2019

Saudisation Rhetoric and Realities: Barriers to Effective Private sector participation in public policy regulatory framework

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http://hdl.handle.net/10026.1/15230

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Saudisation Rhetoric and Realities: Barriers to Effective Private sector participation in

public policy regulatory framework

by

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A thesis submitted to University of Plymouth
in partial fulfilment for the degree of

DOCTOR OF PHILOSOPHY

School of Management

Faculty of Business

November 2019

ACKNOWLEDGEMENT

First and foremost, I would like to thank my supervisor, Dr Atul Mishra, for all the help and wise guidance he has given me during the progress of my PhD. Special thanks also go to all my fellow colleagues for their thoughtful comments and endless encouragement. I am also deeply indebted to my wife and family for the wonderful support and encouragement I have received throughout the years.
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Author's DECLARATIONS

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award without prior agreement of the Doctoral College Quality Sub-Committee.

Work submitted for this research degree at the University of Plymouth has not formed part of any other degree either at the University of Plymouth or at another establishment.

Word count of main body of thesis: 65010 words.

Signed: …………………………………………………

Date: ………………………………………………….

Saudisation Rhetoric and Realities: Barriers to Effective Private sector participation in public policy regulatory framework

SALMAN F. ALOTAIBI

ABSTRACT

This thesis is concerned with the method and process of Saudisation policy in the Kingdom of Saudi Arabia. The thesis examined the extent to which the Saudusation policy is regarded as a myth or reality and the factors responsible for this position. The study examined barriers to effective private sector participation in public policy regulatory framework and how modernisation of Saudi Arabia, has created a dependency on foreign workforce, due to scarce local high skilled workers. The research was based upon three case study conducted among the Ministry of Labour, The Chambers of Commerce and the Private Sector. It addresses the issue of non-participation of the Private Sector in the Saudisation Policy. The study addresses four key objectives. These were: to review the success/failure of the Saudisation; to determine the likely constraints on the private sector's participation in the formulation of the Saudisation labour policy; to examine the barrier impinging on Saudisation implementation in the private sector; to review the extent of stakeholders' involvement in the enactment and implementation of the Saudisation policy; and to determine the constraints on the private sector's participation in formatting the Saudisation policy.

The case study research was conducted in the selected agencies using grounded theory approach. In each case study, questions were asked to reveal why the Private sector was not allowed to participate and how participation can be facilitated. Each case respondent was thoroughly examined through in-depth interviews and documentary analysis. The two-research approach helped in identifying the barriers to participation of the private sector in the Saudisation policy. Overall, the study not only reveals that several barriers exist to Privates sector participation but also that these barriers can be overcome. Through its findings, this research concludes that the government should enhance the involvement of the private sector in the process of making Saudisation policies and key impediments. Given the lack of attention paid to Saudisation

impediments, identification of barriers implies that the conceptual framework of this research can help to show that both the 'rulers' and 'ruled' can collaborate to achieve the desired outcomes. The research findings and recommendations are of direct practical relevance for making the private sector more active in the process of Saudisation and also ensuring that implementation of such policies has benefits for all parts. Through its findings, this research concludes that the government should enhance the involvement of the private sector in the process of making Saudisation policies and key impediments. This research is of important value because it remains a source of empirical study on the subject - Workforce Localisation Policies in Private Sector Enterprises: Barriers to Effective Implementation in the Kingdom of Saudi Arabia. This area currently has a dearth of research led study. There has been little empirical study on this important economic issue. This study will provide and further theoretical and empirical data that support debate on the subject matter. Furthermore, the study will serve as a framework for management and policy makers in the Kingdom of Saudi Arabia. Whilst providing guide to management and policy makers, the study will be informative to the private sector organisations.

Keywords: Saudisation policy, Saudisation barriers, private sector, employment, human resource development.

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List of Abbreviations

CBI	Confederation of British Industry
CC	Al-Shura Consultative Council
CIA	Central Intelligence Agency
FDI	Foreign Direct Investment
GCC	Gulf Cooperation Council
GT	Grounded Theory
HCN	Host Country National
HRD	Human Resources Development Fund
IFTDO	International Federation of Training and Development Organisation
ILO	International Labour Organisation
IMF	International Monetary Fund
KFUPM	King Fahed University of Petroleum and Minerals
KSA	Kingdom of Saudi Arabia
MNE	Multinational Enterprises
NTP	National Transformation Program
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
RQ	Research Question
SABIC	Saudi Basic Industries Corporation
SAGIA	Saudi Arabian Government Investment Authority
SAMA	Saudi Arabian Monetary Authority
UN	United Nations
WTO	World Trade Organisation

Chapter 1 : Introduction

1.1   Introduction

This research provides a useful account on how Saudisation policy pushes the private sector to absorb local job seekers, and discusses the impediments in reinforcing it. Accordingly, the remainder of this Chapter is organised into six sections. Section I outlines the research background, and briefly addresses the context of the research problem. Section II explores the entirety on labour and challenges being faced by both, the private and public sectors. It also acts as a valuable contribution to other research. Section III introduces the research aims, objectives, and research questions. The subsequent Section IV justifies the methodology selected. Section V presents the research contribution to knowledge, and bridges the gaps in the previous research regarding Saudisation, providing useful information towards the future of Saudisation policy. Finally, Section VI briefly outlines the structure of the following chapters, respectively the research structure.

1.2   Background

Development of the national economy and increasing local employment have been a major economic agenda in Saudi Arabia since 1970s (Faisal 2015; Alshanbri *et al.*, 2015). In 1994, the government implemented a five-year development plan, anticipating economic development through its Saudisation nationalization policy. The initial plan set by the Saudi government was a response to the high unemployment rates registered in national labour after the

modernization of Saudi Arabia in the 1970s (Al-Asmari, 2008; Faisal, 2015). To transform a nomadic society into a static, more Western society, the initial step of the plan was to enhance individuals' participation in a region-wide economic development. To do this, employment was increased by training more professionals to form a larger local labour force (Tayeh and Mustafa, 2011).

Perceived as an economic concept to sustain the national labour, the plan attracted the interest of the government, academics and practitioners, as well as the members of the public. Although the policy has brought benefits (improvements) for job seekers in recent years, the efficiency of the policy is challenged by the private sector, because of its mandatory nature and lack of consultation. This Saudisation plan has succeeded in increasing the number of employees in the private sector (lowering the amount of foreign labour), but the results are insignificant for the industry (Steffen, 2012; Faisal, 2015). The government's failure to negotiate the Saudisation policy with the private sector has hindered the policy's implementation (i.e. failure to effectively represent the needs of the private sector in the policy-making process). Accordingly, the absence of cooperation continues to have a negative impact on the individuals' career development in the country.

There are several reasons why the industry has been so reluctant to implement the Saudisation in terms of labour. One of the first reasons discussed in the literature regarding its failure refers to the imposed manner of establishing and applying the policy (Alanezi, 2012). The result of this approach was the

estrangement of the employer, and development a resistance movement, both thus, making the government's efforts unsuccessful (Azhar, Edgar and Duncan, 2016).

1.3 Entirety on Labour Saudisation

This section along examines the impact of the political, legal, and economic state of the country in entirety on labour Saudisation, to ensure a good understanding of the context of Saudisation policy.

1.3.1 Geographical Characteristics

This section briefly outlines the geographical characteristics of Saudi Arabia Kingdom to justify the entirety on labour Saudisation. It is important to highlight that the Saudi Arabian Kingdom is in the South-West of the Asian continent, and the country covers an area of 2.2 million square kilometres, which accounts for 80% of the Arabian Peninsula. The neighbouring countries include Jordan, Iraq, and Kuwait to the North; Yemen and Oman to the South; red sea to the West and the Arabian Gulf to the East (Francoise, 2014). The largest area of Saudi Arabia is a desert that stretches from north to south. In the north, is the Great Nafud Desert that extends on the east side and ends with the largest sand desert in the world, Al-Rub Al-Khali (Empty Quarter), on the south of the Kingdom. The heart of the Sinai Peninsula lies in the region west of this huge desert. The desert is famous for its cliffs, gravel, and beautiful desert scenery. The capital city of Saudi Arabia is Riyadh. The country has two famous holy cities, Makkah and Madinah, located on the western side. The city of Jeddah is also located in the west, and

has the largest port in the country (Ameur, 2016). A characteristic of Saudi Arabia is that the geography is diverse, with a range of inorganic natural resources. At the forefront of these resources is crude oil (with an estimated 25% of the known world's reserves) with an estimated 250 billion barrels. Some other resources exist in Saudi Arabia including iron, copper, gold, zinc, titanium, chromium, lithium, and tungsten (Volesky, Stern and Johnson, 2003). Accordingly, due to its natural resources (mainly gas and oil), Saudi Arabia is part of the Gulf Cooperation Council (GCC) along with other countries in the Peninsula: Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates.

1.3.2 Political Characteristics of Saudi Arabia

The political system has early roots back in the 1920s (Mellahi, 2007), and later, in September of 1932, King Abdulaziz Al-Saud declared the formation of the Saudi Arabian Kingdom. The country continued to be a monarchy, and according to the fundamental law of 1992, the government of Saudi Arabia is a monarchy ruled by the offspring of King Abdulaziz Al-Saud. The country is governed by the Islamic law (Shari'ah) with the Holy Quran as its constitution and Arabic as its official language. In addition, Saudi Arabia can be considered as the centre of the religion of Islam, since it is the birthplace of the prophet Mohammed. Consequently, two religious destinations that attract millions of Muslim pilgrims set out for every year are Mecca and Medina, which are located in the Kingdom. These shrines include the two holy mosques located in the cities of Mecca and Medina, which are considered as the most sacred places in the Islamic faith (Bunzel, 2015,). Due to the combination of previously mentioned historical

attributes, the kingdom of Saudi Arabia became the main custodian and practioner of Islamic jurisprudential and principal teachings ever since its inception centuries back. In terms of political structure, The Saudi's king appoints a Council of Ministers, responsible to oversee and implement the different policies. However, the king remains responsible of accountabilities for both the president, and head of government (absolute monarchy). Since 1953, the council has been dealing with the general national affairs as well as being responsible for financial, economic, educational, and defence policies, both on national and international grounds (AlMamlakahal). The council also comprises of a prime minister with two deputies, 27 ministers and five ministers of state. One of the 27 ministers is the minister of defence, who is also the second deputy prime minister. Along with the ministers, the council also consists of advisers and representatives of the major autonomous organisations in the country. King Fahd made some reorganizations in 1992, through the formation of the new Majlis Al-Shoura (i.e. meaning national consultative council), which aims to listen for the concerns and views of the Saudi people (Mellahi, 2007). This council has 60 appointed members. The role of Majlis Al-Shoura is to review the matter of public interest and gives recommendations on best action plans. Majlis Al-Shoura also oversees the religious and judicial issues, as well as over sighting educational institutions and being responsible for legal interpretation.   Since its formation, this advisory council has grown considerably. The number of members increased from 90 members in 1997, to 120 members in 2011. Currently, the council has a total of 150 members (AlMamlakahal, 2017).

Since 1992, the power of the board has been expanding progressively, as well as its responsibilities. For instance, the committee is empowered to review both national and international government policies. It can initiate legislation process of the plans through proposals, and has the power to approve government actions in state affairs. Though, the King remains the main authority to make the final decision under all circumstances, reserving the right to appoint and excuse members of the Ministers Council as well as of the Majlis Al-Shoura. Through its power, the King has the authority to restructure, dissolve, and restructure the councils. The procedure of issuing legislation in Saudi Arabia dictates that the Majlis Al-Shoura must review the proposed policy, to ensure that it is compatible with Sharia law. Once approved, the Council of Ministers establishes it, and the King endorses the legislation to become permanent law.

The justice systems play a vital role, based on Sharia law, which also protects the judiciary (Alnahdi, 2015). Accordingly, the system organised in court levels. For instance, the Supreme Judicial Council recommends judges to the King for an appointment. The King himself has the right to pardon criminals and hence functions as the court of appeal. Hence, the king together with the crown prince and the council of ministers occupy the highest level of the judicial, legislative, and executive arms of the government.

Apart from the government systems, the Saudi Arabian kingdom has also a provincial system based on 13 provinces ruled by governors. The governors are directly appointed by the king and in some aspects, the regional administrator

acts as a *minister* (degree of authority) and reports directly to the Minister of Interior. The main government offices are located in the capital city of Riyadh. Each metropolitan area contains a local unit that is responsible for the local administration and security matters, however, all report to the main government offices are located in the capital city of Riyadh.

Importantly, Saudi Arabia has a stable political system, which is a prerequisite of economic, social development and the sustainable growth of the public and private sectors (Otto, 2010). Since the 1990s, Saudi Arabia has played a significant role in the international community. Moreover, the geographical size of Saudi Arabia contributes to its significance in the world's economy. The Saudi kingdom occupies almost a quarter of the world's crude oil reserves, which makes this country a dominant member of the OPEC. In addition, the inherited religious beliefs towards the holy cities of Makkah and Madinah improves the overall status of the country. It is believed that the kingdom recorded one of the fastest economic growth than any other country the history (Otto, 2010).

Despite the role of the Boards of Ministers, in some instances, the major decisions regarding internal and external policy are made through consensus within the Al-Saud ruling family (Mellahi, 2007), and in certain cases even by the religious scholars; an approach that many been criticised by scholars (Mellahi, 2007). Due to the nature of Saudi society, this political strategy is greatly embraced, because in the eyes of the local Saudi citizens it has become an essential part of their lives. Specifically, it is believed that monopolisation of

powers results from the fact that Islamic Sharia principles inspire the Saudi constitution, which forms the vital source of legislation in the country (Fox, 2018). On balance, the Islam beliefs influence the policy culture, economy, regulatory framework and politics among many others (Mellahi, 2007). Drawing upon the topic of this research, the Saudisation of labour is a policy that is not all inclusive, since it only relies on the decisions made by the king, without consultation with members of the private sector.

1.3.3 Governance System Characteristics

Whilst politically, Saudi Arabia is governed by a monarchy, the 83 articles of the Saudi law depict the inclusive and influential role of Sharia in the country's legislative process. In support of this view, the first Sharia's article states that the constitution of Saudi Arabia reflects the Koran and the Sunna will (way of the Prophet Mohammed), hence the article states: "The Kingdom of Saudi Arabia is a sovereign Arab Islamic state with Islam as its religion; God's Book and the Sunna of His Prophet, God's prayers and peace be upon him, are its constitution …".

Subsequently, Article 7 further explains and clarifies that the government adheres to the regulations set out in the Koran and the Sunna, which restrains all of the laws issued in the kingdom (Pridgen, 2014). The Basic System establishes the Sharia to utilise as a baseline. Nevertheless, it acts as a guidance and yet, it is expected to act by the will of the king (Otto, 2010). This article gives the king full legislative and executive power over the country, a previledge that is passed

along to his successor upon his death. The sole set of guidelines that govern the unlimited powers of the kng is the Islamic Sharia.

1.3.4 Legal System Characteristics

Considering the political, historical and religious background briefly discussed above, a context overview of the legal system in Saudi Arabia is now presented. Henceforth, the Islamic religion in Saudi Arabia emerged in the 7th century.

Being aware of his role in safeguarding the teachings of Islam, King AbdulazizIbn Saud inaugurated a legal system in 1924 based on the principles presented by Islam's holy book of Qur'an, and shielded the traditionally accepted deeds and statements of the Prophet Mohammed known as Sunna. The customary practice of all successors of King Ibn Saud was to follow in his footsteps, and uphold the principles of Islam in the legal system of the country (William, 2005); this way of the incorporation of Islam became the cornerstone for any system of development or modernisation in the country. It is believed that embedding the religion and beliefs gave to people of Saudi Arabia a sense of identity (Al-Atawneh, 2009). In his early efforts, the King Abdulaziz Ibn Saud concentrated his efforts not only to adhere to Islamic principles, but also to learn from western world practices on modernising the country (without contradicting the Islamic religion,) and turn them into ruling. Noticeably, the consequence drove for economic change, and advocated good local social values and morals in the subsequent years. This concludes that Sharia and the legal structure of Saudi

Arabia are in fact inertwined, i.e. the Kings of Saudi Arabia are obliged to rely on Sharia before enacting any new laws or policies.

The main financial, insurance related, and industrial advancements achieved by Saudi Arabia over the course of its existence have always stemmed from these legal concepts and understandings. Therefore, there exist no prescribed modifications to Sharia's rulings as a basis of Consensus or Reason. Consequently, the decisions made by the king were the result of consultations with the senior religious leaders in the country. Accordingly, the codes and rules were issued to govern various activities in the social, economic and political spheres (AlMamlakahal, 2017).

In 1924, King Abdulaziz Ibn Saud established the National Council (Majles Al-Ahly) as a consultative body. The key objective was to create an institution that would be accountable for the different aspects of government, except for military control and foreign policy (remained under the strict control of the King). Other Councils and Committees were formed following the formation of the National Council. King AbdulazizIbn Saud established the first Council of Ministers in 1953. By 1958, Faisal Ibn Abdul Aziz (1964-1975) expanded the role of the council, and allowed it to make decisions over matters ranging from administration to legislative and executive. Faisal took reasonable efforts to introduce modern constitutionalism into Saudi Arabia between 1958 and 1960, but this attempt did not provide efficient results (Hamdan, 2015). However, several developments

took place in the reign of King Faisal; for instance, he established the Ministry of Justice in 1970.

During the 1980s, the Council of Ministers took greater participation in the regulation of the policies of the Kingdom. They were instrumental in the formulation of state policies for domestic and foreign affairs. During the reign of King Khaled (1975-1982), the government formed a committee for the preparation of a constitution for the country. During the reign of King Fahed Ibn Abdulaziz (1982-2005), the law of Saudi Arabia was drawn and was a significant historical milestone in Saudi history (Hamdan, 2015).

On 1 March 1992, King Fahed issued three legislations formed by royal decree, and made significant influences on the internal politics of the Saudi kingdom. These include the primary system of governance, the Consultative Council Law, and the local law 481 Political reforms undertaken by the Saudi government during the 1990s, which resulted in the enactment of several Royal Orders amending the underlying constitutional statutes (Hamdan, 2015). The necessary legislation, and the amendments made, recognised the importance of public participation in the government. While the Consultative Council Law and the Regional law are outside the realm of this discussion, a brief discussion of the Basic System will serve to shed light on the main idea in this work.

In conclusion, the Saudi Arabian law is primarily from the Holy Quran, the Sunna, and other sharia sources. Consequently, the religious institutions and bodies have a particular influence on the government's legislation, which is enacted and

enforced by the King on behalf of the ruling family. The Saudi people widely accepted the enforcement of Sharia law, due to their conservative and religious nature. However, this has facilitated the formation of a monopoly over all political and judicial processes. The economic state does not differ substantially regarding the centralised decision-making process.

1.3.5 The Saudi Arabian Economy Characteristics

Whilst to some extent all of the above characteristic interlink, it is agreed that the economic side of Saudi Arabia has progressed quickly and impressively (Alshanbri *et al.*, 2015), yet has not reached the high standards set by planners. The wealth hoarded as a result of the oil boom has improved the living conditions for most Saudi citizens. However, the considerable growth in population has put pressure on the government, and formed an obstacle in further developments (Alshanbri *et al.*, 2015). Although there has been a notable improvement in the country's industries and agriculture, it still heavily relies on the revenue generated by oil sales (Al-Asmari, 2008). Surely, the developments seen in Saudi Arabia over the last few decades in all aspects of the economic and social standards of Saudi Arabia describe it as a developed country (Alshanbri *et al.*, 2015). Some of which have spanned in numerous fields including air transport, roads, medical, and educational services.

Taken together, over the last two decades (the 1960s to 1980s), the country's national income increased from a mere $400 million yearly, to an astonishing $460 million per day. Currently, the state ranks among the top countries in the world regarding its yearly per capita income (Al-Kabsi *et al.*, 2015). Overall, the

revenue boom was critical for the country's development, as the increased wealth was the driving factor for the ambitious plan put in place in 1969, which was the first detailed development plan devised for the country. The government adopted a particular methodology where short-term plans were drawn based on economic principles. The program contained many activities aiming at improving the social welfare of the citizens, improving economic growth (Bahrain, 2016). The program also makes use of the different mineral resources available in the country. The first of these short-term plans considered the five-year period from 1970 to 1975.

According to the Ministry of Economy and Planning (2006), the Saudi Arabian government has made some efforts in promoting the objectives of national development. These efforts recorded an apparent increase when large projects were established in 1948. The revenue boom resulting from oil sales, and the desire to distribute the wealth over the various fields of development promoted these projects (i.e. preparation of the first fiscal budget of the year 1948).

Over the period between 1970 and 2009, Saudi Arabia has implemented eight development plans that reformed ministries and institutions, to ensure sustainable deployment of strategies. The initiative continued over years, and was reflected not only in the organizational structure of governing bodies but also in the reformation of legislation and procedures and processes that aimed to facilitate modernization for the public and state matters interest. Most often, the developments were based on a five-year development plan that proposed to use

national incomes (oil and gas revenue) to sustain long-term national economic development. Determining that the economy is undeveloped, the government aimed at driving the state towards a modern industrial economy, yet to adhere and maintain the Islamic values and morals. These plans have shown the government's view of developing the country's infrastructure and improving human resources, health and social services, and domestic and foreign economic investments.

In summary, the entirety of national labour (Saudisation) plays an important role in continuing the economy reformation plans that started a long time ago. Nonetheless, the specific country characteristics reflect the practical relevance in the current context.

Whilst Saudi's economy relies strongly on income from its natural resources (oil and gas sales), the private sector represents an additional layer. However, the exigent terms for private organisations limit their potentials, hence, are carefully supervised by the government bodies in terms of their operations.

In many ways, the political, legal, and economic aspects of the Saudi Arabian kingdom have a common influence – the monarchy. For this reason, their major decisions affect the lives of the Saudi nationals, as well as the public and private organisations which are significantly centralised. It is possible to consider the centralisation of decisions from two perspectives. From the intellectual and educational level of the citizens, it is feasible to consider the unification as a viable strategy, but the involvement of the public might be problematical

(AlMamlakahal, 2017). From the historical perspective, the involvement of different stakeholders in the decision-making process has a significant influence on the development and improvement of living standards.

1.4   Research Rationale

Considering the above, this research explores what drives and what hinders Saudisation. The debate around the Saudisation failure has different viewpoints.

The first perspective considers that the structures of the Saudi Arabian administration have contributed to the failure of Saudisation of labour (Fakeeh, 2009), because the administration is not centralised. Additionally, there are many interruptions in the decision-making processes. For example, the government's control of bureaucracy impedes and interferes with the success of Saudisation (Kaminsky, 2013). Importantly, the control of bureaucracy has also obstructed the government's participation and monitoring of the State's plans, regulating, and finances. The government's lack of focused planning, and correct implementation of plans, as well as having inadequate legislation to facilitate the process, have all hindered the implementation of the labour Saudisation policy. These facts give a clear indication of why the private sector has remained resistant to government intervention.

The second perspective outlines that Saudisation policy has failed to collaborate with the private sector. The following studies argue this point: "The Level of Saudisation by Al-Otaibi (2000), Policies to Enable the Implementation of Saudisation by Al- Hogbani, (1999) and Obstacles and Barriers to the

Implementation of Saudisation and Solutions by Al-Azaz and Al-Sayed (1999). These studies confirm that Saudisation has not met its objectives of localising the workforce in the private sector. Despite the fact that these studies have investigated Saudisation from different views, they came to similar conclusions, summarised as follows: Incompatibility of the Saudi higher education curriculum with the actual requirements of the private sector (e.g. poor training and lack of soft skills); the negative perception and stereotyping of the private sector's attitudes towards Saudi workers; the perception of Saudi society towards private-sector jobs; the failure to effectively represent the needs of the private sector in the policy-making process; and the reluctance of the private sector towards the implementation of Saudisation due to it not having been included in the policy-making process.

Although recommendations such as skill formation for employment in the private sector (Al-Asmari, 2008) have been put forward, there is currently a mismatch between the skills taught in higher education institutions, and the requirement of the industry (Al-Asmari, 2008).

Therefore, the private sector is forced to hire foreign workers who have the right skills (Alshanbri *et al.*, 2015). Although the primary objective of the Saudisation policy is to increase the number of locals in the private sector, the policy does not implement strategies to ensure that locals are appropriately educated. As a result, the effect of Saudisation on Human Resource Management (HRM) directly affects the operation in the private sector (Mellai, 2007). The government

requires private companies to replace foreign employees with locals, yet locals do not have the right skills. However, lower salaries are recommended for foreigners.

According to Faisal (2015) and Alshanbri *et al.* (2015), career planning has been put into place. However, the Saudisation policies fail to make necessary changes in the education sector, and thus, fail to instate a "knowledge-based" economy (Faisal, 2015).

The private sector is instructed to follow these regulations, despite the fact that the locals may not have the necessary skills. Thus, the sector finds it challenging to comply with the regulations, and further complicates their operations.

One more concern is that the Saudi Ministry of Labour and Social Development fail to liaise with the Ministry of Education, to assess current needs to increase the quality of skills needed in the private sector (Kaminski, 2013). This evidence supports the view that the absence of the right cooperation continues to have a negative impact on career development in the country skilled workforce.

Failure to align the education with the private sector's needs warrant a review of the policy by the government, in particular, by the Ministry of Labour and the Ministry of Commerce) (Asadi, 2013). Nevertheless, the private sector should be involved in the process to ensure that their practical needs are addressed, reflecting the needs of the private sector, all of which may lead to effective implementation of labour nationalization.

Another factor that has a major impact on the success of Saudisation in the private sector is the fact that the government has failed to include the private sector in the development stage of these policies (Azhar, Edgar and Duncan, 2016). Azhar, Edgar and Duncan's (2016) view are grounded on the fact that the Ministry of Commerce failed to represent the grievances of the private sector to the Ministry of Labour. According to Al-Asmari (2008), there exists a clear insufficiency in research that focuses on Saudisation as a phenomenon, and its significance in the private sector.

The Researcher believes that researching the Saudisation policy's failure shall shed the light on the KSA's weaknesses, and in turn, lead to solutions regarding successful implementation of Saudisation. Thus, the significance of this research emerges from the prominent current concerns about the role of the private sector in the regulatory framework of Saudisation policy.

1.5   Research Aims and Objectives

The facts presented point towards the problem of the regulatory framework of the Saudisation policy in relation to the private sector. The general purpose of this research is to examine barriers to effective private sector participation in public policy regulatory framework, especially the Saudisation labour policy. The study will seek to understand the key factors that deter the implementation of this policy in the private sector of the economy. It is further anticipated that this study will contribute to knowledge, and bridge the gaps in the previous research on Saudisation. In light of the current global development, especially in relation

to the economic and financial downturn, and labour upheaval, it is important to examine the Saudisation and reflect on how to ensure its success. Currently, there is no systematic study that has investigated the success and influence of government control over structuring employment procedures on the Saudisation policy. Therefore, the research will pave the way for more extensive research in the future, by providing useful information concerning the contribution of the central government towards the success of Saudisation.

The specific objectives include:

1)   To determine the likely constraints on the private sector's participation in the formulation of the Saudisation labour policy and review the extent of stakeholders' involvement in the enactment and implementation of the Saudisation policy;

2)   To examine the barrier impinging on Saudisation implementation in the private sector of the economy;

3)   To create a conceptual framework that will help demonstrate that stakeholders can collaborate to achieve the desired outcomes.

1.6   Research Questions

The following research questions will help accomplish the objectives of the research, they includes:

1)   What are the likely constraints that hinder private sector participation in the formulation of Saudisation labour policy?

2)   What are the barriers impinging on Saudisation implementation in the

private sector of the economy?

3) Why is the stakeholders' involvement in the enactment and implementation of the Saudisation policy limited?

4) Who and what are the constraints on the private sector's participation in formatting the Saudisation policy?

1.7 Research Methodology

This Chapter presents the research methodology, as well as the justification for the specific research design and methods chosen. Grounded in qualitative research, it assumes an interpretivist epistemological orientation and a constructivism ontological orientation. The methods pertaining to this research are documentation and archives analysis and semi-structured interviews. The research adopts an inductive research strategy because the first phase of research starts with observations/descriptions of Saudisation policy. Furthermore, the semi-structured interviews are addressed to representatives from the private sector, Ministry of Labour (public sector) and the Chamber of Commerce to examine the relationship with the private sector. All interviews used the Arabic language, though, for the purpose of this research, all were transcribed/translated to English. Lastly, the findings of the semi-structured interviews aimed to capture the research phenomena, regarding how the private sector can assist in making and implementing effectively the Saudisation policy. A blended data analysis of content analysis, grounded theory and thematic analysis were selected to ensure the robustness of the research.

1.8 Significance of Research

The research extends its exploration to unemployment rates, something concerns government officials. Nevertheless, reinforcing the policy encounters various barriers despite the government's continued effort.

Through its exploration of what challenges arise and why, this research, therefore, contributes to discussing the government's failure to effectively address the views and observations of the private sector. Although the policy has brought employment benefits over recent years, the efficiency of the policy is challenged by the private sector's representatives. Consequently, a lack of consultation has hindered implementation of Saudisation, because the needs of the private sector were not represented in the policy-making process. Consequently, the absence of cooperation continues to have a negative impact on career development in the country, as well as on the whole economy (Mellahi, 2007).

Thus, this research contributes to knowledge, and bridges the gaps in previous research on Saudisation, providing useful information concerning the actions of the central government towards the achievement of Saudisation. Moreover, this research seeks to articulate further recommendations to enhance the implementation of the Saudisation policy, by providing empirical evidence associated with the value of engaging the private sector in the formatting of the Saudisation policy as well as articulating the barriers.

1.9   Research Contribution

Whilst confirming that the workforce localisation policies in private sector enterprises are important to the economy of Saudi Arabia, the study will show that there are significant barriers to the successful implementation of the policy. One significant contribution of the study is that it identifies that both "political will" and the approach to the enactment and implementation of the policies remain two of the main obstacles facing the enactment and success of Workforce Localisation Policies in Private Sector Enterprises. Taking together the various elements of the evidence from this study, it is hoped that the exact obstacles hindering the successful implementation of Workforce Localisation Policies in Private Sector Enterprises will be revealed and thus actualised in the Kingdom of Saudi Arabia.

 The study provided potentially valuable contributions to the debate about how to successfully enact and implement the Workforce Localisation Policies in Private Sector Enterprises in the Kingdom of Saudi Arabia.

The study will also contribute to the understanding of the policy formulation and enactment processes. It will reveal the various actors involved and especially the role of religious authorities in this process. As an investigation into the barriers of Workforce Localisation Policies in Private Sector Enterprises in the Kingdom of Saudi Arabia, it should provide further insights on why the private sector resist the policies it will also highlight the implications of this resistance on the economic prosperity of the Kingdom of Saudi Arabia. The study concludes that Workforce Localisation Policies in Private Sector Enterprises is essential for economic prosperity of the Kingdom of Saudi Arabia but that such policies should be all encompassing both in the process of formulation and implementation.

1.10   Research Outline

Chapter 1 Introduction

This chapter has addressed the research problem, and briefly explored the research position in contrast with the existing literature. The Chapter presented the research aims, objectives and research questions, along with the structure of the research project. It introduces the value of the private sector's involvement in the formatting of the Saudisation policy, as well as articulating the barriers. Lastly, it includes the research contribution and remainder of the research structure.

Chapter 2 Background Information

This Chapter provides insights into the relationship between the governmental authorities and the private sector. It pays explicit attention to the policy enactment process and the influential factors affecting the decision making process.

Chapter 3 Literature Review

This Chapter comprises a literature review on Saudi Arabian labour market, focusing on the nature of the private sector and the role played by the private sector in the national economy. Thereafter, the role of government is explored to understand how the government is supporting the private sector participation in the development and implementation of these policies.

Chapter 4 Research Methodology

This Chapter defines the research design as well as the justification for the research methods used. Stranded on a qualitative research, it assumes an interpretivist epistemological and a constructivism ontological orientation. The research methods rely on documentation and archives analysis and semi-structured interviews. Correspondingly, this Chapter justifies why data are analysed through a blended data analysis of content analysis, grounded theory and thematic analysis.

Chapter 5 Results and Discussion

This Chapter presents and discusses the results of interview analysis. Perspectives of representatives from the Chamber of Commerce, Ministry of Labour and the Private Sector regarding Saudisation policy is explored. The results are used to emphasise the significance of the research. A further framework of Saudisation policy is developed upon the factors resulting from the interviews. The Chapter concludes with a summary of findings and further recommendations.

Ending with Chapter One, Chapter Two provides an extensive overview of decision-making, with a particular focus on the different factors that affect it. The details given are within the Saudi Arabian context, which lays the background for the Saudisation policy and private sector participation.

Chapter 2 : Background Information

2.1   Introduction

The previous chapter revealed various factors that interrelate with the process of policy-making in Saudi Arabia. Besides these factors that impact on Saudisation policies, the evidence outlined in Chapter One indicates that the private sector in Saudi Arabia has been excluded in the enactment and implementation of the Saudisation policy.

This chapter is designed to present the processes and actors involved in decision making in Saudi Arabia. The chapter will examine the role of different actors and stakeholders in the process of decision making. It will review these processes against conventional wisdom in order to identify the unique nature of the Saudi Arabia decision-making process. It will detail the decision-making process and its actors in the Saudi kingdom. This will enable us to juxtapose the processes in the Saudi Kingdom with what transpired elsewhere.

More specifically, this Chapter pays explicit attention to the process of policy-making, the factors that influence the process, the decisional policymakers' role, the role of religious doctrine in a policy's development, and the impact of political instability in the decision process.

Accordingly, the Chapter is structured to expound the triviality of including the private sector in the process of Saudisation. It introduces the decision-making

framework, and explores the factors that influence the achievement of the Saudisation policy.

2.2 The Policy Decision-Making Framework

Effective decision-making entails a multi-criteria process, which shows when to balance conflicting values (sort through complex situations) and deal with real uncertainty (William, *et al.*, 2010). To some extent in some cases, significant decisions incorporate stressful situations, where the actual outcome is unknown. Since decisions are about determining the best action plan to achieve specific goals, the main challenge stems from the clarity of direction (goals, knowledge available, methods) to accomplish these targets (Hussein, 2012). Additionally, the target uncertainty dimension and procedural change dimension are useful in characterising any situation that requires one to make a decision. At its roots, the process of decision-making starts with the identification of the problems that need to be solved. Determining and understanding the issues leads to the identification of subsequent steps to take. Theoretical studies about the decision-making process show that majority decisions rely on a "traditional" model. Hussein (2012) defines a decision as a "commitment to action" (Hussein, 2012, p.3). However, perhaps a more precise definition would consider first the selection, then the commitment. Furthermore, two or more courses of action are necessary for decision-making, and decision-makers must select one course, capitalising it. In addition, Vasilescu (2011) describes decision making as "the selection of a course of action in the light of an assessment of the situation,

shared vision, and a commitment to implementing that course" (Vasilescu, 2011, p. 104).

Thus, both definitions suggest that decision making involves a choice between two or more courses of action, both demanding some criteria for selection because the assessment and the vision make it difficult to delimit a definition in a single perspective.

Another valid perspective of the decision making process defines it as the process of identifying the goals of the decision, collecting all related information, and choosing the most viable option (Gary, James, Janet and Robert, 2002). In the authors' opinion, the process of decision-making revolves around "the set of actions that start with the identification of a stimulus for action followed by the specific commitment to action" (Gary, James, Janet and Robert, 2002, p. 350). This definition shows that there are three necessary steps involved in the decision-making process (problem identification, development of alternative resolutions, and selection of the preeminent alternate).

The above definitions suggest that decision-making is a philosophical term and it is not easy to develop a concise definition. However, the general idea behind these definitions is somewhat uniform. In summary, the term refers to the selection of the best action plan based on a set of options along with some existing information.

A general/formal decision-making process is a complex process with many phases. Ikhfan (2012) describes the process of general/official decision-making as

having eight steps. The first step is to define the problem for which the decision is to be made, followed by compiling a list of requirements that need to be met by the decision (step two). The third step is to establish goals that ought to be accomplished by solving the problem; the following steps are determining the alternative courses of action, developing measurable evaluation criteria depending on the set goals, selecting suitable tools for the decision-making process, using the chosen instruments to choose the best action plan, and testing to ensure the preferred alternative is an actual solution to the posed problem (Ikhfan, 2012). However, the core of the "natural" process of decision-making can be specified into four steps: problem identification/recognition, searching and gathering of information, evaluation and selection of alternatives, execution/implementation of the decision, and evaluating the result (Ikhfan, 2012).

The foregoing discussion implies that during the process of decision-making, many factors could influence a decision. They include the personality(ies) of the decision-maker(s), the state of the organisation, the internal and external situation of the organization as well as the availability of information (also known as individual and organisational elements), and controllable and uncontrollable conditions (Jun, 2014).

In the field of business, decision-making is a routine management activity that takes place at all levels of an organisation. Managers take decisions in order to execute operations and to achieve goals. Inability to make a quality decision can

affect every aspect of the organization (Nooraie, 2012). Thus, a decision depends on several aspects. Therefore, the decision-making in the business world is considered to be a complicated one, hence, it interrelates with a various number of internal and external factors. A good understanding of these factors provides the basis for understanding the decision-making process.

2.3   Factors Influencing Decision Making

Notwithstanding the aforementioned, strategic decisions to establish a new policy are, at times, confusing and complicated. Various external and internal factors that affect decision-making and its potential benefits may be difficult to estimate (Scott and Venkataraman, 2013). Given that many factors can affect a decision-making process (i.e. realistic and natural from every region, country, market, and industry), some factors can be more influential than others.   Scott and Venkataraman (2013) argue that political and social stability is among the main factors. Other factors include government and business corruption, as well as how transparent the pertained legal and judicial systems are. It is recognised that other factors that affect the quality of the decisions made are socio-economic factors, such as beliefs, norms, and values of the population involved (Quangyen and Yezhuang, 2013). More specific factors are related to the particular organization or individual making the decision or influenced by it. Therefore, some factors affect the decision-making process, and in particular, personal and organizational factors are the two natural factors that affect the process.

Other scholars have identified different factors affecting the process of decision-making. For instance, Berardi and Blackmore (2006) identify at least seven factors that influence the decisions that leaders take. These include personal preferences of the individuals making the decision, and the environment in which they make the decision. The ways of thinking, whether problem or opportunity, also impact the process, as well as criteria set to measure the decision, the schedule, the people affected by the decision, and the theories, tools, strategies, models and techniques used to support the decision-making process (Berardi and Blackmore, 2006).

Another perspective, which is perhaps the most encompassing, is that of Atmosudirdjo (1982). Atmosudirdjo (1982) found that two important factors that influence the process of decision-making are the environment, in which the organization operates, and the personal attributes of the decision-maker. Atmosudirdjo's (1982) assumption seems to be realistic, hence, the personal characteristics and individual differences of decision-makers are perhaps a key aspect affecting a decision (Appelt, Milch, Michel and Weber, 2011). For example, age and gender differences, past experiences, as well as biases and a person's sense of relevance all play an essential role in the process. Nicole (2012) notes four factors that influence the process of decision-making. The state of the organization, external condition/environment, and the personality and skills of the decision-maker are common factors debated by scholars. Nicole's (2012) research argues that scholars have neglected a fourth factor, the availability of

information. This underlines that various factors have great importance in the process of decision making.

