Workforce Nationalization in Saudi Arabia: Benchmarking from the Private Sector

Mo’di B. M. Al Mithhib *

ABSTRACT

Most of the available research in the field of workforce nationalization focuses on the theoretical dimension of the issue. This study addresses the problem of workforce nationalization in Saudi Arabia from an empirical perspective. The research problem, the study’s objectives and importance, and a literature review are presented. Data were gathered from a sample of Saudi enterprises that have successfully nationalized most of their workforces. This data was analyzed using the qualitative content analysis method, through which common trends and practices among participants in the process of workforce nationalization were identified and grouped. The study identifies twelve fundamental practices underlying successful workforce nationalization. A comprehensive benchmarking model of workforce nationalization is presented. The study also outlines recommendations related to workforce nationalization in Saudi Arabia and suggests future studies in this area.

Keywords: Workforce, Practices, Private Sector, Saudization, Human Resources, Saudi Arabia.

1. INTRODUCTION

Workforce planning is crucial in today's organizational environment. It benefits organizations as well as the workforce itself. It provides organizations with a strategic basis for making human resource decisions and allows managers to anticipate change rather than being surprised by new problems and regulations.

One of the most current issues in workforce planning is workforce nationalization. In the Gulf countries, nationalization of the workforce has invented new labor market terminologies. In the Kingdom of Saudi Arabia it is called "Saudization, in Kuwait, "Kuwaitisation", in the United Arab Emirates, "Emeratisation", in Bahrain, "Bahrainisation", in Qatar, "Qatarisation", and in Oman, "Omanisation". Each country has implemented policies to encourage the employment of its citizens, both in public and private sectors.

For the last decade, nationalization of the workforce has become an important concern in KSA. The public sector, to some extent, has overcome this problem. The private sector, however, is still facing great challenges to meet government demands to nationalize its workforce according to an incremental yearly percentage set by the Ministry of Labor. The government provides a number of incentives to encourage the private sector to employ Saudi nationals and Royal Decrees have, on several occasions, drawn attention to the importance of the development of the domestic workforce in order to meet private sector requirements. One such incentive is to give businesses with the highest rate of Saudization priority for government contracts. In addition to this, firms that have hired and retained a high percentage of Saudi nationals may qualify for nomination for the Prince Naif Prize (PNP). This study will focus on firms which have been granted PNP, to consider how they have successfully nationalized their workforces.

2. RESEARCH PROBLEM

Ministry of Economy and Planning reports for 2007 indicate that the population of KSA in 2004 was 22.6 million. 73% of these, or 16.5 million, are Saudis. The total workforce in 2003 was 8.27 million, of these only 3.3 million, or 39.9%, were Saudis. The official unemployment rate was 9.7% in 2003, with an increase in the number of unemployed Saudi nationals under the age of 24. The census office also estimates population growth for the next twenty years at 57%, which places the Saudi population at 33 million by 2020.

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76.9% by 2020. This would account for another 12 million Saudis entering the labor market, or an increase of 112%.

Due to an increasing number of Saudi nationals seeking employment, and the inability of the public sector to provide employment to all graduates and qualified personnel, the private sector must provide these opportunities. The majority of expatriate workforce in KSA is employed in the private sector. Consequently, some disruption has occurred in the structuring of the workforce in the Kingdom. In addition to this, the expatriate workforce has had a negative impact on the socio-economic as well as the security levels, with further analogous consequences in the long run (KACST, 2001; Albeblawi, 2003; Algaith and Alma'ashouq, 1992).

Despite official efforts to nationalize the private sector workforce, the process of Saudization has not yet achieved the targets set by the government. The majority of the private sector companies, in fact, have not even come close to the quotas required by the Ministry of Labor.

On one hand, workforce nationalization has been dealt with on a theoretical level, or it has been, on the other hand, handled by mass media in a sensational manner that could only arouse patriotic feelings. No applicable measures or procedures have been established to determine the most suitable method of Saudization. Some businesses, however, have implemented successful approaches to further nationalization, and have, therefore, been granted PNP for Saudization.

This leads to the question: What strategies, techniques, and policies have helped these companies to successfully increase the number of Saudi nationals in their organizations?

