



## Efforts Exerted from Both Public and Private Sectors to Confront Saudization Obstacles

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### **Author's contribution**

*The sole author designed, analyzed and interpreted and prepared the manuscript.*

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### **ABSTRACT**

Saudization has become nowadays a national requirement, because it is no longer an economic issue, but also associated with social and security issues, in our study focused on efforts exerted by both public and private sectors to face Saudization obstacles, in order to increase participation of national workforce in the labor market.

A descriptive analytical study conducted in the Kingdom of Saudi Arabia. The study sample was selected in a purposeful sampling and data collected by personal interview questionnaire and revision of national records. Target population was officials in the research community, where selection was based on the role of these officials in the face of obstacles to Saudization from public and private sectors.

Study results revealed that obstacles facing Saudization can be divided into social, economic, educational and training obstacles and efforts exerted to face obstacles in front of Saudization from both public and private sectors vary, from regulatory efforts represented in the activity of the Ministry of Labor, training efforts represented in the efforts of Human Resources Fund, Chamber of Commerce and Industry, and General Organization of Technical Education and Vocational Training.

We conclude that there is some kind of agreement between public and private sector about

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existence of some obstacles preventing national work force from participating in the labor market which requires plans and strategies for jobs Saudization in both public and private sectors.

*Keywords: Public sectors; private sectors; Saudization; obstacles.*

## 1. INTRODUCTION

Saudization has become nowadays a national requirement, because it is no longer an economic issue, but also associated with social and security issues, it imposed on the intellectual scene, and it requires treatment to reduce its negative effects on society.

Saudization means Saudization of the workforce [1] or its the replacement of foreign workers with Saudi people in the private sector which is official national policy of the Kingdom of Saudi Arabia (KSA) [2].

So the Government of KSA has worked on Saudization of jobs and professions and provision of qualified manpower in the labor market since the beginning of the first five-year plan for development in 1390. The article (48) of the labor and workers law shows that work is a right of citizen, and not the other may work only after the stipulated conditions, one of the paragraphs of the article (49) shows allowance of inward working with competencies and qualifications needed by the country when no one carried by citizens or was the number of citizens is insufficient [3].

Moreover, the government of KSA has developed nine planes for development, first plan began to diversify its economy to reduce dependency on oil in the 1970s as part of its first five-year development plan. Saudi Arabia's first two development plans, covering the 1970s, emphasized infrastructure. In the third plan (1980–85), the country focused on change. In the fourth plan (1985–90), the country's basic infrastructure was viewed as largely complete, but education and training remained areas of concern. Private enterprise was encouraged, and foreign investment in the form of joint ventures with Saudi public and private companies was welcomed. The fifth plan (1990–95) emphasized consolidation of the country's defenses; improved and more efficient government social services; regional development; and, most importantly, creating greater private-sector employment opportunities for Saudis by reducing the number of foreign workers. The sixth plan (1996–2000) focused on lowering the cost of government services without cutting them and

sought to expand educational training programs. The plan called for reducing the kingdom's dependence on the petroleum sector by diversifying economic activity, particularly in the private sector, with special emphasis on industry and agriculture. It also continued the effort to "Saudiize" the labor force. The seventh plan (2000–2004) focuses more on economic diversification and a greater role of the private sector in the Saudi economy. For 2000–2004, the government aims at an average GDP growth rate of 3.16% each year, with projected growths of 5.04% for the private sector and 4.01% for the non-oil sector. The government also has set a target of creating 817,300 new jobs for Saudi nationals. In Addition, Saudi Arabia has announced future plans to invest about \$46 billion in three of the world's largest and most ambitious petrochemical projects [2,4].

The Government has recognized that there are many factors impeding achievement of the Saudisation, including quantitative and qualitative deficits in the provision of manpower for the labor market which leads to recruitment of foreign labor to do the work at the beginning of the infrastructure development plans, and continued in all areas, as a result of increasing numbers of people who are in the work age, development of learning outcomes, and increased labor demand in the public and private sectors. All of these factors forced the government of KSA to set policies to solve those problems which limit Saudization.