Henceforth, data and information enable leaders to make accurate and efficient decisions; their accuracy, reliability and timely information promote effective decision-making in various aspects of human life (Eslake, 2006). On the other hand, a lack of a documented decision process negatively impacts on the outcome of the decision. Consequently, Coglianese (2012) notes that effective policy rationalisation, and management of the plan influence the changes in policy decisions. These factors promise the achievement of the aims and objectives set, but only when policymakers use them efficiently. The organisation's ability and readiness to make decisions is another important factor. These form an umbrella under which a few elements lie, including poor strategies, poor management practices, lack of staff skills, lack of management support, lack of resources, and lack of competencies.

More broadly, the factors impacting on decision-making are diverse. It has been found that politics has a greater impact on the decisions shaping the laws and governing legislation, and thus, plays a significant role in the decisions that firms make (Omisore and Nweke, 2014). Omisore and Nweke's (2014) research argues that the government is the centre of power that leads to the implementation of the desired decisions and policies. It is important to understand that the government and its structure play a significant role in determining the nature, and the outcome of the policy. More importantly, the general context of the

policy-making process in developing countries forms a background of the conditions and circumstances that place particular issues on the agenda for decision-making.

In conclusion, the factors that influence the decision making are broad, and differ from one situation to another, depending on the environment, organisation aspects, and personal attributes of the decision-makers.

2.3.1 The Policy Makers' Role

The methods used in the process of making decisions determine the level of regulation implementation, as well as functions effectiveness, and responsibilities of key decision-makers in an organisation. Policymakers must be aware of all the possible factors and difficulties that may have an adverse impact on the program (Zhang, 2009). On the contrary, a decision maker's lack of awareness, understanding of the problem, or the absence of a regulatory and organisational framework demonstrate unpreparedness. Thus, the inappropriate methods used in the process of making decisions determine the quality of implementation. Implementation of a new system, therefore, requires a great effort from the public-sector decision-makers in studying all the relevant aspects of the systems (Scheoder, 2012). Many decision-makers in the public sector, especially in developing countries, lack a systematic process or transparent procedure for implementing important decisions and policies. It has been noted that some states implemented individual strategic plans, but the rate of implementation has gone down.

Policymakers must explore the environment in which managerial decision problems arise, as ignoring such aspects results in unsuitable planning, fire-fighting, and management crisis (Aslam *et al.,* 2013). It has been argued that the four most common aspects are crucial in determining the nature of a decision:

- The level of decision-making–this can be one of three levels (operational, tactical, or strategic);

- The time horizon–based on two phases (the period available for decision-making and the planning period over which it is effective);

- Frequency– based on two types of decisions based on frequency (one-off and recurrent); and

- Resources– the resources available for decision-making; not the resources about which decisions may be made (Aslam *et al.*, 2013).

Drawing on the nature of decisions, every process of implementing a decision has two basic facts that decision-makers must consider. One is uncertainty, which is a consequence of incomplete knowledge of the world. Proper management helps to partially or completely resolve doubts, before taking decisions or committing resources. However, in many important cases, complete information is simply not available or is too expensive (regarding time, money, or other resources) to obtain. Al-Tarawneh (2012) maintains that decision-maker that has a qualitative knowledge of the environment can make viable decisions.

The second fact is that the right decision does not always have good outcomes (Cania, 2014). Noble results are the aims of every decision-maker, whereas the right choices help maximise the probability of having good outcomes. However, it is no more logical to punish the maker of a correct decision for an adverse outcome, than it is to reward the developer of a wrong decision for a good result. The primary goal of decision analysis is not to ensure a good result, but to make the right choices based on the information available. Such an approach leads to good results in the long run, even if the results are not desirable in a short period.

2.3.2 Participation Factor in Decision Making

Participation in decision making can be done through direct involvement, or by giving them a chance to choose a representative. Hence, a democratic process demands a greater level of commitment to participation, possibly the form of consultation to ensure improved decisions, correcting the erroneous as a way of reducing defects, and/or through advice for improving performance (Irvin, 2004). Therefore, consultations enhance the process of decision-making via the promotion of viable results.

Situational factors determine the participation level in decision-making. On the other hand, political, legal, educational, social, economic, and other issues about the overall environment affect the standard of participation. Other factors include individuals involved in the decision-making process. Several levels of

participation and a series of rules for determining the most practical level exists, including:

- Autocratic (authoritarian)—this is the case where no participation is allowed by the affected stakeholders. The leader makes the decision solely, and does not accept suggestions or opinions;

- Consultative—input is taken and seriously considered by the concerned parties, but then again, the final decision is solely in the hands of the decision-maker;

- Joint decision—the leader and other parties involved have equal responsibility for the decision made. The decision is collectively made after analysing the suggestions; and

- Delegation—the power to make a decision is passed down (delegated) to groups or individuals who are entirely responsible for the decision. Restrictions may exist regarding time and approval (Nocodemus, 2015).

Greater participation in the decision-making is more desirable than the autocratic strategy because it gives an opportunity for everyone to put forward ideas. In the long run, this leads to better decision-making. However, a more objective analysis requires each of these levels to be applied depending on the situation. For instance, the dictatorial or authoritarian approach is most suitable, when quick decisions have to be made and may be more efficient. This becomes apparent when making decisions concerning the military forces.

Participation in decision-making has some benefits for those affected by the decision. It allows them to have a sense of fairness and trust because participants can defend their interests. They also get information concerning the decisions, which they would not access if they failed to participate in the process. Those who participate in decision-making, have access to better information concerning the work processes and challenges than do policy-makers. Serrat (2011) notes that participation guarantees better information is available, hence, promoting viable decision-making. Nonetheless, like any other scheme or strategy, participation has a downside; mainly, the long delays incured by the collection of necessary information and opinions from participants.

Every decision made must be implemented effectively. The conventional organisational theory (Jenkins, 2004) requires that those holding high management positions to be responsible for making the decisions, whereas the implementation involves even the lower staff. Therefore, this strategy does not include lower-level staff in the decision-making process. However, management should have specific skills and approaches. As mentioned earlier, a participatory approach would be most beneficial, as opposed to one that uses force or violence, whether physical or psychological.

Besides, a good manager has the responsibility to oversee and lead the implementation of their decisions (Saeid, Matin and Razavi, 2011). Such understanding leads to the happiness and satisfaction of both: those who implement the decision, and those on whom the decision has an impact. A

participatory approach enhances the participants' sense of empowerment, which in turn encourages them to engage in the implementation of the decision (Saeid, Matin and Razavi, 2011). This sense of empowerment serves to cultivate the decision-making process through strategic thinking, which expands the policymaker's perspective beyond the formal role. Christens (2012) states that participation will satisfy the human need for self-determination and self-actualisation, and through these mechanisms, increase motivation.

Moreover, the participation of community members in government decision-making leads to the apprehension of many benefits. For instance, the government reduces opposition from the residents by involving them when making important decisions. Chirenje, Giliba and Musamba (2013) note that public participation in the decision-making process ensures implementation of all-inclusive decisions, by reaching a consensus on the specific issue. Participation of the public in decision-making helps the public to understand its complexity, and also raises concerns and, if possible, caters for preferences. Consequently, it contributes to promoting a sense of satisfaction among the people, which makes them less resistant to the government's operations. Finally, increased participation will help break the obstacles created by the existing media culture.

Achieving significant participation of public members during the government decision-making process is a challenging undertaking. Decision making at a high level relies primarily on large policy decisions. The process requires a comprehensive understanding of socio-economic conditions at the national and

international levels, supported by specialised technical knowledge. Pandeya (2015) suggests that sometimes members of the public fail to participate in the public decision-making process, and in such cases, governments opt to consult a few specialists who can make viable decisions. Despite expanding the participation in decision-making, the process is time-consuming and costly. Other problems with the participatory approach include the potential of bad policy decisions when heavily influenced by opposing interest groups, and thus, a loss of control over the decision-making process.

2.3.3 The Effect of Recent Middle Eastern Revolutions on Decision Making

The dogmatic context of policymaking process forms a framework for conditions and circumstances that hinder or encourage government decisions. An unstable political environment influences any decision process (crisis ripple effects), altering the criteria and influencing the timing of reform (Belkhdar *et al.*, 2013); the latter, at times resulting in decision-makers adopting different decision due to coercive conflictual forces (Bellin, 2012). More specifically, the example of political implications from the Arab Spring of 2011 reiterates that the effect of revolutions and upraises in the Middle Eastern region can impact the inception and shaping of a policy in the region as a whole. Hence, the instability (protests, masses uprising) called for democratization, and challenged the robustness of authoritarianism (Bellin, 2012). Initially starting in Tunisia, the "wave of democratization" (Bellin, 2012, p. 129) had various snowball effects within the Arab world (Bellin, 2012). Thus, the effect of recent Middle Eastern revolutions

on decision making is a noteworthy factor (challenge the coercive apparatus - authoritarianism), and its capacity to preserve the power (Bellin, 2012; Mufti, 2015). However, it is difficult to assess the influence of the revolution on policymaking.

2.3.4 Decision Making in Saudi Arabia

This Section inspects the procedure of decision-making in Saudi Arabia, considering the context under which policies develop. By this approach, the research indicates what entails a policy agenda, and what the steps towards its implementation is. The iteration also involves considerations for the characteristics of the decision-maker (position, morals, and expectations).

As already mentioned, decision-making in the Kingdom of Saudi Arabia (KSA) is authoritarian, ruled by the monarchy principles, and thus, restricted to few people (Mellahi, 2007). Those few people of the House of Saud are primarily royal family members responsible for taking decisions (Wirtz and Lavoy, 2012). In such instances, decision-making through the House of Saud may underpin personal factors in the decisional process. However, Ministers and other technocrats continue to play an essential role in advising the King, when it comes to relevant policies. Still, their status and opinions must be vetted by members of the ruling family.

Thus, the government is involved in all stages of policy-making starting from the initiation of proposals to their final implementation (Cowley and Russell, 2016).

Since the formation of the KSA, the government has relied on external neutralisation for private monopolisation of power. The existence of a cultural foundation composed of a tribal system, with Islamic values at its core, has promoted the expansion of this strategy (Al-Atawneh, 2009). The council of ministers along with all other government agencies are answerable to the King, who represents the top authority. However, a religious council that has some influence on the King's and Council of Ministers' decisions also exists. In particular cases, the King also relies on a Consultative Council, which has the mandate to appoint (Thompson, 2015). Therefore, there exists no electoral system or political parties in KSA. The regime does not allow for the formation or existence of organised labour or professional unions, or any civic clubs that would claim formal opposition to government policy.

Consequently, decision making in KSA not only relies on the House of Saud and ministers, but also on influential religious scholars (called Ulama) and leaders of the large tribes (Matthiesen, 2015). The latter has some influence over decisions relating to domestic affairs, whereas foreign affairs are solely controlled by the Saudi Islamists (Matthiesen, 2015). Indeed, the government has taken many decisions without even adhering to the legal procedures set out in the statutes and decrees (Matthiesen, 2015). Although it is not clear whether or not shareholders have ever challenged such illegal decisions, one could expect such decisions to be final and irrevocable. Even though the decisional process has few decisional groups, the King in KSA makes decisions without having to get approval from the council or going through the chain of command. This scenario

occurs despite the fact that KSA has a cabinet and a definite hierarchy in the decision-making system. At the same time, free parties or unions are banned by the government from taking part in the processes. This type of decision-making process is evident at all levels of the public sector hierarchy.

A similar approach is identified within the business sector, hence, managers in KSA mostly taking decisions autocratically and paternalistically (Yurdakul and Ozturkcan, 2014). An example is emphasised by Yurdakul and Ozturkcan (2014), who summarises the decision-making in Saudi government organisations into three types:

- Daily decisions are based on the top manager's judgment: 75% of them sought some involvement of senior executives. However, the decisions made are final;

- In tactical decisions, 74% of Saudi managers tend to consult their colleagues but independently make the final determination; Strategic decisions: 76% of these decisions rely on consultations, but the final decision is in the hands of the top officials.

Yurdakul and Ozturkcan (2014) further note that most managers make decisions based on their experiences, as well as trial and error in detriment of scientific and analytic methodology. This confirms that Saudi managers use decision-making and problem-solving techniques post-specialised training (Saleh, 2013). Nonetheless, in KSA, some decision-makers are reluctant to restructure the human resources

procedures, due to the opposition from powerful parties such as religious and business groups.

2.3.5 The Influence of Bureaucracy on Decision Making

In countries that use traditional forms of governance, centralisation is part of the governing culture from political and social perspectives. On the contrary, a majority of the developing countries consider consolidation as an ideal factor in political, economic, or administrative fields. More precisely, the characteristics of Saudi Arabian bureaucratic system is characterised as hierarchical coercive apparatus (Kaminsky, 2013); hence, decision-making is at the basis of the ruling institution of the al-Saud family (Biygautane *et al.*, 2016).

Many scholars suggest that the administrative apparatus (decision-making) in KSA requires an emergent reform, hence, its inefficiency has various impacts on the economy (Kaminsky, 2013; Biygautane *et al.*, 2016). Moreover, it has been found that the inefficience of existing administrative apparatus constitutes a barrier hindering the implementation of various policies such as the privatization and Saudisation policies (Biygautane *et al.*, 2016; Allassim *et al.*, 2017). This emphasises that any delay of administrative reformation stimulates negative effects. More importantly, changes such as an increase of unemployment, population growth, and a decline on oil export revenues in Saudi Arabia's economy sustain the need for an administrative infrastructure modernization (Biygautane *et al.*, 2016). Not only for government interest, but also, for civil society and the private sector in order to ensure long-term economic growth.

Accordingly, some authors have endorsed modernization sustained by Information Computing Technology (ICT) as a component to coordinate the administrative apparatus (Allasim *et al*., 2017). Additionally, many other scholars suggest that adoption of a trickle-down planning approach (tax cuts to the private sector) for the private sector would also be beneficial. The key value of an efficient bureaucratic apparatus includes several factors, one of which is a political structure, performing within a given agenda concealed from public scrutiny to shape the urban development in KSA. Most often the process of decision making in the Kingdom reflects the central government political goals and objectives instead of public interest (Biygautane *et al*., 2016). The national government considers central economic planning, intervention, and control its most suitable functions (Christina, 2014). Therefore, many plicies and program failures are the product of non-centralised administrative policies, as well as delays in decision-making. Thus, the institutionalisation of the bureaucratic apparatus needs to be aligned with regulations to ensure proper coordination, uniformization, interconnectivity, fairness and transparency of procedures (Kaminsky, 2013). In particular, planning and government vision need to be illustrated to ensure that government organisations are coordinated and aligned with the same scope (Allassim *et al*., 2017). Allasim *et al*. (2017) have found that vision and planning play an essential role in modernising the bureaucratic apparatus. There is also an aspect of accountability needed, as well as continuous training and education of public servants (Kaminsky, 2013). This would hierarchically organise the infrastructure, to ensure that the public sector

expands and have the capability to apply policies as expected with less resistance to change (Kaminsky, 2013; Allasim *et al.*, 2017).

Perhaps of more concern is that the pace of business development in KSA is on the rise (Alassim *et al.*, 2017), but, regulatory decision-making is slow and cautious. Generally speaking, policymakers consider the best interest of the group or organisation and may consult with others in the organisation. Decisions, therefore, require several layers of approval. And in many cases, the final decision may be delegated to lower subordinates, to avoid becoming unfavourable in the eyes of the top-ranking leaders. This trait makes it necessary for the government employees and technocrats to keep close ties with senior management.

KSA suffers from the vast bureaucracy associated with most administrations, a case that is prevalent in developing countries. This level of bureaucracy negatively impacts decision-making in all levels. The affected decision includes the significant national and international policies as well as the decisions made by the lowest level employees.

KSA is making progress and is setting many of the right priorities and goals. However, its development continues to lag behind the level of most developed countries. Reform in KSA must be implemented gradually, by issuing decrees and legislation. Such an approach will help to change bureaucratic procedures, monitor reform and translate them into actions, and remove possible barriers. Since bureaucracy is the major obstacle hindering the success and development

of businesses and enterprises in the Kingdom, Saudis keep complaining due to its extent and impact. The government seems to understand the magnitude of the problem, but little has been done to elevate the problem.

Public authorities in KSA have recorded poor performance caused by internal institutional problems such as extensive bureaucratic procedures (Kaminsky, 2013). However, there are external conditions that affect performance; conditions such as political intervention with ill-defined and overlapping responsibilities at different government levels. The lengthy bureaucratic procedures burden the management, and, in most cases, the process consumes resources that could otherwise be directed to factors that would help improve the living conditions of the citizens (Allasim *et al*., 2017). Unclear roles and responsibilities, and the absence of transparency in the decision-making hierarchy further complicate the process of decision-making (Kaminsky, 2013). The possible results are heightened problems related to service provision and operation, due to the deterioration in proper responses to the general needs of the sector and the inability to satisfy the growing demand.

A parallel school of thought, accepted by many academics and government officials in the Kingdom, argues that regulatory powers should be granted to a centralized authority. Such an authority would oversee the implementation of general policies nationwide, and creates a vision that is compatible with available resources, as well as ensuring the uniformity of laws and regulations nationwide (Jamil, 2011; Kaminsky, 2013). The Researcher favours this approach because it

would assist higher policymakers and politicians in monitoring the activities of government agencies, as well as increasing the visibility of their activities and making private information more available. In sum, although the Saudi Arabian government has taken some reform steps in the administrative system to improve the decision-making, yet, the bureaucracy continues to be a weakness of the Saudi economy.

2.3.6 The Influence of Religion on Decision Making

The religion of Islam came into existence about fourteen centuries ago. The religion impacts the life of Saudis, due to the duality of religion and monarchy (Al-Altawneh, 2009). This goes back to the beginning of the Kingdom several decades ago when Saudis relied on Islam to direct the Muslim's goals and actions in all aspects, whether economic, commercial, political, ethical, or social shaping cultural and institutional norms (Al-Altawneh, 2009).   Religion is a significant factor in KSA, and the country does not make a separation between the State and religion. Hence, the Quran, which is the primary source of Sharia (Islamic law), is considered to be the country's constitution.

In 1992, Basic Law was introduced and was supposed to operate in conjunction with Islamic Sharia Law. As an additional source of legal guidance, the fundamental law serves as a particular reference to government issues, which Sharia Law does not address. However, fundamental law and the King's orders cannot supersede Sharia Law (Otto, 2010). The Holy Quran is considered the source of decision making, which promotes mutual consultations. Once a

decision is made, there has to be a firm belief that it will perform well to address the issues affecting the parties concerned. Quran requires leaders to encourage others to take part in the decision making, a process under the Shura (consultation) (Otto, 2010).

Personal values and ideologies of the policymakers have a significant effect on the policy and its implementation. Cultural and societal attitudes are factors that significantly influence the country's development of strategic objectives, standards, and practices. Since the majority of the indigenization policy-makers in KSA adopt and follow Islamic law, actors can make the difference between practical and ineffective policy choices and implementation. These facts are valid since Islamic law is an ideology among the Saudis.

The people in power and the religious leaders have significant control over decision-making. For instance, the Wahabbi Islam doctrine (also known as Ulama) provides support for protecting Islamic values and is directly involved in ruling decisions (Al-Altawneh, 2009). As an example, the Ulama's weekly meetings with the King and the core elite give access to and influence over the decision-making process (Kikue, 2011). The Ulama's influence on the State, both economically regarding income and resources, and politically regarding maintaining their monopoly in the field, has made them an important power in socio-economic and political structures (Kikue, 2011). Consequently, the administration's relation has fluctuated with religious and political elements in the Kingdom, making it difficult to perceive religion and State as separate (Al-

Altawneh, 2009). Within this paradigm of Wahabbi, the religious Uluma officials influence education, laws, constitution, political system, judicial system as well as public morals and religious-cultural norms (Al-Altawneh, 2009). Similarly to the al-Saud family (the board of Ministers), Uluma officials are a third authority that influences decision making. State governance asserts that Islam is the highest ideology (Otto, 2010), but the King remains the main ruler and ultimate authority.

The influence of the religious establishment and its leaders (Ulama) is important in the employment sector, hence, Ulama is considered a doctrine of social order (Al-Altawneh, 2009). Through its power as the religious police, one of the Ulama's primary objective is to ensure people remain loyal to the values and morals taught in Islam (i.e. submission to dress code, sexes segregation, prayer times, cultural norms, moral codes) (Al-Altawneh, 2009; Otto, 2010). Furthermore, Ulama representatives have been committed to the modernization of the Saudi society, but under Islamic teachings. To all intents and purposes, the Ulama's influence on decision-making follows three channels:

- Direct links with the King

- Domination of some ministries and policy areas

- Popular mobilisation

In conclusion, the Islamic religion has a considerable effect on decision-making and policy-shaping in KSA. It affects the nation, individuals, and organizations. In general, the vast majority of the policymakers' personal values and ideologies,

and the societal attitudes of the population are drawn from Islam, and in most cases, influence decisions. This has allowed religious scholars and institutions to develop close ties with the government, in turn, giving them influence on decisions about the national environment.

2.3.7   The Influence of Private Sector on Decision Making

Apart from the extensive bureaucratic procedures and religious institutions, people in business play a significant role in the decision-making process in KSA. The commercial class has representatives in the Saudi associations of Chamber of Commerce and Chamber of Industry. These two organizations represent the more prominent businessmen, industrialists, and contractors in the country. They are both economically and financially powerful, especially with the country's oil boom and its resulting wealth increase. Interestingly, these two associations are the only major organizations in the country that are allowed to elect their officers, have their publications, and enjoy complete freedom within the scope of their interests. Furthermore, they play a significant role in strengthening support for the royal family. Consequently, they have considerable influence in policy formulation and implementation. Their relationship with the royal family, however, is dependent on government contracts received and the suitability of government decision-making and policy for the group's members. Their support largely depends on their bestowed interests.

Ulama and people in business have managed to influence policymaking in their respective areas of control. However, the monarchy has monopolized political

decisions, especially those affecting the Saudi regime, state security, and foreign policies. As a result, they have maintained political autonomy from other social forces. The Saudis designed emerging government institutions with the aim of consolidating domination and maintain independence.

The business community appears to be an ally of the political system, which, in turn, worked to make this community core of the middle class in the country. Assigning infrastructure projects gave the government the power of patronage over people in business, whose aim has always been to enhance personal contacts. Therefore, it has been difficult to determine the factors they have prompted policy-makers to continue pursuing change. Some suggest that it was the slow speed of the political process, while others cite the increased influence of business elites. The close ties between religious scholars and people in business on one side, and the government on the other have made officials avoid implementing serious reforms in human resource departments.

In conclusion, the powerful Saud's businessmen, represented by the Chamber of Commerce and Chamber of Industry, are one of the most influential factors in decision-making and policy-shaping in KSA. The two organizations are probably the most autonomous of all the officials in the country. This autonomy, however, is constrained by the common interests of the royal family. Additionally, the influence of the businessmen is only limited to their respective fields, whereas monarchy still monopolizes the broader policies affecting the country.

2.3.8 The Role of Majlis Ash-Shura in Decision Making

Another governance authority that plays a significant role in the decision-making process is the Majlis Ash-Shura (a consultative council) that can influence important decision and policies in KSA (Zuhur, 2011). 'Al-Shura', also known as Shura, is a valid Islamic governance system that ensures the absence of autocratic management. The group provides procedures for making decisions resting on the participation principle, giving all interested parties the opportunity to be part of the process (Darwish, 2010). Therefore, 'Al-Shura' refers to the "decision-making in the light of the opinions of concerned parties in the country" (Darwish, 2010, p.10). Since 1990, political groups and social institutions in Saudi Arabia have called for more regular and formal access to the decision-making process. The Saudi government has had to respond with promises of reform, some of which have been fulfilled. An aspect of this transformation is the Al-Shura Consultative Council (CC), formed in 1993.

According to Islamic criteria for the formation of advisory bodies, members of the CC adopt office, through selection as opposed to the election. The selected members are from a wide range of disciplines, and represent major professions in the country including businessmen's, scholars, journalists, armed forces, educationalists, and, most importantly, religious representatives (Zuhur, 2011). Initially, the CC acted as an advisory body to the council of ministers, and had no right of veto. In 2003, a royal decree expanded the duties of the members, to include legislative functions (Moosa, 2010). The principle of 'Al-Shura' was originally introduced into the Islamic religion to describe a new method that

gives people the right to participate in the decision-making process of their government. The other object was to allow them to practice their rights in providing consultations to the ruler in the process of decision-making (Al Saud, 2000). Therefore, Majlis Ash-Shura is a State council that comprises some seats selected by the highest authority.

Therefore, it remains an important institution in promoting Saudi decision-making process. 'Majlis Al-Shura' is considered an efficient organization in the course of making regulations and amending them. However, there is still room to improve and make effective its role in general politics. During the last 10 years, 'Majlis' participation in decision-making in the Kingdom has developed. Furthermore, this council has gradually improved its power and capacity in various domains, and became one of the first institutions within KSA's political system.

'Majlis Al-Shura' has contributed towards improving the performance and effectiveness of various government departments through discussions, deliberations, and listening to professional views. Additionally, it has managed to reduce the negative aspects of decision-making significantly (Al-Atawneh, 2009). Consequently, the achievement of the development objectives and plans has become much more possible. It has been found that first, the foundation of 'Majlis Al-Shura' is considered as an important developmental political achievement, which has had a considerable impact in developing policies through the various decisions it makes. Second, the 'Majlis' has been a step towards

extending public participation in decisions. And, third, although election does not choose members of the 'Majlis', they cover a broad spectrum of qualified educational, scientific, cultural, and religious sectors, and can express people's interests as they are not alienated from the society.

The effectiveness of 'Majlis Al-Shura' has contributed to a significant role in the country of broadening citizens' political participation. The Council has made important contributions in various government and society affairs (i.e., it has managed to issue and amend laws, approve many agreements and accords, and offer suggestions and recommendations for the development of facilities).

In conclusion, Majlis Ash-Shura has succeeded in representing different parts of the population in the government policy-making process, and has thus, played a decisive role in driving the development process and upgrade the services rendered to citizens.

Besides, years after its inception and enactment, it has gained power and has been able to influence some major decisions and policies in the country. Therefore, the Council represents a significant step towards national reforms. The literature explored in this study seems to be in the favour of the board and its operations. In the Researcher's opinion, Majlis Ash-Shura has not gained the much-anticipated power and influence over the years, yet, its power currently remains constrained by the higher offices of government.

2.3.9   Participation in Kingdom of Saudi Arabia (KSA)

The Islamic system of 'Al-Shura' protects the rights of all stakeholders. It establishes guidelines that determine a person's eligibility to be a stakeholder, and their right to influence decisions. In recent years, public participation in political, social, and economic life has become a necessary demand for all governments. Every country, in its way, has tried to expand the scope of stakeholders' direct participation in public affairs. Napolitano (2014) identifies direct involvement in administrative law-making and decision-making, as a vital instrument for strategy development. It is essential to ensure stakeholders participate in making decisions and forming vision and mission statements. This gives interested parties a feeling of being valued, and drives them to commit to the planning process. In an Arabic environment, especially the KSA, participative decision-making involving consultation with those in charge of implementation is more consistent with underlying Islamic and Arabic values.

Still, KSA has a sufficient national capacity, but an underutilized local capacity. This means that the government has insufficient technical abilities and experience at decision analysis, to conduct and uphold a high-level of policy involvement (Al-Asmari and Shamsur, 2014). Like in developing countries, large portions of the population are disregarded in the policy and decision-making processes. As a result of the reduced participation, the policy implementation in these countries is particularly problematic. Consultation or participation is part of the Arab culture, and peculiar to the leadership attributes of Middle Eastern culture. Customarily, Arab leaders use the discussion to encourage a feeling of

belonging to the group, rather than to get agreement or improve the quality of decisions. The Researcher believes that if this attribute is used correctly, the organizational environment will improve.

Unfortunately, the recent expansion in the scope of stakeholder participation in KSA was limited to social and economic aspects. On the other hand, participation in political affairs has been left out. Furthermore, those affected by decisions were not given the opportunity to participate in the final making. Schwalje (2013) argues that, Saudi government does not allow participation in issues that have direct effects on the stakeholders, or even in an economic context. Indeed, participation is no longer confined to the economic field, but is a political necessity in reinforcing democratic values and ensuring social justice. These facts lead to the conclusion, that the decision-making process in Saudi Arabia is negatively influenced by a lack of participation.

Although most of the literature on this subject favour the increased participation of the stakeholders, some administrations consider the approach to be more problematic and troublesome. Schwalje (2013) believe that the fewer the people who participate in a decision, the faster and more efficiently it is made. However, since the people in KSA do not pay taxes to the government, and still receive a good level of free benefits and services, some argue that the right to participate in making decisions should be inexistent (Sholes, 2016). In other words, the state-society relations seem predicated on the principle of 'no taxation, no representation'. Instead of increasing the level of participation in the process,

encourage political leaders to apply an open-door policy, where any person can go to the "Majlis" and meet the King or Prince, which is part of Saudi culture. Better participation ensures that the process becomes more complicated and spins out of control.

Participation is not very well supported by the Saudi Arabian government, although its demand is currently significant. Even in places where some involvement of the stakeholders exists, it is mostly for the wrong reasons, and its weight is insignificant. While including the stakeholders in the decision process has both advantages and disadvantages, the resulting effect is that stakeholders have a better understanding of the issues affected by the decision, which provides a wide range of inputs to reach a better decision. The Researcher believes that participating in the process grants a feeling of satisfaction, self-confidence, and determination. Consequently, they become more enthusiastic towards the enactment and implementation of the decisions and policies. However, more participation may be problematic in certain cases, especially when time and money are of particular importance in the decision. Hence, balance or equilibrium must be reached if one desires to achieve the best outcome of a decision.

2.4   Conclusion

This Chapter has explored the decision-making framework, and the factors that influence decisions in theory. Previous research regarding Saudisation and its application in the current setting has identified that governance authorities,

religion, bureaucracy, the Middle Eastern Revolution, policymaker role, all influence on a certain extent. Therefore, more accurate details and issues must be laid out, to pave the road for the understanding and conceptualization of the Saudisation policy.

Studies revealed that religious belief of Islam influences the process of decision-making. Hence, as the KSA is an Islamic state, all the policies are in line with religious principles. Consequently, religion plays a major role, and a policymaker must be aware of all the possible factors and difficulties that may have an adverse impact on the implementation. To the contrary, a decision maker's lack of awareness, understanding of the problem, and/or the absence of a regulatory and organisational framework will reflect unpreparedness. Another considerable factor identified is the effect of recent Middle Eastern Revolutions on decision making (challenge the coercive apparatus–authoritarianism), and its capacity to be maintained preserve the power.

With regards to coercive forces in decision making in the KSA, it has been identified that decision-makers do not only rely on the House of Saud (ruling family) and Board of Ministers but also on influential religious scholars (Ulama).

Many scholars suggest that the administrative apparatus (decision-making) in KSA requires an emergent reform; hence, its inefficiency has various impacts on the economy (Kaminski, 2013; Biygautane *et al.*, 2016). Moreover, it has been found that the low efficiency of the existing administrative branches hinders the

success of various implemented policies including but not limited to the privatisation and Saudisation policies.

Within this paradigm of the government authorities (al-Saud family, the board of Ministers, the Uluma officials and Majlis Ash-Shura), there is influence over education, laws, constitution, political system, the judicial system, as well as public morals and religious-cultural norms. Although all the State governance asserts that Islam beliefs are the highest authority, the king remains the main ruler and ultimate authority.

In the next section, Chapter 3 further explores the role played by the private sector in the national economy, as well as analysing the Saudisation successes and failures, as reported by literature.

Chapter 3 : Literature Review

3.1   Introduction

The previous Chapter, generally, addressed issues around the decision making process and the factors influencing the actors in the process. A clear semblance of what constitutes the process was also presented. The chapter detailed the role of all the actors in the process and pointed to the fact that although several actors take part in the decision making process, the ultimate power to legislate and enact laws rests on the spiritual leader and head of government. It has been identified that many scholars have explored the development, implementation, successes, and failures of Saudisation. In addition to the previous Chapters' contribution, this Chapter reviews the literature on KSA's human resource management practices, labour market, focusing on the nature of the private sector, and the role played in the national economy. Thereafter, to achieve this endeavour, the role of government is explored to understand the level of support given to the private sector, regarding involvement in the development and the implementation of policy. Lastly, the economic and political efficiency of Saudisation is also covered within the scope of this Chapter.

3.2   Human Resource Practices in Saudi Arabia

To understand HRM practices in the context of Saudi Arabia, it is essential that we conceptualise the status and procedures of human resource management throughout

the Middle Eastern Region. Although there have been significant studies covering the region, there are very few empirical studies about decision making in Saudi Arabia. Some important studies include: (Achoui, 2009; Al-Asfour, and Khan. 2014; Ouerdian, Mansour, Al-Zahrani, Chaari. 2017; Afiouni, Ruël, & Schuler, 2014; Budhwar, & Mellahi, 2006; Budhwar, & Mellahi, 2010). However, the subject of management research related to international HRM in Saudi Arabia has not received enough attention in the literature to produce novel results (Ali, 2003, 2009; Aycan, Al-Hamadi, Davis, & Budhwar, 2007).

Despite recent development in socio-politico and economy in the Middle East, Budhwar and Debrah (2011) opined that human resources management practices remained unexplored. It is not clear in which model of HR practice to categorise it. Some studies viewed HRM practices in the Middle East as converging with practice in Western and Middle Eastern countries (Westerduin, 2010; Iles, Almhedie, Baruch, 2012; Afiouni, Ruël, & Schuler, 2014). These studies argued that HRM practices in the Middle East show significant differences in practice such as attitude and value when compared to those in developed countries. These studies concluded that there are also differences in managerial approach between the Middles East and the developed countries.

However, some studies have suggested that if Arab countries adopt the "Best Practice" or Western human resource practices, it is likely to lead to a lack of suitable practices (Binjabi, 2011; Achoui, 2009). They believe that variation in socio, economy, politico and legislative differences will make it difficult to adapt to "Best Practice" as operated in

Western countries. These studies concluded that there is a high level of negligence with regards to the implementation of human resource practices in the Middle East. (AlGassim, Barry, & Mcphail, 2012).

The next section is dedicated to examining some key human resource management practices and how they are conducted in Saudi Arabia. The list includes recruitment and selection, training and development, performance evaluation, compensation, and reward.

3.2.1 Recruitment and selection

It has become evident that the purpose of human resource practice within an organisation is to manage people effectively for the purpose of enhancing individual performance and attaining organisational goals and objectives. This suggests that in order for the above aim to be accomplished, it is important that a planned and accurate approach of recruiting and selecting the right candidate for the job, from the large pool of applicants is established. Within the Saudi context, it has become obvious that organisations are faced with a lot of challenges with regards to the recruitment of capable, experienced and qualified candidates (Budhwar & Mellahi, 2016; Afiouni et al., 2014; Mellahi, 2006).

A critical review of the process of recruitment in Saudi reveals that several organisations have adopted different strategies while carrying out this laborious and demanding task. For instance, some organisations seek the assistance of academic institutions such as

universities, technical and vocational institutions while seeking to attract and recruit legally required candidates of Saudi origin. Others take advantage of information and communication technology and post their vacant job positions on their website as well as that of the ministry of labour for prospective candidates to apply online. Additionally, some organisations within Saudi take advantage of the print media and post their job adverts in regional and national newspapers. The key point to note in the above explanation is that in order for organisations to reach a large pool of prospective applicants, they can decide to adopt one or more of the approaches.

Within the context of the process of recruitment, the role of the government has been remarkable especially, as the government supports the job training period by making a contribution to salaries during the early period of employment. This process is aimed at creating awareness and responsiveness among local job seekers. Although this approach has been applauded by many, others have argued that the process has the tendency of attracting and recruiting less qualified and incompetent candidates for the job hence, the credibility and reliability of the process have been challenged (Mellahi, 2006). With regards to the recruitment of foreign nationals who are competent and qualified, and who wish to relocate and work in Saudi, most Saudi organisations work with recruitment agencies. However, due to the expensive cost of using this process of recruitment, only big and financially stable organisations such as organisations in the oil and gas as well as those in petrochemical manufacturing have the ability to meet up with the costly charges (Budhwar & Mellahi, 2016; Scott-Jackson et., al., 2014).

Previous studies argue that some recruitment agencies in Saudi have embarked on the process of improving their efforts on refining the recruitment and employment-related services, however, the impact of these agencies seem to be at a low level as very little is known about the processes of recruitment, selection and induction programmes in Saudi workplaces (Budhwar & Mellahi, 2016; Budhawar & Mellahi, 2006; Adawi, 2004). For instance, it has become evident that the majority of private sector organisations that recruit expatriates (foreign nationals) do so, based on a planned and well-structured recruitment and

selection process. Concerning the recruitment and selection of non-expatriates but skilled employees, the process seems to be less structured and organised. Hence, the rationality and legitimacy of the process and its outcome have been questioned (Mellahi, 2006). The point to note is that within the Saudi workplace it has become clear that due to financial constraints some small and medium scale organisations are not able to afford the services of recruitment agencies hence, their internal process of recruitment seems to be characterised by lack of organisation, structure, and irregularities which tends to have negative consequences on the outcomes of the process.

3.2.2 Training and development

Human resource management function of training and development begins immediately after a job candidate has been identified as successful and selected for the position within

the organisation. This process entails induction and orientation for newly recruited employees; job skills and leadership training as well as training on professional development. The above mentioned are aimed at improving employees' job skills so as to perform better in their current positions. Additionally, it helps to equip employees with more relevant and applicable competencies and proficiency for cross-functional roles and responsibilities which have the tendency to increase their value and prominence within the organization. Professional development tends to support employees organization's succession and planning strategies. It creates a platform for preparing future leaders for higher-level jobs and more responsibilities. Training and development reflect within a wider context, promotion-from-within. This practice tends to sustain and support employees' work goals within the organisation (Scott-Jackson et., al., 2014; Mellahi, 2007).

Previous studies affirm that to ensure training and development becomes a significant Human Resource Management strategy, it is necessary to highlight its impact on knowledge-based organizations and the extent, which it brings about fast changes in the job design and technology. Bringing this analysis to our discussion on Human resource practices in Saudi Arabia, it has become evident that the Saudi Arabian government considers education and training as the key to the development and improvement of work-related skills and competencies. Hence, it is committed to allocating over one fourth of its budget on training and development. However, it can be argued that given the above situation and commitment by the government, the education sector has been criticized for its inability to deliver the promising results needed by employers (Noe, 2008; Madhi &

Barrientos 2003). This implies that there is an existence of skill gap and the need to identify and address it within the Saudi context is imperative. This is because; this process takes our discussion further by giving this study the opportunity to analyse the Saudi labour market and consider how it impacts on the human resource practice. Simply put, the labour market is a theoretical abstraction which involves the process of supply and demand for labour. Within the context of this market, the job seeker/prospective employee is willing to supply his/her skills, time, knowledge, competencies and expertise based on the demand made by the employer. This process of demand and supply is typically concluded based on agreement on the price that the employer will pay the employee amongst other things.

An examination of Saudi Arabia's labour market reveals that the activity of this market is dependent on the availability and accessibility of labour (local/ foreign). Empirical evidence shows that while privately owned big organisations have easier access to their needed workforce, the participation of Saudi nationals in this market seems to be dependent on high wage equilibrium, greater salary, and status; all of which tends to increase labour turnover rate among Saudi nationals and discourages most organisations efforts to offer on-the-job training to their employees. However, some studies argue that if this situation is carefully addressed, Saudi nationals will feel more secure and comfortable to work in the private sector and training programs will flourish much more naturally (Sfakianakis, 2011a, Sfakianakis, 2011b).