3. OBJECTIVES OF THE STUDY

This study aims at addressing workforce nationalization in Saudi Arabia from an empirical perspective. It specifically focuses on uncovering the strategies, techniques, and polices of the most successful workforce nationalization programs in the private sector. The study also aims at outlining some recommendations for the private sector to increase the percentage of nationals in their workforce, and presenting a comprehensive benchmarking model of workforce nationalization.

4. IMPORTANCE OF THE STUDY

Public administrators and businessmen alike are aware that the foundation of a workforce in any country must rely, by and large, on domestic employees. However, the number of visas issued to foreign workers has increased, for example, in the first three quarters of 1427h compared to the same period of 1426h by 111.98%. The number of Saudi nationals in the private sector remained remarkably low, while the unemployment rate is constantly increasing. Efforts made by both the private and the public sectors must be complementary in order to handle the problem properly. Saudization, is often considered one of the means to alleviate the unemployment rate, and is worth studying. The importance of this study springs from continuous calls, both at governmental and non-governmental levels, to determine ways and means to help nationalize the Saudi workforce. One of the most important of these initiatives has been the King Abdul Aziz Center for National Dialogue’s call for a meeting to discuss the problems of unemployment in KSA. Other conferences and studies have also emphasized the importance of further studies in the area of workforce nationalization (GOTEVT, 2007, GPC, 2006; ALO, 2005, HRDF, 2003; MEED, 2003; SAS, 2002, Abdulmone'em et al., 2002).

Most of these studies have tackled workforce nationalization at a macro level, from a theoretical perspective and empirical research in this area has been very limited. It is hoped that the present study may provide a benchmark of Saudi private sector practices.

Table 1. Background of firms and their representatives participated in the study

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<tr>
<th>Nature of Business</th>
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<td>Industry</td>
<td>14</td>
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<td>Service</td>
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<td>Commerce</td>
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<td>Media</td>
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<td>Tourism</td>
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<th>Positions of participants:</th>
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<tr>
<td>CEO</td>
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<td>Riyadh</td>
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<td>Makah Almokaramah</td>
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5. METHODOLOGY

Saudi companies that were granted PNP for Saudization were contacted. Thirty-two companies agreed to participate in the study to outline the practices they have followed to increase the percentage of Saudi nationals in their firms, (Table 1). A representative of each firm was designated. Participants were Chief Executive Officers (CEOs), Vice Presidents (VPs), or Human Resources Managers (HRMs).

The participating companies were located in the main provinces in KSA, namely, Riyadh, Makkah Almokaramah, and the Eastern region. Participating firms were mainly from the industrial and service sectors. Eleven representatives participated in two panels. Another group of seventeen participants were interviewed on site. The remaining four participants sent their experiences with nationalization of their workforce in writing. This was followed up by telephone interviews to clarify certain points.

All participants were asked the same question presented under the research problem: What strategies, techniques, and policies have helped these companies to successfully increase the number of Saudi nationals in their organizations? Data was analyzed using the qualitative content analysis method, which identifies collective trends and groups the main practices in workforce nationalization. Three criteria were used in grouping participants' responses: First, responses should reflect an actual practice which was implemented and helped the organization to nationalize its workforce. Second, the majority of participants agree that they have the same, or similar, practice in their organizations. Third, the researcher suggested a group of practices, fundamentals, that the response can be placed under, and participants discuss it until they reach an agreement.

Selected citations by participants pertaining to the practice under discussion were included in the findings. After analysis, the findings were returned to participants for review and comment. A few made corrections, others elaborated, while still others deleted points that they thought were irrelevant to their experiences.

6. LITERATURE REVIEW

The paper will present theoretical concepts relevant to workforce nationalization, followed by a review of previous research in this subject. The policy of Saudization is based on the premise that finding beneficial employment for an increasing number of young Saudis is a critical component of the government’s labor policy. Reducing dependence on foreign labor and increasing the number of Saudis in all types of employment is a primary objective of the Saudi Arabian government. The first recognition of employment in the private sector was reflected in the fourth development plan (1985-1990). This outlined the objectives of Saudization in the private sector. The fifth development plan (1990-1995) was more precise on the subject of Saudization. It included quantitative objectives of employing nationals in the private sector. In 1996, when the Saudization policy was instituted, the policy allowed foreigners to be employed only if no Saudi with the required qualifications could be found. Companies with more than twenty employees were required to increase their Saudi workforce by (5%) each year, until the number of Saudis reached (75%). In practice, however, authorities do not apply the percentages under the policy strictly, but examine the intent of the companies concerned on a case-by-case basis. In addition, the employment rate was (1%), while the population growth was (3.7%).

