereas 37.8% and 22.5% of those in industrial and service sectors, respectively, thought otherwise. Association was also found on perceptions relating to performance of Saudi workers with adequate skills: "*According to my experience Saudi workers with adequate skills have high performance*", with 25% of employers in agricultural, 18% in commercial, and 14.3% in medical sectors thinking they have high performance, while none of those in industrial, financial, and insurance sectors agreed. On commitment of Saudis to job: "*Saudi workers do not seek to change their jobs*", with most employers in agricultural (75%) and commercial (55.6%) sectors believed Saudis do not seek to change jobs; and 13% of those in industrial, 23.8% in service, 16.7% in financial and 35.7% in medical sectors disagreeing; while all of those in insurance agreed only somewhat with this statement.

Association was also found on perceptions relating to the adequacy of the productivity of Saudis: "*Productivity of Saudi worker is adequate for my business*", with 58.3% and 41.6% of employers in agricultural and commercial sectors, respectively, not considering it adequate; while 16.2% of them in industry, 22.6% in service, 33.4% in

financial, 28.6% of medical and all in insurance thought otherwise. On the productivity of Saudi workers being higher than non-Saudis: "*According my experience; Saudi workers are more productive than Non-Saudi workers*", with most employers in the agricultural (66.7%) and commercial (76.7%) sectors believed they are; while most of them in the other sectors (medical, insurance, financial, industrial) did not.

The above findings show there are differences in level of agreement and perceptions on Saudisation-related issues among employers, depending on their type of business. Sometimes these differences are insignificant, which suggests overwhelming agreement or very close perceptions (e.g. the majority of employers across all types of businesses expressed willingness to employ Saudis if they had adequate qualifications; except a minority of 3.2% and 16.7% of employers in the services and agriculture industries, respectively, and 11.1% in the commercial sector). Some of the above findings on associations seem consistent with and supportive of the findings and inferences relating to perceptions discussed earlier. For example, the majority of employers, regardless of their type of businesses, did not believe Saudi workers are ready to accept any job, with the exception of those in the industrial and service sectors (60% and 45.2%, respectively). Also, employers in only two sectors, namely industrial and services, believed that Saudi workers have adequate experience, and employers in only two sectors (agriculture and commercial) believed that Saudi workers are committed to the job, with those in insurance only somewhat agreed. Similarly, only employers in the agriculture and commercial sectors believed that Saudi workers are more productive than non-Saudis. Even when perceptions were positive among employers across most sectors, the low percentages of those who agreed casts doubt on such perception. For example, the Saudi workers' productivity was perceived as adequate by employers across most types of sectors, but percentages of agreement were low (16.2% of industrial, 22.6% of services, 33.4% of financial, 28.6% of medical); even in the tow exceptions, agriculture and commercial (55.3% and 41.6%) percentages are no more than moderate.

These differences in level of agreement and perceptions, depending on type of business; may be attributed to various reasons raised during the earlier discussions of the main findings on perceptions and in this section. These include lack of particular skills among Saudis workers and job seekers, and the level of negative impact of

Saudisation on particular sector, which influences, or lead to, low agreement and negative perceptions. For example, in many cases, disagreement or a low level of agreement on most of the above mentioned Saudisation-related issues seem to be expressed by employers in the industrial, financial, insurance, service, medical, agriculture and commercial sectors, which could be attributed to lack of skills among Saudi workers, graduates and job seekers relevant to, or required in, these particular sectors, compared to expatriates with skills that are required in these sectors. They could also be attributed to resentment and expression of opposition of employers to the Saudisation policy in these particular sectors, because they may have been more affected by the negative impact of Saudisation legislation, than those in the other sectors. In addition, employers in these sectors may have very strong negative image of Saudi workers, graduates and job seeker; and do not value their current qualifications, experience or skills. The overwhelming agreements among employers, regardless of type of sector (e.g. willingness to employ Saudis if they have adequate qualifications) may be attributed to employers across all businesses wishing to appear supportive of, and compliant with, Saudisation. However, and as pointed out in this chapter, some of these perceptions underlying some of the above agreements, regardless of type of business sector, are not necessarily and completely reliable, as they appear to suffer from bias or response acquiescence, as employers may wish to appear compliant with Saudisation legislation, because they are not supported by evidence from this research.

The association between the perceptions of private sector employers on government policies to ensure Saudisation and type of business was also tested. The results of cross-tabulation in Table 6.3 show that at the 5% level of significance, there is an association between employers' perceptions on awareness of their Saudisation-related social responsibility: "*My establishment is aware of its social responsibility regarding enhancing Saudisation*" and type of business, with the majority of them in all sectors believing they had such awareness; while most of those in the agricultural sector (66.7%) did not.

The cross-tabulation results in Table 6.4 show a significant association between type of business and perceptions of employers on fulfilling their Saudisation-related social responsibility: "*My establishment implemented social responsibility regarding Saudisation*", with the majority of employers in all sectors believing that their

establishment did so; while most of those in the agricultural sector (66.7%) believed otherwise. Other significant associations found related to employers' perceptions on whether they had Saudisation-related social responsibility rules or policies: "*My establishment has few rules of social responsibility regarding Saudisation*", with the majority of them in all sectors believing they had; except those in the agricultural sector (75%).

On the proposal to join social security: "*My business needs to join to system of social security*", with the majority of employers (more than 92% in the industrial, service, financial, medical and insurance sectors) believed they needed to do so; while about a third of those in agricultural and commercial sectors believe otherwise. Majority agreement on all of the above policies or issues among employers, across all types of businesses, may be attributed to the desire of all employers, regardless of type of businesses, to appear supportive of and compliant with Saudisation legislation (e.g. fulfilling Saudisation-related social responsibility), with the exception of those in the agriculture sector. However, as pointed out in this chapter, the perceptions underlying these agreements, regardless of type of sector, are not necessarily true. They appear to suffer from bias or response acquiescence, due to the wish to appear compliant with Saudisation legislation, as their perceptions are not supported by evidence from this research (e.g. disagreement among employees and job seekers) and literature (e.g. high unemployment among Saudis).

Lack of agreement among employers in the agriculture sector (e.g. 66.7% said they had not fulfilled their Saudisation-related social responsibility, and a third did not want to join social security system) may be attributed to employers in this sector being more resistant to Saudisation and/or being unhappy about Saudisation legislation, and unconvinced that these policies have given them, or will bear any real benefits to their businesses, such as developing relevant skills among Saudis. This may especially be the case, as the agriculture sector is not perceived by Saudis or the government to be important as other sectors, and therefore it does not receive much attention.

A third of employers in the commercial sector did not wish to join the social security system, which may be attributed to these employers having similar resistance and attitudes towards Saudisation to those in the agriculture sector, and may be due to their sector being more negatively impacted by Saudisation than other sectors.

Furthermore, the association between the perceptions of employers on initiatives to enhance Saudisation and type of business was tested. Cross-tabulation results in Table 6.5 show that, at the level of the 5% significance, there is an association between employers' perceptions advocating more training for Saudis tailored to their private sector needs as a way of enhancing Saudisation: "*Should increase the training of Saudis to meet the needs of businesses*" and type of business activity. All of them agreed that the government should increase the training of Saudis to meet the needs of private sector businesses, with the exception of 3.2% of those in the service sector. Cross-tabulation results in Table 6.6 show a significant association between employers' perceptions on the need for communication with the private sector in order to determine its labour needs as a way of enhancing Saudisation: "*Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*" and their type of business. All of them recommended that this initiative should be implemented by the Saudi government, except for a minority of 2.6%, 3.2% and 7.1% among those in industrial, service and medical sectors, respectively.

Other significant associations found between type of sector and perceptions relate to the recommendation that the government should reward businesses for achieving a high level of Saudisation: "*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation*"; with more than 92% of employers in the industrial, commercial, services, financial, medical and insurance sectors recommending this initiative, whereas 25% of those in the agriculture sector disagreed. On raising awareness of the importance of work and employing more Saudis in their private sector: "*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*"; with the majority of employers (92% in industry, 83.9% in services, 83.3% in finance, 71.4% in medicine, and 100% in insurance) recommended this initiative.

On government supporting the private sector to train their Saudis according to their needs: "*Give support and benefits from the government to the private sector to take responsibility for training the workers they need*"; with the majority of employers agreed that the government should implement such an initiative, but 58.3% of them in the agricultural agreed only somewhat.

A final association between type of sector and perceptions was found related to the impact of government imposed Saudisation on the private sector: "*The private sector is negatively affected by the imposition of Saudisation*"; with employers either agreeing strongly, agreeing or somewhat agreeing that imposed Saudisation has negatively affected the private sector, with the percentages of those agreeing varying from 67.3% of those in the financial sector to 92.3% of those in commercial businesses.

Strong recommendation among employers across all types of businesses, with insignificant minorities disagreeing, is consistent with the main findings, showing similar overwhelming support for these initiatives among employers and employees and job seekers, although employees and job seekers agreed less about the negative impact of imposed Saudisation on the private sector. The stronger support for these initiatives across all employers, regardless of business type, particularly increased communication between private sector and universities and training centres, suggests the importance of addressing the gap that exists between the skills the private sector needs and the graduates the Saudi education system and training centres provide, as explained under the recommendations of this research. Stronger support among employers across all types of private sector businesses for these initiatives may be attributed to their desire to see the government implement such initiatives, which they approve of, and which would enable them to support Saudisation, as an alternative to the current imposed Saudisation laws that they are unhappy about. 100% support for these initiatives from employers in the insurance sector may suggest that this sector requires more attention from the government, in terms of support to provide it with Saudis who have skills and expertise in insurance. Such skills are especially lacking among Saudis compared to skills in other sectors, because insurance is still a relatively new activity in Saudi Arabia and is not as popular as other business activities, especially as it may conflict with Islamic laws on doing business, which are strictly adhered to in Saudi Arabia.

Stronger agreement among employers in the commercial and services sectors about the negative impact of imposed Saudisation (92.3% and 67.3%, respectively) may be attributed to these sectors being most affected by this impact. Providing subsidies and rewarding businesses that achieve high level of Saudisation was not supported by 25% of employers in agriculture, and 58.3% among them only somewhat

recommended supporting the private sector to train Saudis. These findings may be attributed to employers in both of these sectors being more resistant to Saudisation, and/or are unconvinced that these initiatives will bear any real benefits to their businesses, such as developing relevant skills among Saudis.

### **7.5.2 The Association between Perceptions and the Size of Business by Number of Employees**

The association between the perceptions of employers on Saudisation-related issues and the size of their businesses by number of employees was tested. The results of cross-tabulation in Table 6.7 show that at the level of 5% of significance, there is an association between the size of businesses in terms of number of employees and employers' perceptions on their willingness to employ Saudis with adequate skills: "*If the skills of Saudi workers are adequate for my establishment I can support employing them*"; with 80% of employers with 1-25 employees, 100% with 26-50 employees, 100% with 51-75 employees, 92.6% with 76-100 employees, and 98.5% with more than 100 employees, agreeing they would.

Cross-tabulation results in Table 6.8 show a significant association between size of businesses and employers' perception on whether Saudi workers have the work experience required by their business: "*I think the Saudi workers have the required experience for my business*"; with 66.2% of employers with 1-25 employees, 52.7% with 26-50 employees, 41.6% with 51-75 employees, 62.9% with 76-100 employees, and 27.7% with more 100 employees, disagreeing that Saudi workers have the required experience for their businesses. Significant associations between size of business and perceptions' of employers and served other issues was also found. On concerns for Saudisation-related social responsibility to the Saudi families of their workers: "*My business concerns about family responsibility of Saudi workers*"; with 65.7% of employers with 1-25 employees, 83.8% with 26-50 employees, 91.7% with 51-75 employees, 92.6% with 76-100 employees and 87.7% with more 100 employees, believed they showed such concerns.

On the adequacy of Saudi workers' qualifications: "*I think education qualifications of Saudi workers are adequate for my business*"; with 55% with 1-25 employees, 66.7% with 26-50 employees, 50% with 51-75 employees, 77.0% with 76-100 employees, and 80.7% with more 100 employees, of employers agreed they are adequate.

Association was also found on willingness to employ Saudis workers with adequate qualifications: "*If the qualifications of Saudi workers are adequate I can support employing them*"; with 83.1% of employers in companies with 1-25 employees, 97.4% with 26-50 employees, 100% with 51-75 employees, 100% with 76-100 employees, and 100% with more 100 employees, being willing to do so. Similarly, on the performance of adequately educated Saudis: "*According to my experience Saudi workers with adequate education have high performance*"; with 74.7% of employers with 1-25 employees, 86.8% with 26-50 employees, 91.7% with 51-75 employees, 88.9% with 76-100 employees, and 92.2% with more 100 employees believed such Saudis had higher performance. On readiness of Saudi workers to accept any job: "*Saudi workers are ready to accept any job*"; with employers with smaller businesses disagreed more that Saudis are willing to do so (77.5% with 1-25 employees, 71.8% with 26-50 employees, 66.7% with 51-75 employees, 63.0% with 76-100 employees, and 42.2% with more 100 employees).

Association was also found on readiness of Saudi workers to do vocational or manual jobs: "*Saudi workers are ready to accept vocational (or handcraft) jobs*"; with 67.6% of employers with 1-25 employees, 69.2% with 26-50 employees, 66.7% with 51-75 employees, 62.9% with 76-100 employees, and 28.5% with more 100 employees perceiving that they are not ready. Similarly, on willingness to employ Saudis with adequate work experience: "*If the experience of Saudi workers is adequate for my business I can support employing them*"; with 88.6% of employers with 1-25 employees, 100% with 26-50 employees, 100% with 51-75 employees, 96.3% with 76-100 employees, and 97% with more 100 employees expressed willingness to do so. On the performance of adequately work-experienced Saudis: "*Saudi workers with adequate experience have high performance*"; with 83.1% of employers with 1-25 employees, 89.5% with 26-50 employees, 100% with 51-75 employees, 96.3% with 76-100 employees, and 96.9% with more 100 employees, agreed that their performance was high.

On mobility of Saudis for work: "*Saudi workers are ready to work in any location*"; with 70% of employers with 1-25 employees, 72.9% with 26-50 employees, 75% with 51-75 employees, 55.5% with 76-100 employees, and 27.7% with more than 100, did not believe them to be mobile. Similarly, on whether Saudi workers have the required skills: "*I think the Saudi workers have the required skills for my business*"; with

30.5% of employers with 1-25 employees, 56.8% with 26-50 employees, 58.3% with 51-75 employees, 40.8% with 76-100 employees 80% with more 100 employees believed they have.

Also, on the performance of Saudi workers with adequate skills "*According to my experience Saudi workers with adequate skills have high performance*"; with 77.1% of employers with 1-25 employees, 84.6% with 26-50 employees, 100% with 51-75 employees, 88.9% with 76-100 employees, and 98.5% with more 100 employees, believed they have higher performance. On commitment of Saudis to employer or job: "*Saudi workers do not seek to change their jobs*"; with 45.1% of employers with 1-25 employees, 61.5% with 26-50 employees, 58.3% with 51-75 employees, 44.5% with 76-100 employees, and 86.2% with more than 100 employees, think that Saudi workers do not seek to change their jobs. Also, on offering jobs stability and security for Saudi workers: "*My business offers stable job and security for Saudi workers*"; with 62.0% of employers with 1-25 employees, 86.8% with 26-50 employees, 83.3% with 51-75 employees, 92.6% with 76-100 employees, and 87.5% with more than 100 employees, believed that they do offer such job stability and security.

As regards the adequacy of the productivity of Saudi workers: "*Productivity of Saudi workers is adequate for my business*"; with 43.6% of employers with 1-25 employees, 75.7% with 26-50 employees, 66.6% with 51-75 employees, 74.1% with 76-100 employees, and 81.6% with more than 100 employees believed it is to be adequate. A significant association was also found on the productivity of Saudi workers compared to non-Saudis: "*According my experience; Saudi workers are more productive than Non-Saudi workers*"; with 73.2% of employers with 1-25 employees, 59% with 26-50 employees, 41.6% with 51-75 employees, 66.6% with 76-100 employees, and 40.0% with more than 100 employees, believing Saudis are more productive.