Empirical evidence reveals that with the start of the twenty first century, the Saudi government created the Human Resource Development Fund with the aim of supporting

and funding projects and institutions as well as qualifying, training and encouraging the employment of Saudi nationals in the private sector. In order to achieve this, the government decided through the fund to contribute between 50% and 70% of the first year salaries of newly appointed qualified Saudi employees as an incentive. In addition, the fund assured Saudis that it will provide further support by paying for unqualified Saudi nationals to get their required training and skills at no cost to the private sector employer. Although several studies have supported this action of the Saudi government (Saudi Aramco, 2011), others have challenged the training scheme for different reasons (Al Gahtani, 2002; Wilkins, 2001b). For instance, Al Gahtani (2002) identified the use of complex terminologies as one of the challenges faced by trainees during their training sessions. In a similar study, Wilkins (2001b) identified the problem of lack of familiarity and awareness faced by trainees during their skills development and training sessions. Given the above critic of the process, it can be argued that even though the scheme is well intended, its implement and outcomes seem not to achieve the set goal as trainees do not seem to get the required training and skills needed to carry out their duties and make an impact in their organisations. Hence, there is the need to re-assess the training process, its current challenges and impact on the trainees and well as on the organisations where they operate.

Given the above explanations, Al Gahtani (2002) suggested that it is imperative to ensure that training programmes conducted within Saudi take into consideration, the contextual and environmental circumstances, and situations. The study also argues that an understanding of the content and goals of the training, as well as the need for the training

to cover a range of diversity-related skills and competencies, are important. This implies that there is a need to understand the relevant skills and competencies that organisations seek from their employees and provide such during the training sessions. The point to consider is that there seems to be some skill mismatch among Saudi nationals which makes it challenging for the majority of them to work in private organisations and in order to address this gap, the government-supported scheme needs to identify the skills and competencies needed by organisations and provide Saudi nationals/employees with such during their training sessions.

3.2.3 Performance Appraisal

Performance appraisal, otherwise known as performance review is a method by which an employee's performance on a particular job is discussed, reviewed, evaluated and documented. Previous studies argue that periodic employee review tends to motivate them for more exemplary standard performance (Capko, 2003). Empirical evidence from studies conducted within Saudi Arabia shows that the appraisal process lacks focus on pay for performance. This implies that there is no pay strategy whereby the assessments of individual and/or group performance is said to have a significant effect on the amount of pay increase or bonus given to them within the organisation. According to these studies, the normal rewards allocated for highly performing employees were mainly in the form of development opportunities in the chosen career as well as an increase in financial and monetary rewards. More recent empirical studies conducted in Saudi Arabia confirm that

the scores for financial incentives during appraisal tend to be one of the lowest scores throughout the surveyed population. This finding confirms the earlier report presented above by previous scholars (Ramlall, Al-Amri, and Abdulghaffar (2012).

Empirical evidence from Saudi Arabia reveals that a considerable variation is observed amongst companies in their appraisal practices (Snape & Redman, 2010). While affirming this viewpoint, Campion et., al. (2011) assert that in order to get rid of unwarranted and inexcusable bias and attain objectivity, productivity and accountabilities of employees, a reasonable and fair performance assessment is essential (Campion et., al., 2011). A review of the performance appraisal process in the retail sector in Saudi shows that the majority of these companies have endorsed appraisal measures that are practical and acceptable to them and also, to their stakeholders. Other empirical studies conducted in Saudi assert that the integration of self-assessment criteria into the appraisal process is remarkable. According to these studies, this process demonstrates how the employees perceive of their own elements of self-responsibility as well as their achievement of the targets they impose on themselves. Although some organisations use numerical indicators to display the level of their employee's performance (Storey, 2007); the majority of Saudi retailers entities have established standard appraisal procedures that produce consistent, dependable and trustworthy results for each individual employee. However, some studies argue that there are instances where employees prefer to use the 360-degree appraisal method. According to these studies, the feedback method from this form of appraisal has the tendency to enable each employee/ job holder to get constructive and very helpful feedback and

response from others (colleagues and superiors) regarding his/her job (Williams, 2011). The key point to note from this explanation is that the appraisal method needs to be reconsidered by employees and employees such that the preferred and most favoured method is adopted within the organisation.

3.2.4 Compensation and rewards

The financial and non-financial rewards paid by the employer to the employee for the services provided within the organization are referred to as compensation. The application of this process within the organisation is very important because; it helps organisations to support and keep their workforce inspired and motivated. Empirical studies within Saudi reveal that the concept of the minimum wage is not in existence in Saudi. This implies that some employees could be getting less pay package while others are getting more hence, there seem to be some forms of inequality and discrimination in the compensation and reward system in Saudi (Arabia Al-Hassani, 2004).

While confirming this standpoint, Mellahi (2006) study compared the salaries of Saudis and non-Saudi employees and found that on the average, non-Saudi nationals earn three times more than Saudi nationals and this difference seems to vary across sectors. In a similar study, the Saudi Ministry of Labor surveyed the employment and wage standards of four separate provinces; the capital

Riyadh, Dammam, Jeddah, and Al-Jubail. The findings of this survey reveal that expatriates receive higher salaries in the financial and insurance sectors compared to their national colleagues. Additionally, the findings of this study show that the country of origin of employees tends to influence the rate of their compensation. Empirical evidence reveals that expatriates of western origin seem to be the highest-paid employees in the majority of the sectors. This is followed by Saudi nationals and other Arab and Asian skilled workers from countries such as Lebanon, Egypt, India, and Pakistan. Apart from the country of origin, it has become obvious from studies that there is gender pay gap in Saudi and this can be attributed to the prevalent culture and religion (Wiseman, et., al, 2000; Gomez-Mejia & Balkin, 1992). The key point to note from this explanation is that discrimination in the compensation and reward system which needs to be addressed so as to inspire employees and increase their motivation.

Based on the review above, it is safe to conclude that culture and religion have a significant influence on human resource management practices in Saudi Arabia. According to Idris (2007), cultural values and traditions affect the way management approach human resource management. Managers in Saudi Arabia are expected to play a key role akin to those of the parent (father) in their respective organisation. Moreover, the social parlance including attitude and behaviour in Saudi Arabia is normally guided if not controlled by Islamic teachings (Ali, 2010; Branine and Pollard, 2010; Idris, 2007). Hence it is expected that human resource management practices will comply with the injunctions of

the Quran and the Sunnah of the prophet. Other studies further tend to suggest that due to the nature of the businesses – a family-owned, managers have challenges in adopting Western human resource management practices as seen in Western democracies (see Al-Faleh, 1987; Ali, 1990; Abuznaid, 2006).

The KSA Labour Market Implications

Until the 1960s, most Saudis lived in a purely tribal environment (Maisel, 2014). The main sources of income for a majority of them were subsistent farming, raising livestock, and serving the Muslim pilgrims coming from all around the world, to visit the holy cities of Makkah and Madinah. This lifestyle prevented Saudis from getting access to specialised education (Nurunnabi, 2017). Due to the scarceness of trained labour, during the oil boom, KSA sought skilled labour overseas (Francoise, 2016). To support and motivate individuals to acquire the necessary skills, the Government-sponsored university studies, to ensure that the public sector has trained and educated personnel (Al-Dosary and Rahman, 2009). On the contrary, the private sector chose to resolve the problem, by recruiting a majority of the employees' from abroad (Al-Asfour and Khan, 2013). In reference to the private sector, the next section of this chapter provides details on the reasons that forced the government to enact and implement the various measures, all of which represent factors that impact Saudisation. The following Sections closely examine several factors, namely: the role of the private sector, the increased privatization of services, government support for the private sector, the close ties between the private and public sectors, the effects of joining the World Trade Organisation (WTO) and the direct foreign investments.

3.2.1 The Privatization in KSA

Implications of privatization in Saudi Arabian Labour Market have been found to be a significant component of Saudisation (Onour, 2012). At its basis, privatization aims to imply the private sector in the ownership of state-owned companies (Onour, 2012). In particular, from a semantic point of view, the term *privatization* is an economic concept that has many definitions. For instance, Momen (2007), describes privatization as "a partnership between the public and private sectors" (Momen (2007, p. 7). Henceforth, privatization involves different industry bodies playing a role in economic and social services, some other authors such as Netter and Megginson (2001) present a different definition of privatization. In their view, privatization is: "*the deliberate sale of a government of SOEs or assets to private economic agents*" (Netter and Megginson, 2001, p. 368) with SOEs as the State-Owned Enterprises. Likewise, Li *et al*. (2011) refer to privatization as a way of achieving reform, along with deregulation and outsourcing of public services.

Such economic reform of privatization has been supported and scrutinised since 2005, by the WTO as well as the International Monetary Fund (IMF) (Akoum, 2009); both of which have interest in optimizing the economic system, in order to ensure the sustainability of a country's long-term debt reduction (Akoum, 2009). Privatization has included sectors such as healthcare, education, water, and energy. And apart from financial considerations, the ultimate aim of privatizing all public services is to terminate the unproductive nature of the public sector.

Thus, benefits such as employability, provision of better services, assured competitiveness, and attractive investment funds are all to strengthen the country's economy (Akoum, 2009; Craciun, 2014).

Despite its challenges, privatization aims to effectively assemble various economic resources (e.g. financial, human, or technological), in order to achieve higher operating efficiency. Aspects that can be tackled through privatization include reducing budgetary deficits, improving technology, increasing efficiency of management, or decreasing the financial burden on a sector (Akoum, 2009). Privatization can also help tackle the introduction of competition in a market, in turn, improving the quality of service (Akoum, 2009). The main reason for applying privatization is to improve performance and efficiency of various public enterprises, as a part of Government's strategy for creating a healthy economic environment, by utilizing different forms of privatization (for example, financing, constructing, operating and managing projects or services). Lili and Sang-Ho (2012) state that "...Privatization can result in changing the behaviour of public managers and executives in a positive way as well as improving the management of government organizations" (Lili and Sang-Ho, 2012, p. 668). Therefore, privatization is a strategy that acts as an enabler for public sector companies. Other authors argue that an additional function of privatization is to reduce the economy's reliance on government involvement, and thus shifting the power to the private sector.

Knowing that privatization accomplishes an increase in efficiency, investment capital, profits, and dividend payouts among many others, many economies have welcomed privatization to enrich their economy; through foreign direct investments (Al-Ghamdi, 2016). Nonetheless, Friberg *et al.* (2008) add that some countries have found the solution to their economic problems in liberalizing (bureaucracy and monopoly), and implementing different reform programs.

Through privatization, the government also aims to reduce the economy's reliance on public funds, by diversifying the sources of investment through the privatization policy (Sarrayrih and Sriram, 2015). This approach will relieve the strain on the country's budget, and provide new sources of income in the form of private participation and sale of publicly-owned shares; but, it will also allow the sector to operate and maintain some services. An excellent example of the successful planning and resource utilization on both public and private fronts in Saudi Arabia is the Saudi Arabian Basic Industries Corporation (SABIC).

Given this orientation, KSA has increasingly emphasised the development of the private sector, within the context of a free-market economy, as an economic pillar for a knowledge-based economy (Nurunnabi, 2017).

Another layer of privatization is that the government ought to assess the readiness and capability of the private sector, in order to steer the economy, thus, emphasising the significance of privatization in KSA.

As a general practice, Public Enterprises handle most of KSA's commercial activities under the direction of various ministries. Thus, through privatization, the government also gained the ability to steer the economy safely, despite the political influence on or the decay in the much dependent oil market (Elass Jaffe, 2016). The meaningful decision taken by the Government to liberalize its economy in 1997 was Resolution Number 60 (Alkhaldi, 2016). This decision had a close relation to the implementation of the privatization strategy, and allowed them to transfer the public services or projects to local or foreign investors partially or exclusively.

Despite the initial effort in 1997, the economic conditions in KSA continued to deteriorate. The Ministry of Economy (1999) indicated in its report that problems in the Saudi economy registered a balance of payments deficit rose. As a result, the KSA's Government debts to local banks increased up to $160 billion. The public sector was responsible for these problems, due to its failure to develop its methods and technologies, to increase its production and expand to provide enough services. The Saudi Government also found the private sector as a pillar in various economic environments. Therefore, the Government tried to be open and give the industry more opportunities, to run different economic activities (Akoum, 2012). However, despite the benefits of privatization, impediments such as political factors, management barriers, private sector barriers, economic barriers, employee opposition barriers, legal and regulatory barriers, and public and consumer resistance barriers have all been registered.

Looking back at the new privatisation strategy provisioned by the Council of Ministers Decision No 60, dated 6th August 1990, from early beginnings, the privatization intended to imply to the private sector hence, the resolution that "expanding the private sector's participation in the national economy and enabling it to undertake its role in investment and financing should be in line with the national development plans, and active for both the government and private sector" (Ekhtiari and Soltani, 2011, p. 188).

On these grounds, it is obvious that the KSA's approach to privatisation, intend a logical sequence. The implemented action plan included:

- Continuing support for the provision of credit options, technical help, cheap land and services, and allowing the private sector to be exempt from customs fees;

- Introducing the tax code and comprehensive regulation for private companies to make the system more modern;

- Entering the stock market and supporting national banks; and

- Implementing gradually the privatization on selected activities.

Consequently, among many rationales for a privatization policy, the undeveloped nature of the private sector in KSA motivated the choice of privacy strategy. The government proposed to play a significant role in the development of critical and leading industries, alongside private sector enterprises. Supplementary assistance of government through controls of most cash flow (Ekhtiari and

Soltani, 2011) have played an essential role in providing the necessary protection for upcoming growth.

Most often, a detailed privatization plan is put in place certain policies and regulations, for its implementation and specific methods (Kumaraswamy, 2012).

According to Al Sewilem (2012), the KSA government's plan for privatization includes allowing the private sector to own and manage previously public enterprises, projects, and services. The government accomplished this through numerous methods, including subcontracting management, operations, leases, and finances.

Although privatization has been adopted by the KSA government for a while as a means of reducing the economy's dependence on government involvement, it has failed to achieve the much-anticipated success (Al Anazi *et al*., 2011). Previous studies maintained that the little privatization that currently exists in Saudi Arabia is not purely the result of carefully planned and executed procedures. On the contrary, they hold that it was the unexpected outcome of the necessity to expand the contracting services, and the need to sell parts of individual enterprises. They argued that privatization is not mentioned in any of the Government's policies or plans apart from the development plan, which does not even include the government's strategy of implementation (Al-Anazi *et al.,* 2011). The development plan also ignored a schedule or timeframe for the privatization process, and institutions responsible for its implementation.

Failure by the private sector to assume charge of its operation remains a significant barrier to the success of privatization (Al-Anazi, Liu and Forster, 2011). Also, slow implementation and a seemingly lax attitude of the government, due to the nature of the local administrative hierarchy inherited in the monarchy, is also a significant barrier.

3.2.2 KSA's Private Sector Characteristics

The Saudi private sector comprises of a broad range of business and economic activities. This nature of the sector makes it difficult to define it concisely. The main factors affecting the structure of the private labour market in the KSA are the heavy reliance on foreign workers, and the growing negative social perception towards working in this sector among Saudis (Hamzah *et al.*, 2012; Al-Asfour and Khan 2014). The industry has small-scale enterprises that employ less than 20 workers. According to the commercial register, foreign labour accounts for 75% of these businesses' employees (Al-Sheikh and Erbas, 2012). These authors further state that the activities of the Saudi private sector activities are primarily based in the country's major cities. There also exists a wide discrepancy between the large and small privately-owned terms, especially in terms of profitability and rate of Saudisation. As noted by Hertog (2014), the private sectors include industries related to sales (47%), services (30%), agriculture and production (31%).

Since the discovery and commercialization of oil, there has been a huge influx of cheap foreign labour. The industry has become heavily reliant on cheap manual

labour, which is often deployed in labour-intensive occupations (Khalid, 2016), yet, reached its saturation by 1980s (Hend, 2015), accounting for almost 90% of employment in the Saudi Arabian private sector. It is important to note that the vast majority of jobs currently available in the private sector are manual labor, and thus are generally undesirable to Saudis are they are considered to be of a lower status (Al-Asfour and Khan, 2014).

The KSA's private industry has become a crucial factor in the economic development of the country. The initial development plan (The Seventh Development Plan 199-2004) realised the importance of the private sector for national development, predicting an account of 94.6% of all new job opportunities within the private sector, compared to 4.6% in the public sector (Alshahrani and Alsadiq, 2014). By 2002, the private sector employed 6.2 million people (87% of total Saudi Arabian labour force), compared to 916,000 persons employed by its public counterpart (13% of the total workforce) (Mathews, 2016). However, despite the initiative of Saudisation, most of the employees in the private sector remain foreigners (Areej *et al.*, 2016). Currently, the private sector is creating a lot of jobs. Therefore, the Saudi education system must steer its programs towards its needs. A possible explanation for the high percentage of employees in the private sector is that prior to 1984, Saudi graduates were only allowed to seek jobs from the public sector, as opposed to the private sector. More recently, the public sector sponsored education, and therefore all graduates had to get jobs there, as a way of repaying the learning fees.

More recently, the private sector has been suffering from high costs for raw materials and accommodation. Attracting foreign workers to the highly inflated economy of Saudi Arabia has also become an unavoidable circumstance. Consequently, the sector has been putting a lot of pressure on the government, to find viable solutions to the problem.

In this context, the KSA's private sector has been expanding to become an influential factor in the country's economy. The number of workers in the private sector now constitutes a very considerable percentage of the labour market. However, most of the workforce is still expatriate. The future plans must address the suitability of the education system and its programs, to address the employment issues in the private sector. Although the dependency on the foreign worker is considered by the government as a weak point, it remains a powerful option for the private sector, because it is cheaper and represents a more efficient option (compared to the more expensive and less productive Saudi Arabian labour force).

3.2.3 The Role of the Private Sector in National Economy

The private sectors play a crucial role in creating jobs and providing economic stability for KSA's economy. One of the most important constituents of the Saudi government's economic strategy is industrial diversification (Callen *et al.*, 2014). Its key objectives are to decrease the dependence of the economy on oil revenues. In the hopes of achieving this goal, the government has encouraged

the private sector through a variety of incentive programs, to promote participation in Saudi's economy.

The successive five-year Development Plans has reinforced and reemphasized the role of the private sector as a pillar of the economy, in the context of a free market (Manama, 2016). As a result, the kingdom has been working on the industry diversification policy.

In 2009, the Ministry of Culture and Information stated that the government had managed to provide the necessary infrastructure and required services to the private sector at reasonable costs. The strategy includes easy access to credit options, where the terms are very lenient. Henceforth, the KSA adopted a free-market model, where the three pillars of the economy, namely, industrial, trade and financial sectors, play a significant role in enriching the private sector's development and diversification. Concerning the progress made by the Saudi's government, Hvidt (2013) articulates that the government changed its approach from being a main contributor to the economy, by taking the role of overseeing and setting policies. Hvidt (2013) asserts that many of the infrastructure services are currently under the public sector's wing, where in fact, they should be under private sector. For instance, social services such as housing, education, and health are thought to be more convenient, if provided by the private sector (Hvidt, 2013).

Within this context, the KSA Government proposes to be achieving the following objectives:

- Limiting the role of the government in numerous aspects;

- Encouraging the private sector to invest, provide more services, and increase its efficiency by creating more opportunities;

- Attracting more investment from overseas private companies to enrich the competition;

- Enhancing non-oil-based trade activities that are required by the national market;

- Liberalizing the local economy with the purpose of allowing the private sector to be more involved in internal and external markets; and

- Providing more investment opportunities.

The government has taken many steps to restrict the oil business share of the nation's GDP by actively nurturing other sectors. The non-oil sectors' share has increased remarkably since 1970, in both numbers and contributions to the GDP (Hvidt, 2013). The role of the private sector in generating employment opportunities and social stability, as well as achieving a sustainable increase in economic activities, is recognized. However, it still remains a prerequisite and a demand from KSA government to the private sector (Development Plans emphasize the role of the KSA's private sector in achieving development objectives) (Al-Kabsi *et al*., 2015). The implementation of extensive privatization is expected to enhance the private sector's economic role, and increase the opportunities available for private investment, both national and foreign.

Despite the government initiative to involve the KSA's private sector, the economy has gained little out of the policy. As a result, the government has faced a lot of pressure and was forced to seek alternative solutions to give the sector more responsibility.

3.2.4 Government Support and Relationship with the Private Sector

The KSA government encouraged the private sector to participate in capital investment. The government took over every investment that was beyond the financial ability of private investors. Through the development plans, the government provided economic stimulus for the productive sector. Through improved access to technical and managerial expertise, it encouraged international co-operation, and assisted the industry in increasing the labour force. In response to this, the private sector grew sufficiently, both in size and operations (Akoum, 2012). The government's primary interest has been in developing the industry's ability to enhance the national economy. Much of the current debate revolves around Saudisation within the private sector. However, the policy is part of a more complex ongoing efforts to develop a knowledge-based economy, also known as *Saudi Vision 2030* (Nurunnabi, 2017). Through the Saudi Vision 2030, the KSA's government formulated its strategy to appraise the value of human capital, education, employment of Saudi nationals, economy and Information Technology (Nurunnabi, 2017).

Given the centrality of the issue, the government sustained the role of the private sector, through supportive legislation (laws and regulations) sets to provide the industry's projects (e.g. privatization, Saudisation).

This fact explains special privileges that the government conferred to the private sector. For instance, the government is in charge of financing and legally defending all private organizations in the country (Rasem and Kabir, 2008). The initial four development plans, spanning the period between 1985 and 2004, clearly reflected the government duty to support the growth and efficiency of the private sector. To portray this issue in the context of the labour market and development plans, the government motivated the private sector, to participate in different policies and to support the domestic economy as a "collective national effort" (Kingdom of Saudi Arabia, Vision 2030, p. 72).

The KSA'S government used the diversification policies aiming to support the growth of the private sector. The primary objective of this support is to decrease the country's reliance on oil sales (i.e. still accounts for the largest share of revenue). Another objective is to create further job opportunities for the Saudis in the services sector, including banking and finance, construction, and tourism. The government has also been urging both the private sector, and foreign investors to take part in some of the previously public industries, such as power, gas, and petrochemicals (Al-Mutairi*et al.,* 2014). Consequently, the government has constructed six industrial cities, scattered around the country to aid in the development and variation of the economy.

The government also embraced several measures and initiatives to support small-to-medium-sized enterprises, which represent 80% of the registered organisations in Chambers of Commerce and Industry. These actions include:

- Removing routine and bureaucratic constraints that stand in the way of establishing small and medium companies (administration support);
- Investigating the idea of a shared government and private sector funds, with the sole purpose of helping small and medium companies, and implement Islamic finance to heighten their prospects; and
- Broaden the loan capabilities of the Saudi Credit Bank.

Whilst the KSA's government has gradually taken the initiative in developing policies intended to stimulate, the private organizations have taken the responsibility of numerous services spanning different economy sectors (Alnahdi and Abdulaziz, 2014), which were previously under the sole responsibility of the government. The reason behind this activity is the privatization policy enacted in 1994. Another approach of KSA's government support is the involvement of its members in many of the governmental bodies' Board of Directors. Bureau of Experts at the Council of Ministers (2013) below shows a list of Saudi government organizations that the private sector has members on their Board of Directors.

Table 1: Statistics of the private sector participation in different governmental organisations

No	Organisation	No. Board of Directors	No. private sector members	Percentage of participation
	Agricultural Development Fund	11	5	45.5
	Saudi Ports Authority	7	3	43
	Saudi Industrial Property Authority	14	6	42.8
	Statute of the Social Charity Fund	12	5	41.6
	Technical and Vocational Training Corporation	10	4	40
	The Electricity, Co-Generation Regulatory Authority	13	5	38.5
	Saudi Railways organization	8	3	37.5
	Saudi Commission for Tourism and Antiquities	20	7	35
	Grain Silos and Flour Mills Organisation	6	2	33.3
	Saudi Post	9	3	33.3
	Communications and Information Technology Commission	9	3	33.3
	Saudi airline	9	3	33.3
	Saudi Fund for Development	6	2	33.3
	General Authority of Civil Aviation	10	3	30
	Human Resources Development Fund	10	3	30
	General Organisation for Social Insurance	11	3	27.3
	Saudi Export Program	15	4	26.7
	Saudi Food and Drug Authority	16	4	25
	Royal Commission for Jubail and Yanbu	8	2	25
	Saudi Standards, Metrology and Quality Org	13	3	23
	Capital Market Authority	9	2	22.2
	Saline Water Conversion Corporation	9	2	22.2
	Saudi Credit and Saving Bank	10	2	20
	Saudi Commission for Health Specialties	15	3	20
	Saudi Arabian General Investment Authority	13	2	15.4
	General Commission for Survey	13	2	15.3
	Saudi Council of Engineers	14	1	0.7

Source: Bureau of Experts at the Council of Ministers (2013)

As can be seen from Table 1 above, achieving the rapid pace of developments in the Saudi Arabian economy requires coordination and agreement among all stakeholders. The process also includes all government levels, with greater private sector integration. With the beginning of the economic expansion during the 1970s, the Government tried to face these problems by attracting investors and adopting a new policy of liberalizing the economy. The objective of the new policy was to decrease the role of the public sector, by encouraging the private sector and expanding its mandates. The primary assumption was that the reform dealing with the economy and the financial sector, and planning procedures would make all the problems in the government to disappear (Ramady, 2015). The public sector led to a liberalization strategy by developing, encouraging, and expanding the role of the private sector in different economic activities, thus, attracting more investment from local and foreign investors. The Government established various public enterprises, like the Saudi Basic Industries Corporation (SABIC) and Airlines and Electricity Company. The aim of such policies was to liberalize and develop public-sector activities, at the same time, attracting the private sector in different industries and services.

However, the industry still depends in the large part on the continuation of significant projects that are sponsored the government (Ramady, 2015). KSA recognizes that there exists a waste of resources in the form of duplicated effort and unnecessary expenditures (Ramady, 2015). And so, the public and private sectors have failed to coordinate effectively, during their operations.   Though,

the administrative support has led to a form of dependency between the private sector and the government in some ways.

3.2.5 The WTO Membership

The World Trade Organisation (WTO) is another labour market factor that influences the Saudisation policy. Being founded in January of 1995, following post-Uruguay negotiations, the organisation was settled to govern the international trade of goods and services (Hillebrand, 2017). A defined set of regulations formed the basis of WTO, and its main aim was to smooth trade deals between countries and avoiding dissimilarities. The WTO's headquarter is situated in the Swiss capital of Geneva (Czinkota and Zeneli, 2016; Hillebrand, 2017). WTO continued in the footsteps of its predecessor, the General Agreement on Tariffs and Trade (GATT), by allowing many countries to conduct trade negotiations in a safe manner. The main aim of the WTO is to liberalize the trade agreements and the resulting administration. The trading partners reach agreements after agreeing on a consensus. Following these agreements, every partner supports the agreement conditional on the domestic factors. The function of the WTO organization is to oversee agreements, and monitor the involved economies to compliance with its terms. One of the important aspects of WTO is its system of settling disputes between members (Czinkota and Zeneli, 2016). The primary goal is to elevate or reduce the problems associated with every member interpreting the agreement grounded on WTO's Dispute Settlement Body.

The WTO is among the leading economic institution operating internationally. Its formation has put in place the third and the last of the three pillars envisioned at Bretton Woods, USA (Hillebrand, 2017). The remaining pillars are the International Monetary Fund and the World Bank. WTO works closely with the United Nations (UN), despite the fact that it is not under the UN umbrella. The Ministerial Conference (first level authority), during its two-yearly meetings, is responsible for making the major decisions (Howse, 2016). On the other hand, the WTO General Council (second level authority) carries out the daily implementation of the decisions. The Council then, reports back to the Ministerial Conference. Although the main function of WTO is to promote the inter-state trade and promotes good practices of fair trading, some critics argue that WTO puts more focus on the rich countries. As a matter of facts, some scholars consider WTO as the modern and indirect way of occupying poorer countries (i.e. smaller countries encounter difficulties in arranging agreements) (Lanoszka, 2017).

In 1993, KSA applied for WTO membership, but became a member on December 11th, 2005, as the 149th member nation. The complicated and time-consuming discussions and negotiations that happened domestically were responsible for the long delay. Different people had different ideas and expectations. This included the top government leaders, and the various institutions in the government hierarchy: economic, political, social, and religious institutions (Chitadze and Beruashvili, 2016). These unending challenges have served to strengthen KSA. The kingdom has been following the west, especially the USA, in

taking advantage of its power to create, follow, or abuse the same rules and regulations put in place.

As a member of the WTO, KSA has benefited in terms of the extent of trade agreements. However, the membership hindered the freedom exercised previously since the country had to change its attitude towards other economies. The kingdom has opened its doors to the international community, which now presents a threat to its conservative cultural and social values. Western influence is now causing pressure on the country on both domestic and external fronts (Najah, 2016).

The government aims to benefit from the two forums. Domestically, the objective is to cater for the needs and well-being of its citizens. On the international forum, KSA seeks to gain recognition as a leading power. Therefore, there is great need to achieve these two objectives.

The following list has the WTO approved concessions that were achieved by KSA, as conditions for joining the organisation. They help to have a clearer picture of the two objectives:

- Products that are prohibited in Islam are not to be imported in KSA;
- The percentage of Saudi workers in any company, even if foreign, must be at least 75%;
- Crude oil is outside the jurisdiction of the WTO.
- Local companies are forced to pay Zakat, while foreign ones pay income tax,

- Bound tariffs more than existing rates apply for certain products;

- Bound tariffs are to be phased in;

- Agricultural subsidies benefit from a ten years grace period;

- Some domestic subsidies will still be available including utilities, free land in industrial cities etc.;

- Unlike local investors, foreign ones must obtain a license of the General Investment Authority (SAGIA); and

- When it comes to Saudi real estate and shares, only citizens of the GCC countries are allowed to invest.

These concessions are not specific to KSA. They were legally formed based on the WTO's rules and regulations. The member economies tend to employ experienced lawyers to look for loopholes in the regulations, which may serve the country's agenda. The legal team and ministry officials that represented Saudi interests have managed to succeed in many of the government's objectives (Najah, 2016). These concessions clearly show that the WTO regulations shall align for the benefit of all members' goals and not for own benefits.

KSA benefits from the close ties between its religious, economic, political, and legal institutions. These bodies are important in determining, what habits and privileges the Saudi community were willing to sacrifice for the WTO membership. The link that was previously expected to hinder this membership was actually an added bonus (Aaronson and Abouharb, 2013). KSA belongs to one of the most ancient civilizations around the world. The country and its

people are aware of the worldwide influence of the west, namely the USA and Europe. Westernization has had dramatic effects on cultures going from Africa, to the Middle East and Asia.

Saudis commonly believe that the nations and empires that were strong and powerful sometime in history have weakened, in terms of their moral and cultural values. Nations such as the Romans, British, and Spanish have gone through numerous economic cycles to get where they are now (Hertog, 2008). All the changes have led these nations to take part in wars, whether civil or on a world scale. The Saudi government has been studying the history of these nations, in order to learn from them, and guide its future actions.

Economic factors greatly motivated KSA to become a member of WTO. The first reason is that KSA has been gradually opening up its economy to progress and development for a few decades. The second factor is the sudden increase in revenues, due to the latest boom in oil prices, which has put the country in a powerful position internationally (Cottier *et al.*, 2015). Since the country sits on a quarter of the estimated world reserves of oil, it had a powerful bargaining chip in the WTO negotiations, and in trade matter around the world. The KSA can benefit from this membership by exploiting the opportunity to get involved in a trade agreement in other countries. The WTO membership will benefit the kingdom, as long as it stays in a state of power.

Adopting the policies of the WTO in KSA has affected all the sectors, and encouraged more liberalization as well as capitalization. The WTO membership is expected to have some positive impacts on the Saudi economy. For instance, it will open opportunities for the country to enter the petrochemical industry, which will provide a considerable source of income, leading to a significant GDP increase. The good economic standing of KSA is confirmed by the latest world recession as it resulted in little impact. According to Aaronson and Abouharb (2013), the WTO membership will have a positive influence on the economy. It is expected to lead to higher foreign investment, and open up new sources of income. Currently, there exists evidence of membership's impact on the private section.

From the facts presented above, many studies as mentioned earlier have considered the Saudi WTO membership as a positive step. KSA managed to negotiate and hold firm onto their conditions, before becoming a member. The sacrifices made as part of the negotiation were subject to agreement from all aspects of government, especially the religious institutions. As a result of membership, the country has benefited in some ways, including the ability to conduct trade agreements with countries all around the world. However, the step was not an easy one. At first, the government struggled to change its perspective in dealing with other economies and open its doors to the international community. On the downside, the KSA's economy relies heavily on income generated by the oil industry (Eliman, 2017). This fact may limit the benefits it draws from the WTO, in contrast with more diversified economies.

Consequently, there may exist negative impacts on the already weak non-oil based private sector industries.

3.2.6   Foreign Direct Investment

Lastly, the foreign direct investment (FDI) is an additional factor that influences the Saudi labour market. As a part of the KSA's Strategic Vision 2030 and national transformation program (NTP), the FDI is commissioned to enhance the prospect of the economy, besides connecting the private sector (pulling private investments) (Alkharei *et al.*, 2017).

The nature of FDI refers to the investment made by a person or organization, in an area that falls under the geographic and political jurisdiction of a foreign country. Marsy (2015) defines FDI as the investments, where at least 10% of the enterprise belongs to the foreign investor. Large multinational corporations (MNEs) make up a significant portion of FDI around the world. Different types of investments are made through FDI (constructing a new facility or by merging/acquiring an existing company). Cuewrvo-Cazurra *et al.* (2014) note that the large MNEs have a tremendous influence over the local economies, which they impact directly. Moreover, MNEs invest in research, which allows them to develop new technologies. The latter is clearly a positive outcome, whereas the former has caused many academics and government specialists to question the impact of the benefits on the domestic disturbances caused by MNEs (Bozionelos, 2009). Research into FDI and multinational enterprises have

increased since the 1980s, in both developed and developing states, following the growth of FDIs and the influence of MNEs on the world economy.

Hence, FDI applies in different countries, the Organisation for Economic Co-operation and Development (OECD) defines it as an investment of a resident entity, in one economy that reflects the objective of obtaining a lasting interest in an enterprise that is resident in another economy. This signifies that the direct investor has a lasting relationship with business, and a considerable impact on its management (Farooq, 2016). Whatever the mechanism a country uses to promote FDI, its ultimate purpose is to support future economic growth. The probable conjecture found in many of the studies on FDI is that it has positive impacts on the social welfare of the host country's population (Alkhareif *et al.*, 2017). However, these results rely on the assumption that the host country does not monopolize or protect the field of investment. According to Ismail (2010), FDI is not only a matter of financing certain activities in a foreign country but also involves the transfer of technological and managerial knowledge. Through FDI, the country increases its earnings from a broad range of industries, and eventually exports. Ismail's (2010) research argues that those who criticize the multinational corporations' (i.e. claiming exploitation and domination of local economy) halt of growth are ignoring the positive effects. Many studies have shown that, overall, FDI benefits the economic development of a host country (Ismail, 2010; Alkhareif *et al.*, 2017).

Over the last two decades, economies around the globe have benefited from FDI as it has helped their development. It was concluded by Iftinchi and Gheorghe (2016) that the size of the domestic market is a key factor influencing the inflow of foreign capital into he economy. The increase in foreign capital inflow impacts the total factor productivity of the local private sector positively.

As an example, privatization programs have been found to positively influence the "equilibrium FDI stock" among 10 transition economies (Afndy, 2013). In addition, countries that do not possess strong domestic financial institutions capable of supplying the substantial capital required to be able to privatise huge state enterprises have been able to take advantage of foreign investments to aid their privatisation endeavours. For this reason, research has established a strongly positive relation between FDI and existing privatisation programs throughout the surveyed developing economies. Furthermore, FDI has been shown to positively influence the private sector size through facilitating privatisation programs, increasing the domestic market size, improving the total factor productivity of companies, and technology exchange (Afndy, 2013). Hence, FDI inflows as a share of GDP, it proxies for the level of capital inflows in the sample of countries (Saeed, 2012).

FDI has significantly benefited the large multinational corporations. However, there exists a debate concerning the advantages and disadvantages of FDI for the economy of a host country, and whether or not it can be considered to have a real influence in general. The success of the FDI in enriching the country's

economy, relies on the successful implementation of other economic programs, such as privatization and WTO membership. The KSA's Government values the importance of FDI, in diversifying the country's sources of income on the account of Foreign Investment Act of 2000. To enhance the effect of the bill, a supporting authority was formed (Saudi Arabian Government Investment Authority, SAGIA) to ensure that investment of foreign capital remains strictly under the Act and the rules (Alkahtani, 2009).

The precise effect of FDI in improving the local economy and life of foreigners is a much-debated topic. The formation of SAGIA was a first sign from the KSA government to indicate that foreign investments are welcome in the country (Muharram, 2000). One of the main reasons for investing in the kingdom is the low risk due to its highly stable political standing. The size of the surplus generated by privatizing public services shows that the proposed reforms have in fact been successful.

FDI has resulted in many advantages to the KSA's economy related to social, cultural or economic aspects (Eliman, 2017). First of all, FDI leads to foreign involvement in the local economy. The fund's inflow of multinationals usually leads to the improved management of advanced production processes, which, in turn, leads to higher productivity and higher employment rates (Eliman, 2017). Another advantage is that foreign investors bring with them up-to-date knowledge, which benefits the local companies. The local workers also get unique skills that enrich the operation of domestic companies (Agil, 2013).

Another advantage attributed to FDI is the risk-averse financial implications as compared to international debts. This debt caused tremendous problems in various Latin American countries. When a country borrows from other states, most of the profits gained from it go towards paying the debts. On the contrary, FDI causes a good percentage of the benefits to flow back to the country's economy, to support other uprising projects. Adding income tax leads to enough money flowing into the government. This revenue can help to promote future reforms and projects.

Like any other scheme, FDI results with some drawbacks. For example, foreign investments may become significantly high than local companies, driving them out of the competition. For instance, the creation of complex financial services locks many economies out of the market. Another disadvantage is in the case where foreign investors are allowed to borrow from local banks, which may lead to high borrowing rates that local businesses cannot tolerate. Consequently, there exists a significant percentage of the profits being claimed by foreign investors, leaving little to their domestic counterpart (Alkahtani, 2009). Another disadvantage is that foreign investors may only focus on certain activities in the local economy (due to governmental restrictions), thereby, only affecting a small portion of the population. They may, in some cases, focus on some areas that contain resources, such as mining and other natural resources.

Despite the advantages and disadvantages listed above for FDI in the KSA, the overall effect on the Saudi economy is positive in terms of economic growth (Eliman, 2017).

3.3   The Saudisation Policy

Saudisation policy has been introduced in the 1990s, as a means of strengthening the country's economy, by elevating its heavy dependency on the expatriate workforce (Al-Ghambi, 2016). Due to its implication in various sectors, it is perceived by some scholars not only as a social and economic contribution but also as a security requirement (Al-Ghamdi, 2016). Yet, the policy's implication goes beyond these implications, revolving educational, political, legal altogether at a national level (Al-Ghamdi, 2016).

3.3.1   When Would Saudisation not be required?

Having a better understanding of Saudisation is a prerequisite to answering this question. This requirement leads to other issues: What does Saudisation mean? What are its objectives? Moreover, why is Saudisation needed?