Despite the lenient approach of the authorities, there are severe penalties for failure to observe requirements. In the case of non-compliance, a company may be excluded from government contracts and loans and may be refused visas and work permits for foreign staff (Ministry of Labor, 2004). With increasing unemployment among young Saudis, the authorities are becoming more strict in applying these penalties and non-Saudis cannot be hired for certain categories of employment determined by the Ministry of Labor. Companies may request an exemption if no Saudi nationals have the necessary skills and experience, but exemptions are rarely granted. Foreign investors, for example, must present a plan for future increases in the number of Saudi nationals in the company’s workforce.

The eighth and latest development plan (2005-2030) tried to overcome the shortcomings of previous plans. It focuses on the implementation of polices and decrees on workforce nationalization. It also includes some statistics about employing citizens in the private sector. For example, it aims at creating 939.5 thousand jobs, and to employ 271.3 thousand people as a replacement of foreign workforce, hoping to reduce the unemployment rate to 2.8%. It also expects a reduction in foreign workforce by 5.7% which will lead to an increase of workforce nationalization to 51.5% in 2009, compared to 42.7% in 2004.
On the other hand, the council of ministers has recently decided to reduce the required Saudization quota to 5% in construction companies which have governmental contracts, due to the difficulties they have observed in meeting the required rate of Saudi nationals in such companies. The Ministry of Labor announced that the accepted Saudization quota will be 30% until 1/7/1429H, with the exception of construction and maintenance companies, as well as certain professions (ML, 2007).

The literature indicates different strategies for employment. The traditional strategies focus on a sole goal which is to employ more citizens with no clear mechanism to reach such a goal. The fact that it is traditional doesn’t mean it is ineffective. It can be said that it depends on the social and economic circumstances that might help to make it successful. Malaysia, for example, was flexible in its policy for foreign investors; which helped in creating more jobs and in absorbing the growing Malaysian labor market. The European employment strategy (Davis, 2003) can be characterized as comprehensive long strategic planning. It included general guidelines, action plans, and key performance and context indicators to be used for evaluation. The result was impressive. In fact, more than 10 million jobs were created over six years, (1997 -2002). Most of the literature about employment and nationalization in KSA dealt with the Saudization issue from a theoretical perspective.

No single direct study related to the present study was found. Cordesman (2002) discussed the economic, demographic, and social challenges facing KSA in the 21st century. He attributed the slow improvement of workforce nationalization to the gap between planning and implementation.

In a study entitled "Labor Force and Development in KSA, Ishac and Girgis (2002) outlined some suggestions to alleviate obstacles to Saudization. They suggested a tax/subsidy to the medium skill market in order to protect nationals from the foreign labor market. One might argue that their recommendation falls apart, simply because the problem of the Saudi labor market, to a great respect, is the huge number of non-Saudis entering the labor market while some of them do not have the required skills.

Al Homaid (2003) underlines the importance of Saudization strategy prepared by the Workforce Council in 1416 H. He emphasized the need for developing a suitable style of management for Saudi nationals entering the labor market and for encouraging investment projects to meet the economic challenges of the country. A similar study found that some of the main obstacles to Saudization in the private sector were represented by shortcomings in the labor law, which does not encourage new graduates to seek employment in the private sector, because of the lack of on the job training, and because of the gap between school and training institute graduates and the needs of the labor market (Aldakhel and Alshemenri, 2002).

Mansure (2001) discussed social, economic, and security issues related to the dependency on foreign workers. He suggested more utilization of Saudi-qualified women in the labor market, tougher regulations for employment of non-Saudis, and a minimum wage for Saudi nationals.

Another study (Alsodani and Abdulakhair, 2002) focused on productivity and the future of nationalization of the workforce in KSA. It emphasized the importance of continuing training, imposition of production taxes on non-Saudis working in Saudi businesses, and educational programs to change Saudi attitudes toward professions that are still not socially acceptable.