Significant positive correlations between the perceptions on the above Saudisation-related issues and size of businesses were found, as depicted in Table 6.9. It suggests higher agreement on these issues among employers with larger businesses, in terms of number of employees. No such correlation or association existed regarding perception on prestige among Saudi workers (i.e. all employers, regardless of size of business, agreed on this statement). Higher agreement on all of the above Saudisation-related issues among employers with larger businesses (> 25 employees) may be attributed to these businesses having more resources and capacity to meet and address these issues,

and wishing to appear supportive of, and compliant with, Saudisation (e.g. willingness to employ Saudi workers if they have adequate qualifications).

However, as pointed out in this chapter, the perceptions underlying these agreements are not necessarily credible, as they suffer from bias or response acquiescence, to appear compliant, as they are not supported by evidence from this research (e.g. disagreement among employees and job seekers with employers' claim that they are concerned for Saudisation-related social responsibility towards the families of their Saudi workers) and with the literature (e.g. high unemployment among Saudis). Less agreement among employers with smaller businesses (25 and less employees) about the above Saudisation-related issues may be attributed to the fact that small businesses have been most negatively impacted by Saudisation, especially as they have modest resources and capacity to implement Saudisation quota and legislation, compared to larger businesses (e.g. they lack capacity to employ a large number of Saudis, even if they were adequately skilled). However, some of the above-shown low levels of agreement and perceptions of these smaller businesses are supportive of inferences and findings relating to such issues in the discussion on perceptions in previous sections, such as lack of skills among Saudi workers required in the private sector, and lack or low level of commitment of Saudi workers (e.g. only 45.1% of small businesses believe Saudi workers are committed to employer or job, and only 30.5% believe they have the skills required by the private sector).

The association between perceptions of employers of government policies to ensure Saudisation and size of their business by number of employees was tested. The results of cross tabulation in Table 6.10 show significant association between size of business and employers' perceptions on whether they have Saudisation-related social responsibility rules: "*My establishment has few rules of social responsibility regarding Saudisation*"; with 45.1% of employers with 1-25 employees, 79.5% with 26-50 employees, 100% with 51-75 employees, 77.8% with 76-100 employees, and 90.8% with more than 100 employees, agreeing that their establishments have a few such rules.

Results of cross-tabulation in Table 6.11 show significant association between business size and employers' perceptions on the proposed policy of joining social security system: "*My business needs to join to system of social security*"; with 49.3% of employers with 1-25 employees, 87.1% with 26-50 employees, 100% with 51-75

employees, 96.3% with 76-100 employees, and 89.3% with more than 100 employees, agreeing that they need to do so. Significant associations were found between business size and employers' perception on the remaining issues. On awareness of Saudisation legislation: "*There are some government legislations regarding Saudisation*"; with 87.3% of employers with 1-25 employees, 94.7% with 26-50 employees, 83.3% with 51-75 employees, 96.3% with 76-100 employees, and 90.8% with more than 100 employees agreed that such legislation existed no significant correlation was found. Also, on the proposed minimum wage policy, "*The legislations of minimum-wage is so important for enhancing Saudisation*"; with 64.8% of employers with 1-25 employees, 92.3% with 26-50 employees, 100% with 51-75 employees, 96.2% with 76-100 employees and 95.4% with more than 100 employees, agreed that such a policy is very important for enhancing Saudisation.

Significant association was also found relating to awareness of Saudisation-related social responsibility: "*My establishment is aware of its social responsibility regarding enhancing Saudisation*"; with 47.9% of employers with 1-25 employees, 82.1% with 26-50 employees, 100% with 51-75 employees, 88.9% with 76-100 employees, and 89.2% with more than 100 employees claiming to be aware of such responsibility.

Association was also found relating to fulfilling Saudisation-related social responsibility: "*My establishment implemented social responsibility regarding Saudisation*"; with 45% of employers with 1-25 employees, 76.9% with 26-50 employees, 91.7% with 51-75 employees, 81.5% with 76-100 employees, and 87.6% with more than 100 employees, believing they had done so. Significant positive correlations between the above perceptions and size of businesses were found, as shown in Table 6.12, suggesting more agreement with these statements among employers with larger businesses in terms of number of employees (more than 25 employees); even though such agreement is widespread among all sizes of businesses.

Higher agreement on all of the above policies or issues among employers with larger businesses (> 25 employees) may be attributed to these businesses having larger resources and capacity to meet Saudisation quotas and legislations (e.g. fulfilling Saudisation-related social responsibility). However, as pointed out in this chapter, the perceptions underlying these agreements are not necessarily credible, as they suffer from bias or response acquiescence, to appear compliant with Saudisation legislation, as they are not supported by evidence from this research (e.g. disagreement among

employees and job seekers) and the literature (e.g. employers' support for a minimum wage policy that is detrimental to the private sector).

Lower agreement (e.g. joining social security, fulfilling Saudisation-related social responsibility) among employers with smaller businesses (25 and less employees) may be attributed to the fact that small businesses have been most negatively impacted by Saudisation, especially as they have modest resources and capacity to implement Saudisation quota and legislations, compared to larger businesses. However, support for minimum wage and awareness of Saudisation legislation among smaller businesses were high.

The association between perceptions of employers of initiatives to enhance Saudisation and size of their business by number of employees was tested. Cross-tabulation results in Table 6.13 show that at the 5% level of significance, there is an association between company size, in terms of number of employees, and employers' perceptions on initiative for the government to support the private sector to train Saudis according to its labour needs in order to enhance Saudisation: "*Give support and benefits from the government to the private sector to take responsibility for training the workers they need*"; with 73.3% of employers with 1-25 employees, 89.7% with 26-50 employees, 91.3% with 51-75 employees, 80.4% with 76-100 employees and 92.3% with more than 100 employees, agreeing on the desirability of this measure. Results of cross-tabulation in Table 6.14 show significant association between size of business and perceptions of employers on initiatives to enhance Saudisation by rewarding businesses that achieve a high level of Saudisation: "*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation*"; with 87.3% of employers with 1-25 employees, 100% with 26-50 employees, 91.7% with 51-75 employees, 92.6% with 76-100 employees, and 93.8% with more than 100 employees, believing that the government should reward such businesses.

Significant association was found relating to the initiative on raising awareness among Saudis of the importance of work and increasing their employment in the private sector: "*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*"; with 80.3% of employers with 1-25 employees, 100% with 26-50 employees, 100% with 51-75 employees, 96.3% with 76-100 employees, and 100% with more 100 employees agreeing with this initiative. Also, on increasing training of Saudis to meet the labour and skills needs of the private sector:

"Should increase the training of Saudis to meet the needs of businesses", with 83.1% of employers with 1-25 employees, 92.3% with 26-50 employees, 100% with 51-75 employees, 92.6% with 76-100 employees, and 96.1% with more than 100 employees, agreed that the government should increase such training.

Similarly, on initiative to increase communication between the private sector and other parties to address its labour needs: "Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector"; with 100% of employers with 1-25 employees, 97.4% with 26-50 employees, 91.7% with 51-75 employees, 96.3% with 76-100 employees, and 98.5% with more 100 employees, forward this initiative. Similarly, on supporting the private sector to train Saudis according to its labour needs: "Give support and benefits from the government to the private sector to take responsibility for training the workers they need"; with 73.3% of employers with 1-25 employees, 89.7% with 26-50 employees, 91.3% with 51-75 employees, 80.4% with 76-100 employees, and 92.3% with more 100 employees, believed that such a initiative should be implemented by the Saudi government.

Significant positive correlations were found between the above perceptions and size of businesses, as shown in Table 6.15, suggesting stronger agreement with these initiatives among employers with large businesses in terms of number of employees (more than 25 employees) even though such agreement is widespread among all sizes of businesses. An association was also found with perceptions on the impact of government imposed Saudisation on the private sector: "*The private sector is negatively affected by the imposition of Saudisation*"; with 83.0% of employers with 1-25 employees, 74.3% with 26-50 employees, 50% with 51-75 employees, 66.7% with 76-100 employees, and 53.1% with more than 100 employees, agreeing that the private sector is negatively affected by such Saudisation. A significant negative correlation was found, suggesting that employers with large companies see the private sector as being negatively affected by the imposition of Saudisation, but less than those with small businesses (1-25 and 26-50 employees). The association results suggest that employers with up 25 employees or less, and those with up to 50 employees, agree more on this negative impact than employers with larger numbers of employees. This may be due to their small capacity and resources, which meant they have been more negatively impacted and targeted by Saudisation, compared to larger

businesses, where fewer employers perceive such impact, especially among those employing more than 100 employees (53.1%).

Common recommendations among all employers with different sizes of businesses are consistent with in the main findings, showing similar support for these initiatives among employers and employees and job seekers. However, employees and job seekers agreed less about the negative impact of imposed Saudisation on the private sector. The stronger support for these initiatives across employers, regardless of business size, particularly increased communication between private sector and universities and training centres, suggests the importance of addressing the gap that exists between what the skills private sector needs and those possessed by graduates of the Saudi education system and training centres, as explained under the recommendations of this research. Stronger support for these initiatives among employers with large businesses may be attributed to their desire to see the government implement such measures, which they approve of, and which enable them to support Saudisation, as an alternative to the currently imposed Saudisation laws, which they are unhappy about.

### **7.5.3 The Association between Perceptions and Level of Education**

The association between the perceptions of employers on Saudisation-related issues, government policies to ensure Saudisation and initiatives to enhance Saudisation and their level of education was tested. Cross-tabulation results in Table 6.16 show significant association between employers' level of education and Saudisation-related issues. On willingness to employ adequately work-experienced Saudis: "*If the experience of Saudi workers is adequate for my business I can support employing them*"; with 23.8% of employers with secondary or less qualification, 41.4% with post secondary diploma, 44.7% with university degrees, 50.8% with a master, and 60% with PhD showed such willingness. Significant correlation between this perception, as well as, some of the remaining perceptions, and level of education was found, as shown in Table 6.17. Significant association was also found between employers' level of education and perceptions on the remaining Saudisation-related issues.

Regarding concerns for Saudisation-related social responsibility towards Saudi workers: "*The private sector is concern about family responsibility of Saudi workers*"; with most employers, at all level of education, believed they showed such concern,

especially highly educated employers (61.9% with secondary or less qualification, 69% with post secondary diploma, 88.5% with university degrees, 84.7% with master, and 60% with PhD); but no significant correlation was found. On the adequacy of Saudi workers' qualifications: "*I think education qualifications of Saudi workers are adequate for my business*"; with employers, especially the more highly educated, believed they are adequate (42.9% with secondary or less qualification, 72.4% with post secondary diploma, 70.6% with university degrees, 68.3% with master, and 80% with PhD); but no significant correlation was found. On willingness to employ adequately qualified Saudis: "*If the qualifications of Saudi workers are adequate I can support employing them*"; with highly educated employers were very willing to do so (81.0% with secondary or less qualification, 79.3% with post secondary diploma, 98.1% with university degrees, 96.7% with master and 100% with PhD degrees) and a significant correlation between this perception and level of education was found. Also on the mobility of Saudi workers: "*Saudi workers are ready to work in any location*"; with those holding post-secondary diploma and above believed less in such mobility, especially the highly educated (80% with secondary or less qualification, 46.4% with post secondary diploma, 55.8% with university degrees, 47.5% with master, and 50% with PhD degrees) and a significant correlation between this perception and level of education was found.

Significant association was also found relating to willingness to employ adequately skilled Saudis: "*If the skills of Saudi workers are adequate for my establishment I can support employing them*"; with most employers at all levels of education, especially the highly educated, being willing to do so (70% with secondary or less qualification, 78.6% with post secondary diploma, 96.2% with university degrees, 98.3% with master degrees, and 100% with PhD); and a significant correlation was found. On the performance of adequately skilled Saudi workers: "*According to my experience Saudi workers with adequate skills have high performance*", with most employers, especially the highly educated, believed it is high (76.2% with secondary or less qualification, 79.3% with post secondary diploma, 91.3% with university degrees, 90.2% with master degrees, and 100% with PhD) and a significant correlation was found. On commitment of Saudi workers to employer or job: "*Saudi workers do not seek to change their jobs*"; with employers, especially with those educated at post-secondary diploma and above, agreed on such commitment, while those with

secondary or less education only partially agreed (42.9% with secondary or less qualification, 48.3% with post secondary diploma, 63.8% with university degrees, 72.1% with master and 60% with PhD); and a significant correlation was found. A significant association was also found relating to offering job stability and security to Saudi workers: "*My business offers stable job and security for Saudi workers*"; with most employers believe they do, especially highly educated (57.1% with secondary or less qualification, 65.5% with post secondary diploma, 88.3% with university degrees, 73.8% with master and 80% with PhD); but no significant correlation was found.

Association was also found with perceptions on the adequacy of the productivity of Saudi workers,: "*Productivity of Saudi workers is adequate for my business*"; with employers with high levels of education believing more that it is adequate (33.3 % with secondary or less qualification, 50% with post secondary diploma, 74% with university degrees, 76.7% with master degrees, and 70% with PhD); and a significant positive correlation was found. On the productivity of Saudi workers compared to non-Saudis,: "*According my experience; Saudi workers are more productive than Non-Saudi workers*"; with employers only partially agreed with statement at all level of education, but disagreed at secondary or less level of education (14.3% with secondary or less qualification, 41.4% with post secondary diploma, 42.9% with university degrees, 57.4% with master and 40% with PhD); and a significant positive correlation was found. The above findings show that generally there is agreement on the majority of the above Saudisation-related issues among employers at all level of education, but this agreement on many of these issues was stronger among the more educated or holders of a university degree and above.

Although such agreements do not mean all perceptions are necessarily and completely true (i.e. some suffer from bias or response acquiescence and are not supported by evidence discussed), it can be speculated that stronger agreements among more educated employers, may be because they may have more insight into these issues, through their senior management positions based on their higher level of education, or that their perceptions (e.g. adequate productivity of Saudi workers) may be reflected or true more in their businesses than in other businesses managed by less educated employers. The exceptions to the above common agreement are on mobility of Saudi workers, which is supported more by those with post-secondary education or less; commitment of Saudi workers to employer or job, which is only partially supported

by employers with post-secondary diploma education or less, but agreed on by employers with higher levels of education; productivity of Saudi workers being higher than non-Saudis, which is only partially supported by employers with post-secondary and above education, but not by those with secondary or less level of education; and on this productivity being adequate, which is only very partially supported by employers with secondary or levels of education. The above findings are supportive of the main findings of the research on perceptions and relevant inferences made, such as Saudi workers being perceived as not more productive than non-Saudi (employers with secondary or lower education do not think Saudi workers are more productive, and those with post-secondary and above levels of education only partially think so).

The association between employers' perceptions of government policies to ensure Saudisation and level of their education was tested. Cross-tabulation results in Table 6.18 show significant association between employers' level of education and their perceptions on government policy to ensure Saudisation by introducing a minimum wage to the private sector: "*The legislations of minimum-wage is so important for enhancing Saudisation*"; with most of them agreeing on the importance of this proposed policy; especially the highly educated (66.7% with secondary or less qualification, 69.0% with post secondary diploma, 91.4% with university degrees, 88.3% with Master and 90% with PhD). A significant positive correlation between this perception, as well as perceptions on the other issues, and level of education was found, as shown in Table 6.19.

Significant association was also found relating to awareness of Saudisation-related social responsibility: "*My establishment is aware of its social responsibility regarding enhancing Saudisation*"; with those highly educated employers especially believing that they had this awareness (57.1% with secondary or less qualification, 51.7% with post secondary diploma, 81.0% with university degrees, 82.0% with master, and 70% with PhD); and a significant positive correlation between this perception and level of education was found. On having Saudisation-related social responsibility rules: "*My establishment has few rules of social responsibility regarding Saudisation*"; with highly educated employers were more inclined to agree that their establishments had few of such rules (38.1% with secondary or less qualification, 57.7% with post secondary diploma, 81.0% with university degrees, 83.6% with master, and 60.0% with PhD); and a significant positive correlation between this perception and level of education was found. Association was found with perceptions on fulfilling

Saudisation-related social responsibility: "*My establishment implemented social responsibility regarding Saudisation*"; with highly educated employers especially believing they had done so (38.1% with secondary or less qualification, 51.7% with post secondary diploma, 78.1% with university degrees, 82.0% with master degrees, and 50.0% with PhD); and a significant positive correlation between this perception and level of education was found. On the proposed policy for employers of private sector businesses to join social security system: "*My business needs to join to system of social security*"; with highly educated employers especially agreed that they should do so (57.1% with secondary or less qualification, 57.7% with post secondary diploma, 83.8% with university degrees, 85.0% with master degrees, and 80.0% with PhD); and a significant positive correlation between this perception and level of education was found.