To achieve these policies to address the problems of Saudization, the government of KSA established a number of organizations which took it upon themselves to address these problems and find appropriate solutions, whether these entities operate under the Government, or the private sector working under the supervision of the government of KSA and the manpower Council, Ministry of labor, as well as chambers of Commerce and industry, the human resources development fund, and the General Organization for technical education and vocational training, in addition to the efforts of the Saudi Basic Industries Corporation (SABIC) and the national organization of joint training and other Government and private agencies that have

outstanding efforts in the face of everything that obstructs the Saudization.

### 1.1 Study Problem

Problem of this study focuses on determine the main efforts exerted by both public and private sectors to face Saudization obstacles, aiming at increasing the participation of national workforce in the labor market.

### 1.2 Study Inquires

1. What are the basic obstacles facing Saudization from the view of leaders in both public and private sectors?
2. What are the main efforts exerted from both public and private sectors to confront obstacles in front of Saudization?

### 1.3 Study Objectives

1. To specify the main obstacles facing Saudization from the view of leaders in both public and private sectors.
2. To determine the main efforts exerted by public sector to face Saudization obstacles.
3. To assess some of the efforts exerted by the private sector to face obstacles facing Saudization.
4. To determine some of the aspects of integration and variation in efforts exerted by both public and privates sector in facing obstacles in front of Saudization.

Given the importance of scientific and practical issue of Saudization and socio-economic dimensions of security, this study attempted to identify the efforts of Government and the private sector to address impediments to Saudization.

## 2. Methodology

### 2.1 Study Design

A descriptive analytical study focused on determining the main efforts exerted by both public and private sectors to face Saudization obstacles, aiming at increasing the participation of national workforce in the labor market.

### 2.2 Study Sampling

The study sample was selected in a purposeful sampling and data collected by personal interview questionnaire.

### 2.3 Study Population

Target population of our study were officials in community, where selection was based on the role of these officials in the face of obstacles to Saudization, which are as follows:

1. Officials in the government sector were 3 included (training and employment of human resources development fund manager in Riyadh, Deputy General Organization for Technical Education and Vocational Training governor, and director of the Ministry of Labor and employment of Saudis management in Riyadh).
2. Officials in the private sector were 4 included (human resource development company SABIC in Riyadh director, and director of human resources development company Juffali Riyadh, Regional Director of the Abdul Latif Jameel programs to serve the community, and Director of Training and Employment Chamber of Commerce and Industry in Riyadh).

### 2.4 Ethical Consideration

The author got the required ethical approvals including Ministry of Labor and research ethics committees of public and private organizations involved in the current study.

## 3. RESULTS AND DISCUSSION

### 3.1 Analysis of Interview Questionnaire Results

We conducted a personal interview with (7) officials in the public and private sectors are working as managers of training, or employment, or human resources development.

According to their viewpoint, there was a range of obstacles that they unanimously agreed limit of Saudization, these constraints have been summarized as follows:

1. Poor training and qualification, expertise and technology and productivity in some of the national employment.
2. Low expats wage compared to national employer.
3. Working environment and nature in the private sector does not fit the national employment.
4. Lack of familiarity with English and computer with a lot of national employment.

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| <p>5. Non-national private sector employment stability to the lack of functional features.</p> <p>6. Inadequacy of the educational outcomes of the labor market.</p> <p>7. Government action to work in the private sector preference.</p> <p>8. The ability to control the migrant workers more than national employment.</p> <p>9. Social perception of inferiority arts and crafts to work.</p> | <p>10. Lack of discipline and seriousness to the Saudi worker.</p> <p>11. Lack of seriousness of some parties in the implementation of the decisions of Saudization.</p> <p>Personal interviews showed that there have been efforts made by the authorities for the Saudization, and the training and qualification of the national workforce, as shown in Table 1.</p> |
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**Table 1. Efforts to address obstacles to Saudization**