One of the most profound studies was done by Mahdi and Barriento (2003). It provides a macro approach to understanding the link between career development and Saudization. Mahdi and Barriento argued that nationalization of the Saudi workforce was not coupled with careful career development programs for the local workforce.

Therefore, the legal support for workforce nationalization has resulted in litigation avoiding behavior rather than full and purposeful utilization of the local workforce. Saudi nationals, consequently, seek employment in the public sector for job security reasons. This, in their view, is central to the limitations of Saudization. The study also indicates that the shortage in the Saudi labor market is exacerbated by the low percentage of employed Saudi women. Thus, career paths are curtailed for immigrant labor by legislative control, for Saudi women by social customs, and for Saudi men by their preference for a humanities education and public sector employment.

Despite such efforts, however, the process of Saudization has not yet achieved its targeted aim. The problem is getting worse, and becoming obsession involving officials, national job seekers, and businessmen.
7. FINDINGS

Using the qualitative content analysis method to group participants’ practices in Saudization, twelve fundamentals were found to have played an important role in successful workforce nationalization. These fundamentals can be summed up as follows:

7.1. Executive Leadership

Top executives in participating firms played an important role in setting up and following through with new methods of management. Executives believed in the importance of Saudization and in the potential of eligible Saudi candidates. This means that strong determination and clear vision are indispensable requirements. However, new policies and regulations will not be effective without close follow-up in order to infuse good values and enhance productive practices.

Insight into the reasons behind the barriers to Saudization is also required. A participant CEO said that "experience attests to the efficiency of Saudi nationals in all domains, be it administrative, technical, financial or otherwise." According to the participants, "Saudis perform whatever duties are given to them in an efficient manner". The existence of businesses in which Saudi nationals constitute the majority of the workforce is clear evidence that Saudization is possible when those in charge are committed to this process.

7.2. A Workable Strategic Plan for Nationalization

According to one CEO, "The recruitment and hiring process in a given enterprise is usually carried out by delegating authority to various departments in order to select the most eligible candidates. Likewise, HR departments may do the job instead, irrespective of the nationality of the candidates. Whether or not officials in charge are serious about the process of Saudization, vacancies are filled by candidates who are ready to attend to their duties, regardless of nationality."

As said by the participants, this led to a lower rate of Saudization in the past. In order for Saudization to be achieved, participants emphasized that a strategic plan had to be set. In this respect, guidelines to replace the expatriate workforce were adopted by firms participating in this study. Each position was to be evaluated independently of the others according to a plan for individual replacement, taking into consideration the qualifications required. In anticipation of the vacancies to be created in line with market expectations, the following procedures were implemented:

- Each department submitted an annual request of vacancies anticipated; nationality was specified together with the qualifications desired, taking into account skills available in the labor market.
- The executive leadership carefully reviewed these requests to ensure that there was no bias toward non-Saudis with respect to qualifications.
- After the requests had been processed and approved by the officials in charge, the rate of Saudization became clear and no department could change the nationality requirement without first demonstrating, according to stated procedure, that no Saudi applicant met the qualifications.
- A compliance incentive in the form of an annual bonus was assigned to the human resources manager to ensure his full commitment to the plan and its execution. An extra incentive for achieving higher than declared rates was also instituted.

7.3. Incremental Approach for Replacement

“Saudization” is usually defined as the replacement of foreign with Saudi personnel in order to reverse an over-reliance on the expatriate workforce. In general terms, this concept means that a Saudi national is appointed to occupy the same job occupied by the expatriate; they work together until the Saudi has completely learned the job. Only then is the contract of the expatriate terminated. Although "this goal seems to conform to the highest standards of work ethics, this view of Saudization underlies the reasons for its own failure since it contradicts the simplest human motives", said by a participating VP.

According to the participants' experiences, this practice led to a deliberate withholding of information while all important tasks were monopolized by the expatriate worker so that he could always be in demand. One CEO commented that "such work conditions will lead indifference on the part of the Saudi trainee, who will feel disappointed because he can sense that the employer puts his confidence in the expatriate, and that the duties assigned to him can be accomplished whether or not he comes to work".