The KSA government introduced Saudisation as a nation-wide scheme, with the aim of encouraging Saudi workers for employment, and utilizing their professional capabilities. The primary objective of this policy was to improve the effectiveness of the Saudi workforce. Other targets are economic, social, and security-related. Sadi (2013) established that there is a contrast in the way Saudis interpret and perceive Saudisation. As a result, there exists a contradiction between strategies and their respective implementations. In terms of the

strategy, the state and policymakers introduce Saudisation as part of a long-term plan aimed at improving the economy. The reasoning and momentum motivating this strategy stem from the government's desite to improve essential human resources while paying attention to the diversity-driven economic viability (Alkhareif *et al*., 2017). Reducing unemployment rates is a reasonable result. From the implementation perspective, Saudi managers and employees interpret and perceive of Saudisation as a guidline for succession and replacement. Consequently, it contrasts the state's perception of economic maturity.

Government's primary objective is to extend the employment and professional capabilities of KSA citizens, through the utilization of national human resources. The most important official objective of the Saudisation plan is to improve Saudi employee's performance and effectiveness (Alshanbri *et al.,* 2015).

KSA's government embraced Saudisation policy in 1980s-1990s when it was facing the high rate of unemployment among Saudi job seekers (Abdullah, 2012). Saudisation, therefore, refers to the replacement of foreign workers by trained nationals, in an accurate and planned way that does not disturb the continuity of work. In other words, it refers to the development policy that aims to exchange external workers by Saudi citizens, using predefined target quotas.

The benefits associated with Saudisation are easy to understand, and they include the following three points in summary:

- To create job opportunities for Saudi citizens in all fields of the country's economy;

- To limit the extent of the country's dependence on expatriate workers; and

- Instead of transferring employees' salaries to other nations, it would be better for the country to reinvest it into the local economy. The transfers made by foreign workers to their countries over the period between 1990 and 2008 reached a whopping $139 billion.

Despite the fact that many studies focused on the value of Saudisation, many studies others have focused on the failure of Saudisation policy; thus, currently implementing Saudisation remains an issue for both the government and the private sector.

Many scholars have agreed that Saudisation benefits the labour market (Alkhareif *et al.*, 2017; Kaminski, 2013). However, there seems to be a big debate concerning its application, and its mode of introduction. The need to explain the reasons behind the failure of Saudisation, and how one may formulate an action plan for its reformatting and restructuring, to make it more successful in the future is crucial.

Although some authors have investigated Saudisation from different perspectives, prior studies identify similar conclusions regarding Saudisation obstacles. They include:

- Incompatibility of the Saudi education curriculum with the actual requirements of the private sector;

- The negative perception of the industry towards Saudi workers;

- The perception of the Saudi society towards private-sector jobs; and

- The reluctance of the private sector towards the Saudisation.

As part of government's, scholars' or practitioners' efforts to investigate the Saudisation challenges, many explorations emphasised the first three obstacles already mentioned above, along with recommendations put forward (Edgar *et al.,* 2016). Most of the scholars paid more attention to the first obstacle, as opposed to the other three.

Although studies have recognised the education problems or the unsuitable attitudes, research has yet, to systematically investigate the effect of the reluctance of the private sector towards the Saudisation.

This paper will mainly focus on the fourth obstacle, which has not received attention compared to the other three obstacles.

A viable solution to the fourth obstacle is to implement Saudisation and gain support from stakeholders in implementing Saudisation. This gives rise to the need for nurturing a collaboration between the public and private sectors to ensure the success of Saudisation rather than having the policy imposed by force on private employers (Syed, 2012). Also, the Ministry of Economy and Planning (2006) recommended that the government should lessen the costly and annoyance regulations of Saudisation on the private sector. These regulations have constrained its growth and ability to create jobs. Consequently, the government will attain the support of employers towards the success of this alternative implementation of the Saudisation policy. The most critical approach to Saudisation requires the direct and active involvement of universities, training

centres and employers from the private sector to collaboratively establish the development of expertise and skills for Saudi graduates. However, the approach must be in line with the needs of the industry and the labour market as a whole (Areej *et al.*, 2016). Such a collaborative approach to implementing Saudisation, rather than continuing with imposed Saudisation that had an adverse impact on the private sector, underlines the importance of the private sector for the economy of KSA.

There is a great need for the KSA's government to change its policy of imposing Saudisation on the industry. The approach has served to isolate employers and affected their job creation and development abilities. A change in the Saudisation legislation, and seeking the views of the stakeholders on how to best implement Saudisation is a more supportive approach to Saudisation. Salah and Barrientos (2003) suggest that the KSA's government should consult, and also, give a voice to private-sector employers on how it would be best to implement Saudisation, in a manner that will achieve its aim of increasing the number of local workers in the industry. However, such implementations should maintain competitiveness and a bottom line for business. The government has put strategies to change the policy, after the pressure from the stakeholders. For instance, the government reduced the job quota to be created for Saudis from 30% to 20% in certain industries.

The bureaucratic controls of the KSA's government serve to inhibit and interrupt the achievement of Saudisation. For instance, the government's involvement and monitoring over education systems' planning, regulating, financing and

implementing hindered skill formation systems in KSA. The unfocused planning, implementation, and legislation for the Saudisation strategy are also important barriers to the process of Saudisation. Some operational and legislative limitations are overlooking and undermining the effectiveness of the strategy itself (Al-Dosary, 2005). The government is still allowing the massive influx of cheap, and easy to retain expats, to fulfil the labour market jobs. Additionally, it fails to provide or to implement clear employment laws to protect private organizations, from the long-lasting and substantial turnover practices by Saudis, in whom the organizations are investing profoundly to develop. This explains the resistance of the currently developed industry to government interfering, in the form of labour control and the state policy of Saudisation.

KSA discourages the stakeholders from the formation and implementation of effective employment policies. For example, the elected members of parliament, guilds, and trades unions or public gatherings, do not take part in the decision-making process. The government also bans any form of group discussion of ideological issues or a free press (Muhammad and Henderson, 2010). Saudisation can only prosper and achieve its desired goals if all the interested parties take part in its formation and implementation. The top-level decision-makers need to open and develop a communication channel while allowing the workers and leaders of the private sector to take part in the process (Koyame-Marsh, 2016). The primary targets of the policy must be assessed again in light of the outcomes recorded over the previous decade, and new realistic goals need to be established and planned to be fulfilled in a reasonable time frame.

In summary, the success of the Saudisation program is a subject to very carefully planned policies and efficient procedures. However, the more important factor in its success is the stakeholders' willingness to cooperate among themselves, and with the government to ensure the correct implementation of the policies (Othman, 2017). This cooperation must also be shared with parties outside the private sector such as the Universities and training centres. The lack of this collaboration is probably the most obvious factor that has previously led to the failure of the policy.

3.3.2 Foreign Labour Trends in KSA

The modernization's creation in KSA dates back to the discovery of the country's massive oil resources in 1939. Since that time onwards, the country has invested heavily in the establishment of the infrastructure plans, and developing human capital. Unfortunately, this young country was not ready with skilled human resources, to establish such massive productions generated from the sudden wealth and revenues of increasing oil prices (Achoui, 2008). In the 1970s, when oil prices were sharply increased, KSA's government had to employ a large number of foreign labour, to help the government and its new private sector in establishing the country's infrastructure. The strategy, also, aimed at keeping up with the constant demand for skilled workers, following the modernization and industrialization of the country.

The changes in KSA's economy have influenced its labour market. For instance, the booming economy after the discovery and extraction of oil in the 1970s and 80s led to an urgent and growing need for specialized workers to maintain the

massive economy shift (Henelito, 2014). From 1970, the Kingdom organized its economy, through a series of five-year development plans, which puts into place general policies for economic activities. These development projects have been very successful over the last thirty-five years. Over that period, the country has transformed from a first-world economy, into a more modern and developed one that relies on renowned agricultural, industrial, and service sectors (Alhamad, 2014). As the largest producer of crude oil in the Gulf region, KSA required a significant number of expatriate workers. The availability of high quality and the low cost of imported foreign workers, to provide human resources for the comprehensive nature of its development schemes, encourages the private sector to hire more foreigners.

KSA launched its first development plan for the years 1970-1974 when it faced massive shortages of skilled and unskilled labour. The estimated gap was 154,600 workers in various occupations and skills during the 1970s. The short-term goals were to leave the entry in the country open and unregulated, to attract foreign workers. As a result, the number of expatriate workers increased enormously, since the 1970s. These policies and the rapid demand for skilled labour, which was met mostly by an expatriate workforce, extended the reliance on this workforce (Gallarotti and Al-Filali, 2013). Up to this date, the foreign workforce has is considered a major defining feature of the Saudi economy, considering that two-fifths of the total employed workforce is made up of non-Saudis.

A quarter of the reported 20 million migrant workers over the world in the 1980s, were situated in the Arabian Gulf area including the Kingdom. The short-

term solution was to engage a massive contingent of foreign labour, to join the KSA's workforce (Varshney, 2017). On the other hand, the long-term goals aimed to train and educate KSA people, so that they could gradually replace the imported expatriate workers (Baqadir, 2010). The objective was to reduce or stop the importation of foreign workers.

Over the period of twenty years starting from 1970, the demand for non-Saudi workers in the public sector increases consideraly. In fact, the levels increased from 17.3% recorded in 1975 to 30.1% ten years later. This change in figures suggested that the public sector still relied heavily on expatriates to fulfil its requirements. However, the number of 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. The figures represent a clear achievement of Saudisation in the public sector. In short, while only 69.9% of the workforce in the public sector was Saudis in 1985, by 2004 the figure had risen to 91.02% of the entire workforce in the public services (Francoise., 2014). However, the private sector has the majority of expatriate employees, a fact that has made this industry the primary target for Saudisation policies. Studies have shown that this rise of Saudi nationals in the public sector, has more to do with the superior advantages and benefits associated with government employment. Unlike for the private sectors, Saudi's labour regulations offer higher levels of minimum pay, rapid promotion, suitable office hours, privileges, and other benefit packages to public service employees, which are not available in the

private sector. Status and prestige are also closely associated with government positions, as opposed to employment in the industry.

By 1990s, the labour market in KSA depended almost entirely on expatriate workers, where they reached a 90% ratio in the industry. Overall, foreign workers accounted for two-thirds of all employment in the country (Alanezi, 2010). 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). The population census carried out in 1993 yielded an estimation of 4.6 million foreign individuals residing in Saudi Arabia making up a hefty 27.4% of the total population in the country, with the number of working individuals being estimated at 3 million. The rapid economic growth caused KSA to suffer from a severe lack of local skilled workforce. The government was forced to seek skilled workers overseas, to satisfy the local shortage. Although this was a necessary and positive step to enrich the economy, the government did not plan to overcome the deficit, neither in the short term nor in the long run. This bad planning may have been one of the major factors that contributed to the failure of Saudisation in the kingdom.

By 1996, the ministry of interior affairs 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 SAMA estimation, the number of expatriates living in KSA was estimated at 5.8 million, out of which, 4 million were accounted to be the labour force, and 1.8 million do not participate directly

in the national economy (Alkhareif and Alsadoun, 2016). According to the estimates presented by the General Census Department between the year 1999 and 2000, a ratio of 79.76% of the people working in KSA were foreigners, 67.89% of whom were males and 11.87% were females. The age range for most of these employees was between 25 and 44.

In the private sector, and according to social insurance records, the workforce totalled to 1.5 million in 1999, of which 209,000 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 amounted to 983,000, which grew to 1.29 million in 1999. The number of employees who were not recorded in the Social Insurance records was estimated at 5 million, most of them working in small establishments or self-employed professions (Moayad, 2016). According to Seventh Development Plan (2000-2004), the demands of the development plans increased the need for foreigner 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. The only decline of foreign workers was noticed in the private sector after the economy slumped in 1982 and the total number of non-Saudi workers decreased by 100,000 between 1985 and 1986 (Alkhareif and Alsadoun, 2016).

According to the national statistics of population conducted (1992), the number of foreign expatriates occupied jobs like building, construction, and transportation, by more than 50%. There were small numbers of workers in this sector among the Saudi nationals and their unwillingness to pursue these jobs

because they are less prestigious (Alkhareif and Alsadoun, 2016). Other jobs like civil services, retailing, and administration assistance come in the second rank regarding the number of expatriates. These are followed by jobs like administrators, and employers (ibid). Although expatriates seek employment in both the public and private sectors, their concentration is placed in the latter with Saudi nationals preferring the former.

3.3.3 Policy Response to Foreign Labour Trends and Saudisation Steps

KSA is a host of a large concentration of external human resources from different parts of the world, tied to its ambitious development plans. The country has a unique geographical location, population distribution, and religious significance, but faces many complex challenges and high levels of possible national security risks. Due to the low number of skilled Saudi workers at the time of the discovery of the country's massive oil resources, the government was encouraging its local people to join public jobs with rational pays and benefits (Yusuf, 2014). Also, the Saudi government offered employment security for life, and a promotion system based on job longevity rather than performance. Also, flexible housing loans, free health care, and free education is provided for Saudi workers in the public sector (Fawzi, 2014). Since the government was financing most of the students in the kingdom, they had to work in the public sector after graduating, as opposed to the industry. The result was an increased number of foreign employees in the industry.

There were some economic issues associated with the heavy concentration of expatriate labour in the Saudi workforce. They included reduced work

opportunities for local citizens, over-demand for jobs, low wages, other financial benefits associated with the gaining of the employment, and the expropriation of vast sums of money to abroad countries through foreign exchange. The presence of this situation could lead to a kind of unemployment in the labour market either directly or indirectly. Indeed, for KSA, the most significant economic setback is the question of the massive money transfers that occur, which exceeded 57 billion SR ($15.2 billion) in 2001 (Alanezi, 2010). However, unemployment remains the biggest challenge in the Saudi economy. Unemployment was not considered an urgent issue in KSA in the 1970s and 80s, due to the sudden economic growth caused by the oil boom. The government was, then, being the first and at the same time, the last resort for people looking for a job in the country.

The massive levels of foreign labour in the kingdom has had a radical influence on the overall texture of the society and the structure of the job market. Non-Saudis spread throughout the job market and are observed to play roles in almost every sector. In the meanwhile, the size of the Saudi indigenous population has grown to substantial levels (Abouraia, 2014). As a result, severe unemployment-related problems for Saudis have now emerged, especially in the private sector, with many Saudis being unemployed, and increasingly, deprived of job opportunities.

The actual picture of the unemployment problem in KSA 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 the International Federation of Training and Development Organisation (IFTDO) reported an actual 15% (Hamlin, 2016). Similarly, in 2007 the Department of Statistics and General Information stated that 11.2% of Saudis were unemployed in 2007, whereas, in the CIA World Fact Book, this percentage was said to be as high as 25%. This is supported by Shah and Akande (2010), who estimated the unemployment rate in KSA about 25-30%. Regardless of which view is correct, the fact that more than half of the Saudi workforce is foreign, which makes unemployment among Saudis a matter of concern.

Saudi Government had launched a series of five-year development plan, starting from 1970 to develop its economy, and manage the human resources capital. In the first five-year development plan 1970-1974, the concept of building a Saudi pool of skilled workers was formed, and the Government decided that three-quarters of employees in the country should be Saudis. The government also stated that at least 51% of salaries must go to Saudi nationals. The deadline set for this new regulation was the end of the development plan (Shah and Akande, 2010). According to the Ministry of planning, the first-ever two schemes, which were executed over the 1970s focused on improving the infrastructure but directed Saudi nationals to opt for public sector jobs.

During the 1980s, the decision-makers realized the incapability of the public sector, since it could not keep up with the job demand incessantly. As a result, the government started convincing new graduates to join the industry. At the same time, the private sector had an increased number of employees, who did not have adequate skills. Once this became an issue, the government started

working towards Saudisation in the 1980s and 90s, as a solution to the Saudi vs foreign interest in the private sector. The main aims were to give priority to Saudi workers over expatriates for the industry, as well as constraining the number of foreigners in the public sector. Other steps taken by the government included an imposed 5% annual decrease in the foreign workforce, and limiting certain occupations to Saudi nationals (Holden *et al*., 2016). The government coined the Saudisation policy in the two development plans going from 1985 to 1994.

Saudisation is important from different perspectives, such as economic, social, stability and security, ecological and health. However, it can be explained in short that the rationale stems from the fact that it was necessary to depend primarily on a Saudi labour force and dispense with the non-national labour force, as much as possible. The government implements Saudisation using three phases. First, a quota is enforced in all business, followed by increasing the visa fees of certain job titles, to reduce the number of foreigners in the field. The third and final method for Saudisation is the complete shutdown in worker importation in these sectors (Al-Dosary, 2005). Saudisation has been successfully achieved in the public sector, where, in the early 1980s, almost half of the employees in this industry were Saudis. This number grew to 80% in the mid-1980s and, by the late 1980s, almost any Saudi job seeker was able to find employment in the public sector. However, Saudisation in the private sector remains weak and unsatisfactory. The industry is still reluctant to adopt Saudisation policies. Despite the government's intensive efforts to implement Saudisation policies,

this initiative is still facing enormous challenges in the private sector, regarding the reluctance of the industry to its implementation.

Saudisation, whose primary focus was the industrial sector, has attracted attention from several parties as well as the general public. This attention is mainly attributed to the level of controversy it has generated. The government is challenged with the task of providing sustainable employment opportunities for its ever increasing young population entering the labour market (Abdullah, 2012, p. 37). In fact, one of the key objectives of Saudisation is that the government has to meet the demand, to reduce the unemployment of locals, by forcing the private sector companies to employ Saudis, and also to improve the working environment in the industry and make it more attractive for them.

One feature of the labour market in KSA is its inability to respond flexibly to changing economic circumstances. For example, after the economy slumped in 1982, the total number of non-Saudi worker decreased to 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 (Agil, 2013). 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. The demand for unskilled non-Saudi employees in the community and services sectors is increasing significantly.

Mentions of Saudisation were first introduced in the fourth plan executed over the late 1980s. However, the actual implementation of the policy was not carried out until the early 90s, with the execution of the fifth scheme. This latter concentrated on the dangers associated with the country's dependence on foreign workers, which led to important unemployment statistics among Saudi nationals. The goal of the plan was to force an employment of 659,000 Saudi citizens, and terminate the employment of 319,000 foreign workers (the fifth development plan, 1990-1994) (Pakkiasamy, 2004). A decree of the council of ministers (17/A/1995) further dictated any enterprises with over twenty employees, to reduce the number of foreigners by 5% every year. Any company that does not adhere to this decree, would lead to denial of government-funded grants and benefits. The government would also freeze the future employment of foreign workers, and the refusal of permit renewal in the future.

The roots of Saudisation goes back to the fourth development plan (1985-1989). The primary object was to develop the Saudi workforce, through the widening of the education system, and investing in the training and rehabilitation of workers (Pakkiasamy, 2004). The plan (1990-1994) that followed, continued to concentrate on improving the graduate quality and encouraging the private sector to offer more jobs to Saudi citizens.

Since the 1980s, the KSA has been going through a challenging and complicated process. The influence has affected the creation of new jobs in the country negatively. The employee salaries accounted for 53% of the overall budget, whereas in 1999, they accounted for 60%. Considering the rapid demographic

growth, estimated at 3.8%, it is clear that the government must act with haste before things get out of hand (Areej *et al*., 2016). The government has to keep up with the population growth regarding job creation, especially in the private sector, to ensure its survival. Saudisation did not receive enough attention in the 1970s and 1980s. Insufficiency of the budget in KSA in the 1990s, made the policymakers realize the vital need for the system (Abdulaziz, 2010). The deficits, along with the dramatic increase in unemployment, resulted in increased pressure on the government. The fact that over half of the population were younger than 20, also increased the pressure on the government.

The Sixth Development Plan focused on developing Saudi's human resources, and increasing employment opportunities. For instance, the plan focused on policies that deal with obstacles of human resource development in the country, and on replacing foreigners with Saudi labour. The other objective of the scheme was to urge privately-owned organizations and enterprises, to absorb the Saudi graduates. Towards the end of the twentieth century, the level of foreign workers reached almost 70% of the Saudi workforce. The private sector had 90% of the employment of the local employees (Robert, 2004). In the sixth plan, the government stated the specific quotas. For instance, the plan stipulated that the primary aim of the government was to create 319,500 new job opportunities for Saudi nationals, by the end of the five-year period. The Labour Force Survey of 2000 found that the number of foreign workers had increased by over 58,000 (Saad, 2017). However, this increment was not in line with the government's efforts. In following plans, the government seemed to understand that it was

failing to solve the problem. As a result, it started to show more strict regulations, such as prohibiting the employment of expatriates in particular sectors, raising the visa fees for other areas, and enforcing minimum wages for some occupations, to make it more expensive for enterprises to import labour.

Regarding education and training, there was a shortage of graduates in some key professions. The job market requires a broad range of professional and technical qualifications and skills, in all economic sectors. Therefore, there is a prominent mismatch between the skills requested by the industry, the skills available in KSA's labour market, and the education system. The substantial increase in the amount of Saudi nationals joining the growing number of universities and higher technological institutes is a major contributor towards the existing imbalance (Baki, 2004). This comes at the expense of a rise in vocational, scientific, and technically-oriented education and training required by the job market, which puts an obstacle hindering the success of Saudisation due to the current heavy dependence of the kingdom on foreign technicians. The combination of these factors challenges the replacement of foreign workers with Saudi nationals.

KSA's education system must focus on the needs of the private sector. This area has the potential of creating more new jobs, compared to the public sector. The rate of dropping out of education and training institutions results in financial burdens (Adel, 2007). It also represents a source of under-qualified human resources seeking employment, in a competitive job market. As a result, foreign workers will continue to be a great source of labour, so long as the current gaps

prevail. Hence, the present state of the labour market in KSA indicates that unemployment rates among Saudis are high versus foreigners.

After the sixth development plan was over, the government developed strict rules to govern the employment of foreign employees. As a result, the government developed the seventh program, with the intention to execute it over the five-year period starting in 2000. In 2001, the government set a goal of replacing 25% of foreign workers by Saudis, in a year's time. The replacement of expatriates, along with new jobs created in 2001, designed to create 817,000 new jobs for Saudi nationals (Baki, 2004). Another government policy implemented alongside, aimed at increasing the number of Saudis working in the private sector by 5%, every year. Table 2 below shows the data of the new and replacement jobs between 2000 and 2004.

Table 2: Distribution of New Saudi Employment (2002-2004)

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

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

The new jobs and replacements constituted the greater share (817,300) of the total requirement for human resources, in the two sectors. However, the intention of the Saudisation policy was to change the structure of KSA's human resources. As a result, numerous public and private institutes significantly embraced the Saudisation policy. Consequently, they assumed the responsibility of educating and training Saudi workers, in their specialized fields. These include

the Ministry of higher education, the Institute of Public Administration (IPA), the general presidency of girls' education, and the general organization for technical education and vocational training (GOTEVT) (Zuraina and Muhammed, 2017). In addition, various training courses oriented towards improving the skills of the young have been provided by the chamber of commerce in conjunction with the industry. In fact, three separate government agencies have been tasked with the development and enactment of policies and regulations related to foreign and local employment. They also offer services that match appropriately with the available jobs, for those who are seeking jobs. These agencies are the Ministry of Labour, the Ministry of the civil service and the human resources council. The Ministry of Labour is responsible for enforcing labour and workers law. The department also provides placements and counselling services to Saudis who are seeking employment opportunities (Abdullah, 2012). Another important function is regulating the employment of non-Saudi employees in the private sector. The Ministry of the Civil Service is responsible for recruitment and employment regulations, in the public sector. The Manpower Council is responsible for developing labour market policy, as well as coordinating the activities related to human resources, in all government agencies.

Among the programs introduced to provide jobs for Saudis, are the Human Resources Development Fund (HRD) established in 2000, with a budget of US$ 1 billion. The intended objective was to provide apprenticeships to facilitate school-to-work transition. The facility managed to contribute to 75% of the training costs, and 50% of Saudis' salaries in the private sector, for two years. The

Saudi government has given Saudisation vision a high priority, which is evident in the number of high-level agencies involved in the policy. Since the early 1990s, senior companies have participated in implementing the plan (Saeed, 2013). The Council of Ministers is the highest legislating authority for Saudisation policies. It is responsible for the presentation of related decrees and formulating detailed plans for their implementation. Next to the Council of Ministers, the necessary powers for enacting and following Saudisation related policies are the Ministry of Internal Affairs along with the Workforce Council. Their collaboration has resulted in over 50 per cent of all Saudisation decrees and policies over the last 13 years. Monitoring the implementation of these legislations and ensuring the compliance of all related parties have been the duties of the Ministry of Labour since 2006. Other entities such as the High Council for Nationalization of Jobs, and Saudisation committees in the Chambers of Commerce and Industry nationwide also contribute to the process of Saudisation.

An integrated policy for the labour market is necessary for achieving the Seventh Development Plan's objectives. The main goals concern three areas, namely, the improvement of human resource practices and available labour supplies, tracking the existing demand of expatriate workers and their replacement, and improving the amount of information available and services accessible to the job market (Agil, 2013). The current state and infrastructure of the Saudi job market has led to the design of policies and planned implementation procedures aimed at addressing the shortages observed in the kingdom's human resources sector. As a result, the government developed five plans to address the development of

Saudi human resources, and the needs of the national economy regarding quality. These policies would ensure that Saudis acquire appropriate skills and qualifications. These are:

- Creating Employment and Career Opportunities for Saudi Citizens;

- Improving the Productivity of Local Manpower;

- Preparing Saudi Graduates for the Labour Market;

- Improving the Quality and Effectiveness of Human Resources and Career Services for Job Seekers and the Employed; and

- Developing the Standards of Education and Training.

These policies, clearly show that the Seventh Development Plan focused on developing Saudi human resources. The plan is aimed at improving proficiency and contains policies that take into consideration the most recent trends both on the national and international levels. The prospective influences of privatization and KSA becoming member states of the World Trade Organisation (WTO) were among the key objectives (Aaronson and Abouharb, 2013). Therefore, it became necessary to remove the obstacles that hindered the employment of Saudis in the public and private sectors and extend the capacity of the industry to provide a growing number of job opportunities for graduates. More so, the Saudi government found itself under obligation to establish a clear procedure guaranteeing its involvement in training and development programs, which meant that an extensive and comprehensive database of the job market has to be compiled. As a result, the government highlighted that plans must be enacted to ensure employment opportunities for Saudis, inforce the implementation of

such plans, and follow up their progress. However, maintaining and increasing the connection and coordination among them was a crucial determinant of the plan's success.

In 2002, a total of 10.4 million were above 15 years of age, which was the average working age. Their participation in the labour market determines the size of the potential Saudi's workforce (Muhammad, 2013). However, the youthfulness of the employees determines the effectiveness of KSA's workforce. For instance, 45.0% of the total population of the Kingdom was less than 15 years of age.

The Seventh Development Plan (2000-2004) projected that the vast majority of emerging job opportunities estimated at 94.6% would be available in the private sector. On the contrary, the public sector would create only 4.6%. This Plan further expected the industry to help the KSA's economy, in diversifying and increasing its non-oil related activities and exports (Muhammad and Henderson, 2010). Therefore, the seventh program aimed at helping the private sector to create more jobs, and diversify the skills available in the labour market. Successful implementation of this objective would ensure that many Saudis get diverse skills and fill the increasing employment opportunities in the private sector.

The Saudi government enacted a policy in 2003 making particular job types available solely to Saudi nationals. These opportunities include gold and jeweller crafts, grocery and fruit sectors, and taxi driving. This policy prohibited the issuing of new licenses for taxi drivers, and the employment would be only open

to Saudis, in all activities. The aim was to reach 30% by April 2003, 50% by February 2004, 75% by August 2004 and 100% by February 2005 in employing locals as public taxi drivers. In April 2003, a specialized committee tasked with the assessment of Saudisation throughout 21 different businesses employing 200,000 foreign workers was formed under the direction of the Saudi crown prince (Abdulaziz, 2010). This came in response to a recommendation made by the Ministry of Labour and Social Affairs, in which they argued that all business activities had to be localized in a gradual manner with the aim of completing the process within three years. During the first year, the recommendation suggested that there should be at least one Saudi worker in every company. In the second year, Saudis were to take 50% of all shop assistants (Ibid). During the third year, every company was to have 100% of the employees as Saudis.

The Ministry of Labour and Social Affairs had put in place a law to replace foreign labour with Saudis, over a period of 3 years, starting from 21st of February 2004. The Saudis were supposed to exclusively operate the fashion and textile businesses, stationary and education-related companies, communication companies, building and construction, and health equipment stores. According to a statement by the labour minister in 2004, Saudis had occupied 80% of all jobs related to administration, translation, and accounting in the office of customs and clearance (Al-Dosary, 2005). Therefore, the government failed to achieve the objectives of the seventh plan. Consequently, there was a great need to develop the eight development plan.

The Eighth Development Plan worked to affirm the policies defined in the previous one, intending to achieve an economy that is rich in knowledge. The program aimed at developing close ties with other economies in the world, and relied on the private sector playing an important role in support of development strategies. The high unemployment levels in the country had a close relation to the demographics in KSA. The fact that 78% of the population is below 40 years of age, composing a large pool of actual and potential workers, proves that demographics exaggerated the unemployment levels (Niblock, 2008). In the Plan, the government articulated specific objectives of promoting Saudisation of labour. These targets include the improvement of the workforce' competencies and skills and the productivity of the job market as well as increasing the level of investment available to the education sector (Ibid). The government would improve the productivity of the workers, by motivating the locals to get employment.

Increased demand for petroleum products improved the income levels of the country. The government focused on strengthening the economy, through building a strong infrastructure. However, the government paid little attention to the development of proper education and training. Proper training is a key to the elaboration of a healthy workforce, in every economy. Based on this fact, the eight-development plan aimed at promoting effective training system in KSA, which would develop a highly qualified national workforce in occupations (Alnahdi and Abdulaziz, 2014). The education would, therefore, help to meet the needs of the labour market and the demand. However, there was a high failure,

and dropout ratios existing even after the implementation of the plan. This imbalance has significantly crippled the effectiveness of Saudisation policies. A study by the World Bank suggested that the Saudi education system was deteriorating, and failing to prepare Saudis adequately for future jobs (Adel, 2007). As a result, the government had to develop the Ninth Development Plan, which highlights structural unemployment among Saudi young people as critical the issue.

Table 3: Government Expenditures on Human Resource Development during the Eight Development Plans

Human Resource Development	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8
	20.6 %	14.7 %	18.4 %	33 %	48 %	53.8 %	56.7 %	56.6 %

Source: The Seventh Development Plan by Ministry Planning (2000)

3.3.4 A Critical Appraisal of the Effectiveness of Saudisation

Current Saudi state policies vividly reflect its short history, characterized by a failed management system. Some common traits of the KSA government include the lack of clear vision, the disagreement of internal departments, and the mismanagement of resources whether physical or human. These issues are related to the policies enacted very early on in KSA history when institutions and administrations were first established, and to a certain extent remain so until the present time. For instance, policymakers have failed to come up with efficient solutions to the rising levels of unemployment in the country. The government has not been able to formulate a clear and fruitful long term vision for the

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economy (Yurdakul andOzturkcan, 2014). Also, the five-year Development Plan did not arise from a comprehensive study of the growing economic crisis. A major part of the government's failed management strategy is its continued favouring of allocating more budgets and resources towards improving the country's physical infrastructure at the expense of its human resources.

The policies enacted the KSA conflict with the vision of the government, and hence, works against other relevant economic policies. The result is the inefficient execution of individual policies and a hindrance to the development of the national economy. Mismanagement of wealth and the suppression of knowledge and expertise also poses challenges to the state policies. The government failed to implement policies that would modernize the country, stagnating further the development of a healthy workforce in the economy. A good example is the failure to privatize several government public-service utilities, as discussed in the Fourth Five-Year Development Plan (1985–1990), which targeted several essential public services in the transport and communication sector. Despite that the drafting and announcing of the development plans took place in 2000–2005, only one company had implemented them by the year 2009 (Hamid, 2013). The majority of private businesses opposed the Saudisation policy because it forced them to hire local employees. This strategy was not profitable, and hence, not economically viable. In the 1970s and 80s, the government started to provide support to enterprises and businesses working in the private sector. This support was mainly in the form of loans that had no interests. As a result, the government became a source of

welfare, for the private sector. The relationship between the government and its people was a paternal one, with oil being its primary source of income. The big-heartedness of the government played an essential role in broadening the opportunities for the private sector, where little restrictions existed. However, the industry heavily relied on services from foreign employees. This explains the resistance of the currently developed industry to government interference, in the form of labour control, and the state policy of Saudisation.

The perception of the private sector towards the Saudisation policy has also negatively affected its success. The Saudi government requires that the private sector has 30% of its workforce as the locals. Since 1995, the government has also taken numerous actions to ensure Saudisation is implemented (Afndy, 2013). A decree enacted by the council of ministers stipulated that all enterprises, with over 20 workers, had to reduce the number of foreign workers by 5% every year. The Saudis had to take the jobs created. Such actions were not taken lightly by the private investors.

The government responded to the reaction from the private industries, by reducing Saudisation targets of some specific sectors to 20% as opposed to the previously enforced 30%. This steps aims to addressthe trade-off between long term localization of Saudi job market and the disruption Saudisation may cause in the stability of the business environment in the short term. However, the approach is not yet practical, since the level of unemployment rates remained high. As a matter of facts, the rates increased from 8% in 2004 to 12% in 2009 (Yusuf, 2014). At the same time, the private sector continues to employ

foreigners, as the number of jobs increase. The employers, employees and job seekers view the Saudisation policies as adequate measures of the human resource challenges, facing the economy. However, such perceptions do not match with the facts reviewed, such as the high unemployment levels, the lack of progress of Saudisation within the private sector, and the failure of implementing the legislation developed by the government.

Development of the human resources in KSA has significantly failed compared to other countries. With its early ambitious development plans, KSA had to rely on foreign labour. As a result, there was a wide inconsistency between Saudis and expatriates, regarding employment. The government developed the Saudisation policies as a way of curbing the challenges. However, full implementation of the policies has become a problem. The resistance encountered from employers and employees, has significantly affected the success of the policies (Al-Sheikh and Erbas, 2012). The effectiveness of the system will have a positive impact on the performance of the economy. Since it is hard to reverse the process, the private sector's managers have to find practical ways of implementing the policies.

3.3.5 Abandoning vs Reformatting the Policy

Scholars have given mixed reactions towards the Saudisation programs. Those, who criticize the policy, believe that the policies put in place by the government failed to consider the structure, and the hierarchy of the labour market. The programs also failed to understand the correct strategy for developing human capital on a national level. For instance, giving Saudi employee more privileges over foreign workers, resulting in an adverse impact on the long-term

development of the economy (Achoui, 2008). This fact made the young Saudis grow up with the perception that they deserved a better living standard than expatriates. As a result, they believe that the salary should be relatively high, as opposed to the contributions they make to society and government. Eventually, the private sector prefers to employ foreigners, who are more productive and demand lesser salaries.

Saudisation is not an advisable solution for unemployment in KSA. Saudisation is a myopic solution and a short-term remedy, for the country's unemployment problem. In a modern industrial economy, even if unemployment is on the rise, nationalization is not an effective solution. In the west, most countries use a naturalization policy, whereby skilled workers whose specialities are essential to the growth of the national economy get permanent residence, and eventually citizenship (Agil, 2013). The result of such an approach is the creation of new job opportunities for the economy. Other international solutions to unemployment place most focus on human skills, and the deficiency in the supply and demand side of the labour market.

Saudisation, as a process, is vulnerable to trials and errors, as well as disappointments. Policymakers have realized that Saudisation is not the short-term solution for unemployment. The Minister of the Labour Market in KSA declared on several occasions that he does not expect to localize the labour market fully; moreover, he has admitted that it is not feasible to fully nationalize the market. The reality of the current situation of the private sector, the quality of the Saudi educational experience, and the nature of Saudi society motivated

his remarks (AlMamlakahal, 2017). Perhaps, the immediate failure of Saudisation together with the honest recommendations made by some loyal private sector representatives are the main reasons for the government making revisions to its mostly short-sighted previous plans. Policies addressing deeply rooted issues in the economic structure of any country cannot achieve any success if they are to weaken the strength of the private sector. In addition, Saudisation cannot be claimed to be a unique solution to the dire need for resource diversification that will benefit the Saudi population. A complete implementation of Saudisation would result in a long-term national and economic problem.

Since Saudisation is a major policy that affects many sectors of the economy, it only impacts some segments of the economy. The long-term goals aimed to improve the economy, but the transition is likely to cause disruptions in the meantime. The current information is not sufficient to determine whether the policy has managed to achieve its goals. However, there exist two concerns. The first concern is that some businesses, especially in the services sector, feel that the policy affects them negatively. Economists suggest that private investors may decide to enter the more promising markets overseas, which will have a positive impact on host economies (Al-Mutairi *et al.*, 2014). Over two thousand five hundred KSA enterprises have opened branches in Dubai, recently. The concern of companies, opting to invest abroad, affects the employers', economists and Saudisation experts. Among the sectors that have reported disturbances, is the transportation industry, which may be heading towards a disaster. The

Saudisation scheme faces a lot of criticism for creating a decreasing competition among regional businesses, as well as reducing FDI.

The KSA is working towards achieving Saudisation and liberalization consecutively. If the Saudi economy is opened to foreign investment and globalization, these two objectives may contradict each other. Most foreign enterprises like to operate away from local restrictions. Instead, they prefer free markets, where people are employed based on their qualifications and experience. In such an economy, the operation of companies relies on the supply and demand of the market. The conflict between liberalization and Saudisation might lead these enterprises, just to refuse to comply with the requirements stipulated in the Saudisation policy (Cania, 2014). As a result, foreign investors may opt to invest in other countries, further impacting the country's FDI quota negatively. Even though the current regulations lead to unfair competition between foreign enterprises, it is not the only reason why foreign investors are exiting the Saudi's economy. A more important reason is the fact that the regulations are dynamic, making the whole system unpredictable and insecure, for foreign investors.

The liberalization as mentioned earlier may also lead to other clashes with the international community. One of the main successes in liberalizing the economy is the WTO membership in 2005. Among the many regulations imposed by the WTO, is the free movement of labour, which contradicts the government's plan to localize the labour market. Specific local sponsorship rules may have to be

scrapped, as a result. Another organization of which KSA is a member is the International Labour Organisation (ILO) (Bolle *et al*., 2013). In particular, ILO has been putting pressure on the Saudi government, along with other GCC countries, to adhere to the international labour conventions, and protect the rights of foreign workers. The Saudi government has managed to handle the criticism from the WTO efficiently, and hold firm onto the Saudisation policy. However, the policy may still hurt FDI, if the country continues to apply strict quotas in the future.

Saudisation cannot achieve its objectives with its current targets and policies. There is a need for the Saudi government to review the current immigration and foreign labour legislation, as a way of reducing the threat of many foreign employees in the workforce. Creation of a monitoring system that is both robust and firm, can help strengthen the policy. The control system must take into account all other policies and laws impacted directly by Saudisation (Aaronson andAbouharb, 2013). As a result, it will take a shorter time to implement, or reject relevant regulations. Another important step is the collection of realistic and reliable data, on the exact level of unemployment in the country. Such an approach will help design viable policies that can address the actual problems in the labour market.