Stronger agreement among highly educated employers on introduction of minimum wage to the private sector, awareness of enhancing Saudisation, having a few Saudisation-related social responsibility rules that have been implemented, and joining the social security system, may be attributed to their better understanding and awareness of the implications of non-compliance with Saudisation legislation (i.e. penalties), and the desire to appear compliant and supportive of any Saudisation measures, as an alternative to imposed quotas that have negatively affected their businesses, even if these proposed initiatives are inconsistent with, and detrimental to, the nature of their business (e.g. minimum wage, joining social security).

The association between employers' perceptions of initiatives to enhance Saudisation and their level of education was tested. The results of cross tabulation in Table 6.20 show significant association between the education level of employers and their perceptions of the Saudisation-enhancing initiative of raising awareness of the importance of work among Saudis and increasing their employment in the private sector: "*Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector*"; with the majority of them at all levels of education agreeing with this measure (71.4% of those with secondary or less qualification, 89.7% with post secondary diploma, 97.1% with university degrees, 93.4% with master, and 100% with PhD). A significant positive correlation between this perception, as well as other perceptions, and level of education was found, as shown in Table 6.21.

Association was also found relating to perceptions on rewarding private sector businesses that achieve a high level of Saudisation: "*Should give subsidies and benefits to businesses that achieve a high rate of Saudisation*"; with most employers at all levels agreeing with this measure, but especially highly educated ones (71.4% of those with secondary or less qualification, 89.7% with post secondary diploma, 97.1% with university degrees, 93.4% with master and 100% with PhD); and a significant positive correlation between this perception and level of education was found. On increasing training of Saudis to meet the labour needs of the private sector: "*Should increase the training of Saudis to meet the needs of businesses*"; with the majority of employers at all levels of education agreed with this measure (95.2% of those with secondary or less qualification, 100% with post secondary diploma, 99% with university degrees, 100% with master, and 100% with PhD); and a significant positive correlation between this perception and level of education was found. On establishing communication between the private sector and other parties to determine its labour needs: "*Should organise communication between the private sector, training centres, institutions and universities to determine the real needs of the private sector*"; with the majority of employers at all levels agreed with this measure (95.2% among those with secondary or less qualification, 100% with post secondary diploma, 100% with university degrees, 95.1% with master and 100% with PhD); and a significant positive correlation between this perception and level of education was found.

Common recommendation of the above initiatives among all employers with different levels of education, but especially the more highly educated, is consistent with the main findings, showing similar support for these initiatives among employers, employees and job seekers. The stronger support for these initiatives across all employers, regardless of level of education, particularly increased communication between private sector and universities and training centres, suggests the importance of addressing the gap that exists between what the skills private sector needs and the graduates the Saudi education system and training centres provide, as explained under the recommendations of this research.

#### **7.5.4 The Association between Perceptions and Tenure in Organisation**

The association between employers' perceptions on Saudisation-related issues, government policies to ensure Saudisation, initiatives to enhance Saudisation and their

length of tenure in organization was tested. The results of cross tabulation in Table 6.22 show at the 5% level of significance, that there is an association between employers' tenure in organization and their perception on the productivity of Saudis: "*According my experience; Saudi workers are more productive than Non-Saudi workers*"; with those with longer tenure believing that Saudis are not more productive than non-Saudis (42.3% with less than 5 years, 46.9% with 6-10 years, 66.7% with 11-15 years, and 71.9% with more than 15 years). A significant correlation between this perception, and tenure was also found, as shown in Table 6.23.

Other significant associations relating to perceptions on the following issues were found. On the adequacy of Saudis' qualifications,,: "*I think education qualifications of Saudi workers are adequate for my business*"; with those with longer tenure believed that the qualifications of Saudis are not adequate (18% with less than 5 years, 18.5% with 6-10 years, 43.8% with 11-15 years, and 50% with more than 15 years). A significant correlation between this perception and tenure was also found. On the adequacy of Saudis' work experience,,: "*I think the Saudi workers have the required experience for my business*"; with those with longer tenure believed that such experience does not exist among Saudi workers (34.6% among those with less 5 years, 42.2% with 6-10 years, 56.3% with 11-15 years, and 64.9% with more than 15 years). A significant correlation between this perception and tenure was also found.

On the mobility of Saudi workers: "*Saudi workers are ready to work in any location*"; those with 11 years or longer tenure disagreed on the existence of such mobility, compared with those in companies with less than 10 years tenure. A significant correlation between this perception and tenure existed. On the adequacy of skills of Saudi workers: "*I think the Saudi workers have the required skills for my business*"; with those with longer tenure disagreed (25% of those with less than 5 years, 36.4% with 6-10 years, 58.4% 11- 15 years, and 67.9% with more than 15 years). Significant correlation between this perception and tenure existed. Employers with longer tenure have more experience of their employees in the private sector, and are better placed to judge the employment competencies of Saudi workers, than employers with shorter tenure. Therefore, their perceptions cited above that Saudi workers are not more productive than non-Saudis, that their qualifications are inadequate for their private sector businesses, and that they do not have the work experience or the skills they require, are more credible than those of employers with shorter tenure, and they are

consistent with similar earlier findings and inferences discussed previously and the evidence cited, especially from the literature.

Association was found on willingness to employ adequately skilled Saudis: "*If the skills of Saudi workers are adequate for my establishment I can support employing them*"; with employers with various tenure being very willing to do so (98% of those with less than 5 years, 93.9% with 6 - 10 years, 93.7% with 11- 15 years, and 85.7% with more than 15 years). No significant correlation was found. On the adequacy of the productivity of Saudi workers,: "*Productivity of Saudi workers is adequate for my business*"; with those with less than 10 year tenure agreeing more (78.8% of those with less than 5 years, 84.6% with 6-10 years, 56.2% with 11-15 years, and 49.1% with more than 15 years); and a significant correlation between this perception and tenure existed. Employers with longer tenure have more experience of the competencies of their employees in the private sector, and are better placed to judge their productivity, than that of those with shorter tenure. Therefore, their perception that the productivity of Saudi workers is inadequate for their business is more credible than those with shorter tenure, especially as it is consistent with their perceptions that Saudi workers are not more productive than non-Saudis, and also consistent with similar findings and inferences revealed earlier, and with evidence cited, especially from the literature.

Associations were found between employers' perceptions of government policies to ensure Saudisation and their length of tenure in the organization. The results of cross-tabulation in Table 6.24 show significant association between length of employers' tenure in organisation and their perceptions on the adequacy of the government's current Saudisation legislation,: "*These legislations are sufficient for Saudisation*"; with those with longer tenure believing that the legislation is not sufficient. A significant correlation between this perception, and tenure was also found, as shown in Table 6.25. Employers with longer tenure have more experience of Saudisation legislation than employers with shorter tenure. Therefore, their belief that such legislation is insufficient adds support to the similar inferences this research made earlier in relation to the main findings of perceptions on the same issue.

Associations between length of tenure and employers' perceptions on the other policies were found. Significant association was found on the proposed minimum wage policy,: "*The legislations of minimum-wage is so important for enhancing*

*Saudisation*"; with those employers with longer tenure less likely to favour it. A significant correlation was found. Employers with longer tenure have more experience of Saudisation legislation and their belief that the minimum wage does not enhance Saudisation adds support to the doubt this research raised during discussion of the findings about the agreement of employers that such minimum wage legislation is important for ensuring Saudisation, especially as minimum wage legislation has impacted negatively on the private sector in other Gulf countries. An association was also found relating to perceptions on awareness of Saudisation-related social responsibility;: "*My establishment is aware of its social responsibility regarding enhancing Saudisation*"; with those with shorter tenure showing more such awareness (92.3% among those with less than 5 years, 75.8% with 6-10 years, 68.7% 10-15 years, and 64.9% with more than 15 years); but no significant correlation between this perception and tenure existed. On having Saudisation-related social responsibility rules;: "*My establishment has few rules of social responsibility regarding Saudisation*"; with employers with shorter tenure were less inclined to report such rules (80.8% of those with less than 5 years, 74.2% with 6-10 years, 62.9% with 10-15 years, and 66.6% with more than 15 years); but no significant correlation between this perception and tenure existed.

Regarding awareness of Saudisation legislation;: "*There are some government legislations regarding Saudisation*"; but no significant correlation existed. On fulfilling of Saudisation-related social responsibility: "*My establishment implemented social responsibility regarding Saudisation*"; but no significant correlation existed. On joining the proposed social security system: "*My business needs to join to system of social security*"; but no significant correlation existed. Strong awareness of Saudisation-related social responsibility among those with shorter tenure may be attributed to their period of tenure coinciding with the recent increase in Saudisation legislation and penalties for non-compliance, which may also explain why those with longer tenure and experience of such legislations agree less than those with tenure, that they have only a few rules of Saudisation-related responsibility, to appear compliant, at least.

Only one association was found between employers' perceptions of initiatives to enhance Saudisation and their length of tenure in the organization. The results of cross- tabulation in Table 6.26 show significant association between employers' length of tenure in organisation and their perceptions relating to the impact of government's imposed Saudisation: "*The private sector is negatively affected by the imposition of Saudisation*";

with those with longer tenure believing that their private sector had been negatively affected by government imposed-Saudisation (67.3% among those with less than 5 working years, 65.7% with 6-10 years, 79.1% with 10 -15 years, and 91.2% with more than 15 years). A significant positive correlation between this perception and tenure was found, as shown in Table 6.27. These findings are supportive of the perception on the negative impact of imposed Saudisation on the private sector found among employers and discussed earlier, and the trustworthiness of such a perception is supported by this perception being stronger among employers with longer tenure, as they have seen such impact over a longer period of time than others with shorter tenure in the private sector.

Although they are not the main focus of the aims and questions of this research, these findings on the associations between the demographic and organizational characteristics of employers and their perceptions on Saudisation provide further insight into these perceptions or responses, and enrich the overall findings of the research. For example, the negative impact of imposed Saudisation on the private sector revealed in the main findings is found in this section to be more strongly perceived by employers with longer organizational tenure, which adds credibility to this perception, as these employers are likely to have experienced the impact of a range of Saudisation legislation over a longer period than those with shorter tenure. These findings on associations also seem supportive of the arguments and inferences made in the discussion of the main findings addressing the research questions and the conclusion of this chapter on the findings. Nonetheless, as some perceptions or responses of employers seem to contradict available evidence, and hence appear to be biases or suffer from response acquiescence, these related findings on associations should also be treated with caution, as further research is needed on these associations, as part of the main focus of such research in the future.

## **7.6 CONCLUSION**

Based on the detailed discussion of the findings in this chapter and all the reviewed evidence cited in support of the arguments and inferences made, the following summary of the findings, which addresses the main questions and aims of the research, is put forward.

As far as the findings on perceptions of Saudisation-related issues are concerned, a large proportion of employers expressed the view that they were concerned with Saudisation-related social responsibility towards Saudi workers and their families. However, only a small proportion of employees in the private sector and job seekers

believed that these concerns exist, and evidence from this research and literature support their belief. Therefore, the claim of employers to have such concerns should be doubted for lack of supporting evidence (e.g. have very small proportion of Saudis employed in the private sector and high unemployment which has had negative impacts on Saudi families and society, as documented in the literature).

The adequacy of the qualifications, work experience, skills and productivity of Saudi workers for the private sector is not demonstrated in the findings, when various evidence is considered (e.g. only 68%, 50.9%, 54.5%, 67.7% of employers, respectively, believed that the qualifications, work experience, skills and productivity of their Saudi workers are adequate for their businesses and only 43.8% believed that they are more productive than non-Saudi workers, which undermines their claim of the adequacy of such productivity). Willingness to employ Saudis if they had adequate qualifications, work experience and skills, was claimed by the majority of employers but is doubtful, as discussed above. This is because their responses were to hypothetical questions, whereas the high percentages of those who only somewhat agreed suggest that in practice they found these qualifications, work experience and skills among their Saudi workers. In fact, the qualifications, work experience and skills of Saudi workers were not perceived by the employers as adequate for their private sector, and they regarded their productivity as lower than non-Saudi workers. High performance among Saudi workers with adequate qualifications, experience and skills was perceived by employers, but such perceptions are difficult to maintain. This is because employers believe Saudi workers do not have adequate qualifications, work experience and skills and the literature support this. Employers also perceive Saudi workers to be less productive than non-Saudi workers.

The study produced evidence for perceptions held by employers, employees and job seekers of social prestige, unreadiness or unwillingness to accept any job or vocational jobs, and lack of mobility for work among Saudi workers. These perceptions are valid and reliable, as they are consistent with evidence, especially from the literature. Perceptions of commitment of Saudi workers to employer, in terms of remaining in their jobs, and that job stability and security are afforded by the private sector were found. Different extent of agreement between employers and employees and job seekers on these issues suggests biased response, and evidence from the research and literature does not support these perceptions. In other words,

Saudi workers lack commitment to employer or job in the private sector, especially as evidence from the literature cited earlier shows that many Saudi workers leave the private sector due to their specialization being incongruent with the skills of their jobs, and some may work in the private sector temporarily until they secure a job in the public sector, which is the preferred sector for employment among most Saudis.

Evidence cited earlier also suggested that the private sector, by its nature, does not offer job stability and security. According to the findings on the employment competencies and person specification employers require from their Saudi employees and job seekers, the most required are IT or technology, language, vocational, management and administrative skills, as well as continuous training and self-development in line with the requirements of the job, and respect for work and regulations and education, with more emphasis on degree and post-secondary qualifications. This research concludes that these employment competencies and person specifications seem lacking among Saudi workers and job seekers and it is this, besides preference for public sector employment among Saudis shown in this research, which explains why only a small number of Saudis are employed in the private sector, rather than anti-Saudisation among employers. This assertion is supported by findings in this research of the existence of skilled foreign workers in the private sector with high, medium and low levels of skills, and the high percentage of employers in this research (62.8%) who believed that their Saudi employees did not have the skills they required, only 54.5% who thought that such skills are adequate for the private sector, and only 68% who believed the qualifications of their Saudi workers to be adequate for their businesses, with a large proportion among them (34.7%) only somewhat thinking so. Sufficient evidence from the literature cited during the discussion and findings from this research itself also shows that Saudi workers and job seekers are perceived to lack person specifications mentioned above, such as respect for work, and suffer from social prestige and lack of commitment to employer or job, which implies that they are unlikely to demonstrate willingness to continuously train on the job, which is another important requirement for employers. A large proportion of employers cited (continuous training, self development, respect for work, and education and qualifications as important because they have the most impact on productivity of their Saudi employees. Most employers (81.3%) stated that their Saudi workers must have work experience suited to their businesses. This

perception is consistent with and supported by the earlier perception of just above half of them (50.9% of whom a large proportion 37.1% only somewhat agreed) that the work experience of their Saudi workers is adequate for the private sector. In addition, only 54.1% of employees and job seekers in this research had work experience.

In terms of the predicted impact of Saudisation on the private sector, the perceptions of future negative impact of Saudisation on the private sector and the Saudi economy among a fairly large proportion of employers (due to skilled expatriate labour that will leave), and perceived positive impact among an equal proportion of employees and job seekers (due to more jobs that will become available for them) are valid and reliable, as they are consistent with evidence cited from the literature during the discussion of the findings.