When the expatriate is keen on keeping his job, poor punctuality or absence on the part of the Saudi trainee may not be reported. In some cases, the Saudi trainee was even encouraged to do so. An HR manager said that "in time, the Saudi trainee would have acquired a weak work
record. Eventually he would either resign or be dismissed". Thus, participants said that the activities of their firms were examined very carefully and realistically, including the nature of each post and the qualifications it demands. Some procedures that have proved successful in the firms participating in this study were:

- Highly skilled expatriates are difficult to replace with Saudis in the initial steps of Saudization because of the lack of sufficiently skilled local candidates. These expatriate workers were assured that their jobs would be secure for as long as they show distinction in the performance of their jobs and a willingness to share their knowledge with their Saudi colleagues. Such jobs were kept to a minimum, and the expatriate must trust his employer. By doing so, the expatriate was apt to be co-operative, and any Saudi trainees working under their supervision was productive. When any such job or post became vacant, the Saudi trainee was promoted to occupy it, each according to his abilities. Another alternative mentioned by participants was appointing a Saudi with the highest academic qualifications or technical expertise possible. The Saudi had to be enthusiastic and self-motivated, and had the desire to learn and bear responsibility. An expatriate with the necessary qualifications, then, was appointed as his assistant; his job was to teach the Saudi and motivate him all the time. The annual bonus of the expatriate was to be determined in accordance with his success in efficiently training the largest number of Saudis.

- As for less highly skilled jobs, Saudi candidates were appointed to hold them after they had successfully passed specialized training sessions held at academic or technical institutions. Responsibility and authority would be given to them gradually. Those in charge had duly acknowledged them; and their annual payment was determined by their performance. If work conditions were motivating and characterized by transparency, their standards of performance would improve.

Participants emphasized that Saudis did not work under the direct authority of expatriate staff since an expatriate’s objectives might have conflicted with the process of Saudization.

7.4. Effective Methods of Recruiting and Hiring

From the experiences of the participants in this study, one of the main reasons behind dismissal from jobs was the inefficiency of the job holder, a fact which was usually discovered by the employer after some time. A vice-president in the study sample said that "the blame was usually put on the employee, but the employer would have to take some of the responsibility because the failure of any employee to discharge the duties of his job refers, even if indirectly, to the failure of the employer himself." That is to say, the employer might have chosen the wrong person in the first place. The practices of firms participating in this study indicated that whatever money and time is spent or invested in the recruitment of candidates would pay off in the end. Some of the factors that have helped stabilize the process of recruitment and hiring in participating firms, as mentioned by participants, were:

**Detailed job descriptions:** firms prepared a description for each job specifying the qualifications and expertise required. This description had to be as accurate and detailed as possible. This helped human resources departments make the appropriate hiring decisions.

**Saudi HR managers:** "it is irrational that a Saudi firm might claim adherence to the process of nationalizing their workforce while the HR manager is a non-Saudi. Thus, those in charge of the human resources departments must be qualified Saudis who believe in and trust the capabilities of Saudi youth", said by a CEO. Based on their experience, participants affirmed that their Saudi HRMs were well-known for their achievements in that regard. Saudi HR managers, participants added, were aware of how to recruit and deal with the eligible Saudi candidates. They had a good knowledge of the values and needs of their own society in terms of the system of education, training centers, as well as their academic reputations. They were also more capable of conducting job interviews on the basis of having the same culture as the candidates.

**Reliable recruitment tests:** An HR manager said that "Saudi youths applying for a given job are supposed to possess the required skills and qualifications; however, there are some details that cannot be discerned from the academic transcripts or certificates of experience, or from ordinary resumes. For this reason, reliable tests with credibility are often necessary." Such tests, participants pointed out, helped them determine with confidence whether or not a candidate was suitable for a particular job. Participants also mentioned some tests that they have used to evaluate cognition, inclinations and tendencies, attitudes, values, and moral behavior. Some tests related
to technical and linguistic abilities.

All participants agreed that these tests helped to build up a comprehensive view of the Saudi candidate, who, accordingly, could be placed in an appropriate position. If technical tests were not available, they were developed by a specialized in house team. A pilot version was usually conducted on mock interviews and then when all emendations had been considered, a final authorized version became available. Participants also sent some candidates to specialized testing centers, especially for key vacancies. However, participants clarified that all types of tests were regarded as an initial indicator, and were not taken as a final criterion.