<b>Public sector</b>	<b>Efforts</b>
Ministry of labor [5]	Reception of asylum-seekers work and record all data concerning them, and their nomination for work in the private sector, as appropriate to the qualifications and capabilities of available job opportunities. Limiting working visas to bring in guest workers under national employment availability. Opening more offices in the various regions of the KSA.
General Organization for technical education and vocational training [6].	Creating more technical colleges, where establishment (74) Technical College in the coming years. Creating more vocational and technical training institutes, where establishment (179) Institutes in the coming years. Coordination with the human resources development fund and the Chamber of Commerce and industry in Riyadh about the training facilities of the institution under the national regulation of joint training. Development vocational training program.
The human resources development fund [7].	Providing grants, participation in national manpower costs. Providing job opportunities in the private sector. Employment of special needs. Employment of women. Participating in the national organization of joint training.
<b>Private sector</b>	<b>Efforts</b>
SABIC [8].	Attracting national talents. Developing a plan for the Saudization. Establishment of a training center. Providing scholarships of the Saudi youth.
Juffali (Regional administration in Riyadh) [9].	Creating Juffali Vocational Training Center, for the rehabilitation of national cadres to work within different branches of the company. Cooperation with the General Organization for Technical Education and Vocational Training in the field of technical training. Cooperation with the Human Resources Development Fund through employment -related training.
Abdul Latif Jameel Group companies in Riyadh (Abdul Latif Jameel Community Service Programs) [10].	Creating a set of funds to provide material support to national employment in the field of technical and professional work. The establishment of the Saudi Institute for Japanese cars, for the rehabilitation of the Saudi youth artwork and maintenance of vehicles. The employment of national manpower place migrant workers in most sectors and sections of the group.
Industrial Riyadh Chamber of Commerce [11].	Cooperation with the General Organization for Technical Education and Vocational Training, and Human Resources Development Fund under national regulation system for joint training for Training and Employment. Establishing a training and employment center within the chamber. Cooperation with the private sector enterprises in inventory of required jobs, and then training programs for those occupations and jobs held.

Results shows that the percentage was achieved was not bad in some Saudization of jobs in the labor market, as shown in the statistics that have been provided by the researcher are as follows:

1. According to statistics of the Ministry of Labor shows the number of Saudis working in the private sector for the year 2004 were about (691.093) workers.
2. The number of employed workers in the private sector enterprises through the Human Resources Development Fund were about (55 405) citizen in the period from 2001 to 2005.
3. In 2004, there were (1282) Saudi who employed in the private sector through the Chamber of Commerce in Riyadh.
4. National cadres occupy 99% of leadership positions in SABIC and its subsidiaries.
5. The number of graduates of the national organization for joint training for the year (2003 to 2004) were (1181) graduates.
6. Total number of graduates of Juffali training were (3546) graduates in various fields.
7. In 2004, the number of graduates of Saudi-Japanese Institute of automobile of the Abdul Latif Jameel group of companies Ltd. were 190 artistically Saudis have been allocated to regions, 49 in the central region, and 29 in the East, and 79 graduates in the West, 20 graduates in the North and 13 in the South.

Results of interview questionnaire revealed fairly cooperation between the public and private sectors to address constraints Saudization and training national manpower through:

1. Program of National Organization for joint training, which was finished in (2001) to strengthen partnership in training between State institutions and private companies, that program identifies occupations required by the labor market and training packages for those occupations, encompassing the implementation of training programs involving General Organization for technical education and vocational training, so as to contribute to the implementation of theoretical and basic slit in the training process, and the Chambers of Commerce and industry in the Kingdom to coordinate practical training in notch private sector enterprises, and the Development Fund Human resources financing activity and supervise the quality of training.

2. Collaborative training program became part of the new training plans for technical colleges and technical secondary schools and vocational training centers, the program includes semester one training for cooperative training, where the opportunity to intern with experience in real working environment, and the applied practice in private and public companies.
3. Professional military training program, implemented in cooperation between the military and security sectors in the Presidency of the National Guard, and the ministries of Defense and Interior, on the one hand, and the General Organization for technical education and vocational training, on the other hand, this program aims to train young job seekers and provide them with professional skills in various fields needed by the military sector and the labor market. The duration of training was one year of three semesters, one semester for basic military training, and two technical semesters in addition to military training.