As far as the findings on perceptions on government policies to ensure Saudisation are concerned, awareness among employers and employees and job seekers of Saudisation legislations was found, but may be accepted with caution, given evidence reviewed on possible reasons behind this awareness (e.g. imposed Saudisation legislation and quotas that must be met by employers to avoid penalties). The Saudisation legislation is perceived as adequate by employers and employees and job seekers. However, these perceptions are incongruent with the evidence reviewed, especially from the literature, such as high unemployment, especially among the young, and lack of progress of Saudisation within the private sector, after decades since it was introduced and despite much legislation being issued. Support among the majority of employers, employees and job seekers for the proposals of introducing the minimum wage and social security to the private sector, in order to enhance Saudisation. This support among employees and job seekers can be viewed as understandable, considering that Saudis look for job security and stability; hence their preference for working in the public sector, as evidence cited from the literature shows. However, the validity of the support for the minimum wage among Saudi employees and job seekers, and employers' support for introducing such wage and social security to their private sector, should be doubted, as it is fundamentally inconsistent with evidence cited earlier. For example, the minimum wage was proposed by the Saudi government as a counter measure to the unwillingness of private sector employers to implement Saudisation, and its introduction has had negative impact on the private sector in other Gulf countries. The minimum wage was also proposed due to Saudi employees being reluctant to accept changes related to

Saudisation, such as being paid lower wages similar to those paid to non-Saudi workers.

Given Saudis' demand for and expectation of very high wages from the private sector, it may be that the unexpected support for introducing the minimum wage in the private sector among Saudi employees and job seekers in this research is based on their expectation that such a wage would be set at a very high level. Awareness of Saudisation-related social responsibility to encourage Saudisation was found among employers. However, such awareness is neither demonstrated by nor consistent with evidence reviewed, which includes disagreement among employees and job seekers (only 48.9% of employees and job seekers agreed that employers have such awareness). Fulfilment of Saudisation-related social responsibility, in terms of having social responsibility rules and implementing such responsibility, was claimed by large proportion of employers. However, such a claim is doubtful, as it is not supported by evidence reviewed, including fundamental disagreement in perceptions among employees and job seekers (only 35.3% of employees and job seekers agreed on the existence of such rules in the private sector, and only 32.9% agreed that employers fulfilled or implemented such responsibility).

As far as perceptions on initiatives to enhance Saudisation are concerned, rewarding businesses for achieving a high level of Saudisation was recommended by the majority of employers and employees and job seekers. However, there was more support for this initiative among employees and job seekers than employers, which may be attributed to a number of reasons inferred from the available evidence (e.g. unemployment: these businesses help the unemployed, such as the 59.3% of the respondent job seekers in this research; anti-Saudisation: most private sector businesses are not supportive of or implementing Saudisation and therefore any business that does, may be viewed by these employees and especially unemployed job seeker, as deserving of reward by the government to encourage others to so). Similarly, increasing awareness of the importance of work among Saudis and offering them more jobs in the private sector was recommended by the majority of employers and employees and job seekers, but was supported more by the employees and job seekers.

Although the majority of employers also recommended this initiative, the validity of part of their recommendation (i.e. the government should create more jobs for Saudis in the private sector) is somewhat questionable, as it is incongruent with the available reviewed evidence, especially from the literature (e.g. negative stereotypical attitude towards Saudis and local workers held by private sector employers and hence their preference to

employ non-Saudis, due to many reasons cited from the literature and their reluctance to support or implement Saudisation). The negative impact of the government's imposed Saudisation on the private sector was perceived by a large number of employers (78.4%); but only by just above half of employees and job seekers (56.9%). This perception among employers is valid and reliable, because it is consistent with and supported by evidence from the reviewed available literature, and the findings in this research on the predicted impact of Saudisation on the private sector perceived by these employers (67.1% of employers believed their businesses would suffer as they would lose skilled expatriate labour and 56.6% anticipated similar consequences for the Saudi economy).

The majority of employers recommended replacing expatriate workers with Saudis in the private sector gradually to minimise adverse effects (96%), and a significant but less proportion of employees and job seekers advocated such an approach (79.5%). This perception among employers is reliable as it is consistent with the reviewed available evidence, and with their perception that government-imposed Saudisation has had negative effects on their private sector businesses, and with the predicted negative impact of Saudisation on the private sector and the Saudi economy, both of which are supported by the literature.

Almost all of the employers and employees and job seekers expressed support for the remaining initiatives of increasing communications between private sector, training centres and universities to establish what the needs of the private sector are; increasing training for Saudis to meet the needs of the private sector; and supporting the private sector to take responsibility for training of Saudi workers according to their needs. These agreements indicate strong similarity in perceptions and hence reliability and validity of responses, especially as such initiatives have been suggested in the literature and are being adopted in developed economies such as the UK (i.e. linking education to skills required by private sector employers).

Differences in the extent of agreement on all the issues explored were found among employers on the one hand, and employees and job seekers on the other, which suggested, in some cases, fundamental differences in perceptions between the two groups, consistent with and supportive of inferences made in the discussion of the main findings on perceptions. Statistically significant associations between employers' perceptions and their demographic and organizational characteristics (qualification, length of tenure in organization; type of business; size of business in terms of number of employees) were found. These associations are supportive of the main findings and inferences made on

perceptions, and provide further insight into these perceptions and enrich the overall findings of the research. It is worth pointing out that the percentages of those who only somewhat agreed were generally lower in the section covering perceptions on government policies to ensure Saudisation and in the section covering perceptions on initiatives to enhance Saudisation, compared to the section covering perceptions on Saudisation-related issues, which suggests close agreement and perceptions and hence reliability and validity of responses. At the same time, there were closer percentages and degrees of agreement in perceptions on government policies to ensure Saudisation and initiatives to enhance Saudisation, while agreement and perceptions differed more on Saudisation-related issues. These aspects of the analysis, highlighted and used as supporting evidence in the discussion of the findings, are important because they indicate the extent of response acquiescence, validity and reliability of responses. Responses with a closer percentage of agreement, and a small percentage of those who somewhat agree, suggest similar perceptions and strong reliability of response (e.g. perceptions on recommending the government *establishing communication between the private sector, training centres and universities to address the real needs of the private sector*).

It should also be pointed out again that some of the responses summarized in this section appear to be biased or suffer from acquiescence, and hence undermine the reliability and validity of perceptions. For example, while a large proportion of private sector employees and job seekers thought Saudi workers had adequate skills and experience and were more productive than non-Saudi workers, only half of the employers (54.5%) thought that Saudi workers had adequate skills for their private sector and 62.8% did not think so. The same was true for work experience (only 50.9%), and only 67.7% and 68% thought Saudi workers had adequate productivity and qualifications, respectively, and less than half (43.8%) thought they were more productive than non-Saudis.

Saudi employees and job seekers are expected to be positive about the adequacy of Saudi workers' skills, experience, qualifications, productivity and performance, especially as most of them are unemployed and most, including those employed in the sector, may be resentful of the private sector for not employing Saudis and blame it for their unemployment. Therefore, some of their responses could be biased or suffer from acquiescence, and hence undermine the reliability and validity of their perceptions.

It should, however, be noted that given the fact that employers have first hand experience and more insight into the working of the private sector than employees and job seekers, their perceptions on certain issues can be expected to be more reliable and credible than

those of employees and job seekers (e.g. adequacy of the skills of Saudi workers for their private businesses: only 54.5% believed they were adequate). However, on other issues, the responses and perceptions of employers could also be biased or suffer from acquiescence, as they are inconsistent with available evidence, and hence undermine their validity and reliability (e.g. employers' concerns for Saudisation-related social responsibility towards Saudi families of their workers: 81.2% of employers agreed, while only 53.2% of employees and job seekers did). Responses of employers on other issues appear to suffer from response acquiescence as well, and similarly those of employees and job seekers, as the respondents may have given answers which stakeholders such as the Saudi government want to hear, not necessarily their opinion or the truth, due to the sensitivity and controversy of subject and/or fear for confidentiality and anonymity, despite the fact that they were assured of anonymity and confidentiality. Therefore, caution towards these responses and perceptions, especially on Saudisation-related issues and policies to ensure Saudisation, is warranted.

The implications, recommendations, contribution and conclusion of the research are discussed in the next and final chapter of this thesis.

## **Chapter 8**

# **IMPLICATIONS, CONTRIBUTION, RECOMMENDATIONS AND CONCLUSION**

### **8.1 INTRODUCTION**

This chapter presents the implications derived from the findings of the research and puts forward a number of recommendations along with the initiatives to enhance Saudisation suggested by employers, employees and job seekers in this research. Other relevant recommendations are also proposed. The chapter highlights the contribution of this research and draws its overall conclusions. The chapter also highlights the limitations of this research and suggests future research enquiries to address these limitations and to build on the findings of this research.

### **8.2 THE IMPLICATIONS OF THE RESEARCH**

A number of implications arise from the findings of this research. The slow progress that Saudisation has made in the Saudi private sector and labour market in general, and the reluctance of employers in the private sector to implement it, even after decades of the policy being introduced, render these implications significant.

#### **8.2.1 The Serious Problem of Unemployment**

An implication related to the findings on perceptions of Saudisation, such as lack of skills (only 54.5% of employers thought Saudi workers have adequate skills required for their private sector and only 50.9% thought they have the required experience) and related to the findings on the characteristics of employees and job seekers surveyed, such as lack of work experience (54.1% of employees and job seekers lack work experience), is the noticeably high unemployment among the young respondents in this research (59.3% of respondents were job seekers and 11.8% only were in temporary employment in the private sector). This high unemployment is a trend noted in previous research and the literature and represents a problem that has significant implications for Saudisation. This implies an urgent need for the Saudi government to exert more effort to create jobs in the private sector for these unemployed and job-seeking Saudis, as recommended by private sector employers,

employees and job seekers in this research. It also highlights how important it is that Saudisation should succeed in terms of being ensured and enhanced in the private sector to avoid potential serious consequences in the future, some of which are highlighted here, as high unemployment is known to result in social and political problems.

It should be noted that Saudisation was primarily conceived as a solution to the problem of high unemployment among young Saudis. The long-term implications of unemployment in Saudi Arabia are clearly obvious (Gulf, 2008). Therefore, job creation is one of the major problems facing the government of Saudi Arabia, especially as Saudisation has made laudable progress only in the public sector (Al-Dosary and Rahman, 2005). The Saudi government over the years has taken different steps to combat the problem of unemployment. The most prominent is the Saudisation (localization) programme by means of which the government has endeavoured to replace foreign workers with Saudis; but budgetary constraints have meant it has been unable to provide enough jobs (Al-Dosary and Rahman, 2005). Although Saudisation has achieved some success (Saudi Embassy, 1995) the threat of high rates of unemployment among Saudis has not yet subsided (Al-Dosary and Rahman, 2005) as evidenced by the data provided in this study: 59.3% of respondents in this study were unemployed at the time of the survey. In 2003, unemployment rates among Saudis were over twice those experienced by non-Saudis (Madhi and Barrientos, 2003). According to the Saudi government Department of Statistics and General Information, 11.2% of Saudis were unemployed in 2007 (Al-Ekbariah, 2008). Other Arab countries face similar threats from unemployment in their young, educated population together with associated social problems, such as drugs, illegal acts and humiliating migration in search of work, with degrading and dangerous outcomes for many. For example, highly educated young Morrocans, including holders of PhDs, protested recently outside parliament to express their frustration about being unemployed. Most of these, like Saudis, have turned down work in the private sector, which perceives their skills and qualities as unsuited to a modern economy (as the private sector does in KSA) because their education is out of sync with today's job market (BBC, 2009c). The oil producing Gulf countries as a whole are still largely dependent on expatriate labour, while public sector employment averages more than 70% nationals and as much as 93% in countries such Kuwait (World Bank, 2008). In fact, in MENA and Gulf

countries in particular, and not just in Saudi Arabia, costly regulations have constrained the ability of the private sector to create productive jobs while high unemployment has led to the public sector becoming saturated and increasingly absorbing educated individuals who cannot afford to be unemployed (World Bank, 2008).

Public sector employment in MENA (including Saudi Arabia) is estimated to account for 18% worldwide, excluding China (World Bank, 2005). Despite the oil boom, Saudi authorities have an economy still mired in the first stage and are facing an unemployment rate approaching 30% (Arab News, 2003). The distorted wages and generous non-wage benefits offered by the public sector in Gulf and MENA regions (including Saudi Arabia) have resulted in high wage expectations that have exacerbated the unemployment problem (World Bank, 2008). High unemployment means that there has been a lot of frustration and anxiety among young Saudi men and almost half of them have lost hope for the future (National Public Radio, 2003). Population growth of 3.3% per year, which has exceeded GDP growth for several decades, has led to a decline in per capita GDP from \$15,000 in 1980 to about \$9,000 in 2003, with the result being high unemployment (20% - 30%); at the same time, up to 20-30% of the population falls below the poverty line (Looney, 2004a). This deteriorating economic situation has manifested itself in a troubling way: Saudi society has been virtually free of significant crime since its foundation yet the country's deeply conservative Islamic society is now grappling with a rapid increase in crime (Looney, 2004a). Between 1990 and 1996, crime among young jobless Saudis rose by 320% and was expected to go up another 136% by 2005 (Bradley, 2003). Drug abuse is also on the rise, as underlined by the large quantity of amphetamines seized in the country in 2008. The Saudi population is predicted to increase from 25 million in 2005 to 29.6 million in 2010 and could reach 46.3 million by 2030, with the implication that the Saudi government has to create sustainable employment for the increasing number of young Saudis joining the labour market (Mellahi, 2007). Part of the problem regarding unemployment is the fact that young Saudi graduates, who lack the technical or vocational skills needed in the labour market and the private sector, tend not to accept manual jobs, and hence resort to getting a government job or opt for unemployment (Gulf, 2008). The findings of this research, for instance, show that social prestige and an unwillingness to do any job or

vocational jobs among Saudi workers is a prevailing attitude. Due to the overwhelming preference for public sector jobs among Saudis, expansion in public sector employment and the excessive number of posts approved in the general budget has produced overmanning, managerial problems, and low productivity (Al-Shakhawi, 1994). It is true that the large inflow of foreign labour, which made possible rapid economic development in Saudi Arabia, has also made the private sector dependent on foreign labour.

The segmentation in employment conditions and pay, and the growth of the public sector, have served the needs of the economy while protecting the standards of living and status of Saudis from the pressures of market competition. However, these are now perceived to be problematic and Saudisation policies seek to address this problem; but changing employment and career development in Saudi Arabia will not be easy (Madhi and Barrientos, 2003). How unemployment can be tackled effectively and more jobs created for Saudi job seekers in the private sector requires, more than any other initiatives, making radical changes to the current Saudi education and training systems, and the removal of negative stereotypes, social attitudes and perceptions towards work among Saudis, as explained in detail in the following sections, especially under recommendations.

### **8.2.2 Inadequate Education and Training Systems**

It should be noted that 54.5% of private sector employers in this research thought their Saudi workers have the skills they require, 50.9% stated that they have the work experience needed, and 68% of them believe that they have the qualifications required by the private sector. These findings suggest these employment competencies are inadequate among Saudi private sector workers. They also support previous research (e.g. Baki, 2004) which suggests that the current Saudi education system continues in its failure to prepare Saudi school leavers and university graduates for the demands of the private sector and the labour market in general. Only 43.8% of private sector employers in this research believed that Saudi workers are more productive than non-Saudis. In addition, 62.8% of the employers further confirmed that Saudi workers do not have adequate skills and only 68% believed they have adequate qualifications, with large proportion among them only somewhat agreeing (34.7%). Furthermore, the majority of employers expressed a willingness to employ Saudis if they had adequate

skills, work experience and qualifications (92.4%, 95.1%, 93.8%, respectively). These high percentages show how important it is that Saudi employees and job seekers should have the skills, experience and qualifications that are required by the private sector and that are adequate for its needs.

The willingness of almost all of the employers to employ Saudis if they had these employment competencies demonstrates their concern about such adequacy and suggests that Saudi workers in the private sector and job seekers lack such skills, work experience and qualifications (54.1% of employees and job seekers in this research had no work experience). These findings imply that unless the Saudi education system is radically altered, as suggested in the recommendations of this research, in order to equip Saudi school leavers, university graduates and job seekers with the skills and expertise (e.g. vocational, scientific and technological) that the private sector and labour market need, high unemployment among Saudis and heavy dependence on expatriate labour in the private sector will continue and Saudisation in the private sector is unlikely ever to be accomplished. Such change requires time to implement but it is critical for the long-term success of Saudisation; it is the only long-term solution that will not only ensure full Saudisation of the private sector and the Saudi labour market, but will lead to a withdrawal of the majority of foreign workers from Saudi Arabia, as their skills and expertise would be replaced by those of Saudis and therefore they would no longer be needed.