**Interviews by committees:** Firms depended on committees to conduct job interviews. Each interview committee consisted of at least three officials, so that decisions were based on rational preferences rather than subjective impressions. One of the three officials was often the person in direct charge of the post to be occupied; another could be the HR manager himself. When recruiting someone for a leading position, a senior official was present at the interview. In this way, the opportunities given to Saudi candidates were greater, and the selections were made based on fair criteria.

**Recruitment based on qualifications:** "Each firm seeks, without doubt, to attract and recruit the best personnel in order to reduce or avoid the high cost of in-service training", said by an HR manager. Participating firms pointed out that they selected candidates on the basis of their qualifications, not their connections, nor in return for favors.

**Definite-term contracts:** Participants indicated that their firm hired candidate for a probationary period at the end of which their performance could be evaluated. During this period, an employee was dismissed without legal complications.

**Specific salary scales:** A specific salary scale together with other benefits such as medical care, loan policy, bonuses, increments, training, overtime, and promotions were available to all personnel. This helped in standardizing the rates of payment compared with other firms of similar activity and encouraged qualified youth make long term job commitments.

7.5. **Orientation Program**

The participants acknowledged that the majority of Saudi university and high school graduates go into the labor market without a transitional period during which they can adapt to prospective work conditions. Evidence from the participating firms in the present study shows that orientation programs were of the utmost importance. As an HR manager puts it, "the highest percentage of turnover occurs in the first few months of employment, despite the fact that most of those who quit their jobs were not lacking in qualifications. This high turnover rate was due to the tension the newly-appointed employee was exposed to, especially with novice employees."

The experiences of the participated firms indicated that orientation programs helped new employees adapt to the new environment, reducing the likelihood that they would quit shortly after appointment, thereby reducing total recruitment expenses. The type and period of an orientation program depended on a number of factors, the most important of which were the number of employees, work conditions, and the rank of posts. Most orientation programs held in the participated companies included:

- Meeting the immediate boss and getting acquainted with the requirements of the job and their relatedness to the employee’s qualifications and the proposed training plan.
- Getting introduced to coworkers in the same department and knowing the relationship between the different jobs in the same department, and the relevance of the department to other departments in the entire organization.
- Goals and policies of the firm, its historical background, work ethics, and values.
- Rights (claims) and obligations (duties).
- Answering questions raised by the newly appointed employees.
- Instructions about security and safety measures and the necessity of abiding by them.
- Meeting with some senior officials in the firm.

Firms’ representatives participated in the study said that orientation programs were revised from time to time in line with feedback received from various participants.

7.6. **Appropriate Training**

Participating companies in this study considered training as an investment which pays off in the end. That is, training results in skills and enhanced capabilities reflected in performance and productivity.

One CEO said that "many Saudi youth are so academically qualified that they can be eligible for many jobs in the labor market. However, the nature of each individual job needs specialized training and
workforce. Therefore, it is important to put employees on an intensive training program appropriate to the nature of the job and the background of the employee. The firms' representatives indicated that on-the-job training was one way of achieving successful Saudization. All of them agreed that training was based on actual needs for which specific programs were tailored. A progress report evaluating the degree of achievement was also mentioned by participants. They emphasized that their training policies reflected concepts of skill development and improving performance. Temporary delegation allowances were not paid in cash. Instead, the delegate employee was paid the actual expenses of his stay outside his local region. These expenses had to be specified beforehand. Participants believed that this procedure achieved the following goals:

- The Saudi employees were adapted to discipline, and gave the interests of their firms a high priority.
- Going on a business trip or joining a training session would not be regarded as a kind of a paid vacation. This created some discipline and seriousness, and improved the reputation of the firm with its clientele.

7.7. Integral Structure and procurers

Participants mentioned that some of the most important factors led to mistrust and instability in the private sector were the unavailability of clear-cut regulations which determine and specify responsibilities, codes of conduct, and domains of work. "It was noticed that many decisions which directly affected promotions and training were haphazardly made. That is to say, they were neither fair nor transparent," An HR manager stated. Participants also added that this could often lead to a deterioration of morale, poor performance and sense of alienation. This, in turn, would create the worsening relationship between employer and employee, oftentimes ending in resignation. Participants pointed out that the following procedures helped them in this regard:

- A regulatory structure of the firm was established defining the different departments and divisions, and illustrating the formal links within the hierarchy. This structure was revised and updated whenever necessary.
- Work policy manuals that include all the provisions regulating and controlling work flow and procedures in the firm were developed. These manuals included operational, financial, and administrative details, and were accessible to all employees.
- Decisions that directly affected the employee’s career were credibly made and in accordance with written provisions. These decisions included recruitment, promotion, salaries, increments, vacations and other official leave, responsibilities and authorities training, and business trips.