A fundamental change to the education system of KSA is the most practical step, towards reforming the Saudisation challenges. Many scholars argued that the reforming of the Saudi's school system would ensure that school leavers,

university graduates and job seekers, have the best skills and expertise that the private sector and labour market need (Schwalje, 2013). Consequently, high unemployment among Saudis, and heavy dependence on expatriate labour in the industry will reduce further, promoting Saudisation of work in the private sector.

Saudi private sector employers have expressed the concerns of reforming the current education system. In developed economies like the UK, the education sector has a close link with industries. For instance, the Confederation of British Industry (CBI) has raised its concerns to the UK government urging it to pay close attention to the skills acquired by students graduating from its institutions and their suitability for the job market (Asadi, 2013). The Saudi government has placed emphasis on the Eighth and Ninth Development Plans, as the practical tools to reform the education. The primary aim is to produce educated workers, who can meet the challenges of the currently developed economy. Within these plans, there has been a recurrent theme that the KSA's workforce needs to develop the technical knowledge and skills, required to meet the needs of the private sector labour market.

Another obstacle to Saudisation is the imposition of Saudisation on the industry. The policy has withdrawn the employers' abilities to create a job and hire employees. The government should, therefore, consult the organizations in drafting Saudisation legislation, as well as seeking their views, on how best to implement Saudisation. Such a step will make them more supportive of the implementation of Saudisation. The government should successfully open, and

promote a discussion forum with all the stakeholders. These include the decision-makers, representatives of the private sector, and the workers themselves (Al-Asmari, 2008). The policy's targets must be re-evaluated in the light of the last ten year's outcome and re-set realistic goals that are achievable in a plausible period. The private sector resists the implementation of the Saudisation policy because the government forces them to implement it, using some measure that is not reasonable. Therefore, it was difficult to implement the system through an efficient approach successfully.

The government should also lessen the costly regulations and imposition of Saudisation on the private sector. Such approaches have constrained its growth, and ability to create jobs, and further, reduced capacity to win support from employers. Developing an active collaboration between educational institutions, in the form of universities and training centres, and the private sector would be a practical approach that will improve the professional expertise and skills developed by Saudi graduates. The skills developed will be able to meet the needs of the labour market as a whole (Areej *et al.*, 2016). A collaborative approach to implementing Saudisation will be more productive than continuing with imposing the Saudisation, which had an adverse impact on the private sector. As a matter of fact, it will be able to meet the fast pace of global, economic, and technological developments that have led to the increased role in meeting the challenges of competitiveness, in domestic and worldwide markets. Therefore, the government's policy, together with its expanding role, also gains strategic significance in the country's economy.

Proper coordination between the administration and the leaders of the private sector and the general population will promote the creation of a healthy relationship. As a matter of fact, it would be near to impossible for the government to take on the financing of big programs aimed at diversifying the economy on it own and without extensive investments from the private sector. It has been argued that the government budgeting must be concentrated towards directly supporting investments in the industry (AlMamlakahal, 2017). The success of the human resources policy also depends to a large extent, on the cooperation of the public, as well as the educational institutions. The conventional view aimed at developing programs to tackle the unemployment rates, without inflicting the private companies. However, the government should make sure that the whole economy is committed to the unemployment problem and the Saudisation efforts.

3.3.6 Success Achieved by Saudisation

According to Yusuf (2017), the continuous effort toward Saudisation achievement registered, in 2017, a reduction in the expatriate workforce by 27%. Private companies have managed to attain a 70% success in the implementation of Saudisation policies. These include large companies in the banking and petroleum sectors, as well as some smaller companies. To encourage implementation, the Ministry of Internal Affairs has given special awards to those small businesses that achieved the desired quotas. The following Subsections will discuss in more details the various sectors' success examples. Moreover, the

initiatives to train the younger generation has resulted in an improvement of productivity (Alkharei *et al.,* 2017).

3.3.6.1 Banking Sector

Because the government has enacted some early Saudisation initiatives regulations since the mid-90s, it was expected to increase the Saudi labour force by 5%, every year. Specific for the banking sector, it proposed to reduce/replace the percentage of foreign workers by 20%, within a period of ten years (Bahrain, 2016). In the banking sector, Saudisation has been successful, as compared to other industries, hence, it has achieved an impressive 79% Saudisation rate. Such results encouraged investment and revealed success potential in Saudisation. Some responsible key players, such as the Saudi Arabian Monetary Authority (SAMA), managed to balance issues when implementing the policy (Cuewrvo-Cazurra *et al.*, 2014). SAMA managed to keep the sector robust and reliable, while gradually replacing expatriate workers with Saudi nationals. However, another angle on this debate suggests that the banking sector needs to balance the general knowledge and expertise of employees, to ensure necessary expertise; banking institutions fight to remain competitive on a global scale, and consequently, in some cases, foreign employees bring those supplementary skills.

SAMA played a pivotal role in the success of Saudisation policy, because the following objectives were achieved:

- Replaced expatriate employees with Saudis nationals, through a gradual 5% approach per year model (endorsed by the government);

- Appointed mainly Saudi nationals for top management and leadership;

- Created a reporting system for the banking sector to assist and guide the implementation of Saudisation; and

- Increased the efficiency and effectiveness of Saudi employees, through specifically designed training programs (i.e. Banking Institute in Riyadh, which is run by SAMA, 72% of Saudi bank employees been trained successful (Difiglo, 2014).

In addition, the role played by SAMA in the Saudisation of staff helped put the policies on the right track for the banking sector. The progressive approach, encouraged by SAMA, led to top management changes in numerous banks, as well as developments on the culture of the human resource investment. Despite costs and implications, a vast majority of banking sector provided investments in the development and maintenance of Saudi human resources, which led to more resilient HR practices and advanced competitive advantages (Alkahtani, 2009).

Additionally, extensive and transparent HR procedures, sound financial standing, and active management are responsible for the success of Saudisation in the banking sector. Banking sector recognised that, in the long-term, training and paying pay good salaries will lead to high retention rates of employees. As a result, the banking sector has gained the ability to cope with the implementation prerequisites of the Saudisation strategy (Alanezi, 2012). For instance, HR

systems have been established to attract, train, and retain Saudi employees. Most often, the HR procedures target both, newly graduated job seekers, and experienced staff, offering attractive packages (training and development programs, promotional packages, good salary and compensation schemes). As a result, recruitment methods and training programs increased the number of Saudi employees in the sector. In the year 2000, the number of employees rose from 11,000 to 25,000 in the first six months. The approach has also had a positive impact on the number of women working in the sector, who increased from 972 to 3,700 (280% increase), in the period between 2000 and 2008 (Difiglo, 2014). A key accomplishment of the increase is that the banking sector is currently number three in employing Saudi female workforce (after education and health sectors). In this sense, one of the examples is the National Commercial Bank (NCB) that targets high potential new graduates. During 2001-2005, the NCB's program helped to increase the uptake of local employees' rate from 50% to 73.4%, motivated by Saudisation policy (Alnahdi and Abdulaziz, 2014). The policy applicability within NCB was used as an example for other sectors in the economy, showing progress and illustration of meaningful exercise that ought to outline the achievement of Saudisation. However, the banking sector has the required significant resources to successfully implement, train and absorb the locals (Alkahtani, 2009). Such resources allowed them to dedicate time and money in the pursuit of nationalization. The counter-argument here is that even though cheap foreign labour is more attractive and profitable for many

organizations, it has an adverse influence on the whole country's economy; an aspect that is difficult to disregard.

The success of Saudisation in the banking sector ranges from 80 to 90%, and is a direct product of three factors:

- SAMA established standards and execution plan (censored the achievement of sectors' high ratio of Saudisation);

- SAMA established the Institute of Banking (IOB), which is related to its activities (linked its activities to the sector operations); and

- Financial and organizational abilities to attract Saudi employees (through incentives).

In addition to SAMA's contribution, some other factors have significantly contributed to the success of Saudisation in the banking sector. The first is the belief of top management banking institutions that the long-term goals associated with the Saudisation policy are both achievable and beneficial. Despite the challenges of hiring new Saudi graduates (e. g. poorly qualified and trained), retraining and improving the workforce helped to reduce the knowledge gap and to adapt to the specific banking sector needs. The second factor influencing the success of Saudisation is the collaboration with educational and training institutions, which facilitated access to education (Agil, 2013). The third factor is the detailed and deliberate HR management plans and strategies, whose job is to recruit and retain Saudi employees. Among the many schemes implemented by HR, are the gradual Saudisation, attraction, and assessment of

skilled workers, devising a complete and specific development plan for the employee based on their progress and having a clear salary and promotion scale, based on the efficiency and performance of the employee. The viability of Saudisation is sustained also by a healthy, and an attractive retirement package. Furthermore, the adoption and recognition of importance and urgency of Saudisation strategy is the core of success, above other factors.

From the facts presented above, the success of Saudisation is a direct result of individual organizations' efforts towards the program. Therefore, substantial investments must be dedicated to developing human resource management procedures and providing training for new national recruits. The main obstacles facing the success of Saudisation are the poor regulations established by the government along with the existence of a gap between the skill development programs and the needs of the actual job market.

3.3.6.2 Petroleum Sector

The waged labour force started in the KSA after the discovery and extraction of oil. Most of the employees working with ARAMCO were Saudi nationals. The Arabian-American Oil Company (ARAMCO) defined a new working class in the country. The new job class resulted in the employment of foreigners, who had higher qualifications than the locals. However, it created many jobs in other related industries, such as small-scale manufacturing, services, and the construction of railroads.

Since KSA is one of the top oil-exporting countries, Saudi nationals have an interest in pursuing higher qualifications that will make them illegible to work in the oil industry. The reason for this interest stems from the fact that the sector offers attractive salaries, due to the high revenues associated with resource rent and government sharing. For instance, the medical service at ARAMCO has attracted many nursing students. ARAMCO employs graduates from King Fahed University of Petroleum and Minerals (KFUPM) in various disciplines, including mechanical, civil, electrical, petroleum, and chemical engineering (Said, 2017). The close relations between KFUPM and ARAMCO is responsible for the high graduate uptake by the industry. On the other hand, ARAMCO offers two-year training programs offered the eastern part of KSA. These programs are more relevant and fruitful for the company and the economy, compared to the majority of the obtained University high education qualifications. Another less extensive program prepares around 220 high school dropouts every year, on low-level construction jobs.

Other oil companies in the country have the challenge of adopting the ARAMCO model. The success of ARAMCO in recruiting and retaining employees is not applicable to all other companies, for many reasons. For instance, ARAMCO has a highly qualified and experienced management team. This company, also, possesses a sound financial standing, which allows it to offer very high salaries and compensation packages to 57,000 employees (Adel, 2007). The company also provides an excellent environment for the trainees with state of the art

facilities, to support their academic achievements. Also, the company provides support for employees with loans and grants, to acquire and develop the property. Other essential services provided by ARAMCO to its employees include very attractive medical insurance policies. These benefits enable the company to attract and retain more employees than any other company.

In 2003, Majlis Al-Shoura began to enforce Saudisation on all businesses and projects in the country that are directly owned or run by ARAMCO. The new regulations dictated that the ministry of petroleum and mineral should submit an annual report to the Majlis, indicating the level of Saudisation achieved. These rules aimed at providing more employment opportunities to the Saudi nationals. However, the approach may play a significant role in reducing the investment from foreign companies, due to the added complexities associated with Saudisation (Al-Asmari, 2008). All ARAMCO contracted companies should include a certain percentage of Saudi employees; that is 35% for construction, 50% for services, and 60% for engineering, industrial, and import offices. These obligations represent the steps taken by ARAMCO to ensure the success of Saudisation.

SABIC comes in second place after ARMACO, with a total of 60.4% local employees. The majority of these occupies the less technical positions, such as management and administration. The reasons behind the high percentages in SABIC are many, but the two following factors are of particular importance:

- The company's commitment to the implementation of Saudisation related regulations, as a result of the government's investment in their capital; and

- Some resources are available for conducting highly specialized training and development programs for Saudi workers.

The same report illustrates that SABIC enjoys having a strong commitment to investing in its human resources, through its training programs and other human resource practices. These approaches have a broad array of market-competitive benefits, salaries and other financial and non-financial incentives, geared towards creating an attractive and "learning organization" corporate culture. As a result, 82% of SABIC's workforce in the KSA are locals. Moreover, Saudisation has exceeded 93%, especially in technical fields in some of the companies affiliated to SABIC.

The two oil companies act prudently, by training employees and preparing for a safe transition into Saudi labour. On the contrary, other companies are still forced to adhere to a certain quota, when it comes to the employment of expatriates. In many cases, the government is compelled to freeze the hiring capabilities of companies that do not satisfy the quota set out for them. For certain jobs, the freeze may be applied throughout the country. There exists a total of 34 career areas, where foreign workers are not allowed.

Although the determined effort of Aramco in particular, and Saudi oil companies in general, the study of Aljarallah (2010) about the effect of Saudisation on KSA's

Petrochemical industry failed to recognize any impact (either positive or negative) of Saudisation on the petrochemical industry of KSA. Looney (2004) argued that creating the necessary number of jobs in the oil industry is not an easy task given the high capital intensity. The more jobs created, the less competitive an enterprise becomes in the oil market. The author concluded that the successful implementation of Saudisation could only be achieved in sectors that are competitive when the economic growth of the non-oil based areas is strong. The reliable oil revenues has been the main reason behind the rise in unemployment. Moreover, the increase of the non-oil sectors of the economy has been insufficient, and could not provide opportunities for the growing numbers of job-seekers. The Kingdom has to achieve higher rates of economic growth, to provide enough jobs for an increasing number of unemployed Saudis, and new graduates seeking jobs (Bohaimed, 2003).

3.3.7 Failures of Saudisation

Despite the benefits brought by Saudisation promulgation in 1994, it continues to be perceived by many, as a forced strategy (Al-Dosary and Rahman, 2005, 2009). The pressure on the private sector to meet the government's expectations remains a current issue for the private sector. As reported, the policy is hindered by various factors (e.g. lower cost of foreign workforce, social and cultural perceptions, and inadequate qualifications of the Saudi workforce) (Al-Dosary and Rahman, 2009).

The following two sections discuss in more details two examples of Saudisation failures.

3.3.7.1 Transport Sector-Taxis market

In recent years, the KSA's government has enforced strict quotas on private companies, to limit the number of expatriate workers, and to increase job opportunities for host country nationals (HCNs). Companies are now prohibited from employing foreigners in particular job titles, ranging from taxi drivers to HR managers.

The current ruler of KSA, King Abdullah Bin Abdulaziz, issued a statement that only Saudi citizens were to drive taxis in the kingdom. With 650 taxi companies around the country, employing around 50,000 drivers, the sector stands as a promising employer in the economy. However, six months later, implementing the restriction proved problematic. The vast majority of drivers were from South Asia. A controller is typically expected to pay the company between $36 and 40$ a day, plus all the expenses for the car, including its maintenance. Anything extra that is made by the driver is his own income. Since taxi driving is insecure, unpredictable, and depends on the time of day and year, the drivers are expected to take on many risks, and still pay fixed overheads. This explains why Saudi citizens are not interested in such a job. One of the taxi companies took the first step and employed 150 Saudis only to let go of 80% of them after the first year. The government offered Saudis the opportunity to opt for soft loans from public funds, to encourage them to drive taxis. Some people accepted the idea

and took loans, only to discover they could not compete with South Asian drivers, who, on occasions, received the flat fare of $.53 for a 22 km trip between Dammam and Al-Khobar (Bosbait and Wilson, 2005). The only option for Saudi driver became to share taxi seats, which is prohibited by law, due to the dangers associated with driving crowded cars.

The government stopped issuing work visas for some job titles, such as security guards and travel agents, with the aim of offering more employment chances for Saudis (Abou-Alsamh, 2007). Leaders of the private sector were not happy about the policy. According to Alsini (2007), one director of one of the largest enterprises in the country stated: "the government has politicized the whole Saudisation drive and is not listening closely enough to what the Saudi businessmen are saying" (Alsini, 2007, p. 90). The real defect lies in the regulations and policies for Saudisation because some of them fail to meet the needs of the stakeholder. For example, these rules force Saudisation on certain private sectors and industries, such as Gold retail market and Taxis market (Alshammari, 2009).

3.3.7.2 Jewellery Sales

The Saudi Ministry of Labour rolled out a policy in 2002 forcing the Gold jewellery market to attain a 100% Saudisation quota before the end of the year. Privately owned jewellery and gold shops had to lay off the foreign employees, without any exceptions. The locals had to take the jobs opportunities created. The plan succeeded to replace the foreigners with the locals, in the jewellery and gold

market. However, the plan failed to address the training of young national newcomers to the jewellery market. A bigger failure is that the policy did not differentiate between the gold market and the jewellery market, two different sectors with distinct characteristics (Fakeeh, 2009) and unreasonably combined both sectors. The result was the assumption that the areas could adequately replace 25,000 foreigners' jobs with locals. The industry representatives argue that the Ministry of Labour should use better assessment of available qualifications and qualities among Saudis. For instance, the regulations forced the gold markets to hire villagers, having below high school certification (Fakeeh, 2009). As a result, they resulted in negative impacts on the performance of the market.

The two concerned sectors viewed the policy issued by the Minstry of Labour as unfair and unreasonable. The country lacked enough Saudi's qualified workforce, to fill the demand created by the vacuum of the expatriates' dismissal. Implementing the Saudisation policy in practice is not easy, as it requires a complete restructuring of the current labour force, with the aim of offering new high standards, and skill-based employment opportunities for young Saudi nationals. However, such an approach may aid the government in avoiding the disastrous regulations issued so far, under the Saudisation umbrella.

3.3.7.3 Vegetables and Fruits Markets

The government issued a policy that could help localize the vegetable sector in 2002. The owners of these retail stores and stalls refused the new policy. The

approach would give supermarkets' competitors an added advantage since they could employ foreigners. Similar to the industry examples, the government failed to address the complaints. Instead, it stated that even supermarkets had to stick to the previously enacted 5% annual reduction rule from 1994, for enterprises comprising more than 20 employees. The 5% rule meant that by the year 2004, half of all the workers in big supermarkets had to be Saudi nationals, including the cashier positions (Bosbait and Wilson, 2005).

The issued quota system also included regulations on the lower bound, on the number of Saudis working in certain jobs or sectors. The government operated under the assumption that specific jobs were easier to localize because they are more attractive to Saudis, and more suitable to their skills. According to Al-Dosary and Rahman (2005), more Saudis have accepted the jobs at vegetable markets in recent years.

It has been found that KSA's government is pushing for Saudisation in all fields. However, Saudi citizens are not usually satisfied with certain jobs, due to the importance of social status to young people. For instance, some jobs can affect their chances of marriage and social relations (Ramady, 2010). Likewise, Fakeeh (2009) argued that the common perception of Saudi people is that social status matters over work obligations. All of which discourage workforce participation in the vegetable market.

3.4   The Efficiency of Saudisation Politically and Economically

From the literature reviewed, a total of five large factors has had an influence on the HRM system in KSA. These can be summarised as the current structure and hierarchy of the country's economy, the shape and characteristics of the labour market, the political aspects related to HRM, the human resource development programs and strategies adopted nationally, and the culture of the community. According to Budhwar *et al*. (2002), worker diversity has also started to emerge as an important factor. The Saudi private sector is made up of employees from a wide range of countries. As a result, they have different and sometimes contradicting attitudes, requirements, aims, morals, and work ethics. The government considers Saudisation as a prerequisite to achieving economic and social stability. According to Aljarallah (2010), the Labour Ministry believes that Saudisation will reduce the involvement of Saudis in terrorist activities around the world. Although the government has been actively pushing for Saudisation, it still heavily relies on foreigners for skilled jobs. As a result of this contradiction, it is very unlikely that the objectives set for this policy in some sectors are going to be fulfilled shortly. However, the government still argues that, even if the system takes longer than scheduled to complete, it is still worth applying (Beidas, 2009).

Although Saudisation was conceived by the government to open job opportunities for Saudi nationals, the aforementioned social perception of some situations forms an obstacle in the way of its success. The importation of labour will always be essential in KSA as long as these opinions exist, especially with the required continuous training. Some people believe that the Human Resources

Development Fund will have a positive impact on the private sector (Zuhur, 2005). A question remains to be answered, which is: will FDI encourage Saudisation or will it cause more immigration? MEED (2000) reported that FDI had not had a significant impact on employment levels. Also, Alshammari (2009) states that Saudi banks have developed their services, and their profits have increased after implementing the Saudisation program. This supports the point of view that Saudisation is a helpful factor for the Saudi economy.

On the other hand, the way in which, private Saudi manufacturing enterprises face and deal with the Saudisation policy, will have an enormous impact on their chances of survival in the future. Albahussain (2000) concluded from his survey that the soft approach followed by the government in the implementation and enforcement of the Saudisation policy has not been successful. According to Albahussain's (2000) research, the government has had little direct involvement with these manufacturing organisations, till the year 2000. Instead, the government left the responsibility to organisations to adhere to the policy, instead of having an aggressive tactic that balances between encouragement and enforcement.

As a result, the government had to enforce the policy on the industry, which led to success in some individual businesses, and failure in others. The government could develop the ones who succeeded, while it could investigate in greater depth, why the others failed and modified them. It should study different aspects of the policy, such as the effect of the policy on the investment environment,

methods of implementation of the system. Implementation of the Saudisation program could affect the investment climate. The decision-makers should consider the impact of the program in the country, and then, develop a program that is more appropriate with the state's requirements.

The negative and positive perceptions of the Saudisation policy are valid (as identified by previous sections). Skilled expatriate labour that will leave, will constitute an undesirable side effect of the Saudisation policy leading to a negative influence on the private sector and the country's economy as a whole. The increased jobs available for Saudis will lead to a positive influence, on an equal proportion of employees and job seekers. Through nearly a decade of enforcing Saudisation, the government has persistently considered it as a necessary step. However, its implementation has always been a challenge due to the justified reluctance of the private sector. Although officially and in principle the Saudisation policy has not undergone a major change, it has exhibited some transformations in its implementation logistics and desired targets that are unwritten for the most part. It is apparent that the policymakers realised how ineffective and unsuccessful the top-down style of policy making is. The government has become more alert to the true nature of the job market and has attempted to respond to this nature. They now accept that, without an open forum with all stakeholders, the policy will continue to fall below its expectations (Fakeeh, 2009).

Similarly to any other central scheme, Saudisation has in fact caused problems for some sectors. For instance, it has been leading towards a disaster in the transportation industry. These transitional problems can be considered a necessary collateral effect, in the implementation of any significant policy. An exact statement of the extent of success for Saudisation cannot be given at the moment, due to the lack of information, yet, concerns do exist. Some enterprises may lose their share of the market to stronger competitors, which may lead them to move their businesses elsewhere, looking for a more suitable market. One of the sectors that may be most affected by this, is the banking industry, which has already experienced accelerated Saudisation from the government (see Subsection 3.3.6.1). Besides, numerous business representatives have come out, and expressed their concern that this is likely to lead to the alienation of specialised workers. This may further cause banks to struggle against competitors and lose to stronger ones, such as those in Dubai. The problems with Saudi regulations have already caused 2,500 Saudi enterprises to migrate to Dubai (Looney, 2004).

3.5   Research gap and limitations of previous literature

Despite significant consideration for Saudisation, the extent of prior literature is limited to specific themes. Many of these themes researched are in line with this research interests, however, it represents a siloed perspective, investigated in isolation. For example, the literature recognises the need for an approach to deal with the challenges encountered in applying Saudisation requirements. Consequently, many authors identified the various weakness of the policy that

hinders implementation (Al-Asfour and Khan, 2014; Azhar, Edgar and Duncan, 2016; Koyame-Marsh, 2016). A retrospective analysis of literature emphasises the need for an appropriate process that endorses proper integration, in view of both, government requirements and the private sector needs.

Referring to Subsection 3.3.1 (Chapter 3), it is obvious that the research on Saudisation has been investigated from different perspectives. However, the issue of the *reluctance of the private sector towards the Saudisation* has attracted very little attention, from the scholarly community. Henceforth, Saudisation obstacles have been previously examined, through the lenses of (1) **incompatibility** (Saudi education curriculum with the actual requirements of the private sector), (2) **negative perception** (industry misperception towards Saudi workers) and (3) **disapproval** of Saudi society towards private-sector jobs. As a result, the literature has identified key limitations (gaps), as shown in Table 4 below.

As can be seen in Table 4, the literature has not treated the reluctance of the private sector towards the Saudisation in much detail. Tracking Saudisation's evolution and implications for the KSA, the previous research paid a partial perspective for the determinants and antecedents (e.g., education compatibility with the private sector) (Edgar *et al.,* 2016), thus, revealing an insufficient focus on the private sector. And, in particular, there is very little published research on the reluctance of the private sector towards the Saudisation, as well as its lack of involvement in Saudisation policy, even if is directly obliged by rewards, penalties

and company categorisation to compliance; support from private sector entails benefits for the national economy, as well as for Saudi nationals.

Table 4: Limitation and research focus of previous literature

	Prior literature focus	Focus	Author/s
Antecedents Benefits & Barriers	Saudisation benefits	Reduction of expatriate labour	Kaminski (2013); Alkhareif *et al.* (2017); Yusuf (2017).
		Increase in local labour	Alnahdi and Abdulaziz (2014)
		Lack of gender diversity	Difiglo (2014)
		Lack of graduate opportunities	Bohaimed (2003)
	Education enhancement	Lack of skilled workforce	Baquadi (2013); (Difiglo, 2014); Francoise, (2016); (Nurunnabi, 2017).
		Gaps in the efficiency and effectiveness of training	Difiglo (2014)
		Lack of private sector consideration for Saudi labour Lack of private sector attractiveness	Al-Dosary and Rahman (2009); Areej *et al.* (2016).
		The gap between expectations and offer Incompatibility of training framework with private sector requirements	Al Fakeeh (2009); Al-Dosary and Rahman (2009); Achoui 2009; Baqadir (2010); Kaminsky (2013); Edgar et al., 2016; Allasim *et al.* (2017).
		Lack of focus on youth employment	Al-Asfour and Kan (2014); Alkharei *et al.* (2017).
	Unattractiveness of working environments	Working hours Harsh work conditions	Abouraia (2014)
	Lack of participative consultation	Insufficient government involvement Authoritative implementation	Yurdakul and Ozturkcan (2014)
	A gap between strategic plan and its implementation	Unsuccessful implementation in the private sector	Sadi (2013); Azhar, Edgar and Duncan (2016); Koyame-Marsh (2016).
	Lack of consultation (government control)	Authoritative implementation	Al-Dosary and Rahman (2005).
	A gap between strategic plan and its implementation	Unsuccessful implementation in the private sector	Sadi (2013); Azhar, Edgar and Duncan (2016); Koyame-Marsh (2016).
	Weakened economic characteristics	Dependence on oil and the petrochemical industry	Abouraia (2014)
Determinants	Reluctance of the private sector towards the Saudisation Lack of guidance to support the private sector participation	Research gap	NA

Source: The Researcher

While studies have recognised various problems, research has, yet, to systematically investigate the effect of the reluctance and resistance of the private sector to government expectations. Noticeable issues as cost, cultural perceptions, staff control or social status have contributed towards Saudi labour disregard for the private sector (Al-Dosary and Rahman, 2009).

Because in recent years the study of Saudisation has focused on only on partial key variables that impact or influence the implementation, the focus was on two main key points: factors and effects of Saudisation. Previous research has indicated more consideration for workforce perspective and potential associations between Saudi national's reluctance to the private sector. For instance, the work conditions in the private sector differ in terms of working hours. Compared with 30 hours per week in the public sector, the private sector companies expect on average 50 working hours (Abouraia, 2014). Also, the harsh conditions and many examples of mistreating explain the low interest of young workforce for the private sector; social acceptability represents another reluctant factor (Abouraia, 2014). On the opposite, Saudisation has been successful in the public sector (Azhar, Edgar and Duncan, 2016).

Overcoming the impediment of Saudisation for both, public sector and private sector triggers benefits such as retaining the income within KSA, increasing the human resources efficiency, increasing the trust and willingness in employing local nationals and reducing the rates of unemployment among many others (Al-Dosary and Rahman, 2009).

Henceforth, Saudisation is similar to programs from five countries from GCC states, the name of policies remains in accordance with the country name and nationalization (country name + …nalisation) Bahranisation, Omanisation, Quatarisation, Kuwaitisation or Emiratisation (Kapiszewski, 2006; Peck, 2017); the main intention was to ensure a higher number of employability among nationals. GCC states had diverse national strategies, and KSA's initiative to replace foreign labour is a continuous effort to sustain the initiatives for 2030 national economic reform. Despite various strategies such as banning foreign labour, imposed a quota of employment, training for career development, higher payment rates and bonuses for the private sector companies (Al-Dosary 2005; Al-Ali 2008), the planned strategies are delayed in achieving desired targets. Yet, foreign workforce competencies, as well as lower costs, tough working conditions and prolonged working hours, segregate nationals' preferences from the foreign workforce. There is a need to balance the inequality of wage and proper conditions to ensure attractiveness for Saudi labour to work in the private sector, explicitly ensuring fulfilment of the lower jobs within the service industry.

Whether work ethics, specialised knowledge or generic skills, the national workforce skills gap remain a challenge for the private sector companies (Baqadir et al., 2011). Also, the scarce number of women's participation, as well as youth labour unpreparedness, are factors that can increase the rate of unemployment (Baqadir et al., 2011).

Most of the Saudisation literature was subjective by validating the Saudisation adoption antecedents (policies and regulations, implementers and incentives of adoption and knowledge-sharing practices). Nonetheless, this research intended to fill the gap between policymaker and the private sector, to understand what is beneficial for both parts and what is missing. Thus, practical insights from both parties help to understand the determinants and antecedents, as well as their interrelationships. Most of the existing literature is grounded on descriptive researched of the phenomenon. Conversely, rather than being descriptive, this research proposes to identify potential solutions and recommend a modification of Saudisation Policy based on the data analysis and interpretation.

By investigating the results and effects of the government control over Saudisation policy implementation, this research paves the way for more wide-ranging research, by providing useful information concerning the contribution of the government towards the achievement of Saudisation. It considers the antecedents, determinants, effects and impediments of national social reform in collaborating with the private sector.

Considering all factors and the engagement of the private sector with the government it enhances an understanding of how the Saudisation literature gap can be fulfilled. This research incorporates both perspectives of policymakers, and also of the private sector. As Saudisation encounters delays in its applicability, the literature gap identified through major themes were: (i) limited pool of trained workforce, (ii) social and cultural misperceptions about private

sector, (iii) incompatibility of training framework with the private sector requirements, (iv) discrepancies between wages and incentives from private and public sector (wage gap), (v) need for lower-skilled workers (need for vocational training), (vi) private sector's need to align with the public sector (benefits, job security, education investments, (vii) need for private education and developmental programs to train youth workforce, as well as retraining the adult workforce, (viii) need for educational partnerships with private businesses, as well as (ix) supporting initiates for overseas scholarships supported by private and public sector, and finally the (x) need of fulfilling the gap of youth labour and women unemployment.

In short, the research findings are of direct practical relevance for making the private sector more active in the process of Saudisation and also ensuring that implementation of such policies has benefits for all parts.

The literature evaluated in Chapter 2 and Chapter 3 highlight various issues encountered in implementing Saudisation, which are later on incorporated in the conceptual framework of this research. The framework can help to show that both the 'rulers' and 'ruled' can collaborate to achieve the desired outcomes. Additionally, the identified research gap reiterates that additional factors that influence implementation shall be considered: (1) the effect of reluctance of private sector towards Saudisation, (2) the deficient strategic collaboration between government and private sector (lack of consultancy with the private sector - participatory), (3) the lack of alignment between strategic plan and its

implementation; (4) earlier barriers to ensure long-term applicability and (5) the lack of guidance to support the private sector participation; all of which justify the rationale of the research framework.

3.6   Conclusion

This Chapter has shown that labour market in KSA experienced tremendous growth after the oil boom. There was an increased demand for skilled labour in the economy, however, the KSA could not provide the skilled labour, due to their poor levels of education. As a result, the private sector attracted foreign employment from overseas countries, to ensure daily operations (reaching over 75% of the foreign labour force).

The evidence indicates that most of the labour-intensive occupations in the private sector rely on cheap foreign manual labour. Being affected by high percentages of Saudi unemployment, the KSA's government encouraged the private sector to provide more jobs for Saudis. The government imposed higher salaries as compared to foreigners. Based on the fact that the locals failed to provide the required skills to the private labour market, more expatriates entered the market.

This mismatch emphasised the importance of improving the current education system, to supply a qualified workforce. This has put more emphasis on the private sector, to serve as a key pillar of the economy and workforce education. By means of the five-year development plans, the Saudi government proposed to diversify and transform the economic structure, in the direction of a free market

and a knowledge-based economy. The government has also encouraged the private sector to invest, increase the services provided, and promote its efficiency; all of which represented the government efforts to expand beyond oil market dependency. However, the literature suggests that the policies used by the government to make the private sector stronger, have remained unsuccessful. The most obvious finding to emerge from this Chapter is that the government must review the Saudisation policy to ensure that it meets the structural development of the private sector and the economy at large.

Overall, a number of factors were identified to affect the labour market in KSA. One of these factors is joining the WTO. A second factor is a privatization, and the impact of SOE's sale to the private sector (helped to attract the involvement of the private sector to engage in developing the country's policies). Privatization aimed, not only to help control competition in the market but also, to improve the performance and efficiency of different public enterprises. The government has used these strategies to develop a strong investment environment in the country. Privatization also serves to change the behaviour of the managers, in the public sector. Moreover, the government has used the development plans to stimulate the operations of the private sector. Various benefits have been triggered by privatization (provided access to technical and managerial expertise, promoted international cooperation and strengthened the current labour force). Later government strategies, also, advocated protecting the private sector that undertakes operations in the country. The government also has another

important role in enhancing a healthy relationship with all the sectors in the economy.

The other important factor (the 3rd) is the foreign direct investment (FDI) into the country. This policy encourages investors, to have direct investments in the country. The strategy helps to promote economic development in KSA. Yet, there must be a good balance for the operations of the foreign investors, to ensure that they do not overtake the operations of the local investors. In KSA, FDI has resulted in a positive impact on the economic development of the country.

Taken altogether, all three factors (privatisation, WTO membership and FDI) were considered by KSA's government to enhance the prospect of the economy, besides involving the private sector. Thus, Saudisation policy represents an enabler, to promote the employment policies in the private sector. The government uses this strategy to increase the number of locals in the job market while reducing the number of expatriates. The main objective of the policy was to promote development and performance effectiveness of local employees. Policymakers anticipated that the policy would help to reduce the high rates of unemployment in KSA. The policy has a direct impact on human resource management policies in the private sector, due to coercive government pressure (it controls the number of foreign employees in every private company).

The findings of this chapter report that the Saudi labour market can greatly benefit from the Saudisation policy if it is well implemented. Much of the research indicates that the KSA government has greatly failed in implementing

the Saudisation policy. And as a consequence, it increased resistance from the private investors. Several obstacles are known to hinder effective implementation Saudisation: incompatibility of the Saudi education curriculums with the actual requirements of the private sector, the negative perception of the industry towards Saudi workers, the perception of the Saudi society towards private-sector jobs, and the reluctance of the private sector towards the Saudisation.

The findings indicate that there is very little published research on the reluctance of the private sector towards the Saudisation. Support from private sector entails benefits for the national economy, as well as for Saudi nationals. Thus, the government should bear the task of reviewing the current strategies, to ensure that the success of Saudisation policies is in alignment with private sector difficulties. Carefully planned policies and efficient procedures can improve the willingness of the private sector to participate in the process.

This observation provides a viable solution to the current challenges faced by KSA's government in the implementation process.

Chapter 4 : Research Methodology

4.1   Introduction

This Chapter presents, in detail, the research methodology. The chapter will lay emphasis on detailing the process of data collection and the justification for the selection of a particular method or approach for the purpose of the study at hand. First the chapter present methodological issues and strategy and design. Second, it presents a detailed process of data collection including sampling and data analysis techniques. Issues around access, anonymity, confidentiality and data protection were also discussed. A methodology may be defined as "*a theory and analysis of how research should be conducted*"   (Robson and McCartan, 2016; Harding, 1987). It is also an analysis of the assumptions, principles, and procedures of the way researchers approach and conduct   inquiry into a particular issue (Hillman and Radel 2018; Schwandt, 2001,).   Furthermore, other studies defined methodology in term of the process which includes study-description, the explanation, and the justification of methods by which data are collected and analysed (See Saunders, Lewis, and Thornhill, 2015; Kaplan, 1964,). Kaplan (1964) stated further that , the aim of the methodology is:

> "To describe and analyse methods throwing light on their limitations and resources, clarifying their presuppositions and consequences… to help us to understand, in the broadest possible terms, not the product of scientific inquiry, but the process itself" (Kaplan, 1964, p. 23).

In addition, Carter and Little (2007) argue that methodology structures and is structures by the objectives of the research study as well as its questions and design. Thus, the methodology is important as "an operational step" that forms the research process (Kumar 2011, p. 19), and as a "strategy of investigation" (Dbdulai and Owsu-Ansah, 2014, p. 8).

In the next section, the study will:

- Critically examine the epistemological and ontological assumptions behind the Saudisation policy;

- Examine the design parts: methods, sampling procedures, data analysis tools.

- Assess the validity and reliability of the data and the ethical issues related to the subject.

The main research question motivating the study must, however, first be expressed. The question determines the objectives and scope of the project and sets outlines the direction and overall trajectory to be followed throughout the study. The question also defines the success indicators of the study (O'Leary, 2005; Delen and Zolbanin, (2018).

4.2 Research Questions

Mason (2018) argues that a research question is one for which the research is designed to address, and it should express the essence of the enquiry. The main research question of this research is:

In which ways can the involvement of the private sector enhance the implementation of Saudisation policy?

This question is, then, sub-categorized in three sub-questions:

a) What is the role of each stakeholder in enacting Saudisation policy?

b) What are the mechanisms, by which the private sector can have greater involvement in implementing the Saudisation policy?

c) What are the barriers that prevent the decision-makers, and the industry representatives from engaging the private sector with embracing the Saudisation policy?

These research questions effectively make sense of the ontologies and epistemologies considerations, concepts of which, are developed in the following section below.

4.3   Epistemology and Ontology

Defining the nature of knowledge and the way it is knowledge is constructed is an important aspect of social research. Hence social   scientists often try to understand what is in existence and how they came to being. Social scientist undertake ontological studies to understand the 'nature of being' (Bryman, 2008; Robson, 2002). They also use epistemological study to validate study and to provide distinction between opinion and justified belief (Bryman, 2008; Robson, 2002). The key concerns of Epistemology is the questions around the methods employed in a study, the validity of such methods and the scope of the study. On the other hand, ontology focuses on the nature of social entities.

4.3.1 Ontology

Ontology can seem like a difficult concept, precisely, because the nature, character, and essence of social things seem so fundamental and obvious that it can be hard to see what to conceptualise (Mason, 2018). In short, ontology tries to address questions concerning the nature of of the object of study (i.e.) the phenomenon that a researcher wishes to study.