These implications, and the change suggested, have support in and are consistent with those of previous research, in terms of the predicted future increase in the number of expatriate workers that would further reduce employment opportunities for Saudi job seekers, as well as the role that education and training have to play in replacing these expatriate workers with Saudis. That is, the number of expatriate workers in Saudi Arabia will increase annually, as long as economic activity increases, unless vocational training is expanded (Al-Amr, 2001). Also, the responsibility of higher education should be to replace these foreign labourers with qualified Saudis (Baki, 2004). This argument supports the above assertion of this research that unless fundamental change to the education system of Saudi Arabia is carried out, Saudisation in the private sector is unlikely ever to be fulfilled. The recommendations of this research explain what kinds of change to the Saudi education system are needed and how they should be carried out. Saudi Arabia sees education and training

as the main mechanism for closing the skills gap and for career development, but formal education in the country has been in place for a relatively short period of time in comparison to other countries in the region (Madhi and Barrientos, 2003).

However, the current Saudi education system is producing a large number of graduates, particularly given the youthful nature of population, but without the technical or vocational skills needed in the economy (Gulf, 2008). Since the middle of the 1980s, economic growth in MENA (Saudi Arabia included) has faltered, while the expansion of education has continued. As a result, the mismatch between supply and demand for skilled (and unskilled) labour is growing, leading to rising rates of unemployment in the region and low returns on investment in education (World Bank, 2008). A study by the World Bank in the 1990s suggested that the Saudi education system was deteriorating and failing to prepare Saudis properly for future jobs (Baki, 2004). Between 1995 and 1999, out of 114,000 graduates, only 10,000 graduated with an engineering degree, as opposed to 48,000 with social sciences and literature degrees (Cordesman, 2003). The education system in Saudi Arabia is producing too many graduates who are only qualified to work in the public sector (Baki, 2004). Therefore, there is a need to change the focus of education to fit the needs of the private sector. This will lead to an increase in research and development, and in private sector job opportunities for Saudis that will require a decreased use of and dependence on foreign labour (Looney, 2004c).

In other words, there is a need to minimize the skills mismatch between what the Saudi education and training systems are producing and the needs of employers in the private sector (Al-Ajaji, 1995). Addressing this mismatch between education and the needs of the private sector and labour market, as argued in this research and indicated among its recommendations, is fundamental to the long-term success of Saudisation. This is because it will ensure that new generations of young Saudis gain technical and scientific skills, expertise and education that are required in the Saudi job market and the private sector, thus increasing their chances of competing and gaining employment in such a competitive sector and labour market. Saudis need to access jobs that are competitive in the market and which utilize their education and training while delivering a valuable return. Saudisation that humiliates the native Saudi workforce is not what the Saudi job seekers need (Cordesman, 2003).

Providing modern, cutting-edge and adequate education and vocational training systems that will equip Saudi graduates with the types of skill and expertise required by the Saudi private sector and labour market, such as those cited by employers in this research (i.e. IT, vocational, language, management), is critical, not only for reducing unemployment among the young and graduates, while fulfilling total Saudisation in the private sector in the longer term, but also for achieving a knowledge economy in Saudi Arabia. The implications derived from this research, in terms of the urgent need to address the inadequacy of the Saudi education system, are applicable to other MENA and especially Gulf regions. In other words, in all Gulf countries, not just Saudi Arabia, the disappearance of guaranteed 'free jobs' for citizens, the development of the economy and growth in populations, means there are not enough public sector jobs for everyone. This adds to the urgency to upgrade the education system in the Gulf, as its nationals need the skills offered by high-quality higher education to compete for jobs in their own countries (Gill, 2008). In fact, one of the main factors for the drive to improve education and its chances of success in the Gulf region (including Saudi Arabia) is the influx of foreigners where, in many states, foreign nationals are now the majority (Gill, 2008). Improving the adequacy of the education system to help equip young school leavers and university graduates with the skills the private sector needs, is a critical priority for all countries in the Gulf region which suffer high unemployment among the young, similar to the situation in Saudi Arabia. This is because young nationals in the Gulf region face tough competition for private sector jobs (Gill, 2008). Also, a more highly skilled population will be a more culturally knowledgeable population. This is essential for the economy, and for building a more cohesive society and national identity, and hence it is good for the overall sense of well-being among people (Hutton, 2008).

### **8.2.3 Ineffective Foreign Labour and Saudisation Policies**

The findings concerning perceptions of the Saudi government's policies to ensure Saudisation, which suffered from some bias and response acquiescence among employers (namely their claim of the fulfillment of Saudisation-related responsibility and similar or related perceptions) suggest that Saudisation is neither supported nor appears to have made progress in the private sector because it continues to be perceived by private sector employers as having a negative impact on their businesses, as the findings of this research confirm.

The same suggestion is implied when considering the perceptions of employers concerning initiatives to enhance Saudisation, namely the negative impact they perceived of imposed Saudisation on their private sector businesses and the future detrimental negative impact they predicted of Saudisation on their private sector and on the Saudi economy once the large, skilled expatriate workforce leave and are replaced with Saudis. In fact, in MENA and Gulf countries in particular, and not just in Saudi Arabia, costly regulations that constrain the ability of the private sector to create productive jobs and cause high unemployment, have led to the public sector being saturated and increasingly absorbing educated individuals who cannot afford to be unemployed (World Bank, 2008). In the light of the findings of this research, it is necessary for the Saudi government to review its current Saudisation policies (quotas and legislation) imposed on the private sector, and its foreign labour and immigration policies, and explore some of the alternative initiatives suggested in this research to ensure and enhance Saudisation. These suggestions include a minimum wage and social security that characterise the public sector, and which private sector employers in this research, surprisingly, seem to support. The findings also underline the importance of Saudisation and the need for the Saudi government to continue the recent increased attention it has given to the initiative. This is because unemployment among the largely young population in Saudi Arabia, as in other Gulf and MENA countries, is a threat to the social and moral fabric of society. However, the huge presence of foreign labour is more of a threat to its stability and safety, and underlines the importance of the difficult and long-term task of fulfilling complete Saudisation as soon as possible. While the unemployment of Saudis poses a political risk in the long term in terms of stability, disgruntled immigrant workers are more of a threat, as the UAE found recently with violent unrest and riots over pay and living conditions in November 2007 (Gulf, 2008). There was also a similarly serious riot among expatriate workers in Kuwait this year (2008) over low wages and poor living conditions, which led to 200 workers being deported. Furthermore, the increased presence of foreign businessmen in Saudi Arabia will further strain relations between the government and the Kingdom's more traditional groups (Looney, 2004a).

However, the Saudi government, as in other Gulf countries, needs the skills of these foreign workers, as its economy is heavily reliant on them, while trying to deal with high unemployment among large, young population by allocating jobs to Saudi job

seekers through imposed Saudisation legislation and quotas that have had a negative impact on the private sector, as this research revealed. Nonetheless, and because of the implications raised earlier, the Saudi government must review and change the current immigration and foreign labour legislation, as suggested in the recommendations, in order to reduce the threat of the presence of a huge number of expatriates, and in many cases illegal work force, as first priority in the Saudisation process.

In fact, in some oil-rich Gulf countries, foreign nationals are now the majority, which increases competition for jobs for local young nationals (Gill, 2008). As far as the Saudisation policy is concerned, which imposes strict conditions on firms to have a certain proportion of jobs allocated to Saudi nationals, it has been in place since the mid-1990s, but has long been controversial (Gulf, 2008). As evidenced by this study, the private sector is not happy about Saudisation being imposed on it. For example, the 30% quota, now reduced to 20% in certain industries, with further concessions is needed to keep foreign workers in the country, in the light of the current diminishing attractiveness of the Saudi job market due to high living costs (Gulf, 2008). This seems to be confirmed by the large percentage of private sector employers in this research (78.4%) who believed that their businesses have been negatively impacted by the Saudi government's imposed Saudisation policies.

However, private sector managers need to recognize that Saudisation is a reality in the Saudi labour market and little can be done to reverse it (Mellahi, 2007). Despite the this adverse impact, and private sector managers in Saudi Arabia being unconvinced that there are benefits from increasing the number of Saudis in their workforce, legal, social and political consequences imply that they have no option but to support and implement Saudisation.

#### **8.2.4 Stereotypes and Social Prestige among Saudis**

The findings of this research lend support to those in the literature regarding the negative perceptions of private sector employers about local Saudis and Saudi workers, which represent barriers to employing them. Most important among these is the perception of social prestige among Saudi workers (99.1% of employers and 91.4% of employees and job seekers) which explains the perception about their unwillingness to do any job (only 37.8% of employers and 52.3% of employees and

job seekers) or unwillingness to do vocational jobs (only 44.6% of employers and 71.7% of employees and job seekers but with more than half of them (44.3%) only somewhat agreeing); lack of mobility for work (only 45.7% of employers and 58.6% of employees and job seekers); lack of commitment to employer or job (62% of employers and 75% of employees and job seekers, but with 31% and 36.5%, respectively, only somewhat agreeing); and preference for working in the public sector documented in the literature and underlined by 69.3% of employees and job seekers in this research who expressed such a preference, as part of the Saudi individuals in the labour force. These findings underline the negative attitudes towards work, the lack of work ethics, a lack of commitment to employer or job, which, along with a preference for working in the public sector, imply that the entrenched stereotypes and social prestige among Saudis that explain these attitudes must be made to change. These attitudes of Saudis, especially the preference for working in the saturated public sector, which can also be found among nationals of other Gulf countries, must be made to change if Saudisation is to be successful, in terms of increased participation by Saudis in the private sector and in the development of their country, rather than being excluded from doing so.

In other words, Gulf states, not only Saudi Arabia, desperately need more of their young nationals to play an active role in the future of their economy, and if the state of affairs continues as it is, they will be left as bystanders on the sidelines of their own countries' development (Gill, 2008). However, changing such attitudes and stereotypes among Saudi workers and citizens will not be an easy task.

Providing adequate education that equips Saudi school leavers and university graduates with the types of skills the private sector and labour market require, and which represents a major implication of the findings of this study as discussed earlier, has in turn further implications in terms of such education being a potentially motivating tool through which the government can motivate and change the negative attitudes of Saudi workers and citizens, and increase their participation in the private sector and labour market. All Gulf countries, not just Saudi Arabia, face serious economic and political problems in getting their citizens to be good employees and getting them into the labour force; they realise that, in order to do this, they have got to educate and motivate them and hence the huge amount of money they are putting into higher education (Gill, 2008). Such investment in higher education is

fundamental for achieving a knowledge economy in Saudi Arabia and in the Gulf and MENA countries, but the education strategy must focus on skill development because, in all of these countries, and despite such huge investment, the skills required in the private sector and labour market among the local work force are in short supply or inadequate because the education system continues to fail to develop skills among students to enhance their employability. In fact, the knowledge economy requires more to be spent on skills of every type (Hutton, 2008).

The validity of the main implications of this research, as discussed above, is underlined by the fact that they are not only directly derived from the findings, as the discussion shows; they are also underlined by and consistent with the recommendations made by employers, employees and job seekers, discussed next. For example, the inadequacy of the skills of the Saudi workers required by the private sector revealed in the findings, which evidence from the literature attributes to a mismatch with education, implies that there is an urgent need to change the Saudi education system in order to equip Saudi graduates with these skills. This implication is consistent with the recommendations made by employers, employees and job seekers that the government should establish communication between universities, training centres and the private sector in order to establish the needs of the private sector (i.e. what type of skills the private sector requires that universities can equip students with, with the close involvement of the private sector in such education).

### **8.3 RECOMMENDATIONS**

There are a number of fundamental initiatives, along with those suggested by employers, employees and job seekers in this research, aimed at enhancing Saudisation, which can be considered for implementation by various stakeholders in the Saudisation process, including the Saudi authorities, universities and training agencies, and private sector businesses. These initiatives are based on the findings of this research and their implications, as discussed previously. These initiatives can advance, ensure and enhance Saudisation in the private sector, where it has made little or no progress and is widely resisted, despite all the Saudisation legislation imposed on the sector to ensure compliance.

### **8.3.1 Changing Stereotypes and Social Perceptions**

As the findings of this research, supported by the literature show, there is a sense of social prestige among Saudi workers (recognized among Saudis in general as well) which prevents them from undertaking low status jobs. In Saudi Arabia, the type of work, sector employment and social interactions at work determine the social status of the person (Mellahi, 2000). Most jobs in the private sector are manual and these are regarded by Saudis as low status jobs (Mellahi, 2007). Also, most Saudis perceive that their pride and social acceptance are related to the type of work they do (Al-Salamah and Wilson, 2001). This explains the unreadiness or unwillingness of the Saudi workers to do any type of job or vocational work, as well as the lack of commitment to an employer or job revealed in this research. One of the most important initiatives recommended by private sector employers, employees and job seekers in this research, and is a priority for the Saudi government to adopt, is increasing the awareness of the importance of work and offering more jobs to Saudi workers in the private sector. As with any initiative, the success of Saudisation is dependent on those at which it is aimed being receptive to such awareness. Therefore, the Saudi authorities must embark on an awareness campaign, via educational institutions (i.e. schools, colleges, universities), the media (TV, newspapers) and industry (e.g. chamber of commerce, government ministries) to instill in Saudi citizens in general, and the new generations of young Saudis in particular, respect for work and regulations (which is cited as an important person specification by employers in this research) and recognition of the value of embarking on manual and vocational learning as a route to future employment in technical fields.

In addition, having good work ethics, such as commitment to hard work and to an employer or job, and avoiding absenteeism, together with the need to abandon their misguided social perception that equates technical and manual jobs with a lowering of their status in society, must be developed among Saudi youth. The Saudi authorities need to stress to young Saudis that prosperity in the economy and its development is dependent on their willingness to work in the private sector, which means acquiring the right education and skills. Otherwise, most of the current and future young population will continue to be unemployed and such development will continue be undertaken by foreign workers. Furthermore, the awareness campaign should highlight to Saudis that their negative attitudes, stereotypes and social prestige issues

towards work; their lack of commitment to an employer or job; their preference for working in the public sector; and their lack of adequate skills, qualifications and work experience, as perceived by employers, including in this research, are to blame for the failure of Saudisation in the private sector, rather than private sector employers' resistance to Saudisation alone.

Changing these perceptions and attitudes is a critical priority for the Saudi authorities because they have hindered the success of previous efforts to raise the employability of Saudis through education and training. They will do so again to the education reforms, and other initiatives recommended in this research, if not addressed as a first step in a new approach to enhance and ensure Saudisation. Also, creating more jobs in the private sector for Saudis, as recommended in this research, is dependent, to a large extent, on changing such perceptions and attitudes among Saudi school leavers, university graduates, parents and employees. Saudi Arabia has embraced education and training as the main instruments in creating a skilled native labour force, but this strategy has not been successful in persuading young Saudis of the merits of vocational, technical and scientific education and training. This, in part, is due to these long-standing perceptions among them that have been aided by the advantages and ease of recruitment procedures of the public sector (Madhi and Barrientos, 2003). It should be noted that since Saudi Arabia is ruled by an Islamic theocracy, it should be able to mobilize the religious forces in the country for the development of an Islamic work ethic among its citizens; this encourages individuals actively to work and contribute to the development of society.

The Islamic work ethic, which goes in line with Sen's (1999) 'functioning' and 'enabled' individuals, will overcome the negative attitudes and stereotypes being developed among Saudi youth, because it requires individuals to participate in active economic activity by using their labour and skills.