7.8. Focus on Performance

Participants in this study said that their firms increased the proportion of citizens in their work forces because they offered Saudi candidates competitive salaries appropriate to their economic and social needs. However, "it has been noticed that many private sector companies have fixed tables showing predetermined quotas of salaries and bonuses, regardless of performance. The consequences of this are discouraging and disappointing as employees with low performance rates will lack motivation since they will be assured of salaries on par their colleagues regardless of performance," mentioned by a participating vice president. Participants also added that distinguished employees would feel disappointed, for they were dealt with on the same foot as those with mediocre or weak output. Moreover, inefficient candidates were still accepted and appointed, which creates an unhealthy work environment. In order to deal with these issues objectively, participants indicated that they did the following to overcome such problems:

- Performance evaluations were based on objective factors related to quality of performance, promptness of response, good conduct, discipline, cooperation with junior and senior colleagues, and proof of loyalty to the organization. Increments and bonuses were correlated to the results of the evaluation.
- Yearly goals were specified in writing and discussed at the beginning of each fiscal year.
- All employees were evaluated annually. Some participants mentioned they followed a six month evaluation period, using rubrics directly related to the nature of work in the firm. The results of these evaluations were then used to determine increments and bonuses.
- An evaluation also reflected weaknesses, if any, of a given employee. Such a diagnosis assisted in finding the most appropriate ways of improving performance.
- Employees who had proven to be inefficient beyond remedy, and showed no hope improvement were
dismissed without hesitation.

- Exceptional employees were promoted in all categories and ranks.
- Transparency in dealing with all the items mentioned above was essential to the maintenance of mutual trust and credibility.

It can be said that if all the aforementioned points were taken into consideration, a Saudi employee would be motivated to work to the highest degree of efficiency and productivity would increase considerably. Trust would also be enhanced within firm and, as a result, the process of Saudization would be more successful.

7.9. Career Development

Representatives of the participated firms pointed out that they developed and implemented a career development program. One HR manager said that "the requirements of each job and the competencies of employees were defined precisely. The career programs determined career paths, both vertically and horizontally". From participants' experiences, this encouraged Saudi employees to put more effort into their work for the sake of developing their own capabilities and promoting their own responsibilities. By doing this, employees also increased their income, which led to stability at work.

The most important point mentioned by participants, was that the career program included a plan for replacing and reversing over-reliance on the expatriate workforce, especially those holding key positions. Such a plan helped a business to identify those Saudi employees with exceptional skills, and those who could be selected to take on important positions. This was followed up with a training plan to develop skills, and capabilities so that nominees would be prepared for their new jobs.

7.10. Summer and Cooperative Training

"If a business spends a lot of money on recruitment, summer and cooperative training is a good method of selecting and recruiting distinguished Saudi youth. This can be done in collaboration with universities and other educational institutions", an HR manager pointed out. Participants indicated that a close observation of the trainees on these programs had given them the opportunity to assess the trainees' capabilities, and helped them to save money and time usually spent on searching for eligible candidates, as well as giving trainees a good idea of the firm. Participants also mentioned that they followed strict standards during the selection process, developed training plans and orientation programs, and assessed trainees' progress. All of this made summer and cooperative training more effective and reliable as a means of attracting skilled candidates.

7.11. Watching out for Turnover

Participants in this study indicated that when qualified and valuable employees quit, particularly if they leave in large numbers, it is an indicator to some sort of internal defect which must be taken care of immediately. "Certainly," A CEO said, "no business wants to invest a lot of money in recruiting and training Saudi nationals only to find that they quit their jobs as soon as they begin to contribute positively to the firm."

According to participants' experiences, and apart from the money and time lost, this had a negative impact on other employees’ morale, not to mention the extra expense incurred in finding replacements. The representatives said that those who intended to resign were invited to attend an exit interview during which reasons for resignation were discussed. This practice was conducted in a systematic way, according to a well-defined methodology. "Reasons for resignation may be poor salaries, or better offers elsewhere. In this case, an HR manager said, "salary scales had to be reviewed."