Indeed, ontology has been described as the study of being. It focused on the question of 'what is' the nature of existence and the structure of reality (Crotty, 2009). Thomas (2010) argues that ontology is mostly related to research focus and what goes on in the social world. In the real world, this is often regarded as the our understanding of the world around us. Hence, it is safe to conclude that ontology is our assumptions about the nature of reality. According to Potter (2006) ontology is concerned with the questions about what things are, and the way they are being-in-the-world. According to Potter (206) there are two ontological schools:

The Positivist ontology: this school views the world from an objective perspective. Independent of human subjective assumptions. This view sees the world as an orderly system, comprising of discrete and observable events. They submit that the world is composed of objective reality and that it operate within a system and prescribed law. By contrast, the *Constructivist ontology*, posit that the world is best understood from the perspective of the actors (Potter, 2006). This research falls into this ontology because the researcher believes that the

involvement of the private sector, to enhance the implementation of Saudisation policy, needs to implicate all the stakeholders who relate to this policy from the point of view of the stakeholders and meaning should be drawn from the experiences of the stakeholders.

Furthermore, it is helpful to stress theorists view ontology from different perspective. Bryman (2008), for instance suggest that there are two schools of thoughts of ontology:

Objectivism ontology submits that the meaning of social phenomena exist independent of social actors. This position is known as positivist ontology (Potter, 2006). Thus, the position meant that the wolrd can only be studied objectively. This however is in opposition to *constructivist* ontology, which assumes that social phenomena and the meaning ascribed to it are a construct of the social actors. In the case of the Saudisation policy, this will include the relevant stakeholders. This iimportant as phenomena are often the creation from social interactions between actors in the real world. According to Bryman (2008) the definition of constructivism is similar to what Potter (2006) defined as constructivist ontology. Hence, irrespective of the definition alluded to, this study falls can best be located in the ontological school of thought. It is important to note that debate is ongoing in this field regarding the similarities and differences that exist between the two terms (Crotty, 2009; Bryman and Bell 2015). Consequently, the researcher submits that further research is needed in this areas to arrive at a conclusive agreement.

This research work is therefore placed in the constructivism ontology. The researcher argues that meaning giveng to social phenomena is based on the social interaction between the social actors (including their motivations, ideas, perceptions, attitudes, beliefs and views on the Saudisation   policy). This therefore means that the effectiveness of implementing Saudisation will depend on the interpretation establ ished by the policymakers (institutions, structures, and culture that shape the policy), the private sector representatives (understandings, interpretations and multiple realities or version of the policy) and individuals.

The ontological assumptions revolve around how individuals, within a particular social structure will interact with one another in the process of the promulgation and the implementation success Saudisation policy. The independence of the individual (actors) is germane to the creation of social meaning.

4.3.2   Epistemology

What can be defined as know ledge is cha ll enging or puzzli ng. Epistemology poses the question: "what might represent knowledge or evidence of the entities or socio/world that one wishes to investigate?" (Mason, 2018). The word Epistemology is interpreted from a Greek word "episteme". The word 'episteme' means "knowledge". Epistemology, therefore, is concerned with the understanding of knowledge and how knowledge can be acquired (Hirschheim, 1992). Epistemology tends to focus on our knowledge of the world. The epistemology scholars (Potter, 2006; Fletche; Massis and Nordqvist, 2016) all

concludes that valid knowledge and how to gain valid knowledge is epistemology. They also claimed that there are two epistemology school: Positivist and constructivist.

On the one hand, the positivist epistemology focuses on knowledge gained through a systematic and objective means (Bryant, 2000). To achieve this, researchers will employ techniques such as experimental method-testing hypotheses, which build evolving theory and laws about the world. Positivist epistemology therefore concludes that what is termed as reality are objectively obtained. They can be measured and described systematically independent of researchers bias. Positivist studies tend to test theory. The aim is to increase our predictive understanding of phenomena.

According to Potter (2006) constructivist epistemology focuses on three main concepts:

(a) That knowledge is construed and not discovered;

(b) It has multiple layers, &

(c) It is a means by which power is exercised.

Constructivist epistemology aligns itself to the existence of a material world, but distance itself from the view that world cannot simply be 'discovered'. It believes that actors also interpret the real world including those that tend to follow experimental research.

This strand of epistemology believe that knowledge is a construct of people and that there are varieties of different knowledge. These different facet of knowledge is given credence by human meaning-making. It also claims that those who create knowledge gain power. It seems relevant for the Researcher to attach this study to this school of thought. The promulgation and implementation of the Saudisation policy involve several stakeholders, who in their own right construct what they consider as reality based on available information at their disposal. The information at their disposal help them to make sense of their social world. In the Saudisation case, they are holders of a set of power in the implementation of the policy.

A different perspective on this type of epistemology was given by Crotty (2009), when he states, in the broad sense of things, there exist three types of epistemologies. These according to him are 1. Objectivism, 2. constructivism and 3. subjectivism (see Crotty, 2009). With regards to Objectivism epistemology, the author believes that this view suggest that meaning and meaningful realities exist independent of consciousness. Conversely, Constructivism epistemology disregards the view of human knowledge. Rather, it suggest that no objective truth waiting to be uncovered. The view here is that true meaning can only be attained through engagement and interactions of the relevant stakeholders. In the case of the Saudisation policy this will involves the tripartite principal stakeholders, ministry of labour, chambers of commerce and the employers in the private sector of the economy.

It is important to point out that different people have different meaning of the same phenomena. Thus the view of subjectivism which claim that meaning in a result of interplay between different actors is important. Arguably therefore, the view in subjectivism where meaning can be created out of nothing is further expressed and given credence. for instance this position is seen to align with the study of (Potter, 2006). In this study, Potter (2006) posit that objectivism epistemology is sometime in alignment with the positivism; while constructivism and subjectivism are seen to be sharing somewhat similar characteristics.

Further studies on epistemology reveal some contestations. For instance Bryman and Bell (2007) opined that two schools of epistemology exist, namely Interpretivsm and positivism. The definition and characteristics of positivism put farward by Bryman and Bell (2007) tend to conform to the views of (Potter, 2006; Crotty, 2009). At this juncture therefore, this study will examine the difference that exist in interpretivism. According to Bryman and Bell (2007),

> "*Interpretivism is an alternative to the positivist orthodoxy..... It is predicted upon the view that a strategy is required that respects the differences between people and the objects of natural sciences and therefore requires the social sciene to grasp the subjective meaning of the social action*" (Bryman and Bell, 2007, p.19).

The definition provided by Bryman and Bell (2007) suggest that if researchers are to take into account subjective meaning of different social actors and their actions, then, interpretivism will be reduced to a simple synonym of subjectivism. It will also become very constrained to actors interpretation of social phenomena.

Consequently, in this study the researcher have adopted a constructivist/ interpretivist epistemological stand point. This position is in line with the view of (Bryman, 2008; Xinping 2002) when they concluded that the study of our social world requires different research procedure and logic. They argued that we need research procedure that reflect the diversities and distinctiveness seen in the social world which are clearly distinctive from the natural order of things. The study aims into examining the roles of each stakeholder, in the enactment and implementation of the Saudisation policy. Therefore, this study will be addressing the barriers and limitation, hindering the effectiveness of stakeholders' responses. A stakeholder approach will be taken into account, where meaning and interpretation are created from individuals. Moreover, an interpretivist epistemology emphasises the sense that people make ou of their own lives and experiences; the researcher is seeking to interpret actor's meanings an interpretations of the Saudisation policy (Mason, 2018).

4.4 Research Strategy

There are different research strategies, each of these research strategies have its own distinct logic of enquiry, and way of combining combining epistemology and ontology assumptions. Following a careful review of the different stand point of epistemological and ontological assumptions, this study will has deployed the interpretivism and constructivism positions. It is noteworthy to state that research strategies can differ based on the types of research questions and the main purpose of any study.

There has been several suggestions with regards to types of research strategies. For instance Blaikie (2010) listed four types of strategies, namely: deductive research strategy, retroductive research strategy, adductive research strategy and inductive research strategy.

- The adductive research strategy often respond to the questions of 'what' and 'why' and does aims to address the reason behind our understanding the a particular epistemological and ontological assumptions;

- The retroductive and deductive research strategies are concerned with the question of 'why'. They are best suited to examining the purpose of explanation; and

- The adductive and inductive strategies focus on the 'what' questions. They are mostly used in exploratory research.

In this study the inductive research strategy was employed. This is important to our understanding of the phenomena under investigation it start with specific observation/description of the Saudisation policy and later followed by the analysis which provides explanation of observed phenomena (see Burns and Burns, 2008). Theory was developed from the initial data collected from the stakeholders. The main focus of the inductive strategy was to provide the opportunity to develop theory from data collected (Burns and Burns, 2008). Popper (1994) asserted that developing knowledge through the inductive procedure is questionable because the validity of induction and science assumes and accepts clockwork regularity in nature. However, others argue that an

inductive approach allows for 'thick description', 'pattern description', 'narration' and 'formalisation ' (Cornelissen, 2017; Monsen, K. A. et al. 2009).

The main purpose of this study is focused toward exploring the extent to which the main stakeholders to the Saudisation policy view the promulgation and implementation of the policy. The purpose of this is to help us understand the barriers to successful promulgation and implementation of the policy. One of the initial conceived approach to the study is that the study will be a qualitative research as opposed to quantitative study. This decision was taking in view of the desire to obtained in-depth qualitative data which will allow for good exploration of the topic.

The data needed to gather is qualitative that should be rich and deep. This research is qualitative research, in that it uses the inductive strategy which assumes a interpretivist epistemological orientation, and a constructivist ontological orientation. The Researcher compares below positivism versus interpretivism

Table 5: Comparison of positivism and interpretivism research philosophy

	Positivism- Deduction	Interpretivism/ - Induction
Basic beliefs	- Science is value free - Observer is independent - World is external (ontology) and objective (epistemology) - Explanation uses analysis of causal relationships and fundamental laws	- Human interest drives Science - Observer is part of what is observed - World is socially (ontology) constructed and subjective (epistemology) - Explanation of subjective meaning held by subjects through understanding
Researcher should	- Use diverse controls, physical or statistical, to allow the testing of hypotheses - Use structured research methodology	Committed to naturally occurring situations of everyday life, allows access to reduce fabrication

	• Formulate hypotheses and test them • Reduce phenomena to simplest of elements	• Use minimum structure in research methodology • Develop data through induction • Look at the totality of each situation
Preferred Methods	• Generate and use of quantitative data • Operationalisation and measurement • Large samples • Generalisation • Rigour and validity	• Generate data through qualitative data • Variety of methods and opinions/conversation • Small in-depth sample • Context-bound understanding • Trustworthiness, utility and triangulation
Research aim	• To explain the world in term of 'laws of nature' • To test theories	• To gain insight and understanding of the world • To develop theories

Source: Adopted from (Easterby-Smith *et al.*, 2004; Potter, 2006; Byrman, 2008)

Advocates of the quantitative research often argue that research should start with theory from which. This they argue will allow event to flow naturally. They believe that this will allow for testing of hypothesis (Burns and Burns, 2008). This process is known as the deductive method.

Wright (2017) proposes that measurement is central to the theoretical process and therefore suggest that reliability is the main problem in qualitative research. The debate is far from simple. Mantere and Ket iviki (2013) suggest that there are three forms of reasoning. Firstly, it is clear that induction involves drawing conclusions from what is observed (which is indeed the aim of this research study). Secondly, deduction includes predicting what observations are expected. Thirdly, abduction focus on inferencing on alternative rules based on the observations. For Wright (2017), induction is the foundation for theory development and the process by which individuals form their mental models of

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the relevant concepts and the relations among them, usually based on some form of observations. Indeed, the research refers also to the abduction, because abduction provides the foundation for theoretical progress, by refining the desire to develop a deeper understanding the Saudisation policy and its enactment and implementation from the view point of the main stakeholders.

4.5 Research Design

A research design is normally seen as a plan for getting from one point to another. It is concerned wit turning research questions into projects (Robson, 2010). In the view of Nachmias and Nachmi (1992) a research design constitute a guide that researcher/investigators use when collecting interpreting and analyzing data. Furthermore Bryman (2008) suggest that the research design is the process that guide the collection and analysis of data in an enquiry. Therefore, the choice of a research design is largely going to depend on the nature of the research to be embarked upon. These include:

- The expression of causal connections between variables;

- The generalization of findings from a large sample size;

- The understanding of human behaviors and what the behavior meant in any specific context; and

- The appreciation of social phenomena and how they are interconnected.

Indeed, the first bullet point is not of concern for this research, in that causal connections are not the aim of the study. The study does not have the purpose

external generalisation, but it aims into generating theories that would help understand the Saudisation policy enactment and its implementation, from the perspectives of the stakeholders. The focus of this research will be on bullet points 3 and 4. Therefore, it aims into understanding the behaviour and the sense of stakeholders, in the con text of Saudisation policy, with an appreciation of how this policy could be delivered by accepting multiples views.

Several studies have suggested six types of research designs: experimental, quasi-experimental, cross-sectional or social survey, longitudinal, comparative, and case study (Bryman and Bell, 2007; Blaikie, 2010). This study employs case study design.

In the views of Schramm (1971), the main essence of a case study research, is to provide a clear illumination on any decision or set of decisions that were taken in the case study organization. It further elicit information about why such decisions were taken, how they were implemented and the consequences of the implementation. This study is concerned with a set of decision taking to promulgate and implement the Saudisation policy in the Kingdom of Saudi Arabia. The policy involves policymakers, private sector organization representatives (chambers of commerce) and the private sector. Therefore, case study analysis will help our understanding of the reasons hindering the private sector organization from actively participating in the process in the Saudisation policy. Consequently, the study will be able to draw conclusions on how to ensure that the private sector is actively involved.

Yin (2009) defines a case study as:

> "An empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when boundaries between the phenomenon and the context are not clearly evident" (Vin, 2009, p. 18).

Just like any other research strategy, case study has its disadvantages and advantages. Several writers have discussed the advantages of using a case study. It is however interesting to note that most of these writers discussed the importance of "face validity". In other words where a study is well-written as empirically written case study, it will present a factual picture of the phenomena that has been studied. Often this allow the investigator to explore or test existing theories, within the context of messy-life situations. While at this, it is important to mention that this study is designed to untangle the multiple but equally important interpretations of the Saudisation policy from the point of view of all the stakeholders concerned. Investigators can only examine this type of complex research if investigators adopts a multi stakeholders perspective.

Despite all the benefits of using this technique, there also exist some drawbacks. Myers (2009) point out the followings:

- Difficulties of gaining access to institutions and stakeholders;

- The researcher's lack of control over the situation; and

- Time-consumption.

The Researcher acknowledges these difficulties; however, it is worthwhile noting that access to stakeholders and institutions is negotiated in advance. The research has good understanding of the contextual factors that shaped the access, and know the gatekeepers. Lack of control over the situation may seem pertinent; ye, arrangements have been made to gain support from the institutions, the private sector companies, and individuals perceived as important to the research. The researcher has put in place good planning, in order to manage the time spent on the research.

Arguably though, case studies are often qualitative in nature (Stake, 2005), but other writers have proof that quantitative research can also employ the use of case study (see for example Gerring, 2006; Yin, 2009). The researcher proposes to adopt the revelatory case study. The basis of the revelatory case study is most relevant: "when an investigator has an opportunity to observe and analyse the phenomenon [Saudisation policy enactment and implementation] previously inaccessible to scientific investigation" (Yin, 2009).

Bryman and Bell (2015) argues that researcher should avoid limiting revelatory cases to situations where nothing has been studied. They concluded that most of the case studies conducted using qualitative data are usually inductive – leading to the production of theory, are revelatory in nature.

4.6   Research Methods

The researcher argues that a 'survey research' is not a data collection instrument per se. According to Bryman and Bell (2015) a survey research does consist of cross-sectional design. This are normally situation where data are collected primarily through the the use of questionnaire and sometimes structured interview instrument. In such cases they are normally collected from a large group from different cases. This provide the opportunity to collect qualitative and quantifiable data about two or more variables which may be examined to uncover pattern and associations. The current research adopts the qualitative, inductive and adductive inquiry, therefore, the researcher referred to the research methods pertaining to qualitative data collection .

There are however different research methods from which a researcher may want to choice from.Some of the methods of data collections identified in the literature include: interviews, documentations, participant observation, archival records, physical artifacts and direct observation. Yin, (2009) provides an overview of the benefits and drawbacks of each of this techniques. See Table 6 below.

Table 6: Six sources of Evidence: strengths and weaknesses

Sources of evidence	Strengths	Weaknesses
Documentation	• stable-can be reviewed repeatedly • unobtrusive-not created as result of the case study • Exact- contains exact names, references and detail s of an event • Broad coverage-long span of time, many events and many settings	• Irretrievability-can be difficult to find • Biased selectivity, if collection is incomplete • Reporting bias of author • Access- may be deliberately withheld
Archival records	• (same as those for documentation) • Precise and usually quantitative	• (same as for documentation) • Accessibility due to privacy reasons
Interviews	• Targeted-focuses directly on case study topics • Insightful-provides perceived causal inferences and explanations	• Bias due to poor articulated questions • Response bias • Inaccuracies due to poor recall • Reflexivity-interviewee gives what interviewer wants to hear
Direct observations	• Reality-covers events in real time • Contextual-covers context of 'case'	• Time-consuming • Selectivity-broad coverage difficult without a team of observers • Reflexivity-event may proceed differently because it is being observed • Cost-hours needed by human observers
Participant-observation	• (same as above for direct observations) • Insightful into interpersonal behaviour and motives	• Same as for above direct observations) • Bias due to participant-observer's manipulation of events
Physical artifacts	• Insightful into cultural features • Insightful into technical operations	• Selectivity • availability

Source: Adopted from Yin (2009)

In table 6 above, Tin (2009) revealed the strength and weaknesses of the different data collection instruments. Robson (2011) observed that one of the key benefit of observation is the directness of the method. Because of its directness, researchers are able to get a "real- life" view of the phenomena or real world under investigation. Conversely, McCall (1984) hinted that because of the observers proximity to the observed, the observer tend to affect the observed, thereby creating a reaction from the observed known as "reactivity". In order to avoid creating such a reaction in this study, the researcher did not use this method in this study.

In this study, the researcher employed both primary and secondary data collection techniques, these includes the use of documentations and archival materials, and semi-structured interviews. Semi-structured interview as the main primary data collection technique is considered most appropriate due to its flexibility in eliciting in-depth information from the participants. It gives the researcher the opportunity to probe new line of discuss that may arise during the interview. It enables the investigator to tackle all the relevant issues relating to the phenomena under investigation (Bryman and Bell, 2015). However, Mathias and Smith (2016) observe that interviews, in general, have the following drawbacks: time limitations often prevent a detailed and thorough account of one's life story (time and cost-sensitive), limited self-reflection of participants, and difficult to access thought leaders/managerial elites.

The Researcher used interview schedule. This helped to focus on the key issues of the study – namely, the factors and barriers that hinders the promulgation and implementation of the Saudisation policy. The interview schedule includes a set of questions investigating:

- The role of the different actors in Saudisation;

- The barriers preventing the private sector from engaging in the implementation; and

- The mechanisms by which policymakers and industry representatives will create interest in the industry to collaborate and participate in the Saudisation.

The aims of the interviews was to explore:

- How the stakeholders in the case of Saudisation construct their own realities; and

- How do these stakeholders report their perceptions, "truth's", explanations, beliefs and world view of the Saudisation

Thus, the research examined the consequences of constructions of individual belief and behaviours and those of whom they interact. Patton (2002) suggests that it is useful for the researcher to have direct and close contact with, the participants, situation, and phenomenon that is been investigated. This Patton (2002) believes gives the researcher a great insight that will otherwise not be achievable through the use of questionnaire. The researcher'; personal

experiences and knowledge of the Saudisation policy became pivotal to this investigation.

4.6.1 Interview Procedures Before and in the Field

The fieldwork involved the development of the semi-structured schedule and the collection of the data.

4.6.1.1 Development of Instruments

This step involved the development of the interview protocol, which included guides to the administration and implementation of the process of interview. The purpose of this key instructions was to ensure consistency among the interviewees, and thus, increasing the reliability of the findings. The protocol developed included:

- What the interviewer had said to the interviewee during the set-up of he interview;

- What to say to the interviewee when starting the interview, including statements to ensure informed consent, and confidentiality of the interviewee (Refe r to Appendix 1);

- What to say to the interviewee when concluding the interview;

- The methods to use when recordin g information during the interview. In this case, note tacking and audiotaping were used, but, it is worthwhile stating, that few interviews were not recorded, because participants did not agree on the recording. Notes were taken is such instances; and

- Develop a list of questions to collect the required information (Refer to Appendix 2).

4.7 Data Collection

Interviews with the participants were set up. The main task was to explain the objective of conducting the interview, the reason why the participants were selected, and the estimated time. Informed consent was sought from interviewees prior to the questioning. For the interviews, the consent was a documented oral consent. When obtaining the consent, the purpose of the interview, the reason for selecting the interviewee, the expected duration of the interview, and the use of notebooks and tape recorders were re-explained. Interviewees were informed of the confidential nature of the data collected during the interview. Only those participants who consented to take part in the interview were questioned. The interviewer summarized the key data immediately, after the interview with each interviewee. Verification of the information given by the interviewees was conducted for the purpose of validation.

Due to common personal reservations and the private nature of some questions asked in the interview, some potential challenges were taken into consideration. Five major challenges were identified in (Roulston *et al.*, 2003) and can be summarized in the following:

- Unexpected actions of interviewees and external environmental issues;

- Prior prejudices and anticipated outcomes from both interviewer and interviewees;

- Keeping the questions within the designed scope of the interview;

- Proper handling of sensitive topics; and

- Literal and precise transcribing of the interview.

The Researcher was able to surpass all of these challenges.

The semi-structured interviews were carried out in Riyadh, the capital of KSA because the most government and private bodies are located in Riyadh. This was a challenging exercise, as it required planning and time management.

All of the interviews considered in this study were conducted with the physical presence of both parties. The convenience of interviewees was considered and designed for to the best knowledge and capability of the researcher. Several interviews were made informal to relax the interviewees and all discussions and questions were worded out in Arabic. Semi-structured interviews gave the interviewed individuals some freedom to clarify their understanding of certain issues and to raise related issues and inexpected Saudisation policy parts which they viewed as important.

Although the interviews were smooth for the most part, a few issues were encountered in the process mostly due to unexpected behaviour from the interviewees. A major issue was the hesitancy of some field experts towards exclusively evaluating the Saudisation policy on the record [*unexpected*

behaviour and dealing with sensitive issues]. In such circumstances, the Researcher was obliged to interrupt the interview and reassure them of the confidentiality and anonymity of all recorded information. This reassurance was mostly reiterated throughout each interview. Interviewees were informed that it was the duty of the researcher to deal with all information in a delicate manner and under no circumstances divulge the personal information of interviewees to any third party (*this according to the research ethic guideline- see section on ethics* below). Another main challenge that was faced is the unexpected time constraints imposed by some of the interviewed experts. The efficiency of each interview was considered and carefully articulated by the researcher [*maintaining focus in asking questions*].

[The transcription] was the most challenging part of the research. The semi-structured schedule was written in English and has to be translated into Arabic. Conversely, all the interview transcripts were in Arabic and needed to be translated back into English. There was the challenge of the 'lost in translation' of important elements of the recorded interviews. To ensure the face validity of the transcripts in English, the Researcher referred to colleagues, who were both proficient in Arabic and English as validators.

The ultimate objective of the semi-structured interviews was to unearth the complexity of the relationship between the private sector, the chamber of commerce, and the ministry of labour. This was made possible by asking questions that could sometimes be seen as intrusive. The Researcher's initial

assumptions were that challenges faced by Saudisation policy arise from the lack of collaboration with the stakeholders. These stakeholders have different perspectives and interests in the process. They guarded their knowledge of the policies based on the fact that they are capable of providing viable solutions. The Researcher tried to capture the phenomenon of how the private sector can assist in making, and implementing effectively the Saudisation policies.

4.7.1 Searching and Reading Documents

The semi-strctured interviews used to sense the subjective data that is personal experiences of stakeholders of the Saudisation policy are not sufficient to form a comprehensive understanding of the research subject. The data collected from these interviews will be supported and triangulated by a review of the documentary and archived data available to the researcher. The reviewed literature is mainly in the form of official policy documents published by government institutions along with public statements made by the government regarding Saudisation. The researcher has found that these documents can be compiled inexpensively and quickly, which agrees with what was reported in (Payne & Payne, 2004). This in no way means no disadvantages follow from the use of these documents. Perhaps the major challenge concerns the selection procedure for relevant and informative documents.

4.7.2 Selecting Documentary Sources

Prior (2003) argued that in some scenarios, documentary sources may be regarded as an actor. In fact, documents were defined by Myers (2009) as

"anything that can be digitalised". Documents can be divided into different categories in some respects. Five distinct types were proposed in (Gottschalk, 2006); public reports, government reports, and expressions of opinion, contemporary reports, confidential reports. According to Yin (2009), a number of benefits and drawbacks can be associated with documentary data including those summarized earlier in Table 6.

It is important to put in place well defined criteria to assess the suitability and applicability of documents and archives. Different perspectives can be found in the literature. According to Scott (1990), these can be summarized in the following:

- **Authenticity**: the researcher must ensure that the used document is authentic and original.

- **Credibility**: the evidence must not have been altered in any way, shape, or form that it will contain errors.

- **Representativeness**: the typicality of the document in representing its type must be well assessed by the researcher.

- **Meaning**: the unambiguity and comprehensiveness of the evidence must be ensured.

4.7.3 Sampling Strategy

Due to the qualitative nature of the study at hand, the researcher is not interested in making generalizations based on a probabilistic sample representative of the stakeholder population (Burns and Burns, 2008). The alternative according to Bryman (2008) is to use purposeful sampling, where the researcher selects individuals after having decided on what purpose they are to fulfil. Several different techniques can be used to achieve purposeful sampling as reported in (Patton, 2002). For the purpose of the current study, the researcher decided to follow the so called snowball or chain sampling as it suits the objective of identifying potential interviewees that have a rich knowledge of the subject. Similar to a snowball becoming bigger as snow accumulates, the list of individuals possessing key information regarding Saudisation gets bigger and bigger through the researcher asking around: "who knows the most about Saudisation and its implementation?" and "with whom should the author speak and whom should he investigate?"

The unit of analysis is people, sectors, events, critical incidents that will allow the Researcher to collect "rich information" that is "illuminative". Such information is capable of providing a useful interpretation of the Saudisation policy. One thing that must be kept in mind is that the interviewed individuals have a somewhat similar experience and share a common view of Saudisation. The case is revelatory and unique, that is Saudisation policy and its enactment. The Researcher selected 21 participants, because, as mentioned above, the Researcher adopted a judgemental or purposive sampling. Blaikie (2010) argues

that this technique of sampling is relevant and appropriate when the subject studied by the researcher makes the identification of the population either infeasible or too expensive, i.e. where there is no available list of populations' elements. The individuals unit of analysis consists of:

- 10 units of directors

- 5 heads of department

- 6 general managers

The unit of analysis spread across sectors:

- 7 individuals from the private sector

- 7 individuals from the ministry of labour (public sector)

- 7 individuals from the Chambers of Commerce

The participation in the study had an equal representation among the three participating agencies. Figure 4.1 below depict the rate of participation from the agencies.

Figure 4.1: Participants

- Ministry of Labor   - Chambers of Commerce   - Private sector
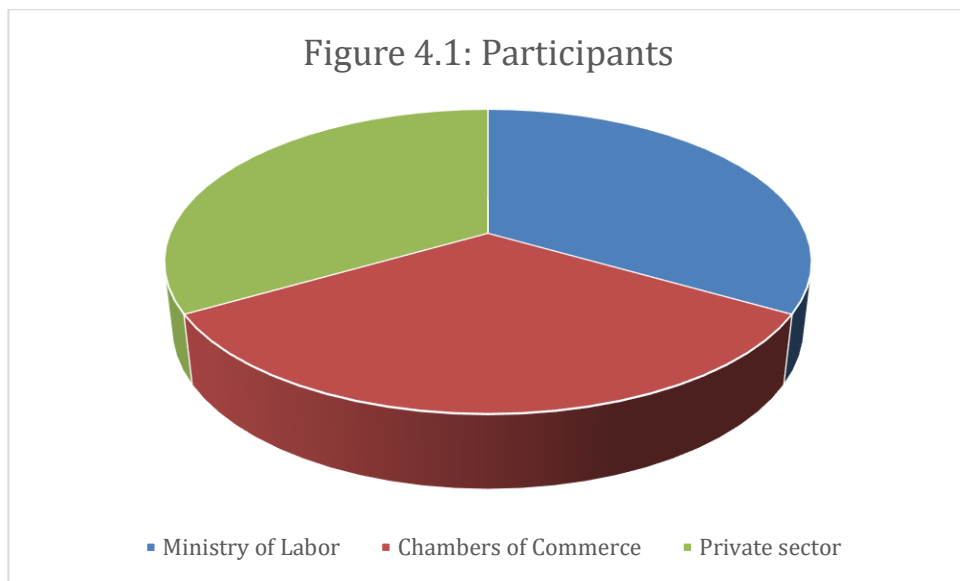
4.7.4   Sampling Strategy Planning

The first step was to identify the study group. The study group was selected from the employees in the ministry of labour and the chamber of commerce, and the members of the private sector. All the participants were graduates and held senior positions in their respective workplaces. The selection also targeted the employees who had worked for more than ten years in their respective workplaces.

4.8   Data Analysis

The four main tools used to analyse qualitative research data are analytic induction, content analysis, grounded theory, and thematic analysis. In analytic induction, the researcher starts with a relatively small sample of individuals and surveys them to formulate a hypothetical understanding/explanation of a specific subject. Once the hypothesis is coined, new individuals are interviewed and each time an explanation different from the hypothetical is found either the

hypothesis is amended or the scope of the explanation is redefined. Content analysis is usually associated with documentary data. It is a systematic approach by which the researcher can quantify the content of a document according to predefined criteria(Bryman, 2012). Cameron and Price (2009) discussed the usefulness of content analysis in situations where the data is collected thematically. In order to be able to use thematic data collection and analysis, the questions and objectives of the research study must be sufficiently clear and well-structured to allow for textual theme identification. However, the study will immerse in the details and particulars of the data, to discover meaningful patterns, ideas, and interrelationships. In achieving this, the Researcher will use the grounded theory as a data analysis tool, not as a methodology. The research study at hand uses a combination of content analysis, grounded theory, and thematic analysis.

Content analysis is important in organizational research. The approach allows researchers to recover and examine the nuances of organizational behaviour, the perceptions of the stakeholders, and the societal trends. This study used content analysis approach, since it could make it possible to analyse socio-cognitive, and perceptual constructs that are difficult to study, using the traditional quantitative approaches.

There are several benefits and shortcomings associated with content analysis. Bryman (2012) argues that a major advantage of content analysis is that it allows for transparent research method, and for a certain level of longitudinal analysis

relatively easily (this is not the case in this study). In addition, this approach is referred to as 'unobstructive method', it is highly compliant as it can be applied to a variety of unstructured information, and finally, permits gathering information about the social groups that are usually difficult to gain access.

On the other hand, the disadvantages of content analysis are as follows:

- It can only be as useful and informative as the documents utilized in the research study;

- It is very subjective in that it is extremely difficult to prepare a coding manual free from subjective interpretation; and

- It is mostly to make sense of the data obtained through questions starting with "why?" (Bryman, 2012).

To mitigate these disadvantages, the Researcher coupled this data analysis method, with the grounded theory approach.

4.8.1 Grounded theory (GT)

The proponents of the Grounded Theory methodology, like Glaser and Strauss (1967), consider it as a systematic qualitative analysis approach capable of producing theory based on qualitative data. The main aim is to construct abstract theoretical explanations from the social process. In their book, *The Discovery of Grounded Theory,* Glaser and Strauss (1967) articulated and advocated the strategies that social scientists need to adhere to in order to develop theories

from research grounded in the data, rather than deducing testable hypotheses from existing theories.

The decision of using GT is based on the fact that the study is qualitative and inductive, with the aim of generating theories to explain the Saudisation policy. While Glaser and Stauss (1967) argue that this is a qualitative research methodology, the study asserts that it is a research data analysis instrument. It is worthwhile considering the methodological components, as proposed by these theorists.

Glaser and Strauss (1967), Glaser (1978) Strauss (1987) and more recently Belotto (2018), Corbin and Strauss (2015) contend that the elements of grounded theory practice include:

- Simultaneous involvement in data collection and analysis;

- Data-driven construction of codes and classifications as opposed to hypothesis-driven;

- A comparative approach that insists on carrying out comparisons with each analysis step;

- Improving the developed theory after each data-gathering and analysis iteration;

- Using memos to clarify the categories, identify their attributes, define the cross-category relations, and determine the gaps;

- Orienting the sampling towards theory building as opposed to representation of a population, which may be achieved through purposive sampling; and

- Starting with the independent analysis before surveying and reviewing related literature.

The current research attempts to follow this framework, although not literally. The study aims to develop theories that offer explanations, as to why the enactment and implementation of Saudisation policy are faced with the lack of engagement by the stakeholders concerned. Merton (1957) argues that Middle-range theories consisted of the abstract rendering of particular social phenomenon (Saudisation) that was grounded in data.

Cameron and Price (2009) have drawn to the attention of researchers the limitations of GT. They argue that:

- GT is time-consuming, as it requires time for in-depth analysis;

- GT demands an extreme flexibility oversample and data collection methods involved; and

- GT uses qualitative data and includes no attempt to quantify it.

There is an argument that, even if researchers did not use formally explicit theory, they will be drawing upon tacit theory in all the research choices, and, therefore, valiant is the attempt of a truly inductive approach, that can never be more than an ideal.

These limitations have not prevented this method of data analysis to be foreshadowed in academic papers in the last century. The data analysis will use *NVIVO* software for coding, creating categories and discovering the relationship between these groups.

4.8.2   Coding Data

The coding process used in this research is the grounded theory. The following questions were used for coding:

- What is going on?

- What are the stakeholders doing?

- What is the person doing?

- What do these actions and statements assume?

- How to the structure of the stakeholders' support, maintain, impede, or change the Saudisation policies?

4.8.3   Thematic analysis

Thematic analysis is a diffusion approach for the analysis of qualitative data. According to Gelo *et al*. (2008), it is a "process for encoding qualitative information". In this approach, a number of commonly accepted principles are used to identify the main themes observed in a set of data. For the purpose of the current study, thematic analysis was used to analyse the data collected by interviewing Saudisation policy stakeholders. Thematic analysis allows the researcher to observe the data from broader perspectives and obtain information embedded in parts of the data that would otherwise pass unnoticed

yielding a more thorough analysis (Kasper, 2015; Henning *et al.*, 2004). The analysis strategy adopted in this study follows the lines of Braun and Clarke (2006), who suggested the following procedure:

- The researcher starts by reading through the script and gaining familiarity with the data therein;

- Generating a preliminary set of codes;

- Searching for these preliminary themes in the data and applies them;

- Reviewing the preliminary themes ;

- Updating the set of codes and finalising their names and definitions; and

- Compiling a detailed report.

This thematic data analysis approach was adopted with the aim of gaining a deeper understanding of the collected data leading to richer findings in relation to the Saudisation policy implementation and its dynamics with respect to the private sector. Different excerpts taken from interviewee responses were linked together by the researcher in the analysis stage in order to extract further information from the data and form a broader conceptual outline of the issues related to Saudisation.

The combination of these three data analysis methods allowed the Researcher to derive from the data, meaningful themes and concepts on the roles of each stakeholder in enacting the Saudisation policy, the mechanisms by which private sector can be involved in formatting and implementing the Saudisation policy,

and examining the barriers that prevent the policymakers and private sector representatives, from engaging in the formatting of the Saudisation.

4.8.4 Validity, Reliability, and Generalisation

The objectivity and vigor of the findings from any research study can be assessed and elaborated through the concepts of Validity, reliability, and generalisation. According to some studies reported in the literature such as (Kirk & Miller, 1986; Ali & Yusof, 2011), these terms were first established to evaluate the multiple facets of quantitative issues related to social sciences. Each term describes the answer of an important question. Validity is related to the question "*does the study apparently gain access to the experiences of those in the research setting*?" (Easterby-Smith *et al.*, 2004), whereas reliability is concerned with the question "*is there transparency in how sense was made from the raw data?*" (Gheondea-Eladi, 2014). On the other hand, generalizability relates to the question "*do the concepts and constructs derived from this study have any relevance to other settings*?" (Gheondea-Eladi, 2014).

Some have argued that the concept of validity is not always a key indicator, especially for interpretation and phenomenon based research studies, which are usually more concerned with the research finding being authentic and worthy of trust (Howell, 2013). As mentioned earlier in this chapter, the aim of this study is to use analytic methods to conceptualise some generalised theories related to the subject at hand. This is different from other probabilistic studies where the aim is to draw conclusion about a certain population based on those of a

representative sample (external validity). The main objective of the data analysis in this study is to assess whether the Saudisation policy relates or resonates with other contexts. Table 7 below summarises the Researcher's perspective on the interpretivist approach to validity, reliability and generalisability.

Table 7: Perspectives on validity, reliability and generalisability

	Positivist	*Relativist*	*Interpretivist*
Validity	Do the measures correspond closely to reality?	Have a sufficient number of perspectives been included?	Does the study clearly gain access to the experiences of those in the research setting?
Reliability	Will the measure yield the same results on other occasions?	Will similar observations be reached by other observers?	Is there a transparency in how sense was made from the raw data?
Generalisability	To what extent does the study confirm or contradict existing findings in the same field?	What is the probability that patterns observed will be repeated in general population?	Do the concepts and constructs derived from this study have any relevance to other settings?

Source: Adapted from Easterby-Smith *et al*. (2004)

Furthermore, the Researcher justifies the research evaluation criteria in the table below. Table 8 expresses how the criteria of validity, reliability and generalisability are treated in the research.

Table 8: Case study tactics for validity and reliability

Tests	Case study tactics	My justification
Construct validity	• Use of multiple sources of evidence • Will have interviewees read the draft of findings	• Semi-structured interviews • Documentation data/ observation • Literature review
External validity	• Use theory in single-case study	• The research design- the researcher adopt the 'analytic generalisations'-that is generalising a set of his results to some broader theory of the Saudisation policy enactment and implementation

Reliability	• Use case study protocol	• Interview schedule was submitted to the attention of my colleagues for assessment of the instrument and the nature of questions asked.
		• Pilot organised to test both the data collection instrument and the questions (constructs)
		• Ethical approval documentation
		• Seeking supervisor views on drafts

Source: Adopted from Yin (2009)

4.8.5 Reflexivity in Qualitative Research

Howell (2013) states that "reflexivity involves acknowledging the constructive elements without giving precedence to any part of the process; construction requires a continuum of interaction, a form of symbolic interaction of Hegelian recognition" (Howell, 2013, p. 185); correspondingly, Alvesson and Skoldberg (2009) concur with the above author by saying: "the very idea of reflexivity…is the…ability to break away from a frame of reference and to look at what is not capable of saying" (Alvesson and Skoldberg, 2009, p. 270).

Ultimately, being reflexive helps ensure that objectivity in the research is guaranteed. The approach attempts to identify, do something about, and acknowledge the limitations of research, regarding the location, subjects, process, theoretical context, and data analysis. According to Hammersley (2011), the approach also promotes *methodology-as*-autobiography and is concerned with what readers need to be provided with if they can assess the findings of a study. The reflexivity provides the users with an 'audit trail' so that the readers can easily check the validity of the conclusions made. As an argument, rigour involves following rules to ensure that the demand for precision is met by

continual and careful reflection on the research process by the Researcher. This approach focuses on the possible sources of errors, and the documentation of reflexive monitoring for readers, to ensure that the latter could make an assessment of the possible validity.