### **8.3.2 Changing Approach to Education and Training**

As the findings and related discussion and supporting evidence in this research and the literature suggest, there is a lack of employment competencies (e.g. adequate skills) and person specifications (e.g. lack of readiness or unwillingness to do any job or vocational work) among Saudi workers (54.1% of employees and Saudi job seekers in this research had no work experience). A fundamental reason for the lack of such competencies and person specifications among Saudi workers, graduates and job seekers, is the inadequate Saudi education and training systems that need to be

urgently reformed if Saudisation to make any progress in the private sector. Hence the recommendation of employers, employees and job seekers in this research that the government should increase the training of Saudis to meet the needs of the private sector; organize communications between the private sector, training centres and universities to determine the real needs of the private sector; and provide support and benefits to the private sector in order to enable it to take responsibility for training Saudi workers in line with their needs. All of these recommendations are underpinned by, and should be implemented through, reforms to the current education and training systems in Saudi Arabia. These recommendations are underlined by concerns among Saudi private sector employers that are also important and that are currently being addressed in other more advanced economies, such as the UK. They are briefly reviewed here because they provide useful suggestions for Saudi universities, the private sector and the government to follow. The UK Confederation of British Industry (CBI) has recently urged British universities to do more to ensure that graduates have the right skills for business. It recommended that business need to become more 'university-facing' as well as universities becoming more business-facing, especially as there was an oversupply of graduates, where 10.1 million in Britain are chasing 9 million graduate-level jobs (Fearn, 2008b).

In research by the CBI, business leaders in the UK have reiterated their concerns about the quality of UK graduates, who lack literacy and numeracy skills, and about the employability of today's students (Fearn, 2008a). The research found that almost a quarter of those questioned (23%) said that graduates struggled with literacy, and 20% complained about poor numeracy. A quarter said they were unhappy with graduate employability skills and more than three quarters (78%) said there would be an increased demand for high-level leadership and management skills; two thirds (66%) said they needed graduates with technical skills (Fearn, 2008a). Therefore, a CBI task force has been formed in the UK to look at ways to help UK graduates become more employable. It argued, in its employment trends survey, that businesses must play their part here by providing high-quality work experience that must be more relevant in order to help graduates develop their employability skills (Fearn, 2008a).

The CBI argues that the UK labour market cannot thrive without an adequately skilled workforce and that the message from business is clear: ensuring that young people leave education with the functional skills to prosper is essential to everyone's future

prosperity. It should not be up to business to tell universities that basic skills should be possessed by graduates seeking employment, because if large numbers of people are allowed to graduate without basic skills, there is something wrong with the message being communicated to schools about the expectation of the standards people should reach. It should not be for universities to remedy this but universities should set standards (Fearn, 2008a). The concerns underlining the recommended initiatives in this section, and the above issues highlighted by the CBI and business leaders in the UK, are the same: education and skills should be top priorities but the government and the private sector should do what they can to help universities provide students with the right education and skills to ensure their employability. In order to do that, Saudi private sector employers must articulate clearly to universities and vocational training centres, during the communication between them recommended in this research, what type of skills and expertise they want from them and how they can be met. Even in an advanced economy, such as the UK, businesses have not been clear about what skills they require from universities and how to provide them (Fearn, 2008b).

In order to carry out these reforms and to ascertain what are the skills and expertise needs of the private sector that Saudi universities and training centres need to meet, the Saudi government should set up a higher education task force, with the help of the Saudi Chamber of Commerce, similar to the one set up by the CBI in the UK, to explore what skills and other needs the private sector businesses want from higher education, together with how the sector should be funded. It should report its recommendations in a year's time. The task force should include representatives from a cross-section of private sector industries and higher education and should verify that the types of skills cited by employers in this research as needed (e.g. IT, management, and language) are in fact required by private businesses. Science, technology, engineering and mathematics (STEM) are critical skills that this research predicts such a task force will find are demanded by Saudi private sector employers and on which, this research recommends, new school and university curricula and vocational training centres should focus.

A priority during the recommended communication between private sector employers, training centres and universities, is to change school and university education curricula and recruitment to emphasise scientific, technological, engineering, mathematics, administrative, business and management studies that are required in the

private sector, some of which were cited by employers in this research. Such changes to the curricula to cater for such STEM skills is critical, because the same prevailing attitudes among Saudis that favour university education over technical or vocational education have produced a crowding of university graduates in humanities in Saudi Arabia (Madhi and Barrientos, 2003). In 1995, 80% of all graduates of local universities studied humanities, including art, literature, education, sociology, while the remaining 20% were distributed among technical and scientific subjects, with the combined number of graduates in computer science, pharmacy, meteorology, environmental studies, geology and marine science accounting for just 2% of all graduates (Madhi and Barrientos, 2003). Hence the argument is that the needs of modern industry are not being addressed by the Saudi education system, as Saudi youth pursue the minimal qualification that secures them a public sector job (Baki, 2004).

While establishing the recommended communication among universities, training centres and the private sector, the Saudi authorities should encourage private businesses to help design and co-fund scientific and skill-based university degrees and vocational courses that will provide them with future employable Saudi graduates, who possess these above mentioned STEM skills and the expertise they need, and also to improve the transfer of universities' research knowledge and innovation into the commercial world. The government should also encourage universities to involve private businesses and social entrepreneurs in the provision of education and training in entrepreneurship for undergraduates. This would develop entrepreneurship skills among graduates and increase their understanding of how private sector enterprises work and are managed. This will also, in turn, raise their interest to work in the private rather than public sector, and improve their chances of securing jobs in the private sector.

King Abdullah University of Science and Technology (KAUST), being built and due to open in 2009, is the type of university that the Saudi education system must aim at creating because it will provide the type of knowledge, STEM skills and expertise (physical and chemical science, engineering, life science, mathematics and computer science) that the private sector, the Saudi labour market and the economy desperately need. These skills, in addition to vocational skills and others mentioned by employers in this research (e.g. management, language), are lacking among Saudi graduates and job seekers but are possessed by a large percentage of expatriate workers. KAUST is

the type of university the Saudi government needs to encourage the private sector to communicate and collaborate with, in order to build educational, training and knowledge transfer links. Also, the private sector can co-sponsor scholarships and be involved in designing courses that will enable Saudi students to acquire the qualifications, expertise and skills the private sector, the Saudi labour market and the economy need. Under-graduates from such a university could carry out an industry placement in the private sector before their final year, and as part of their final study project, to acquire skills and work experience, and as preparation to enter into employment, as is the case with students in the UK.

The Saudi government needs to encourage similar research in universities to that which will take place in the above-mentioned university of KAUST that aims to attract overseas scholars to the university. This will, in turn, strengthen the acquisition of the scientific and technical skills of Saudi graduates that are needed in the private sector and labour market. It also needs to continue to send Saudis graduates to undertake research studies overseas (MAs, PhDs), to gain the cutting-edge scientific and technical expertise and knowledge (e.g. in engineering, IT, physics, management) needed in the private sector and the Saudi economy, and which they can pass on to Saudi students back home, through teaching and training courses aimed at knowledge transfer.

The Saudi government should also encourage universities, further education colleges and training centres to become more business-oriented, by increasing communication between them, as recommended in this research, as well as by identifying the skills needs of employers and aligning them with the education and training provision at universities and training centres. The Saudi government needs to ensure that universities make it easier for private businesses and training centres to establish such communication and links, which they are not used to, by asking them to improve their external marketing and internal communication, and by ensuring that academics are fully involved with industry and knowledge transfer, as is the case in the UK higher education system. Vocational skills were cited by private sector employers in this research as among those they most require, which suggests that they are lacking among their Saudi workers; the literature shows this is the case among Saudi workers and graduates. In fact, previous research showed that 80% of Saudi job seekers refused vocational work (Al-Obaid and Ateiah, 1994). Vocational skills are critical to

the private sector, the Saudi labour market and the economy. This fact is underlined by the huge investment by advanced economies, such Germany, in vocational education as an alternative to traditional university education. Therefore, vocational studies and training in Saudi Arabia must be given further and significant attention and priority using various routes, such as further education colleges, training centres and part-time apprenticeships during higher education study. A large investment needs to be made in building further education technical colleges that specialise in vocational studies and training.

Currently, vocational training in Saudi Arabia is provided by a range of private and public sector institutions, but technical education is only available through a single government agency, the General Organization for Technical Education and Vocational Training (GOTEVT). This covers commercial, agricultural and industrial education (Madhi and Barrientos, 2003).

Supporting the private sector financially, and with resources and legislations to take responsibility for training Saudi workers and job seekers in line with their job requirements, as some businesses cited earlier already do, is one way of providing critical vocational and technical education for young Saudis, especially among the large number of school leavers found in this research. This can be achieved through a government-sponsored apprenticeship scheme in the private sector for job seekers across the country, especially for school leavers who do not wish to pursue further studies and who possess no technical skills or expertise that will secure them employment in the private sector.

The success of such an initiative would require willingness among Saudi job seekers to change their negative perceptions of vocational training and work. They must be willing to develop skills required in the private sector and labour market (e.g. IT) instead of only pursuing public sector jobs or being content to remain unemployed. Such change is unlikely to take place and therefore, such apprenticeships must be legally enforced by the government through a law that requires job seekers to enrol on such apprenticeships in private sector businesses after a certain period of unemployment or lose any social security benefits or other government support. Saudis already employed in the private sector must undergo continuous training, as cited by employers in this research as an important person specification, to enhance the skills they have and/or develop further skills required by their employers, so they

do not to leave their jobs, as some do, because of a mismatch between their specialization and the skills required in the post, as research by the SCCI (1998) reported earlier shows. This apprenticeship is similar to the one in the two-year HRD training programme in the private sector (school-to-work), mentioned in the previous section, where HRD contributes 50% of the salary of the apprentice and 75% of the training costs.

Another important route for providing important vocational education and skills is to provide a vocational diploma to 14-19 years old. The target for such a diploma, similar to that recently launched in the UK, should be the large number of Saudi school leavers, as those found in this research, who may not wish to pursue traditional university education like the majority of Saudis, but do not have the type of skills and work experience required by the private sector, also as cited in this research. The Saudi government should also provide another type of apprenticeship for school leavers where students undertake part-time university study alongside employment, similar to that in France. This is a significant route into higher education that will create a robust and accessible vocational route to higher learning with benefits in STEM skills subjects (science, technology, engineering and mathematics) that will make them very employable in the private sector. The Saudi government should set up further education colleges or alternative training providers to those currently operating, and mentioned above, which will be better placed to meet many of the private business, vocational education and skills needs identified in this research (e.g. IT, management), as well as others cited in this section (STEM skills), as very tailored training solutions.

The large number of unemployed school leavers in Saudi Arabia, as found in this research, makes it important that the Saudi government considers setting-up a Children Workforce Development Council (CWDC) with the involvement of the private sector, similar to that in the UK, which will provide common apprenticeships for school leavers to equip them, as a future youth workforce, with the technical and vocational skills required in the private sector and the labour market, hence increasing their employability. In order to ensure the collaboration of universities in implementing the above initiatives, the Saudi government must make their higher education funding to universities dependent on the co-operation of universities with the private sector, training centres and agencies, and the government in realising the

above initiatives and reforms; universities must be required to demonstrate how they will provide a highly skilled workforce for the private sector and for the economy.

Also, to demonstrate its commitment to implementing the above recommendations and to meeting the skills requirements of the private sector and the Saudi labour market to ensure and enhance Saudisation, the Saudi government needs to appoint a Minister for innovation, universities and skills to oversee changes to education and training systems in the country, in line with those recommended in this research, that will ensure and enhance the complete Saudisation of the private sector in a couple of decades from now.

The focus of skills development in the reforms to education and the training system in Saudi Arabia recommended above, including continuous training in the private sector, should be on “soft” as well as “hard” skills. The need for more higher-level skills is becoming more pressing, not less, and the skills needed are as much the “soft” skills of communication, initiative, creativity and team-working combined with high level of empathy, as the “hard”, more technical skills; the private sector has a vital role to play in developing these skills (Hutton, 2008). One of the most extensive surveys ever mounted into the character of work, the work foundation’s knowledge economy programme in the UK, revealed that 30% of workers routinely problem-solve, innovate, lead and deploy cognate skills during most of their working week, while 40% do the same for part of the week, and only 30% of workers are genuinely unskilled (Hutton, 2008). These so-called knowledge workers work in financial services, but also in healthcare, education, high-tech manufacturing, ICT, services that will grow (Hutton, 2008).

While focusing on skills development, universities in Saudi Arabia, and even universities in advanced economies such as the UK, must be careful not to cramp education into pure skills acquisition, using an instrumentalist approach to education for immediate skills, in favour of much more productive and flexible education for life (Corfield, 2008). Skills only courses, and technical education taught in isolation outside a knowledge framework, are hard to absorb and are quickly forgotten, as technical knowledge and deeper understanding are engrained by regular practice, with an integrated knowledge-based syllabus, rather than providing separate courses on knowledge and on skills; real skills depend upon real knowledge (Corfield, 2008).

The above recommendations, focusing on reforms to education and the training of Saudis, underline the critical role the Saudi education system must play in ensuring and enhancing Saudisation. That is, the Saudi education system must focus on the needs of the private sector since this is where new jobs will be created (Baki, 2004).

### **8.3.3 Changing Approach to Foreign Labour Legislation and to Implementing Saudisation**

A large proportion of employers in this research believed that their private sector businesses have been negatively impacted by Saudisation and that the predicted loss of foreign skilled labour will lead to their businesses and the Saudi economy suffering. They recommended a gradual approach to replacing expatriate workers with Saudis in the private sector to minimise any adverse effects. Employers, employees and job seekers also recommended that the government should reward businesses that achieve a high level of Saudisation. These recommendations and perceptions suggest a need for the Saudi government to change its policy of imposing Saudisation on the private sector, which has alienated employers and affected their job creation and development abilities, to one of consulting employers in drafting Saudisation legislation as well as seeking their views on how best to implement Saudisation; this will make them more supportive of Saudisation rather than resisting it. Rewarding private sector businesses that achieve a high level of Saudisation will serve as a good incentive for other employers to do likewise and support Saudisation in their businesses. The Saudi government needs to gain the support of the private sector in drafting Saudisation policies and implementing them. This is because the sector employs a large number of skilled expatriate workers that the Saudi economy is currently reliant on and who are needed for the foreseeable future, as in other Gulf oil-producing countries. In fact, it has been argued that even with improved oil prices, the Saudi government may simply not be able to finance the direct diversification of the economy without extensive private sector participation (Looney 2004a). Also, sooner or later, Saudi government expenditure has to be refocused on activities that directly support investment in the private sector (Looney, 2004a). Similarly, the success of Saudisation is largely dependent on the co-operation of the private sector, as well as educational institutions and the Saudi public.

In fact, previous research (i.e. Al-Dosary and Rahman, 2005) recommended appropriate coordination and consultation among the government, private sector and

the public at large so that any policies on Saudisation become honoured and supported by almost every group in society. Instead of imposing a Saudisation quota and banning foreign workers from certain jobs, a new approach to Saudisation should place importance on long-term skills development among the new generations of Saudi students through educational and vocational training reforms, in line with those suggested in this research, that will reduce unemployment and ensure the gradual replacement of expatriate workers with skilled Saudis in a matter of decades. Previous research (i.e. Al-Dosary and Rahman, 2005) argues, and in agreement with this research, that collecting comprehensive information on the nature and magnitude of Saudi unemployment could be the first step in developing appropriate Saudisation policies.

It also recommended, in line with the skills development advocated in this research, that the existing tools of government, mainly Saudisation to combat unemployment, should be accompanied by an emphasis on skills development and strengthening educational and vocational training among Saudi nationals, as well as providing time-specific incentives, rather than relying only on a quota system (Al-Dosary and Rahman, 2005). In addition, it also argues, in line with this research, that instead of turning government agencies into a vast social welfare system through forced public sector employment to solve unemployment, Saudisation should become compatible with economic diversity, competitiveness and growth potential. The government should stress the equity between the public and private sectors to reduce wage differentials (Al-Dosary and Rahman, 2005) and create more private sector employment for Saudis, as recommended by respondents in this research. Such recommendations are consistent with those of this research that stress skills development through fundamental reforms of education and training systems in Saudi Arabia which have not met the needs of the private sector and the modern economy; the creation of more jobs for Saudis in the private sector, moving them away from bloated public sector; and adopting a collaborative and consultative approach to Saudisation as an alternative to imposed Saudisation that has negatively impacted the private sector.