Other reasons may be ascribed to mismanagement of a particular department, or in the entire firm. This may implicate a particular manager who may be a candidate for replacement, transfer or retraining. Resignation may also be the response if an employee does not get promoted and saws his career path blocked. In the case of resignation for personal reasons, the management tried to alleviate them if the firm had a strong interest in the employee’s retention. Participants stressed that it was always important to inform an employee that management is trying to work through the reasons for his resignation.

7.12. All hands periodic meetings

All participants said that they held regular weekly meetings of personnel within a department to discuss future plans, coordinate work, and review achievements. This helped in promoting awareness of problems before they negatively affected work. Saudi personnel were assimilated with their colleagues in their teams. Meetings were also organized with the entire workforce. This was done annually or biannually. A CEO said that "we have learned a lot from such meetings in which Saudis
'especially newly hired employees' spoke out freely about the obstacles they were facing at their jobs.” Participants held that such meetings were important in workforce nationalization because of the following reasons:

- In a hierarchical system, communication between top executives and junior staff at the bottom of the system is often difficult to achieve. Information may be concealed from those at top. Consequently, many employees may feel isolated from the decision making process.
- Managers had to know about employees’ needs and expectations.
- Employees’ service was appreciated and their role to the success of the firm was acknowledged.
- Distinguished employees were honored in such meetings.
- Everyone within a firm was informed about the company’s achievements and future plans.
- Saudis and non-Saudis got together as a team. This helped in bridging the gap between them.

8. IMPLICATIONS OF THE STUDY

Workforce nationalization is a strategic goal for authorities and business sector in KSA. The findings of the study suggest that with good intention and vision of businessmen, clear mechanisms, good managerial practices, and close mentoring, Saudization can be successfully implemented. The twelve fundamentals are drawn from the best practices in workforce nationalization in KSA (Figure 1), and can be used as a roadmap for private sector firms to increase the representation of Saudi nationals in their workforce.

There are two points that should be mentioned regarding these twelve fundamentals. First, they concur with Human Resources Management literature, regardless of nationalization. This indicates that theory can be advanced by practice and vice versa. Second, these fundamentals are intertwined in reality and a failure in one of them might affect the whole practice. However, other factors may effect workforce nationalization even if such fundamentals are in place, as figure (1) shows. These are of great importance to a comprehensive model.

These factors are: government regulations; economic factors; social values; and labor market. This implies that workforce nationalization is not merely a rule stated by the government and implemented by the private sector. Rather, it is a collective effort which involves too many stakeholders at all levels, be societal, governmental, economic, educational, or organizational.

Recommendations

This study presents the following recommendations to be considered by both the public and private sectors for further workforce nationalization:

- Workforce planning must be a priority for the Saudi businesses, conditioning that unified and coordinated directives must be done first by the governmental organizations dealing with the issue of workforce nationalization, namely, the Ministry of Labor, the Ministry of Economy and Planning, and Human Resources Development Fund.
- Governmental authorities should not depend on a traditional strategy of employment whereby nationalization quotas are set for the private sector, which is then expected to cope without any practical support. Instead, the ministry of labor and other related agencies should bear its responsibility as a partner with the private sector to enhance the process of Saudization.
- A national data base of labor market opportunities and available workforce must be developed, maintained and updated on a regular base. 
- Likewise, a Saudization strategy must be developed by the Ministry of Labor. Such a strategy must include a mechanism for Saudization, key performance indicators, and a method of evaluation. Any policy regarding nationalization of the Saudi workforce will have a little chance of success if it merely dictates what the private sector must do.
- Although the firms that participated in this study were chosen for their success at meeting publicly stated Saudization goals, most researchers, practitioners, and job seekers still have a very negative impression about the private sector when it comes to workforce nationalization. The media should play a more active role publicizing the successes of these firms. Such information should build up confidence and trust among businessmen, among Saudi nationals seeking jobs in the private sector, and with governmental bodies dealing with the Saudization issue.

Some further studies must be done. Many points still require in depth study in relation to workforce nationalization. Gender, regional variation, social, organizational, and environmental dimensions all await further analysis.
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