### **3.2 Analysis of Official Statistics and Data on the Workforce in KSA as Indicators of Efforts to confront Obstacles Saudization**

Table 2 shows decrease in the contribution of the employment from 71.7% in the first plan, hitting its lowest level in the fourth development plan, reaching 32% due to the oil boom of the 1970s, in which Government worked on using foreign workers to create the infrastructure. In addition, there was high percentage contribution of national employment by the end of the five-year plan, to reach 35% to 44.2%, then to 44.5%, and is expected to jump to 25 percent by the end of the eighth plan in 2009, and there was lower employment from 65% in first plan to reach a low of 48%, as expected by the end of the eighth development plan and this shows that national manpower started replacing expats significantly.

Table 3 shows the decline in the unemployment rate from 9.6% in 2003 to 7.04% in 2004 and is expected to fall to 2.8% by the end of the eighth plan in 2009.

Table 4 shows increased proportion of national workforce in the private sector from 31.6% in 2000 to 35% in 2004. In addition to the increasing number of migrant workers in the private sector of 4 134 million in 2000 (4,946)

**Table 2. Percentage of national manpower and inflows during development plans (1975-2009) [12]**

Plan	Saudi		Non Saudi		Total	
	Number in thousands	Percent	Number in thousands	Percent	Number in thousands	Percent
1 <sup>st</sup>	1253	71.7	494	28.3	1747	100
2 <sup>nd</sup>	1414.4	57.2	1059.8	42.8	2474.2	100
3 <sup>rd</sup>	1786	40	2660.0	60	4446.0	100
4 <sup>th</sup>	1981.1	32	3848.6	66	5829.7	100
5 <sup>th</sup>	2384.2	35	4483.5	65	6867.7	100
6 <sup>th</sup>	3172.9	44.2	4003.4	56	7174.3	100
7 <sup>th</sup>	3804.2	44.5	4745.5	55.5	8549.1	100
8 <sup>th</sup>	4886.0	52	4474.2	48	9221.3	100

*Some groups may not agree with the terms of rounding to one decimal place  
Source: Ministry of Economy and Planning: Development Plan VIII, 1425: 191*

**Table 3. Volume of employment and unemployment in the national workforce [12]**

Release	National employment volume	Unemployment rate
2003	3.30 Million workers	9.6%
2004	3.80 Million workers	7.04%
Expected in 2009	4.89 Million workers	2.8%

*Source: Ministry of Economy and Planning: Development Plan VIII, 1425: 191*

**Table 4. Volume of the national and expatriate workforce in the private sector and the proportion of Saudis [12]**

Year	Private sector			Saudis proportion of the total (%)
	Saudi in thousands	Non- Saudi in thousands	Total in thousands	
2000	1912	4134	6046	31.6
2001	2043	4411	6454	31.7
2002	2156	4946	7102	30.4
2003	2312	4800	7113	32.5
2004	2512	4564	7076	35

*Source: Ministry of Economy and Planning: Development Plan VIII, 1425: 191*

million in 2002, and this number decreased in 2004 (4,555) million, these results agrees with study conducted by Al-Hamid report [13].

#### 4. CONCLUSION

Saudization obstacles are classify as social, economic, educational and training ones, there is presence of a range of efforts and cooperation between both government and private sectors to address the obstacles to Saudization, and there is decrease in unemployment rates in the national employment, indicating the labor market to absorb the national employment.

#### 5. RECOMMENDATIONS

Depending on study results and literature review we recommends developing a strategy for future Marie jobs, involving the public and private

sector, and Ministry of education, Ministry of higher education in national regulation of joint training. Also, pay attention to develop and support institutions and establishments responsible for the training and rehabilitation of the national workforce, and create an information base about the size of the national workforce, and current and future size of career opportunities available for reference by stakeholders Saudization. Moreover, it is essential to work on the development of national regulation of joint training and opening the door to private enterprises to participate in the selection of training programs that meet the needs of the national workforce.

##### 5.1 Recommendations for Researchers

Further studies is needed to assess labor market occupations needs , knowledge of the required

quality of employment for these occupations, national women's workforce in the KSA, and how absorbed in the job market, and what problems they faced because most existing studies on men's employment. Moreover, socio-economic studies are also required to identify social and economic feasibility of substitution of national labor replaced the expats.

## COMPETING INTERESTS

Author has declared that no competing interests exist.

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