At the same time, this research argues and recommends, in line with previous research, that private sector managers should move from tokenism practices, whereby Saudi workers are used primarily to show their commitment to, and support of,

Saudisation strategy, and instead develop innovative ways to manage Saudi workers effectively (Mellahi, 2007). Such an approach and attitude to Saudisation among private business employers is the type that should be targeted by rewarding businesses that achieve a high level of Saudisation, as recommended in this research. One of the most effective ways for private sector employers to demonstrate such commitment to and support of Saudisation is to implement the recommended communication and collaboration with the government, universities and training agencies to identify skills needs and to participate in designing and running college and university courses and training that will develop the vocational, technical and scientific knowledge and skills of Saudi students in order to meet the needs of the private sector and the modern economy.

In addition to the above recommendations, the Saudi government needs to review its labour market and immigration legislation to reduce and prevent unregulated foreign labour entry and associated illegal immigration into the country. Foreign nationals make up one-quarter of Saudi-Arabia's population at the present time (BBC, 2008d). The Saudi government must tackle, through strictly enforced immigration legislation, the unregulated huge inflow of immigrants and foreign labour as the first and most critical step in the Saudisation process. This is in order to ensure that only expatriates with designated skills, lacking among Saudi workers, can be issued with work permits to enter Saudi Arabia to work for a specific period of time, leaving once Saudi workers acquire similar skills. Such legislation would be similar to the point-score immigration legislation for foreign workers adopted recently in the UK, where enough points must be earned (e.g. competence in English, qualifications) before a work permit is issued, and after a license is applied for by an employer who wishes to bring in overseas workers. These changes to foreign labour and immigration legislation are critical, not only because of the negative impact and implications of the huge presence of unregulated foreign labour for Saudi society, as explained earlier, but also because most of such labour is illegal and, as figures cited from previous research in this study show, a large proportion are illiterate, let alone skilled.

To minimize the perceived negative impact of imposed-Saudisation, private sector employers need to take advantage of the small, skilled Saudi labour force that is available at the moment and provide them with continuous training. Also, in the long term, they need to collaborate with the government, universities and vocational

training colleges and centres to provide technical and scientific-oriented education for Saudi students, as well as providing apprenticeship training schemes for Saudi job seekers (graduates and school leavers) in line with the needs of their sector, to enable them to secure employment within this sector, as recommended earlier. Such an approach is part of the long-term solution for dealing with unemployed young Saudis and for reducing the dependence of the private sector on expatriate labour by replacing it with a qualified and skilled local Saudi workforce. Until that time, the gradual approach to replacing foreign workers with Saudis (Saudisation) recommended by employers in this research should be followed by the Saudi authorities, as Saudi Arabia is currently reliant on the skills of expatriates (which Saudis lack) for many development projects.

The Saudi government, for its part, also needs to consult with and give a voice to private sector employers on how best to implement Saudisation in a manner that will achieve its aims of increasing the number of Saudi workers in the private sector, while maintaining competitiveness and a bottom line for business. An example is the government's decision to reduce the quota of jobs to be created for Saudis from 30% to 20% in certain industries after pressure from the private sector.

#### **8.3.4 Maintaining Religious and Socio-Cultural Norms**

Previous research has argued for maintaining Saudi religious and socio-cultural values in promoting Saudisation programmes (Al-Dosary and Rahman, 2005). The recommendations in this research have the common aim of enabling the Saudi government to maintain such values while achieving Saudisation. In other words, the recommendations of this research suggest that the Saudi government needs to fulfil Saudisation as an Islamic and moral duty that will see the elimination of unemployment among Saudis and the creation of more jobs for them in the private sector that will maintain their dignity. This, in turn, will prevent non-Islamic moral decline in behaviour, crime and poverty. Thus, the Islamic work ethic should be developed among individuals, which is expected to enhance the participation of young people in economic activity.

This is expected to reduce the social crime and tension in the country, as the Islamic work ethic proposes a dynamic process for individuals to be an active part of society through involvement in productive economic activity. This research also argues that

the Saudi government has a moral and religious duty not to continue to allow the important private sector to recruit, benefit and be dominated by better educated and skilled expatriate workers at the expense of local Saudis who continue to be left on the sidelines as unemployed in their own country. In addition, this religious and moral duty includes educating and training Saudi citizens effectively and adequately, in line with the needs of the private sector and the labour market, and in raising their awareness about the importance of work while changing their stereotypes and negative social perceptions towards work and the private sector in order to increase their employability and role in the development of their country's economy, as recommended in this research. Furthermore, this moral and religious duty also involves giving priority to the welfare of Saudi citizens, especially the unemployed and the poor, by ensuring and enhancing Saudisation, as recommended in this research. This will, in turn, maintain the self-respect and self-esteem of Saudis in their own country, reduce their resentment to expatriates and possible future conflict with them, and eliminate current high unemployment, especially among the young which, if not tackled, will have further serious consequences for the fabric and stability of Saudi society, morally and socially. Moreover, the Saudi government needs to uphold the Islamic and cultural norms of Saudi Arabia, rather than sacrificing them to ensure the success of Saudisation in the private sector (e.g. maintaining the segregation of gender in the private and public sectors).

The Saudi government cannot rely on external or international bodies to ensure the success of Saudisation but must carry out the implementation of recommendations and changes, such as those suggested in this research, by itself with the collaboration and coordination of the private sector, the labour market and Saudi citizens themselves. For example, the WTO, which Saudi Arabia joined, will neither alter the structure of the labour market nor impact on the government's Saudisation plans, as labour markets do not fall within the WTO's mandate, except to the extent that labour issues affect traditional goods and services across borders (Bourland et al., 2006).

In fact, previous research (i.e. Al-Dosary and Rahman, 2005) recommended appropriate coordination and consultation between the government, the private sector and the public at large, so that any policies on Saudisation become honoured and supported by almost every group in society.

#### **8.4 THE CONTRIBUTION OF THE STUDY**

The findings of this research represent a significant contribution to the previous rare research and literature on Saudisation for a number of reasons. Unlike most of the previous studies that focus on similar issues (e.g. obstacles or barriers to Saudisation) in the public sector and organizations (e.g. doctors in general hospitals), the findings of this research are generated from perceptions of Saudisation among the most important stakeholders impacted by it (private sector employers, employees and job seekers) within the main sector at which Saudisation is aimed: the private sector. There is a clear paucity of research similar to this study which focuses on Saudisation as a phenomenon and how it is perceived by private sector employers and employees, as well as Saudi job seekers.

The findings provide an insight into a number of issues of direct relevance and importance to Saudisation that have been raised in previous research, but which needed investigation through field research as this study has done: e.g. lack of skills required in the private sector, unwillingness to do vocational jobs, preference for working in the public sector, and concern for prestige among Saudi workers and job seekers. This has enabled this research to make inferences and conclusions, accordingly, on equally important Saudisation-related issues (i.e. lack of skills, unwillingness to do vocational jobs, preference for working in the public sector and concern for prestige) which are significant reasons for the lack of Saudisation in the private sector and barriers to employment of Saudis in the private sector. Another example is the findings on the perceptions relating to the implementation of Saudisation-related social responsibility by employers, and their concerns for Saudisation-related social responsibility towards the Saudi families of their workers, which are not supported by the evidence reviewed. This enabled the research to infer and conclude, accordingly, that the perceived opposition of employers to Saudisation in the private sector, cited in previous literature on Saudisation, does exist in this case, implicitly derived from critical analysis of these perceptions and supporting evidence.

As a further example, the perceptions among employers that the replacement of expatriate workers with Saudis should be done gradually to minimise adverse effects, and the negative impact of Saudisation on the private sector, enabled the research to verify and conclude that these perceptions are valid as they are consistent with previous research and the available literature, and recommend that the Saudi

government should take on board in its implementation of Saudisation. Furthermore, the findings of this research also build on those of one previous research study that shares some similar features (i.e. Al-Humaid, 2003). This research also supports the recommendation of previous studies that future research on Saudisation should be longitudinal: e.g. every 5 years (i.e. Al-Humaid, 2003). Moreover, since the localization of human resources, an equivalent to Saudisation, is a topic related to a number of fields of study (e.g. International Human Resource Management, Employment Relations, Government and International Affairs, Management in Developing Countries, Economics, International Career Development), the findings of this research make a significant contribution to knowledge across such fields in terms of building, to a certain extent, on the findings of previous work cited in this research on localization and the management of human resources in Saudi Arabia (e.g. Mellahi, 2006, 2007; Mellahi and Wood, 2001; Mellahi and Al-Hinai, 2000; Mellahi, 2000; Looney, 2004a,b,c; Lumsden, 1993; Maimani, 1989; Madhi and Barrientos, 2003; Budhwar and Yaw, 2001; Bhuian et al., 2001). The implications and recommendations based on these findings represent a significant contribution to practice within Saudi Arabia and other countries with similar initiatives to Saudisation. The implications and recommendations of this research are more far-reaching and practical than in previous research, however. That is, they do not only provide various stakeholders in Saudisation (the Saudi government, Ministry of Labour, employers in the private sector, universities and further education colleges, training centres and employment agencies) with important issues that need to be addressed to advance and enhance Saudisation (e.g. equipping Saudis with the skills and qualifications they are lacking and that the private sector requires) but also with details on how to do this in order to make fundamental and radical changes that will ensure such aims. For example, making changes to school and university education towards more technical, scientific and vocational learning and training, with the involvement and collaboration of the private sector and training providers, will equip Saudis with the skills and expertise required in the job market and the private sector and hence replace expatriates gradually, which meets the aims of Saudisation. Localization of the labour force initiatives in the countries of the GCC, similar to Saudisation, are being given more attention by the government in these countries because of the problem of large unemployment, especially among the young population. The study and its findings are generalisable to these other oil-producing

Gulf countries, such as Oman and Kuwait, which have similar economies to Saudi Arabia in terms of their dependence on oil revenues; their large unemployment, mostly among the young; a public sector saturated with local workers as the main source for employment; while the private sector is resourced by expatriates because of the lack of skills among the local workforce and population. Therefore, the findings and research represent a valuable and significant reference and guide for future researchers who wish or need to replicate this type of research in other Gulf countries.

## **8.7 THE LIMITATIONS OF THE RESEARCH**

All research, regardless of quality and rigour, will have some limitations and this study is no exception. The discussions of the findings on the perceptions or responses of employers, employees and job seekers that address the research questions, approach these perceptions or responses critically by ascertaining whether there is evidence-based support for them in the literature, in response to similar or related questions and in the proportion of those who only somewhat agree. This is in order to establish the validity and reliability of these responses, and subsequently their associated perceptions, in order to make valid argument, appropriate inferences and correct conclusions. Many perceptions of employers, employees and job seekers are consistent with evidence available from the literature (e.g. prestige among Saudi workers: 95.1% of employers and 87.3% of employees and job seekers agreed; mobility among Saudi workers for their job: only 45.7% of employers and 58.6% of employees and job seekers agreed). However, other perceptions appear somewhat biased, may suffer from response acquiescence, or show fundamental disagreement between employers on one hand, and employees and job seekers on the other, and are inconsistent with evidence from this research and literature (e.g. 81.2% employers claim they are concerned about social responsibility towards families of their Saudi workers, while only 53.2% of employees and job seekers think so; 70.7% of employers claim they have fulfilled their Saudisation-related social responsibility, while only 32.9% of employees and job seekers believe so).

Such bias, response acquiescence and disagreements underlining perceptions between employers, employees and job seekers seem to be reflected most in responses to questions on sensitive or controversial issues (e.g. whether employers are concerned about Saudisation-related social responsibility towards Saudi workers and their

families and implement such responsibility; and whether the private sector is negatively impacted by government-imposed Saudisation). Therefore, and as the arguments and inferences made from the discussion of the findings on these perceptions indicate, caution should be exercised towards the findings relating to some of these perceptions. Further research, using more rigorous and robust methodology, is needed to investigate the same issues relating to the perceptions addressed in this research.

In terms of generalisability and the representativeness of the findings, the perceptions may be generalisable to and representative of many of the employers, Saudi employees and types of business in the private sector, and Saudi job seekers across Saudi Arabia, especially in large businesses that employ more than 20 workers within the commercial and services businesses, which constitute the majority of businesses surveyed in this research (28.1% and 17% respectively). However, such generalisability and representativeness do not extend to expatriate workers or public sector organisations, which were not surveyed in this study. These perceptions are also generalisable to and representative of employers in small businesses that employ fewer than 20 workers, as a large percentage of employers in such businesses (26.7%) were surveyed. It can be confidently assumed that the study and its findings are generalisable to other oil-producing Gulf countries, such as Oman and Kuwait. This is because such countries share similar features with Saudi Arabia in terms of having oil-dependent economies; large unemployment, mostly among the young; a public sector saturated with local workers as the main source of employment; while the private sector is resourced by expatriates because of a lack of skills among the local workforce.

## **8.8 FUTURE RESEARCH**

This research provides a robust foundation through primary data, which could be developed and replicated through, for instance, longitudinal surveys. In other words, this research should be replicated in order to investigate the reliability of the questionnaire used and the findings on the perceptions found, as well as their generalisability and representativeness, but also to locate changes in the perceptions and Saudisation-related issues under changing circumstances. Further rigorous study on the issues investigated in this research should be carried out using a multi-method

approach, combining a more positivist and phenomenological approach to methodology (i.e. quantitative and qualitative data collection methods). Prior to such a study being conducted, the research instrument (questionnaires) used in this study should be improved significantly, in terms of more effective wording of the items and a more precise, clearer and consistent format of questions (e.g. a Likert scale). Each set of no less than 4-5 items should be designed to investigate clear and separate constructs (e.g. the adequacy of Saudi skills). Such design is important because the first section of the questionnaire on Saudisation-related issues in this research investigated many constructs, using a large number of items (18 items), which made factor analysis, and the subsequent naming of the variables obtained, somewhat challenging. The questionnaire should also include sections on 'Further Comments' to give respondents the opportunity to elaborate on their response; this would generate useful qualitative data for the research. It should also be supported by interviews, where feasible, in order to elaborate on any quantitative findings and gain more and accurate insight into the findings. It is important that studies on Saudisation, similar to this research, should be carried out on a longitudinal basis (e.g. every 5 years) as previous researchers on Saudisation advocated (e.g. Al-Humaid, 2003) in order to ascertain the extent of advances Saudisation has made in the private sector and if the perceptions revealed in this study have changed or remained the same since the completion of this research. Such studies should include a much larger sample of Saudi job seekers (no employed Saudis should be included in the study) and a larger number of private sector employers, as well as expatriates, to enhance the validity, reliability, generalisability and representativeness of the findings. The inclusion of expatriate workers would eliminate any possible bias that may be levelled at future research if it excluded expatriates, as is the case in this research.

Other types and sizes of business in the private sector should be included to further enhance the generalisability and representativeness of the findings. Further issues that are relevant to this study, but were not investigated here, should be included in future studies, such as perceptions on wage differences between Saudi and expatriate workers in the private sector, similar to differences in productivity investigated in this study. Wage differentials between Saudi and non-Saudis have increased substantially, as non-Saudis receive, on average, around 59% of the pay of Saudis, but the development of a large wage differential between Saudis and non-Saudis has not been

traced in sufficient detail, and the available data and information suggest this development may be in the relatively recent past (Madhi and Barrientos, 2003).

## **8.5 CONCLUSION**

Since 1930, Saudi Arabia has encouraged an inflow of foreign labour, initially to provide the expertise needed for oil exploration and exploitation but, from the 1970s, as a means of plugging the large gaps in skills and labour needs (Madhi and Barrientos, 2003). In 1995, the decline in oil revenues and large public sector deficits led to a reconsideration of employment policies and the adoption of Saudisation as a labour market and employment policy; this, in practice, requires a shift in Saudi employment from the public to the private sector, and a reduction in dependence on foreign labour (Madhi and Barrientos, 2003). Saudisation, however, has made noticeable progress only in the public sector, while the private sector has still yet to really accept or fully implement it. In fact, in MENA and Gulf countries in particular, and not just in Saudi Arabia, costly regulations that have constrained the ability of the private sector to create jobs, and high unemployment, have led to the public sector being saturated, increasingly absorbing some educated individuals who cannot afford to be unemployed (World Bank, 2008). The findings and all supporting evidence from this research and literature seem to suggest that this situation continues in Saudi Arabia, and it is underlined by the failure of Saudisation to make progress in the private sector, contrary to the biased perceptions of employers in this research that they have fulfilled and implemented their Saudisation-related responsibility in order to appear compliant. The high proportion of these employers in this research who believe that government-imposed Saudisation has negatively impacted their private sector, and other evidence, support such an inference and conclusion.