Another perspective, which is taken from an epistemological viewpoint, suggests that any research is necessarily infused with a distinctive personal perspective. As a result, the research report should not be evaluated regarding impersonal criteria but should be rather judged about the person and process that generated them. This involves favouring a more constructivist point of view. On this account, partial and subjective criteria should be used in ethical, rather than epistemic. This study has taken an interpretivist epistemology since it favours reflexivity from this perspective.

The third stand on reflexivity regarding fairness requires the researcher to protect the personality of the participants. In case the researcher asks people to expose their personal details, then the investigators should also include their details. Reflexivity will be preeminent in assessing the objectivity of the research (Hammersley, 2011).

4.9   Ethical Considerations

Diener and Crandall (1978) suggested that there are four main areas which concern ethics:

- Whether there is harm to participants;

- Whether there is a lack of informed consent;

- Whether there is an invasion of privacy; and

- Whether deception is involved.

Interpretivism and ethics, according to Greener (2011), seek to emphasise the need to protect the least powerful in society, and, given its nature in exploring inter-subjectivity, it places a strong role on the need to achieve consent and treat data in the most careful way possible. Clegg (1989) calls the ethical principle as "obligatory passage points" that researchers are required to navigate through, in order to do their work. In an educational context, Simons (1995) refers 'ethics' as "the search for rules of conduct that enable us to operate defensibly in political contexts in which we have to conduct educational research" (Simons, 1995, p. 436). In contrast, Burns and Burns (2008) define 'ethics' as "*the application of moral principles and/or ethical standards that guide our behaviour in human relationship*" (Burns and Burns, 2008, p. 29).

In starting this research, the Researcher sought an ethical clearance from the University Ethical Committee (see appendix 8). The Researcher also sought the informed consent and safeguard of potential participants.

4.9.1 Access issues

Easterby-Smith *et al*. (2004), in presenting the politics of access to research sites, argued that there are two kinds of access: first, the formal access, or permission from senior management (in this case: heads of department, unit directors and general managers), to gather data from within the organisation (generally with

specific constraints) and, second, the informal process of gaining access to people and documents. The Researcher used both approaches i.e. formal and informal in this research.

4.9.2 Anonymity, Confidentiality and Data Protection

Anonymity and confidentiality are two standards that are applied, in order to help protect the privacy of research participants. Anonymity refers to concealing the identity of the participant, in all documents resulting from the research. Confidentiality is concerned with who has the right to access, to the data provided by participants (Burns and Burns, 2008).

In this Section, the Researcher strived to demonstrate how far he adheres to the sensitivity of the context, by ensuring adequate protection for the participants, through following ethical guidelines; by committing to rigorous procedures in the collecting the data; and by upholding enough transparency and coherence in the research methods (See Appendix 6 for consent form and clearance from the University's Ethical Committee).

It is also, worth reporting that the sample is not a vulnerable group, as they are above eighteen years old, all in senior positions, and well versed in research, in their own individual field. Hence, there was no harm to participants' well-beings:

- What should individuals be told about the conduct of the research on Saudisation policy?

- Is secret research justifiable? Can the author reveal to the stakeholders the aims and the purposes of the investigation?

- What data can be collected 'openly'?

- How should data be disseminated?

- What protection can be given to those individuals who participate in social research?

The major ethical issues that the study considered include:

- Integrity and quality–when designing the study, reviewing the relevant literature and conducting the interviews, integrity and quality will be the guiding principles;

- Permission from the participants–before conducting the interviews, permission will be sought in advance. During the time of requesting their consent to involve them in the study, detailed information about the possible risks that they may face should be provided. It is also important to provide policy guidelines to use in the study;

- Anonymity–all the participants in the study should remain anonymous. The study will not disclose any personal details of the participants. Every participant will have to sign an agreement before the study, to allow the Researcher to utterly destroy the information collected during the study;

- Voluntary participation–the participants should take part in the study on their personal will. The study will not provide any obligation to participate in the study;

- Compensation–the study will establish a form of compensation for any harm that might occur during the study; and

- Transparency–during the process of data collection, transparency will be highly observed.

4.10   Conclusion

This Chapter examined the methodology of the study. It provided the assumptions about the ontological and epistemological approaches. It argued, also, that though the literature on ontology and epistemology are challenging to master, the Researcher adopted the constructivist ontology and an interpretivist epistemology. The Chapter claimed that the observer is not independent of the object observed, that existence is socially constructed, and that knowledge and meaning are co-created by the stakeholders, involved in the process of enactment and implementation of the Saudisation policy.

The Researcher adopted the inductive, adductive strategy. He also opted for qualitative research. Indeed, as a case study design, the research focused on three sectors and selected a purposive and convenient sample of 21 participants. The research used a semi-structured interviewing technique to gather the data. A blended data analysis of content analysis, grounded theory and thematic analysis were selected. To ensure the robustness of the research, issues around validity, reliability and generalization issues were also presented. The chapter concluded by examining the ethical issues in this study.

Throughout the Chapter, the Researcher used the research methodology literature to explain, select, and justify how practical steps were taken, to ensure that the fieldwork ran appropriately, by outlining the procedures adopted. The Researcher will now move into analysing the data collected and discussing the findings in the next Chapter.

The next chapter, therefore, focused on presenting the findings and analysis from the study. The chapter examined, and present data collected during the study. The findings and analysis are simply aimed at juxtaposing the different types of data collected during this study, with the aim of achieving the aim and objectives of this study.

Chapter 5 : Results and Discussion

5.1 Introduction

In the previous chapter, the study examined methods and methodological issues. The chapter provided a base for understanding how the study was conducted and why the methods employed were used. To do this more effectively, it examined many methodological issues and as a means of providing a justification for the one employed in this study. Overall, the chapter gave us a good overview of the process of this study.

This Chapter explains how data analysis, research findings, and research gaps have underpinned the design of the research framework. The supportive evidence is analysed, in order to validate the feasibility of the framework. Specifically, in the first part of this Chapter, data is analysed, and findings are presented. Then, the second Section focuses on extracting themes that surfaced, within each category and relating them to an integrated plot, in order to define the Saudisation policy challenges. A third Section comprises the analysis of interviews (discussed in four main phases), to achieve the research framework. Lastly, Section four presents the results of the study along with the research gap.

5.2 Data Findings and Analysis

This phase of the research has focused on understanding a three-dimensional perspective of the Chamber of Commerce, the Ministry of Labour, and the Private Sector. This analysis identifies each stance and perception, regarding each establishment's role in implementing the Saudisation policy. When

comparing the interviews, the analysis also aided in the discovery of themes that may have differentiated or overlapped. Commonalities and discrepancies help respond to the research question (Vaismoradi *et al.*, 2013). The thematic analysis was conducted by using NVIVO 11 (qualitative data analysis software), to obtain the main themes regarding the Saudisation policy's enactment and reactions.

This Section, specifically, focuses on addressing the research questions. It is centred on the qualitative interpretation of responses, themes are elicited to report commonalities (Vaismoradi *et al.*, 2013).

5.2.2.1 Roles of Enacting the Saudisation Policy

Guided by research objective number 2 (***To assess the debate over stakeholders' involvement*** *in the enactment and implementation of the Saudisation policy*), this Section reports results in relation to Research Question (i).

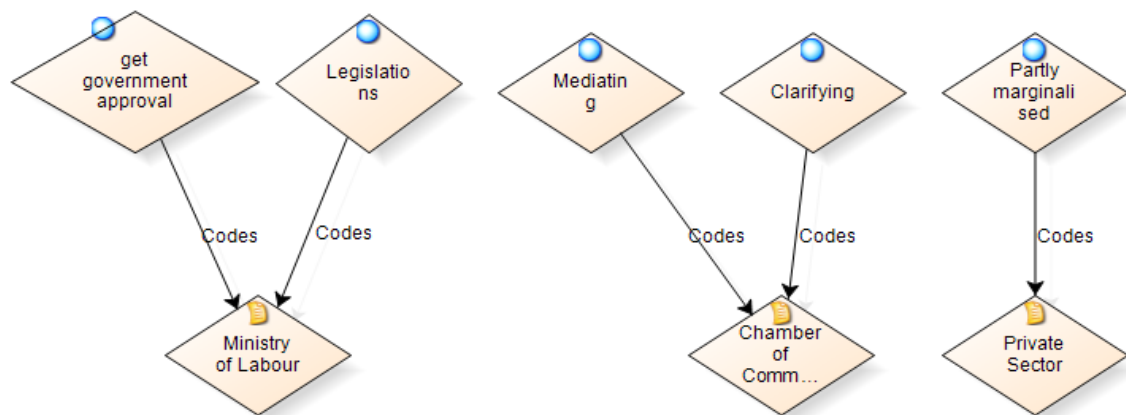**RQ (i)**: What are the roles of each stakeholder in enacting the Saudisation policy?

Figure 1: Themes of enacting the Saudisation policy

Source: The Researcher

From Figure 1 above, it can be observed that the themes emerging from the different parties' (Chamber of Commerce, Ministry of Labour, and Private Sector) seem to be independent, without any overlapping responsibilities. This observation means that, each party views its role differently, with little consideration for working collaboratively. For instance, the role of the Chamber of Commerce falls within two main aspects. They are mediating between the ministry and private sector; "*Its main role is to transfer the private sector's point of view to the Ministry……… raising the private sector's perspective on the ministry and asking for its rights*" and clarifying "*responsible for clarifying the ministry's objectives to the private sector*". The response from the participants clearly indicated that the Chamber of Commerce is responsible for representing the private sector. Some respondent described this role as:

> "*The Chamber of Commerce represents the private sector at the ministry of labour with respect to legislation. Its main role is to transfer the private sector's point of view to the ministry. It is also responsible for clarifying the ministry's objectives to the private sector. In other words, its role varies between the representation and convergence of views. We are responsible for raising the private sector's perspective to the ministry and asking for its rights*" (interview CoC[1] response, 2018).

Consequently, other respondents concluded that the private sector has been marginalised in the process. To demonstrate this, one respondent stated that:

> "*The private sector is a marginalised party with respect to Saudisation even though it is the most affected by its policies. Some of the legislations are issued without consulting with us and the rest without us even knowing about it; we are simply*

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[1] Chamber of Commerce

> *surprised when it is announced in the news" (interview PS[2] response, 2018).*

The view above is similar to those presented by other studies (see for example Saeid, Matin and Razavi, 2011; Alaali & Rees 2016; Chirenje, Giliba and Musamba 2013). This tend to confirm the autocratic nature of the system and society of KSA. The lack of involvement of the private sector has been seen to constitute a major limiting factor to the success of the formulation and participation of the Saudisation policy.

The role of the ministry of labour falls within two main functions, namely to formulate legislation ("*The ministry authorized to format Saudisation legislations*"), and to get the government and high branch approval of proposed legislation ("*raised some of the legislation to the higher branches of government for approval*"). On the other hand, the private sector perceives its role in enacting the Saudisation policy in a passive marginalized way, with little recognition from the Ministry of Labour. One respondent from the sector stated that "*Some of the legislation are issued without consulting with us and the rest without us even knowing about it; we are simply surprised when it is announced in the news*".

These observations indicate a lack of effective communication and partnership, to contribute effectively to Saudisation policy development and establishment.

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[2] The Private Sector

To conclude on this question of the role of the ministry of labour regarding Saudisation, other respondents summarised the ministry role in the following words:

> *"The ministry of labour is the party authorised to format Saudisation legislations, some of which are raised to the higher branches of government for approval, and the rest falls under the power of the ministry and thus is approved by them" (interview MoL[3] response, 2018).*

5.2.2.2 Other Parties Related to the Enactment of Saudisation Policies

The themes' analysis revealed a differentiated perspective regarding the enactment of Saudisation policies. Figure 2 below, shows the results obtained. The Chamber of Commerce focused on the Ministry of Labour's enactment in terms of current practices, which seems to show limited communication. For instance, the response from private sector stated that:

> "*They only consult with us in a small portion of these policies despite our continuous requests for them to be patient and discuss these policies with us before making the final decisions*".

A respondent captured the role of other parties in the enactment of Saudisation thus:

> *"The ministry of labour makes the decisions. They only consult with us in a small portion of these policies despite our continuous requests for them to be patient and discuss these policies with us before making the final decisions. In fact, we have even asked them for their strategic plans for the next three or five years in terms of the job market and the Saudisation policy in order to discuss the plans or at least to prepare the private sector for upcoming changes instead of getting sudden decisions and being asked to adhere to them*

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[3] The Ministry of Labour

> *in a short timeframe. There are also regular meetings between us and the ministry by means of the social discourse program. We have been requesting information about what effect the recommendations made through the program have had and what real impact they have made realistically. Out requests have never been answered despite years going by since we had the meetings!" (Interview CoC[4] response, 2018).*

It also mentioned the issues of strategy sharing ("asked *them for their strategic plans for the next three or five years in terms of the job market and the Saudisation policy"),* and commented on the short notice behavior ("*to prepare the private sector for upcoming changes instead of getting sudden decisions and being asked to adhere to them in a short timeframe").* All these factors hinder the enactment of policies that are productive and effective for the Chamber of Commerce. The private sector representative emphasised the importance of expanding, and improving the role of the Chamber Commerce, in the enactment of implementing the Saudisation policy. For instance, they stated that:

> "*we believe that the Chamber of Commerce has let the private sector down as opposed to supporting it."*

Other respondents when answering the question about how other parties related to the enactment of Saudisation policies responded thus:

> *"The ministry of labour is responsible for issuing most of the legislation, if not directly by raising their recommendations to higher branches of government without considering the possibility of this piece of legislation having a negative impact on the private sector, whether in terms of employees, trade activities, or the economy as a whole. Also, there is a shy participation from the Chambers of Commerce as a representative of the private sector. Their role is no more or less than simply registering their attendance! We have not seen any impact on the ministry issued legislation. In fact, we*

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[4] Chamber of Commerce

believe that the Chambers of Commerce have let the private sector down as opposed to supporting it" (interview PS[5] response, 2018).

"Yes, there are other government agencies that share this duty with the ministry of labour depending on the types of legislation to be formatted. For instance, the ministry of trade and economy participates in legislations related to trade and investment. Sometimes, even the ministry of interior affairs is consulted where, for instance, the policy is related to visas… etc. The Chambers of Commerce also participate as representative of the private sector (interview MoL[6] response, 2018).

Thus, from the foregoing, it can be concluded that the involvement of other parties is subject to the level the ministry of labour permits. This again has been echoed in other studies. For example Al-Rasheed, Madawi (2009) stated that Authoritarianism persist in the educational system in the Kingdom of Saudi Arabia. This the study concluded in a reflection of the society as a whole. Hence the idea of top-down policy remain between the ministry of labour and other agencies in the tripartite arrangement (also see the studies of Etheshami, 2003; Etheshami & Wright, 2007; Brumberg, Daniel 1995).

The Ministry of Labour suggested that they have enacted various policies, in terms of building Saudisation policies. The following statement reveals it as such: "*The Ministry of Trade and Economy participates in legislation related to trade and investment. Sometimes, even the Ministry of Interior Affairs is consulted where, for instance, the policy is related to visas etc. The Chamber of Commerce also participates as a representative of the private sector*".

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[5] The Private Sector
[6] The Ministry of Labour
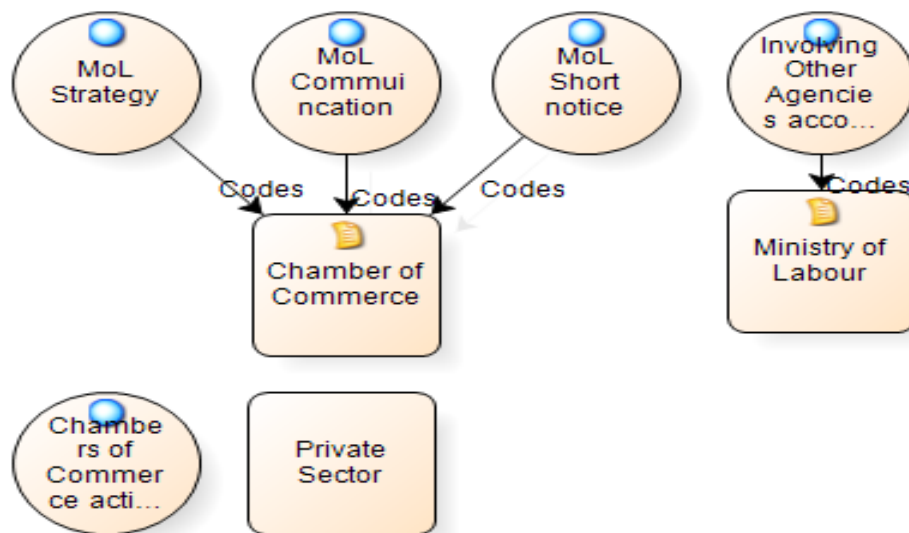
Figure 2: Other parties related to the enactment of Saudisation policies themes resource of analysis

Source: The Researcher

5.2.2.3 Acting without Mediation

Figure 3, below, shows all interviewees who mentioned that there is a possibility for the private sector to act, without other party mediation. The electronic gateways offer a good chance for the private sector to communicate concerns, and express needs. However, this gateway is not an exclusive medium for communication and enactment, between the private sector and the Ministry of Labour. The gateway also provides a chance for every person to communicate with the Ministry of Labour, something that can otherwise, be inefficient. The private sector interviewee mentioned that:

> "*This is misleading as the gateway is available to everyone whether it is the private sector, an employee, an unemployed*

person, an investor, a Chamber of Commerce, or the Ministry itself. Therefore, the outcome of the gateway may be the opposite".
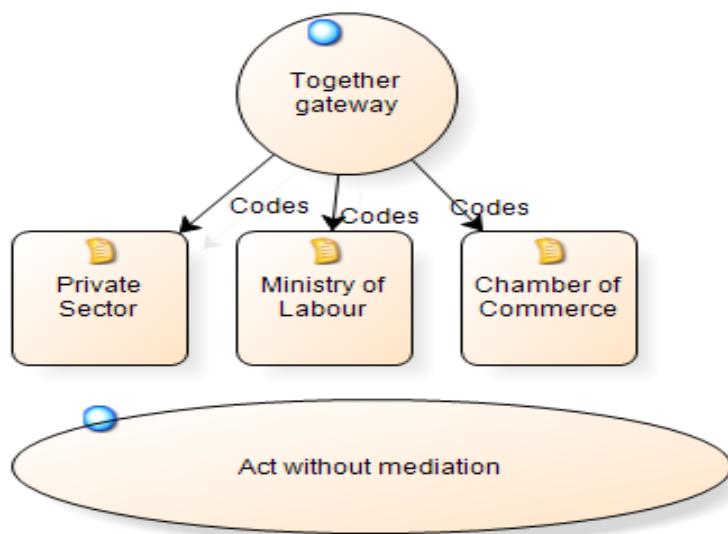
Figure 3: Mediation themes versus resource of analysis

Source: The Researcher

The figure above appeared to confirm some of the statement made by some of

the respondents. When the respondents were asked to confirm if the private

sector has a role in the enactment of such policies without the mediation of

Chambers of Commerce. Some of the respondents assert thus:

> *All the private sector's contributions come through the Chamber of Commerce but for some minor exceptions. There is the together gateway, in which the private sector may participate alongside us. However, we don't think it is of any use as no positive outcomes have come out of it (interview CoC[7] response).*

> *Yes, there is the together gateway on the ministry's website. The ministry claims that it provides a window for the private sector to raise its voice to them without the need of official channels. However, this is misleading as the gateway is available to everyone whether it is the private sector, an*

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[7] Chamber of Commerce

employee, an unemployed person, an investor, a Chamber of Commerce, or the ministry itself. Therefore, the outcome of the gateway may be the opposite (interview PS[8] response).

Yes, there is a mechanism for that. Whenever a draft is prepared for a certain policy, it is distributed by means of an electronic system on the ministry's website called "Together Gateway", which is available to all whether it is the private sector, an employee, unemployed, or investor. They have the chance to have a look at it and raise any comments they have. Their comments may push the ministry or the decision maker sometimes to change their mind. This mechanism allows the private sector to participate and raise their voice regarding planned legislation independently (interview MoL[9] response).

A significant number of the participant hold this view. Figure 4 below indicated

that almost 90 per cent of the participant believe that the private sector can

participate through the "together gateway" platform that was provided by the

ministry of labour. As demonstrated above the "together" platform afford the

private sector to participate without the involvement of the chambers of

commerce. This position has been described in the study of Al-Dosary and

Rahman, (2009) which attempt to emphasise the "extent of participation of the

private sector and the fundamental reasons which are contributing in the

unwillingness to actively participate in the Saudisation programme (pg. 1).

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[8] The Private Sector
[9] The Ministry of Labour

Figure 4: Acting without mediation

- Yes - No - I don't know
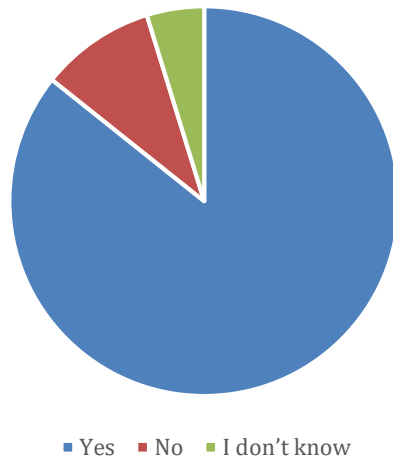
5.2.2.4 Current Participation of the Private Sector

Participation relies on the representation of the Chamber of Commerce, to fulfil the expectations of the private sector. The results of this Subsection address the validity of research objective number 4, driven by Research Question (ii).

RQ (ii): What are the mechanisms by which the private sector can be involved in formatting and implementing the Saudisation policy?

Figure 5 below illustrates the current participation of the private sector, which relies on the representation of Chamber of Commerce and fulfils the expectations of the private sector themes versus resource analysis. Therefore, it shows that different themes emerged from each party (except their agreement between the Ministry of Labour and the Chamber of Commerce), regarding the current participation of the private sector. The participation relies on the representation of the Chamber of Commerce, which both parties consider it as

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the fulfilment of the expectations of the private sector. On the other hand, the private sector interviewee mentioned the contrary.

From the Chamber of Commerce interviewee, it's clear that three factors hinder the private sector from fulfilling their operations. These barriers include the Ministry of Labour's isolated decisions, the private sector randomness, and the lack of participation opportunities. These themes were cited from the chamber commerce interview content, which stated that

> *"The current circumstances in terms of the ministry's isolated decision-making process and the lack of sufficient participation opportunities in addition to the randomness of the private sector hinder the role of the Chamber of Commerce" (interview CoC[10] response).*

The respondent also concluded with advice when they stated that:

> *"It is necessary for the private sector to be united behind a sole representative because the existence of multiple representatives will only make the dispersion they currently suffer from worse" (interview CoC[11] response).*

Based on the response from the participants shown above, it is evident therefore that the mechanisms by which the private sector can be involved in formatting and implementing the Saudisation policy is not in place and thus will require intensive enlightenment and policy change from the KSA authority. The exclusion of the private sector in the formulation and implementation albeit decision-making process will continue to hinder the successful implementation of the policy (Al-Waqfi, and Forstenlechner, 2010; Al-Dosary and Rahman, 2009; Al-Dosary, and Rahman, 2005).

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[10] Chamber of Commerce
[11] Chamber of Commerce

The Ministry of Labour's perception of the current private participation fulfilment is justified by the limited, and restricted role for the private sector in legislation formatting. The Ministry of Labour said,

> *"Participation in formatting legislation has to be restricted as the sector aims mostly to fulfil its own interests and neglects that of the citizens and the country as a whole (interview MoL[12] response)."*

This argument can no longer be tenable as it is also in the interest of the private sector that the Saudi economy survives. The lifeline of the private sector depends on the economy at large, hence the private sector cannot be more interested in their own profit-making without a corresponding outlook to the Saudi economy (Mallakh, 2015). Consequently, the view that participation in formulating legislation should be restricted to government agencies alone on the grounds that the private sector is only interested in their own interest cannot be sustained. Alsahlawi and Gardener, (2004) affirmed this position in their study that examine human resources and economic development in the Kingdom of Saudi Arabia.

Regarding the private sector's perception of the Ministry of Labour's policies, in terms of their current participation are abusive, the private sector mentioned that:

> *"Evade the application of Saudisation by all means due to the fact that they are not convinced of the policies issued in a surprising and abusive manner."*

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[12] The Ministry of Labour
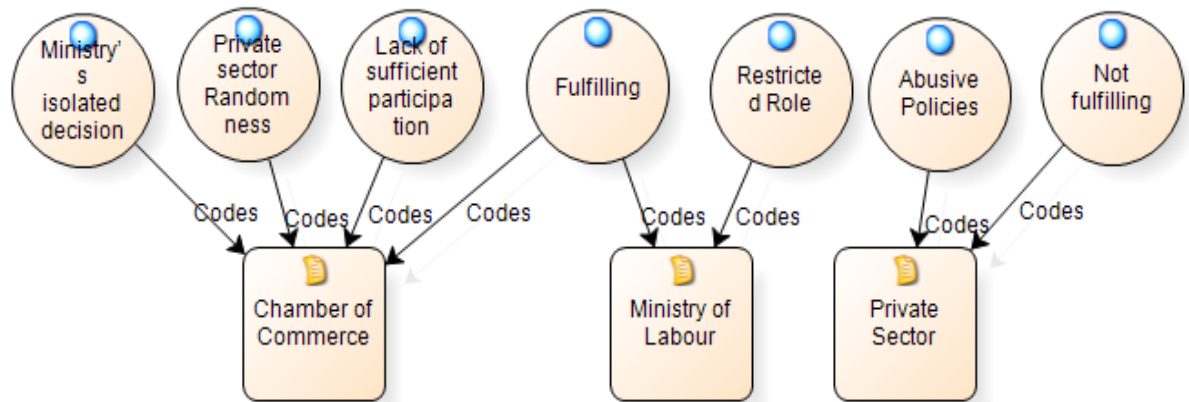
Figure 5: Participative interaction between representatives

Source: The Researcher

Following from the responses from both the Chambers of Commerce and the Ministry of Labour, it is safe to reach a conclusion that the only way through which the Private Section can be involved in formulating and implementing the Saudisation policy is through the Ministry of Commerce. This has been confirmed by some of the responses earlier presented and the statement from one of the respondents below:

> "Yes, there is the together gateway on the ministry's website. The ministry claims that it provides a window for the private sector to raise its voice to them without the need of official channels. However, this is misleading as the gateway is available to everyone whether it is the private sector, an employee, an unemployed person, an investor, a Chamber of Commerce, or the ministry itself. Therefore, the outcome of the gateway may be the opposite" (interview PS[13] response).

5.2.2.5 The Private Sector Participation in the Formatting of Saudisation Policies

Figure 6, below, shows that both, the private sector and the Chamber of Commerce, overlap in their responsibilities concerning Saudisation. The private

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[13] The Private Sector

sector's involvement in the participation and formatting of Saudisation policies increases. The main themes that emerged were:

- Sharing vision, reviewing the legislation;

- Creating an organizational umbrella;

- Attracting members from the private sector;

- Communication;

- Building confidence and bridges; and

- Expanding the story of success.

These are almost identical to perceptions regarding how to increase the private sector's participation in the formulation of Saudisation policies. For example, the Chamber of commerce said:

> "*The Chamber of Commerce as their current role is limited to coordination between the private sector and Ministry in relation to the formatting of legislation. Their role is currently far from full representation of the private sector.*"

This statement reflects the need for sufficient, and fair representation. Another example cited from Chamber of Commerce interviewee states:

> "*There is currently a major dilemma as we cannot nominate a representative of the private sector other than the Chamber of Commerce due to the many categories of private sector members performing over 30 different activities. I suggest the private sector be divided into three classes; large, medium, and small facilities, thereby having a separate representative for each class to simplify their task*".

This example reflects the need to create an organizational umbrella for the private sector.

Additionally, the Chamber of Commerce, and the private sector interviewees referred to the need for having different kinds of communication among all parties through, "*Conducting regular workshops between the Ministry and the private sector open for all to make proposals and show initiative*" and "*Comments and concerns raised by the Chamber of Commerce in relation to some legislation must be listened to or at least taken into consideration and refuted when necessary as opposed to neglecting it*".

Furthermore, according to both the Chamber of Commerce and private sector interviewees, the five years' strategy is considered to be one of the methods, to increase the private sector's participation. It was said:

> "*Demanding that the Ministry reveal their strategic plans for the next three to five years, which may assist us in preparing the private sector for its execution and setting our own plans in their light.*"

The regular evaluation would be one method of increasing the private sector's participation. The Chamber of Commerce and the private sector interviewees reflected that:

> "*It is essential that the Ministry regularly evaluate the legislation they enact in order to identify their positive and negative impact, which should then drive the continuance or termination of such legislation.*"

The Ministry of Labour's perception holds that there is no need to increase the private sector's participation, without emphasising what has been already done. The Ministry exhibited a willingness to take further steps for expanding the participation if needed. The response from the Ministry stated:

"I believe that the current procedure is sufficient and does the job. This, however, does not stop us from looking into the potential for expanding the private sector's participation if we see the need for it".
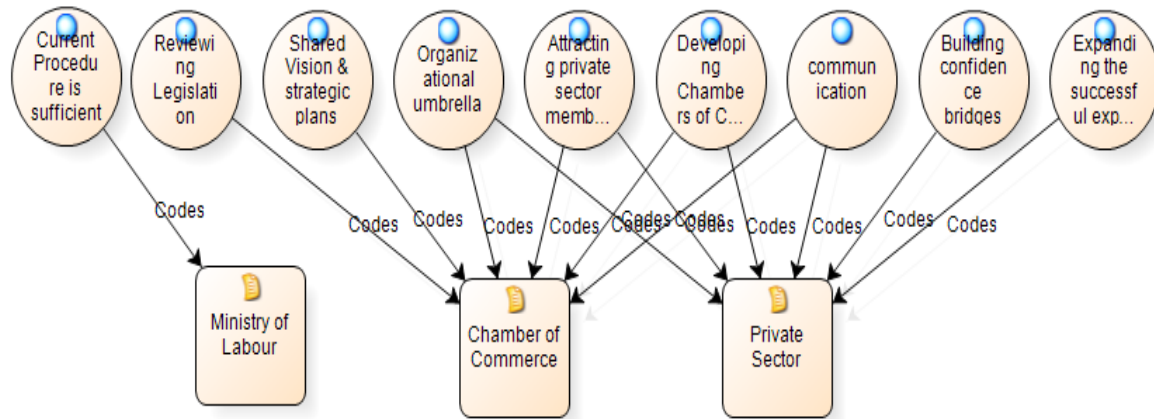
Figure 6: Private sector gradual increase in participation

Source: The Researcher

5.2.2.6 The Private Sector's Readiness

According to Figure 7 below, many different themes arose from interviews conducted with the Ministry of Labour, the Chamber of Commerce, and the private sector. These themes focus on the Ministry of Labour's and private sector's readiness to play a bigger role, regarding civic and social responsibility. The Ministry of Labour said, "*We look forward to a bigger role for the private sector as the first step in terms of the civic responsibility, especially given the privileges given to it by the government*". On the other hand, the private sector representative stated, "*With respect to the social responsibility, there are currently some efforts on the side of the private sector, but a lot more is required.*"

However, the Chambers of Commerce is of the opinion that they are making good progress in this regard. The respondent stated thus:

> *"Through our continuous work with the private sector, we are confident of the availability of a high level of competency that allows the sector to make a substantial contribution in terms of the Saudisation policy. The proof is the noticeable attraction of many government institutions to private sector staff with the aim of developing improving the policies, procedures, and work environment"* (interview CoC[14] response).

The optimism expressed by the chambers of commerce has not been shared by empirical studies visited. Most of the studies examined opined that it is still a long way for the tripartite system in the Kingdom of Saudi Arabia to operate as equal partners. They express the view that the Kingdom of Saudi Arabia is still a patriarchal society not because it is male dominated alone but because of significant Islamic influence (see Fish, 2002; Schlumberger, 2005)

The Chamber of Commerce's representatives stated three main themes, regarding the private sector's readiness to play a stronger role in formatting legislation. These include:

- Taking proactive steps

- Having high-level competencies

- Confidence in the availability

The Ministry of Labour's representatives acknowledged the private sector's readiness to play a bigger role in setting legislation, in terms of their capacity of

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[14] Chambers of Commerce

engagements, and building a strategic relationship. The private sector's representatives mentioned their readiness to participate, when given the opportunity. However, they never stated the specific methods for participating in the process. They stated that

> "*I am certain that the private sector is ready to play an excellent role in the legislation of policies more so than some other sectors if given the opportunity. For instance, the private sector has been given the opportunity to work and be creative in some other fields and the results were better than expected. With respect to the social responsibility, there are currently some efforts on the side of the private sector but a lot more is required.*

The Ministry of Labour corroborated the position and readiness of the private sector when their respondents stated that:

> "*I believe that the private sector has both the human and financial capital, which if properly invested can lead to a bigger role and allow the sector to build strategic relations with the parties of interest. We look forward to a bigger role for the private sector as the first step in terms of the civic responsibility, especially given the priveledges given to it by the government*" (interview MoL response).

Most studies visited also echoed this position. They believe that economic transformation and development can only began when the private is allowed to participate and contribute to the economic prosperity of the country (Alsahlawi and Gardener, 2004; Al-Waqfi, and Forstenlechner, 2010; Al-Dosary and Rahman, 2009)
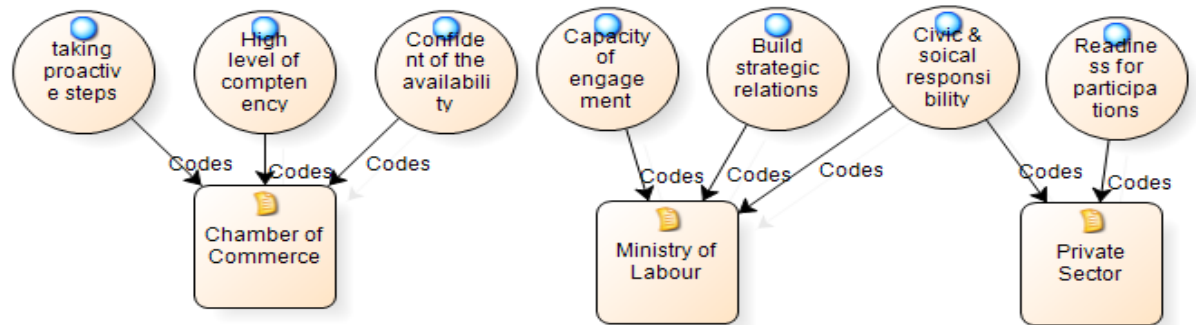
Figure 7: Private sector readiness in formatting legislation

Source: The Researcher

5.3   A Tripartite Interactive System

This section present a key response of the tripartite parties in the saudisation programme. As already established in this study, the parties involved are the ministry of labour, the chambers of commerce and the private sector organisations. This section explore the response of these three agencies to three important issues of this study. The first issues is the role of the stakeholders in enacting the Saudisation policy; the second issue is the mechanism for forming the Policy; and thirdly, barriers preventing the involvement of the private sector in policy reforming. Each of this issues will be examined from the lenses of the three organizations in this study.

The importance of this is established in table 9 below. It is important to note that the literature review in Chapters 2 and 3, addressed the research objective number 1, with the remaining objectives being addressed in this Chapter, as can be reflected below in Table 9.

Table 9: Research aim and objectives fulfilment

Research Aim				
Contribute knowledge to knowledge and bridge the gaps in the previous research on Saudisation.				
N o.	**Research objectives**	**Research questions**	**Main research question**	**Addressed**
1	To search and review the literature on the Saudisation policy and the level of its success.			Chapter 2

Chapter 3 |
| 2 | To assess the debate over stakeholders' involvement in the enactment and implementation of the Saudisation policy. | (I) What are the roles of each stakeholder in enacting the Saudisation policy? | **RQ (a)**

To what extent can the involvement of the private sector when making decisions regarding Saudisation policy enhance the implementation of the Saudisation policy**?** | Interview findings |
| 3 | To determine the constraints that can be imposed on the private sector's participation in formatting the Saudisation policy | (iii)What are the barriers that prevent the policymakers and private sector representatives from engaging the private sector in the formatting of the Saudisation policy and how they can be overcome? | | Interview findings |
| 4 | To create a conceptual framework that will help to show demonstrate that stakeholders can collaborate to achieve the desired outcomes. | (ii) What are the mechanisms by which the private sector can be involved in formatting and implementing the Saudisation policy? | | Research gap

Interview findings |

Source: The Researcher

Table 9 (above) concludes that, each research objective, pairs with a specific secondary research question, and aligns with the main research question (RQ a). For instance, research objective 2, pairs with the Research Question (I), and is achieved through interview findings. Likewise, research objective 4 correlates with Research question (ii), and is achieved based on findings and research gap derivations, as previously identified. All of the objectives correlate with the research aim, to contribute to knowledge, and bridge the gaps in the previous research on Saudisation. Further Sections represent findings that respond to the main Research Question (RQ a).

5.3.1 Ministry of Labour

This Section specifically addresses the role of the Ministry of Labour in implementing Saudisation, as well as discussing the mechanism for formatting the policy and its barriers.

5.3.1.1 The Role of the Stakeholders in Enacting the Saudisation Policy

The Ministry of Labour is an important stakeholder in the Saudisation policy. The department plays a significant role, in setting the legislation governing the system. Some of the legislation must be approved by higher authorities, while the Ministry has the power to overpass some. Other government departments, such as the Ministry of Interior Affairs and the Ministry of Trade, collaborate with the Ministry of Labour in the formation and implementation of the policies. For instance, the Ministry of Internal Affairs provides the necessary advice, concerning the policies that affect visas (Schwalje, 2013). The Chamber of

Commerce, also, participates in the process, thus, representing the needs of the private sector.

The Chamber of Commerce conveys the needs of the private sector to the Ministry of Labour. The Chamber conveys the opinions from private investors, which sometimes influence the human resource development policies made by the Ministry of Labour. However, the Ministry of Labour has failed to give the Chamber enough power, to represent the private sector effectively. For instance, the views proposed by the Chamber may go unrecognized by the Ministry. Furthermore, the power of the Chamber is only limited to giving opinions, as opposed to the implementation of the real changes. For example, the decisions made by the Ministry are termed as final and irrevocable. Such power denies the Chamber's right to refute the decisions made by the authorized parties.

The Chamber of Commerce's participation in the process intends to serve the interest of the private investors and companies. This function leads to the assumption that all groups have equal participation in the process. As a result, other key players in the private sector have little influence over making the policies. On the contrary, government agencies have a greater impact on the entire process. The Chamber of Commerce can affect the process of decision-making. For instance, the Chamber communicates the opinions and remarks of the private stakeholders. Some of these views can force policymakers to modify plans. However, the Chamber cannot refute decisions made by policymakers.

When confronted with the question of how the private sector increase its participation in the formatting of Saudisation policies? The respondent suggested that they have made several initiatives to the ministry which has been ignored. Some of the initiatives include:

> "Attracting private sector members that are distinguished in the field of Saudisation and involving them in the formatting of regulations. These members are the ones that should be asked to propose new policies. Unfortunately, there is a certain part of the private sector that is negative and not willing to collaborate whether due to prior bad experience with the ministry or simply because Saudisation is not in their favor.
>
> Keeping an eye on the successful experiences worldwide and learning from their strong points. To the best of our knowledge, in many of these experiences, private sectors played essential roles in the formatting of legislation meant for nationalisation.
>
> Building confidence bridges between the private sector and the ministry because the current relationship suffers from the lack of confidence, although some progress has been observed lately. The relationship must be built upon participation rather than the imposition of will, which currently is the private sector's view of the ministry's intent.
>
> Developing, developing and developing the mechanisms of the Chambers of Commerce as their current role is limited to coordination between the private sector and ministry in relation to the formatting of legislation. Their role is currently far from full representation of the private sector.
>
> There is currently a major dilemma as we cannot nominate a representative of the private sector other than the Chamber of Commerce due to the many categories of private sector members performing over 30 different activities. I suggest the private sector be divided into three classes; large, medium, and small facilities, thereby having a separate representative for each class to simplify their task.