The findings of this research suggest that many of the issues that have hindered the Saudisation policy in the private sector, and that are highlighted in the literature, continue to exist. These include the inadequate skills, qualifications and work experience of Saudi workers, underlined by the inadequate education and training of Saudi graduates; the negative attitude and social prestige towards work and vocational or manual professions; and the preference for working in the public sector among Saudis. All of the issues revealed by the findings of this research, including the negative impact of the imposed Saudisation policy on the private sector, need to be

addressed by the Saudi government if Saudisation is to be ensured and enhanced in the private sector.

However, the Saudi government finds it difficult to deal with some of these issues, especially adequate skills development among Saudis, which this research shows to be lacking among Saudi workers in the private sector; yet these are critical to the success of Saudisation in the private sector and labour market as a whole. Despite the efforts of the Saudi government to develop native human resources and the comparatively high levels of public expenditure on education and involvement rates, the skills gap in the economy will, in all likelihood, continue for some time (Madhi and Barrientos, 2003). In fact, it has been difficult for skills development in Saudi Arabia to map out a different set of attractive career prospects for young Saudis commensurate with the needs of a modern economy (Madhi and Barrientos, 2003).

It has been acknowledged that the Saudi government is looking for economic change but, in order for change to occur, the education system needs to be re-evaluated (Baki, 2004). This research concludes that such economic change is partially dependent on Saudisation making progress and success in the private sector. This is unlikely unless the Saudi education system is overhauled, as the recommendations show, in order to ensure that it is developing technical, vocational, management, administrative and scientific skills and expertise among Saudi graduates that the private sector and the Saudi labour market need. This long-term approach to Saudisation will see the education system producing a large number of skilled Saudi graduates who will run the private sector, as well as other sectors, and eliminate, or at least significantly reduce, its current dependence on expatriate labour.

Equally important to overhauling the education system, is the need to change stereotypes, negative attitudes and social prestige towards work and vocational and manual jobs, and the preference for working in the public sector, found in this research among Saudi workers and job seekers, and which can be found among Saudis in general, as documented in the literature. These attitudes among Saudis represent a fundamental hindrance to Saudisation, besides an inadequate education system, and can be largely blamed for the lack of progress of Saudisation in the private sector, rather than it being blamed solely on the resistance of private sector employers to Saudisation. A field study conducted in 1989 showed that about 80% of

Saudi job seekers refused manual work (Al-Obaid and Ateiah, 1994) and the evidence in this study indicates that such a negative attitude has not changed.

Meanwhile, the Saudi government should implement the recommended gradual replacement of expatriate workers in the private sector with Saudis, which is advocated in this research. It should also lessen the costly regulations and imposition of Saudisation on the private sector that have constrained its growth and ability to create jobs, in order to win support from employers for an alternative approach to implementing Saudisation. The most important approach to Saudisation involves collaboration between universities, training centres and the private sector to address expertise and skills development among Saudi graduates, in line with the needs of the private sector and the labour market as a whole. Such a collaborative approach to implementing Saudisation, rather than continuing with imposed Saudisation that has had negative impact on the private sector, as this research shows, underlines the importance of the private sector for the economy of Saudi Arabia. This collaborative new approach to Saudisation in the private sector is important. This is because the fast pace of global economic and technological developments has led to the increased significance of the private sector and its role in meeting the challenges of competitiveness in domestic and global markets. Therefore, the policy of the government, which aims at paying due attention to the private sector, along with expanding its role, gains strategic significance in the country's economy (Ministry of Economy and Planning, 2006).

In fact, Saudi Development Plans have accorded due attention to implementing policies that support the private sector, particularly in terms of privatization, in order that the sector may play its role in increasing investment, production and employment; in this respect, many achievements have been made over the past years (Ministry of Economy and Planning, 2006). Still, previous research (i.e. Baki, 2004) could not predict whether Saudisation will succeed in creating more job opportunities for young Saudis or whether education should focus on the needs of the economy, as opposed to the acceptable norms of Saudi society. The research envisaged that, as Saudi Arabia expands its economy and its private sector, more job opportunities are likely to arise for Saudis. Decades after its introduction, and despite various government legislation and previous recommendations, real and complete Saudisation in the private sector remains unachieved.

This research predicts the complete Saudisation of the private sector and the labour market within Saudi Arabia in a couple of decades if the Saudi government seriously considers and implements the recommendations put forward by this research. Most important among them is the overhaul of the education system to cater for the development of cutting-edge scientific and technical skills and expertise among Saudi graduates, changing stereotypes and negative attitudes towards work and social prestige among Saudis citizens, and developing a collaborative approach to implementing Saudisation with private sector employers, rather than imposing it on them, in order to alleviate their resistance and gain their support in implementing Saudisation.

Otherwise, the current trends of high unemployment among young Saudi school leavers and university graduates, who lack the skills required in the private sector, the dominance of skilled expatriate workers in the majority of jobs in the private sector while most Saudi work in a saturated public sector, and the unwillingness of private sector employers to implement Saudisation, which has characterised the Saudi labour market and economy for decades, will simply continue.

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## **APPENDICES**

# APPENDIX I

## EMPLOYERS QUESTIONNAIRE

### Part One: Demographic Data

Please tick (✓) the appropriate box

**1. Nationality:**

- 1.  Saudi
- 2.  Non-Saudi

**2. Age:**

- 1.  Under 25 Years
- 2.  25-35 years
- 3.  36- 45 Years
- 4.  Over 45 years

**3. Position.....**

**4. Qualification**

- 1.  Less secondary school
- 2.  Bachelor
- 3.  Master
- 4.  PhD

**5. Tenure in Organisation**

- 1.  Less than 5 years
- 2.  6-10 years
- 3.  11-15 years
- 4.  More than 15 years

### Part Two: Organizational Data

**6. What is your business type?**

- 1.  Industrial
- 2.  Agriculture
- 3.  Academic
- 4.  Financial
- 5.  Insurance
- 6.  Medical
- 7.  Others, .....

**7. How many employees working at your business?**

- 1.  Less than 20 employees
- 2.  20 -39 employees
- 3.  40- 99 employees
- 4.  100 or over

**8. How many Saudi citizens working at your business? \_\_\_\_\_**

**9. How many non-Saudi citizens working at your business? \_\_\_\_\_**

**10. At which level most of the non-Saudi individuals are working?**

- 1.  Top Ranks
- 2.  Middle Ranks
- 3.  Lower Ranks

### **Part Three: Perception of Saudisation Among the Private Sector:**

11. To what extent do you agree with the following statements? (Please tick (√) in the box provided to indicate your response to each of the following statements).

No	Statement	Strongly Agree (5)	Agree (4)	Somewhat agree (3)	Disagree (2)	Strongly Disagree (1)
1	My business concerns about family responsibility of Saudi workers					
2	I think education qualifications of Saudi workers are adequate for my business					
3	If the qualifications of Saudi workers are adequate I can support employing them					
4	According to my experience Saudi workers with adequate education have high performance					
5	Saudi workers concern with their social prestige					
6	Saudi workers are ready to accept any job					
7	Saudi workers are ready to accept vocational (or handcraft) jobs					
8	I think the Saudi workers have the required experience for my business					
9	If the experience of Saudi workers is adequate for business I can support employing them					
10	Saudi workers with adequate experience have high performance					
11	Saudi workers are ready to work in any location					
12	I think the Saudi workers have the required skills for my business					
13	If the skills of Saudi workers are adequate for my establishment I can support employing them					
14	According to my experience Saudi workers with adequate skills have high performance					
15	Saudi workers do not seek to change their jobs					
16	My business offers stable job and security for Saudi workers					
17	Productivity of Saudi workers is adequate for my business					
18	According to my experience Saudi workers are more productive than Non-Saudi workers					

**Part Four: Employment Competencies Required by the Private Sector in Saudi Job Seekers.**

**12. What factors positively affect the productivity of Saudi workers?**

1.  Quality of education
2.  Continue training
3.  Ability of workers to develop themselves according to the work needs
4.  Respect of work and business regulations

**13. Are you concerned about the educational qualifications of Saudi workers in enhancing their productivity?**

1.  Yes
2.  No

**14. If yes, what level of qualifications are you concerned about educational qualifications of Saudi workers in enhancing their productivity?**

1.  Less than secondary school
2.  Secondary School
3.  Diploma after secondary (2 or 3 years)
4.  Bachelor
5.  Master
6.  PhD

**15. Do you think the Saudi workers have such required skills for your business?**

1.  Yes
2.  No

**16. If yes, what kind of skills are you looking for? (Please tick as appropriate).**

1.  Language skills
2.  Information technologies
3.  Vocational skills
4.  Work loyalty
5.  Others please specify.....

**17. Do you think the experience of Saudi workers is important for your business?**

1.  Yes
2.  No

**18. If yes, what kind of experience are you looking for from your employees in your workplace?**

1.  Management
2.  Secretary and office management
3.  Vocational
4.  Technology

**19. What is the expected impact of Saudisation on your business?**

1.  My business will suffer, as the skilled people will leave
2.  My business will not be affected, as there will be enough skilled Saudi employees
3.  There will not be any change

**20. What is the expected impact of Saudisation on the Saudi economy?**

1.  Saudi economy will lose skilled foreign labour
2.  Saudi unemployment will decrease due to new job opportunities created by Saudisation
3.  There will not be any change

**Part Five: Views of the Private Sector about Government Policies to Ensure Saudisation**

21. To what extent do you agree with the following statements? (Please tick (√) in the box provided to indicate your response to each of the following statements).

No	Statement	Strongly Agree (5)	Agree (4)	Somewhat agree (3)	Disagree (2)	Strongly Disagree (1)
1	There are some government legislations regarding Saudisation					
2	These legislations are sufficient for Saudisation					
3	The legislations of minimum-wage is so important for enhancing Saudisation					
4	My establishment is aware of its social responsibility regarding enhancing Saudisation					
5	My establishment has few rules of social responsibility regarding Saudisation					
6	My establishment implemented social responsibility regarding Saudisation					
7	My business needs to join to system of social security					

**Part Six: Initiatives to enhance Saudisation**

22. To what extent do you agree with the following statements? (Please tick (√) in the box provided to indicate your response to each of the following statements).

No	Statement	Strongly Agree (5)	Agree (4)	Somewhat agree (3)	Disagree (2)	Strongly disagree (1)
1	Should give subsidies and benefits to businesses that achieve a high rate of Saudisation.					
2	Should increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.					
3	Should increase the training of Saudis to meet the needs of businesses.					
4	Should organise communication between the private sector, training centers, institutions and universities to determine the real needs of the private sector.					
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.					
6	The private sector is negatively affected by the imposition of Saudisation.					
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.					

**Thank you very much for your co-operation**

## APPENDIX II

# SAUDI EMPLOYEES AND JOB SEEKERS QUESTIONNAIRE

### **Part One. Demographic Data**

**Please tick (✓) in the appropriate box**

**1. Age:**

1.  Under 25 years    2.  25-35 years    3.  36- 45 years    4.  Over 45 years

**2. Marital Status:**

1.  Single                      2.  Married

**3. How many people do you support at present?**

1.  1 – 3                      2.  4 - 6                      3.  More than 7

**4. Qualifications:**

1.  Secondary school or less                      2.  Diploma                      3.  Bachelo  
4.  Master                      5.  PhD

**5. Tenure in Organisation:**

1.  No experience                      2.  Less than 2 years                      3.  2-5 years  
4.  5-10 years                      5.  More than 10 years

**6. Do you currently have a job?**

1.  Yes                      2.  No (go to the question next to the flowing)

**7. Is it a temporary or permanent job?**

1.  Temporary                      2.  Permanent

**8. If you do not have a job, for how long you have been searching for a job?**

1.  Less than 1 year                      2.  1-2 years                      3.  3-5 years  
4.  More than 5 years

**9. Which sector do you prefer more in seeking for a job?**

1.  Public Sector                      2.  Private Sector

**10. What is the expected impact of Saudisation on your employment possibility?**

1.  Since I do not have the skills, it will not affect my life positively  
2.  It will create job opportunities for me  
3.  There will not be any change

**Part Two: Perception of Saudisation among Employees and Saudi Job Seekers:**

11. To what extent do you agree with the following statements? (Please Tick (√) in the box provided to indicate your response to each of the following statements).

No	Statement	Strongly Agree (5)	Agree (4)	Somewhat agree (3)	Disagree (2)	Strongly Disagree (1)
1	The private sector is concerned about the family responsibilities of Saudi workers.					
2	The educational qualifications of Saudi workers are adequate for the needs of the private sector.					
3	If the qualifications of Saudi workers are adequate, the private sector will be willing to employ them.					
4	Saudi workers with adequate education have high performance					
5	Saudi workers concern with their social prestige					
6	Saudi workers are ready to accept any job					
7	Saudi workers are ready to accept vocational (or handcraft) jobs					
8	Saudi workers have the experience required by the private sector.					
9	If the experience of Saudi workers is adequate for businesses, the private sector will be willing to employ them.					
10	Saudi workers with adequate experience have high performance					
11	Saudi workers are ready to work in any location					
12	Saudi workers have the skills required to satisfy the needs of the private sector.					
13	If the skills of Saudi workers are adequate for the private sector, they can be offered work.					
14	Saudi workers with adequate skills perform well.					
15	Saudi workers are not keen to change their jobs.					
16	The private sector offers stable work and security for Saudi workers.					
17	The productivity of Saudi workers is adequate for the private sector.					
18	Saudi workers are more productive than non-Saudi workers.					

**Part Three: Views of the Saudi Job Seekers on Government Policies to Ensure Saudisation:**

12. To what extent do you agree with the following statements? (Please Tick (√) in the box provided to indicate your response to each of the following statements).

No	Statement	Strongly Agree (5)	Agree (4)	Somewhat agree (3)	Disagree (2)	Strongly Disagree (1)
1	Government legislation exists regarding Saudisation.					
2	This legislation is sufficient to achieve Saudisation.					
3	The legislation regarding a minimum wage is important to enhance Saudisation.					
4	The private sector is aware of its social responsibility regarding encouraging Saudisation.					
5	The private sector has few rules of social responsibility regarding Saudisation.					
6	The private sector has fulfilled its social responsibility regarding Saudisation.					
7	The private sector needs to join the social security system.					

**Part Four: Initiatives to Enhance Saudisation:**

13. To what extent do you agree with the following statements? (Please Tick (√) in the box provided to indicate your response to each of the following statements).

No	Statement	Strongly Agree (5)	Agree (4)	Somewhat agree (3)	Disagree (2)	Strongly Disagree (1)
1	Give subsidies and benefits to businesses that achieve a high rate of Saudisation.					
2	Increase awareness of the importance of work and offer more jobs to Saudi workers in the private sector.					
3	Increase the training of Saudis to meet the needs of businesses.					
4	Organise communication between the private sector, training centers, institutions and universities to determine the real needs of the private sector.					
5	Give support and benefits from the government to the private sector to take responsibility for training the workers they need.					
6	The private sector is negatively affected by imposing of Saudisation.					
7	Using a gradual approach to replace expatriates with Saudis may increase Saudisation without any adverse effects.					

**Thank you very much for your co-operation**

## **APPENDIX III**

### **COVER LETTER**

**Subject: Request for Participation in Research on Saudisation in the Private Sector**

**Dear Sir**

I am a doctoral research student in the School of Government and International Affairs at Durham University in the United Kingdom sponsored by King Faisal University.

I am researching perceptions of Saudisation among employers and employees in the private sector and Saudi job seekers. The research intends to provide recommendations to the Saudi authorities on how to ensure and enhance Saudisation in the private sector. I am wondering if you could be willing to participate in this research.

Please find attached to this letter a survey questionnaire for you to complete as fully as possible then hand it back to me or your department secretary.

Any data you provide will be handled in confidence and will be used for research purposes only. I would be happy to provide you with the findings of this research if you wish so.

Thank you in advance for your co-operation.

Yours Sincerely,

Atef Alshehry