Conducting regular workshops between the ministry and the private sector open for all to make proposals and show initiative.

Demanding that the ministry reveal their strategic plans for the next three to five years, which may assist us in preparing the private sector for its execution and setting our own plans in their light.

It is essential that the ministry regularly evaluate the legislations they enact in order to identify their positive and negative impact, which should then drive the continuance or termination of such legislation.

Comments and concerns raised by the Chambers of Commerce in relation to some legislations must be listened to or at least taken into consideration and refuted when necessary as opposed to neglecting it.

Demanding the existence of a neutral party capable of resolving complaints made by the private sector in relation to Saudisation. It is not logical that the ministry be the opponent and judge in such conflicts" (interview CoC[15] response)

In spite of above suggestions from the Chambers of Commerce, the Ministry of Labour when asked if there is any movement towards increasing the private sector's participation in the formatting of legislation, stated that:

"the current procedure is sufficient and does the job. This, however, does not stop us from looking into the potential for expanding the private sector's participation if we see the need for it" (interview MoL response).

The view expressed by the ministry of labour tend to conform with some of the studies that argued that the Kingdom of Saudi Arabia remain a patriarchal society

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[15] The Chambers of Commerce

not because it is male dominated alone but because of significant Islamic influence (see Fish, 2002; Schlumberger, 2005)

The government has put a mechanism in place, allowing individual players in the private sector, to contribute to the policy-making process. After preparing a draft of the policies, the Ministry of Labour reveals them on the department's website (Al-Asmari and Shamsur, 2014). The mechanism also provides an opportunity to raise their comments, thus, influencing the final policies made. Therefore, this arrangement provides an opportunity for the private sector, to participate directly in the decision-making process.

The Chamber of Commerce has played a significant role in promoting the Saudisation process. Current reforms in policy making reveal that the Chamber has played an important part in mediating, between the requirements of the private sector, and the reasons motivating certain legislation. For instance, the current mechanism is successful in involving the industry, in the modification of the legislation. These achievements are a direct result of the roles played by the private sector.

Concerning the readiness of the industry to participate in the process of Saudisation, the sector has the right machinery to implement the policies. However, the industry is currently failing to apply the mechanism, by creating strategic relations with the other stakeholders. Therefore, some room for improvement for the private sector certainly exists. At the moment, the ministry holds that current participation is sufficient, and thus, has no plans to improve

levels of current participation. This *stubbornness* from the Ministry, significantly, hinders the process of policy implementation. Therefore, the Government must play a substantial role in changing current policies, in order to ensure that they meet the needs of the private sector. In the future, the private sector must be allowed to play a bigger role that will lead to increased benefits.

5.3.1.2 Mechanism for Forming the Policy

The Ministry of Labour has provided opportunities for interested parties, to participate in the development of the system. However, the Ministry does not have a particular mechanism, through which stakeholders from the private sector can propose new policies and initiatives. The department also lacks a movement that can help increase the participation of the industry, when changing regulations. Currently, the Ministry feels that the private sector receives enough representation. The department is also willing to expand the participation, if the need arises.

The Ministry has put in place strategies, to allow the private sector to participate in the process of policy implementation. Private investors and any other interested parties have a chance to view, and go through the policies proposed, before they are implemented, as the Ministry posts the policies on its website. It, then, considers the comments, and makes any changes deemed as necessary. The website, called "Together", is accessible for everybody, including employees. The Ministry considers this mechanism to be an effective tool for allowing citizens and private investors, to raise their concerns directly to the Ministry.

However, the mechanism does not work to contradict the operations of the Chamber of Commerce. As a matter of fact, the Ministry considers the Chamber as a successful entity in its operations.

The Ministry of Labour has set viable mechanisms, to allow key players in the private sector to effectively participate in policy implementation. Primarily, the Ministry only allows these key players to propose changes and implementations, to already proposed policies. This means that the Ministry denies the private sector's chance to propose new policies. Even though these policies affect the private sector directly, other organizations and bodies are involved in the process of formulating the policies. Despite the viable mechanisms put in place, the private sector has limited power in the formulation and implementation of new policies. They lack the opportunity to participate in the process of forming new policies. They only get a chance to give feedback about amending existing policies.

The private sector has a significant role to play, in the process of making and implementing policies affecting human resources. The sector has both, the human and the financial capital required, to make significant contributions to the implementation of the right human resource policies. This places the sector in the right position, to play a greater role in civic responsibility. The KSA government claims to provide the private sector adequate opportunity to participate in the process of decision-making. However, the Researcher believes that the chances provided remain insufficient. If allowed, the private sector can

participate in designing workable human resource policies. Such policies could, in turn, resolve current challenges faced by Saudisation policies.

The Government holds that current representation of the private sector in the creation of the labour Saudisation policies is sufficient. However, current representation has significantly failed to achieve the desired results. The process has experienced repeated failures in every trial of policy implementation. These findings, clearly, show that Saudisation will never be a success even in the future, as the government fails to change the current policies. Failure to fully include the private sector in the entire process of policy-making and implementation, has resulted in opposition from investors. Some of the companies have redesigned some of the policies during the implementation, to achieve the desired results. Consequently, these companies have attained the desired results.

5.3.1.3 Barriers Preventing the Involvement of the Private Sector in Policy Reforming

The industry participates in the process of reforming and developing policies through agencies, such as the Chamber of Commerce. They can be also directly involved, by commenting on the draft plans, through the ministry's website. The ministry of labour holds that barriers hindering their participation are not present. However, these findings are not in line with the actual situation in KSA. The government, through the Ministry of Labour and other ministries, remains the largest barrier preventing the private sector, from participation in the entire process. For instance, the respondent from the Ministry of Labour when asked

about the barriers that prevent the policymakers and private sector representatives from engaging the private sector in the formatting of the Saudisation policy stated that

> *"There is no such a thing as obstacles. The private sector participates at an appropriate level in the formatting of Saudisation policies through the allowed channels whether by means of the Chambers of Commerce, or directly through other programs"* (interview MoL response).

There is a lack of a proper coordination between the ministries, when formulating the policies. The contradictions is evidence from the statement above and what was published in the website. For instance, the failure by the Ministry of Labour to coordinate with the Ministry of Education, has resulted in the lack of necessary skills in the local labour market. The two ministries work together to lessen this skills gap. However, their efforts are not surfacing, as they fail to establish an effective communication strategy with the private sector. Consequently, the institutions do not disseminate the knowledge and skills, required by the private sector to students. On the other hand, the private industry has to rely on expatriates, who are more qualified than nationals. Given the fact that private companies are profit-making organizations, they will continue to rely on foreign labour for their services. The mechanisms, used by the government to develop the policies, play a major role in locking out the members of the private sector. As a result, the private sector is not willing to take up the policies that are not holistic. These findings lead to the conclusion that the Government is the major barrier to an effective participation of the private sector, in the Saudisation process.

5.3.2 Chamber of Commerce

The Chamber of Commerce is another important participant in implementing Saudisation policy. This Section encompassed findings from the role, mechanism and barriers of the Chamber of Commerce, in achieving Saudisation requirements.

5.3.2.1 The Primary Role in Enacting Saudisation Policy

The law of the land has given the Chamber of Commerce the responsibility, to represent the private sector in the process of policymaking. The primary role is to communicate the stance and perception of the industry, to the Ministry. The Chamber also has the task of describing, and interpreting the objectives and intentions of the Ministry, to the private sector. Therefore, the primary purpose is to ensure that the demands of the industry are met and that their rights are respected, during the policy-making process.

The Chamber works closely with the other key players in Saudisation policy. The Ministry of Labour consults the committee when making important decisions. On the other hand, the Chamber seeks relevant information from the department, whenever necessary. The two parties also hold regular meetings that clarify important matters. However, the Ministry is not very cooperative. For instance, the department failed to respond to the questions about the impact of the recommendations made, as well as the implications of the policies. Interestingly, however, the respondents from the Chambers of Commerce when asked about

the role of the Chamber of Commerce in enacting the Saudisation policy? Stated

that:

> "The Chamber of Commerce only serve a conveyor belt for
> transmitting information to and fro between the ministry of
> labour and the private sector. It is anticipated the chambers
> of commerce represent the private sector in during the
> legislative process, the reality, however, is that the chambers
> of commerce only serve to transfer the views of the private
> sector to the ministry. The role of the chambers is two ways
> because we are also responsible for communicating the
> ministry of labour's position to the private sector. Although
> we raise private sector concerns with the ministry of labour,
> the extent to which this is taking seriously by the ministry is
> yet to be seen." (Interview CoC response).

Regarding the participation in the policy enactment, the Chamber states that

their contribution is minimal. The gate through which, the private sector, and the

Chamber of Commerce are allowed to participate, only limits them to giving

opinions without participating in the final decisions. The Ministry has the power

to make the final decision, as well as change the decisions already made. The

Chamber holds that they have remained productive in their operations. However,

they have failed to represent the small private companies. The ambiguity of

objectives and goals of small companies affect the effectiveness of

communicating their needs, and views to the Ministry.

When asked to discuss the other parties related to the enactment of Saudisation

policies? The respondents made it clear that …

> "The ministry of labour decisions is ratio decidendi while
> every other view is obiter dicta. The ministry of labour only
> consult with other stakeholders on very small matter and
> whenever they feel like doing so. Most of the times we are

only been informed of the decisions reached without any contribution from us. The final decision is often with the ministry and this cannot be challenged. The ministry has enormous power because of the legislation that form the ministry and because of its relationship with the highest authority in the kingdom. It is impossible to challenge this authority due to the nature of governance.

The ministry has refused to devolve any of its power, in spite repeated request for it to do so. The request for the national strategic plan covering the next three years has not been given to us despite repeated request for this. A review of the plan would have given us the opportunity to examine the job market and the Saudisation policy and how it will affect the private sector. We believe that if the private sector is informed of the changes in advance, they are likely to prepare in a way that will cushioning the impact on their businesses.

Although we also have regular meetings with the ministry by means of the social discourse program, and have been requesting information about the next line of action, there has been no concrete response to this line of query. Out requests have never been answered despite years going by since we had the meetings. One can only conclude that the position of the ministry of labour decisions is ratio decidendi" *(interview CoC response)*

The Chamber has served the private sector to the best level possible. However, the Ministry of Labour has significantly hampered the effectiveness of its operations. For instance, the department makes its decisions in isolation, and hinders sufficient participation in policy enactment. Currently, the private sector suffers from dispersion, especially when it comes to decision-making. However, they could achieve better representation, if united under a single representative. At the moment, the private sector has made significant strides, towards implementing the Saudisation policy. Therefore, the sector has the right level of

competency and, hence, has the capability of making a major contribution regarding Saudisation policy.

The industry can develop effective methods of implementing the Saudisation policy. However, they are forced to go by the decisions made by the Ministry. The Ministry has denied them a mechanism, through which they can present their newly proposed strategies. Consequently, private companies are forced to modify the decisions reached by the ministry.

5.3.2.2 Mechanisms of Involving the Private Sector in Decision-making

The industry has proposed the best ways to participate in the process of decision-making. However, the Ministry has failed to respond to the recommendations formulated. The followings are some of the best strategies that can ensure better representation of the private sector. Improving the representation will promote the development of policies, in order to meet demand. The Government, through the Ministry of Labour and the Chamber of Commerce, can effectively increase the representation of the private sector in the Saudisation policy. Some of the initiatives proposed were presented in pages 252 – 253 above. It was suggested that distinguished members of the private sector should be involved in the formulation of regulation. Alaali & Rees (2016) suggest that the authorities should learn from the experiences of other nations were such policies has been implemented. Moreover, they opined that the involvement of a neutral party will be seen to ameliorate the concern of the private sector.

Similarly, they believe that for the policy to be successful the authorities need to learn from other successful experiences in other parts of the world.

Ahmad & Aldakhil (2012) in their work revealed the importance of building trust and confidence between the private sector and the ministry of labour. They believe that this will facilitate commitment to the policy and make implementation smoother. They suggested that authorities should conduct regular workshops to communicate and familiarize the private sector with the latest proposal and initiatives. These workshops will serve to communicate ministry of labours' strategic plan to the private sector.

Al-Asfour & Khan (2013); Sadi (2013); Sadi & Al-Buraey (2009) all submitted that the authority needs to set up a working mechanism that will coordinate between the ministry of labour, chambers of commerce and the private sector. They argued that since the policy has a different impact on the different companies in the private sector (i.e. small, medium and large firms), the mechanism must ensure that firms at all the three different levels are represented. The mechanism must involve regular monitoring of the process to identify and adverse impact the legislation may have on the private Sector. When the question about what the mechanisms were by which the private sector can be involved in formatting and implementing the Saudisation policy? The respondent stated that:

> "*It is necessary for the private sector to be united behind a sole representative because the existence of multiple representatives will only make the dispersion they currently suffer from worse*" (interview CoC response).

Figure 9 below shows the response to the question relating to barriers preventing the private sector involvement in policy reforming. While all the respondents from the ministry of labour maintained that there are no barriers, those from the private sector suggested otherwise. There was however a split among those from the chambers of commerce. The figure below shows the number of response to this question

Figure 9: Barriers Preventing Private Sector Involvement in Policy Reforming
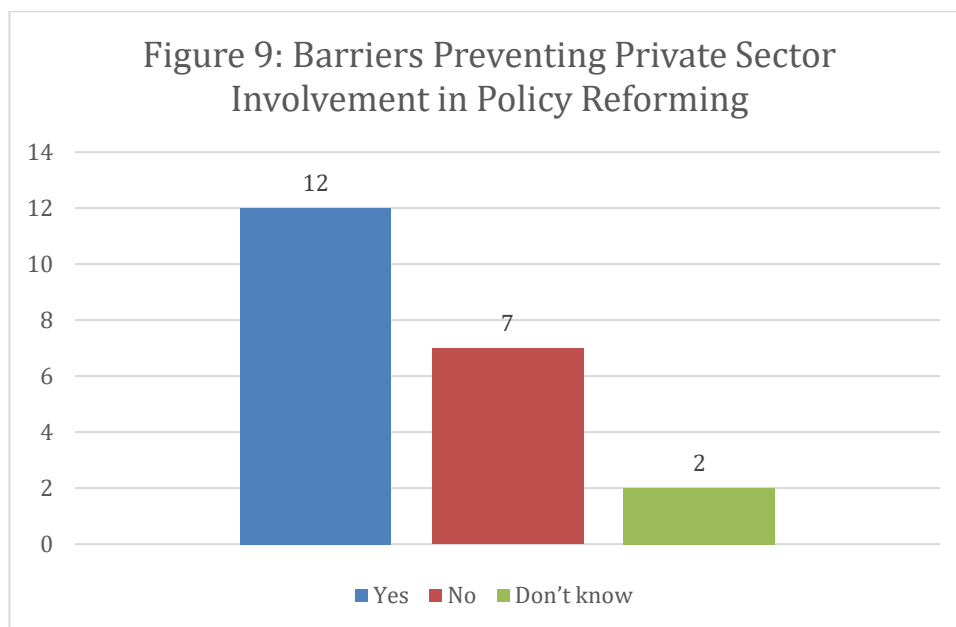
5.3.2.3 Barriers that Hinder Effective Participation by the Private Sector

The success of Saudisation policies is hindered by obstacles. The government has tried to implement the policy for decades, but without success. The respondent from the Chambers of Commerce opined that there are several factors that serves as barriers to effective participation of private sector. When the respondent was asked the question what are the barriers that prevent the policy makers and private sector representatives from engaging the private sector in the formatting of the Saudisation policy? The response are presented below:

- A lack of confidence between the private sector and the ministry. Also, the industry requires trust in the role of the Chamber of Commerce as its representative, which increases the gap between the three parties rather than bridging it;

- The ministry's isolated decision-making. The department seems to look at the private sector's objectives from Saudisation with a hint of suspicion, which constitutes a barrier to the industry's participation;

- The lack of clarity regarding the ministry's strategic plans, which hinders the role of the Chamber of Commerce, although in many cases, they attempt to bring the two concerned parties together, before the decision is made, or to provide solutions that facilitate the private sector's adaptation to new legislation; and

- The inexistence of other parties that may be resorted to, in case the private sector suffers from the legislation (interview CoC response).

- The view above has been echoed by other studies (see for instance Jabeen, Faisal, & Katsioloudes 2018; Alaali & Rees 2016; Marchon & Toledo, 2014). The barriers enumerated above have been seen to constitute a major limiting factor to the participation of the private sector in the formulation of the Saudisation policy.

The Chamber of Commerce needs to improve its work through the development of better representation methods. The committee suggests that they can use the privileges given to them. This approach will help the room to expand their mandates. The second proposal is to re-examine the current organization of the

private sector, in order to identify and promote easy and fast coordination and movement procedures.

Based on the four issues identified as responsible for hindering effective participation of the private sector in the Saudisation programme by the respondent from the chambers of commerce, the researcher asked the respondents to rank the issues in order of significance. The result of the rank order is presented in figure 10 below.

Figure 10: Barriers that Hinder Effective Participation by the Private Sector

Barrier	Value
THE INEXISTENCE OF OTHER PARTIES	1
LACK OF CLARITY REGARDING THE MINISTRY'S STRATEGIC PLANS	1
MINISTRY'S ISOLATED DECISION-MAKING	9
LACK OF CONFIDENCE	10
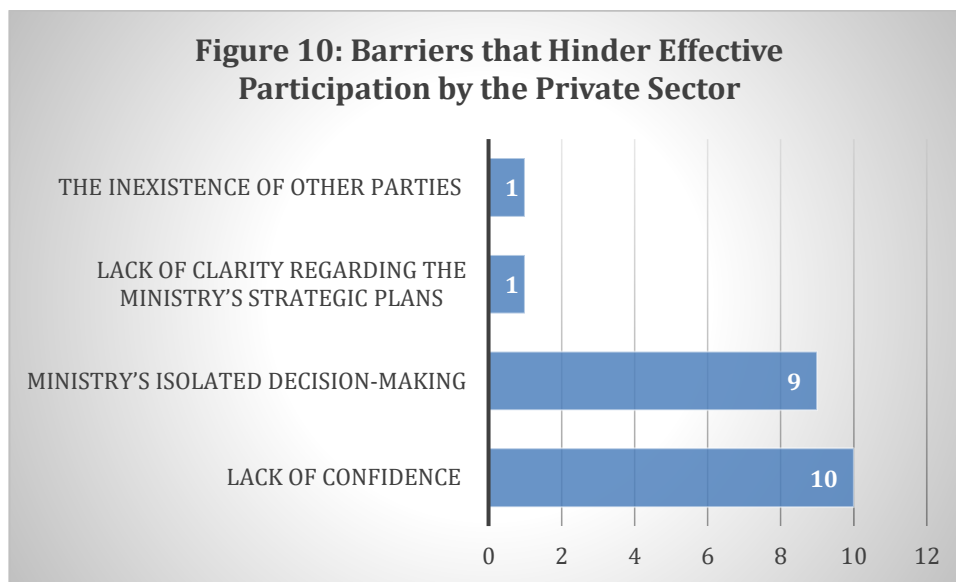
The figure indicated that about 50 per cent of respondents subscribed to the view that "Lack of Confidence" in the ministry of labour is the major factor hindering effective participation of the private sector organisations. Similarly, around 40 per cent of the respondents believe that the ministry of labour's isolated decision-making policy style hinders effective participation of the private sector. Only about 10 per cent of the respondents support the view that the existence of other parties and the lack of clarity regarding the ministry strategic

plan is responsible for hindering effective participation of the private sector organisations.

5.3.3 The Private Sector

The private sector is the third participant that plays a significant role in implementing Saudisation. In the pursuit of answering research questions, this Section addresses the role of the private sector, the mechanism, and the barriers that inhibit Saudisation implementation. First we began by examining the role of the various stakeholders in enacting the Saudisation policy.

5.3.3.1 Role of Stakeholders in Enacting Saudisation Policy

The interested parties in the industry feel that they have been left out in the process of decision-making. The Ministry of Labour issues some regulations, without even consulting the stakeholders in the private sector (examples). In most cases, the industry has to comply with policies that are not in line with their operations. The Ministry is responsible for enacting some of the policies. Other powerful government institutions also implement some of the Saudisation policies. These systems, even, include those that rely on the strategic management of an institution, such as the human resources. The Chamber of Commerce has the responsibility of representing the private sector, during the process of policy making and enactment. However, the industry feels that the committee has failed to serve their needs, during Saudisation completely.

The private sector feels that it has a role in the enactment of the policies, without relying on the Chamber of Commerce. The Ministry provides the stakeholders

with an opportunity of giving their suggestions, concerning the policies. However, the opportunity is open to everyone, and the results may not be a representation of the needs of the private sector. Therefore, stakeholders in the industry have little confidence in the system. Concerning the role of the Chamber of Commerce, this industry feels that it has drastically failed in its operations. They believe that the Chamber should revise its mechanism and procedures. The methods that they use in their activities, should be transparent, so that they can gain the confidence of the private sector.

The current level of participation by the private sector fails to meet expectations. Similarly, Saudisation has also failed to accomplish its objectives. The lack of effective communication between all the stakeholders, has made those from the private sector lose confidence in the whole system. As a result, they are not convinced that the policies are useful, and issued in an efficient manner. As a result, they try to evade the execution of the plans.

The private sectors are ready to participate in the process of making the policies. Their participation will result in the formulation of policies that are viable, and beneficial. However, the Ministry of Labour has failed to give them an opportunity to participate in the process. Still, more efforts are required to make the inclusion of the private sector efficient. Overall, the private sector feel marginalised in the process. The respondent from the private sector summarised their view when he respond to the question about the role of the Chamber of Commerce in enacting the Saudisation policy thus:

"The private sector is a marginalized party with respect to Saudisation even though it is the most affected by its policies. Some of the legislations are issued without consulting with us and the rest without us even knowing about it; we are simply surprised when it is announced in the news" (interview PS response, 2018).

5.3.3.2 Mechanisms that the Private Sector can apply in Saudisation

The industry recommends attracting industry members that are distinguished in the field of Saudisation, and involving them in the formulation of regulations to achieve the followings:

- Monitoring successful experiences worldwide and learning from their high points;

- Building confidence bridges between the private sector and ministries, since there is currently a lack of trust (even though some progress has been observed lately);

- Developing the mechanisms of the Chamber of Commerce in their current role as is limited to coordination, between the private sector and Ministry about the formatting of legislation;

- The industry should be divided into three classes; large, medium, and small, thereby, having a separate representative, and providing an appropriate and more tailor-made service;

- Conducting regular workshops to make proposals and show initiative, between the Ministry and the private sector; and

- Demanding the existence of a neutral party capable of resolving complaints made by the industry about Saudisation.

The respondent from the private sector further stresses the importance of involving the private sector in policy formulation. When addressing the question of how the private sector can increase its involvement in formatting Saudisation policies, the respondents identified some key areas of involvement, but first noted that the:

> *"… initiative has to start from the ministry because the private sector has previously made many recommendations, which have never been answered by the ministry" (interview PS response, 2018).*

Details of the recommendation given by the respondents have been presented in pages 252 – 255 above.

It is, however, important to note that the view of the respondents has been echoed by other researchers. El-mallakh (2015) suggest that the private sector can constitute a strong group with a mandate to represent the private sector during policy formulation. It suggests the nomination of private sector members that are distinguished in their industry. El-mallakh (2015) further suggests that instead of the private sector focusing on the past negative experiences, they should be more proactive in offering positive suggestions if they are to make any meaningful contribution. Sadi (2013) first acknowledge the lack of trust and confidence that exist between the private sector and the ministry of labour and thus suggest that the private sector needs to build a bridge and earned the trust of the ministry if their views are to be taken seriously by the ministry of labour.

Sadi & Al-Buraey (2009); Sadi (2013) opined that there must be a right mechanism that is capable of coordinating and organizing the different stakeholders. They believe that although the role played by the chambers of commerce is important, it, however, failed to address the main concern of the private sector. Even where the role of chambers of commerce has been found to be none representative of the private sector, there is a dilemma as the law does not allow further nomination or participation of the private sector other than the chambers of commerce.

The creation of a functional mechanism and proactive involvement of the private sector in the process of Saudisation is considered to be germane to the implementation and survival of the policy (Marchon & Toledo, 2014). The private sector should make a concerted effort to ensure that they have a voice in every stage of the formulation and implementation of the policy.

5.3.3.3 Barriers that Hindered the Success of the Private Sector

There are clearly many obstacles. One of the main concern is the lack of a neutral party. Most of the parties involved are partial with vested interest. Hence they seek to protect their individual interest when reaching a decision. The lack of a comprehensive system to coordinate the selection of independent representative has also been identified as a major barrier. The respondent from the Private Sector summarized the barriers to include the following:

- *"The lack of confidence between the private sector in the ministry of labour. The ministry sees that the private sector would like to mould the Saudisation policies solely according to their own interests and regardless of other interests belonging to the country as a whole or to*

the citizens. On the other hand, the private sector believe that the ministry makes its decisions alone and does not take into consideration the possibility of legislation having a band impact on the private sector, as employees, trade activity, or the economy as a whole.

- *The existence of small portion of the private sector that truly besmirches its reputation and gives the ministry the pretext it requires to exclude the private sector from participating, which is not a very just generalization.*
- *The bad performance of the private sector, which is not a sufficient representative of the private sector.*
- *The inexistence of a neutral party that rules in matters hurting the private sector.*
- *The inexistence of a system for the private sector to nominate independent representative for every activity or category" (interview PS response, 2018).*

When respondents were probed further regarding these barriers, their response was similar to what was earlier reported. Figure 11 below depict their response.

Figure 11: Barriers that Hindered the Success of the Private Sector
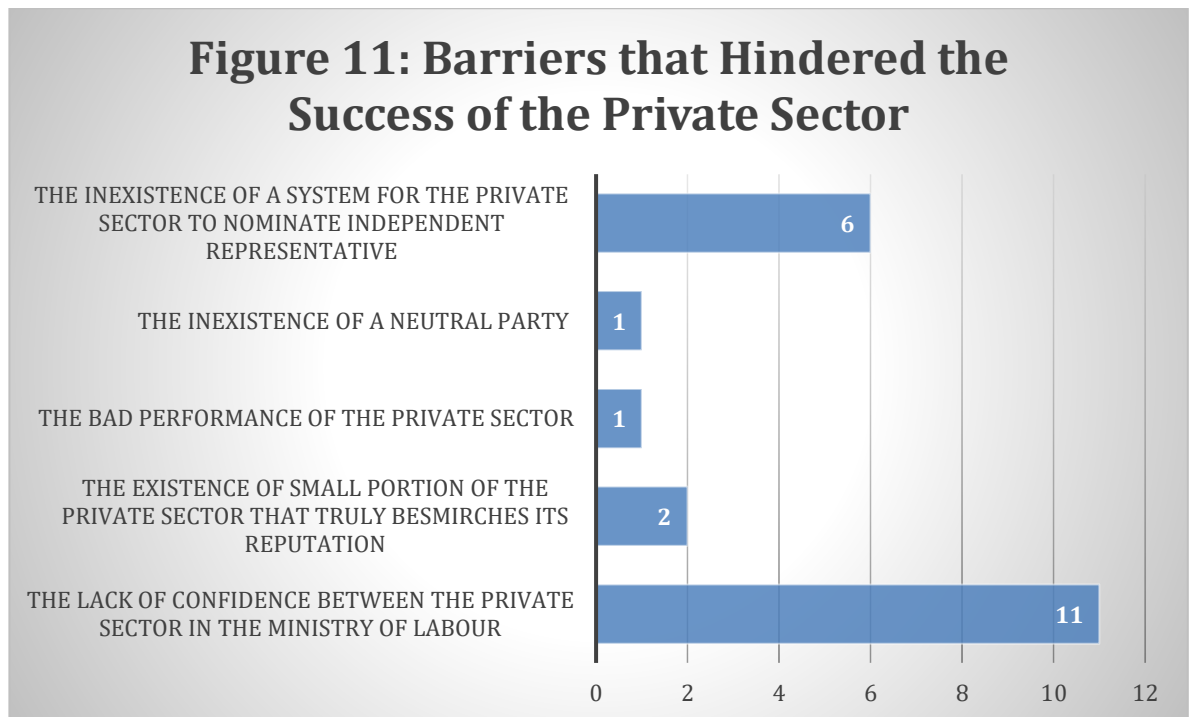
The figure above revealed that over 50 per cent of the participant believe that the lack of confidence between the private sector and the ministry of labour is responsible for hindering the success of the private sector. This is consistent to

the response provided earlier (see figure 10). It is also important to note that about 30 per cent of respondents opined that the inexistence of a system for the private sector to nominate independent representative is responsible for hindering the success of the private sector. The other three factors (i.e.) 1. the existence of small portion of the private sector that truly besmirches its reputation; 2. the bad performance of the private sector; and 3. the inexistence of a neutral party are also seen to be affecting the success of the private sector but in a less significant way.

In (Mellahi, 2007 pg.91), the author described existing HRM policies in Saudi Arabia. He stated that Saudi arabian private sector companies seem to agree that the initiatives taken by the government to involve managers from the private sector are for the most part meant to convince the private sector of whatever policies the government saw fit or at least to reduce opposition towards these policies. The study concluded that

> *"the HRM legal framework is more of a stick to be used by the government in case of non-compliance than a carrot to encourage them to redesign their HRM policies."*

5.4   Conclusions

This chapter draw on both interview data and extant materials to address three key issues in this study. There was significant focus on the role of the tripartite parties involved in the Saudisation policy. It reveals that although the Ministry of Labour has the mandate to develop and enact the labour Saudisation policies, they are subject to approval by top branch of the government and the final approval is subject to royal assent. The responses and extant materials revealed a

disconnect between the ministry of labour and the private sector. To overcome this disconnect, the Ministry should ensure adequate communication of proposed policies to the private sector, and review recommendations before making changes to policy .

The findings also reveal that most of the respondents lack trust in the system. And where trust is lacking, there will be skepticism and lack of confidence. The private sector feels that the Chamber is not doing its best. As a result, the industry does not believe in its operational efforts. There is also a lack confidence in the Ministry. Consequently, every policy made by the Ministry is rarely welcomed. This state of ambience acts to jeopardize the efforts of implementing saudisation policies.

Finally, the chapter revealed that the Ministry of Labour can support effective communication with the private sector. Likewise, other ministries can also take part in the process of modifying the policies that affect them directly. The private sector should be entitled to present its voice and Chamber of Commerce should represents its demands and opinions. This situation is however challenged by critiques hence Chamber of Commerce remain limited to giving suggestions.

Further, next Chapter adds concluding remarks on both theoretical and empirical findings to validate the proposed research framework

Chapter 6: Conclusions and Recommendations

6.1 Introduction

This thesis has examined some specific issues affecting the formulation and implementation of the Saudisation policy and how to deal with these issues. The study was done through a critique of the policy making process in the Kingdom of Saudi Arabia. The critique led to unveiling the top-down nature of policy making process in the Kingdom of Saudi Arabia and its impact on policy implementation.

In the concluding chapter, the research outcome provided an understanding of current practical insights, in terms of antecedents and determinants of Saudisation from the perspective of both policymakers and the private sector. Despite the recognition of the importance of Saudisation, it appears that the reluctance of the private sector towards the Saudisation was neglected. There was a limited uptake in exploring the perspective of the private sector. A review of the literature revealed that the private sector is the third participant that plays a significant role in implementing Saudisation. The industry participates in the process of reforming and developing policies through agencies, such as the Chamber of Commerce. The private sector has a significant role to play in the process of making and implementing policies affecting human resources. However, the success of Saudisation policies is hindered by obstacles, which are mostly associated with the management approach (i.e. top-down) management.

This meant that the government attempt to implement the policy for decades has been without success.

Conversely, this Chapter synthesises the previous literature and empirical research contribution, with the intent to extend its investigation through the lens of the research objectives and ensure its achievement. Additionally, building upon the research objective achievement, this Chapter starts with Section 6.2 that provides an overview of research objectives achievement, breaking down the theoretical and empirical contribution towards the research framework. Next, Section 6.3 draws a conclusion about Research Framework contribution and limitations. Furthermore, Section 6.4 outlines the overall research limitation, and then Section 6.5 offers a synthesis of overall research contribution. And finally, Section 6.6 discusses the recommendations and future research related to Saudisation.

6.2   Research contribution in connection with research objectives

The focus of this Section is on research objectives, and it explores how they correlates with the research findings. Apart from research objectives assessment, the results are also a reflection of how it correlates with the two research aims below:

1. To contribute to knowledge, and bridge the gaps in the previous research on Saudisation; and

2. 2. To provide useful information concerning the contribution of the central government towards the success of Saudisation in relation to the private sector.

Driven by the research aims, the following subsection focus on four research objectives, to explore both theoretical and empirical research contribution.

6.2.1 Research Objective 1: To search and review the literature on the Saudisation policy and the level of its success

Exploring the antecedents of Saudisation, this research contributes to advancing an understanding of economic reform viability on the longer term. It does this by looking into benefits and barrier of Saudisation implementation, this research incorporates siloed perspectives of previous theoretical research contributions, and in addition, brings additional empirical insight of both government and private sector perspectives.

Briefly, prior research on Saudisation policy has been mostly descriptive, regarding the level of its success; yet helps to understand dependencies and relationships of implementation. Apparently, the participation of private industry represented a pillar in deploying the Government directions. As a result, the role of private sector been officially recognised as essential (Al-Kabsi *et al.*, 2015). According to Al-Dosary and Rahman (2009):

> *"the Saudi Government embarked on the Saudisation of the workforce as a strategic objective to nationalise the workforce and tackle the problem of unemployment among the nationals. The governmental policy seeks to force the private sector to hire more Saudis, to establish a priority for*

hiring the domestic workforce without relying on market forces and incentives".

This objective however appeared not to have achieved its intention. This study attributes the failure of the policy to the management approach employed by the Saudi Government. This position has been corroborated by other studies. For instance, Al-Dosary and Rahman (2009); Ramady (2010); Madhi and Barrientos (2003) all concluded that the lack of involvement of the private sector in the formulation and implementation process is responsible for their unwillingness to actively participate in the Saudisation programme.

Given the centrality of the issue, the government sustained the role of the private sector, through supportive legislation (laws and regulations) sets to provide the industry's projects (e.g. privatisation, Saudisation). Moreover ongoing efforts to develop a knowledge-based economy been supported through the national economic reform is known also as the Saudi Vision 2030 (Nurunnabi, 2017). Through the Saudi Vision 2030, the KSA's government formulated its strategy to appraise the value of human capital, education, employment of Saudi nationals, economy and Information Technology (Nurunnabi, 2017).

To motivate the private industry, the government removed the routine and bureaucratic constraints that stand in the way of establishing small and medium companies. Besides, it devoted attention to the idea of a shared government and private sector funds, with the sole purpose of helping small and medium companies, and implemented Islamic finance to heighten their prospects; it also broadened the loan capabilities of the Saudi Credit Bank (Alnahdi and Abdulaziz,

2014), and launched various incentive programs by the government to promote participation of private sector (e.g. easy access to credit options) (Hvidt, 2013). Also, it provided necessary infrastructure and required services to the private sector at reasonable costs.

All of the above measures were considered important for the revitalisation of the economic sector but according to this study and other empirical studies visited, they failed to address the issue of private sector participation in the Saudisation programme. See for instance Madhi and Barrientos (2003); Al Dosary (2004); Mellahi (2007), were they all concluded that private sector participation in policy formulation and implementation is germane to the success of Saudisation programme.

Referring back to Research Objective 1, this study indicates that Saudisation improved the number of Saudis in the private sector, despite the financial burden for private companies (Peck, 2017). To bring in line with the policy request, many private companies decreased the number of foreign workers with an estimated number of 169,000 Saudis (up to the year 2017) during 16 months (Peck, 2017). This, in turn, impacted the exit rates of foreign labour and determined the shutdown of approximately 11,000 companies (Peck, 2017). A change has been recorded by limiting the number of employees, hence, surviving companies reduced their total number of employees with approximately 948,000 workers (Peck, 2017). In short, Saudisation reduced unemployment rates among the

native even though it comes at a high price for private companies (Peck, 2017; Looney, 2004).

Compared with the quote of Saudi workers back in 2011 of 8.7% (Peck, 2017), the Saudisation policy target requires at least 75% Saudi nationals. Therefore, Saudisation level of s success remains an open debate hence it cannot be measured only by numbers. Indeed, the percentage of nationals increased significantly, although aspects such as lack of gender diversity, lack of graduate opportunities, lack of skilled workforce, gaps in the efficiency and effectiveness of training, lack of private sector participation remain an open debate.

6.2.2 Research Objective 2: To determine the likely constraints on the private sector's participation in the formulation of the Saudisation labour policy and review the extent of stakeholders involvement in the enactment and implementation of the Saudisation policy

To address this research objective, the findings debated in Subsection 5.2.2.1, Chapter 5, focused on identifying the role of each stakeholder (Chamber of Commerce, Ministry of Labour, and Private Sector) in the enactment and implementation of the Saudisation policy.

6.2.2.1 Practical contribution

The empirical findings of this research suggest that the role of Ministry of Labour falls within two primary functions, namely to formulate legislation and reach government approval of the proposed legislation. Somewhat surprisingly, the

empirical evidence describes the roles of stakeholders as a transmission process (i.e. a transfer from Ministry of Labour to Chamber of Commerce and finally moved to the private sector). In these circumstances, the private sector depends to be represented by Chamber of Commerce. The findings suggest that the Ministry of Labour control decisions, and often neglect the citizens or country interest.

This suggests that there is a disagreement about how stakeholders perceive each other's interests. It also highlights how the private sector perceives the Ministry of Labour decision as abusive, and thus the private sector reluctance towards the Saudisation seems justified from the perspective of the private sector. On the other hand, the Chamber of Commerce in some cases overlaps with the private sector responsibilities, a fact which, instead of increasing the private sector's participation (e.g. creating an organizational umbrella; attracting members from the private sector; communication; building confidence and bridges; and expanding the story of success), it overwhelms the mechanism. For instance, the Ministry of Labour has failed to give the Chamber of Commerce enough power to represent the private sector efficiently. Furthermore, the power of the Chamber is only limited to giving opinions, as opposed to the implementation of the real changes. The response from the Chambers of Commerce on this is summerised thus: "The ministry of labour makes the decisions. They only consult with us in a small portion of these policies despite our continuous requests for them to be patient and discuss these policies with us before making the final decisions…. We have been requesting information about what effect the recommendations made

through the program have had and what real impact they have made realistically. Out requests have never been answered despite years going by since we had the meetings!" (Interview CoC response, 2018). A full version of this response can be found in page 228 above.

Quite surprisingly the main challenge is still to create an effective mechanism, to ensure that replacing the foreign workforce is made in collaboration, and equal participation of all stakeholders to ensure short and long-term value.

Although the government has put a mechanism in place, allowing individual players in the private sector to contribute to the policy-making process, the industry is currently failing to apply the mechanism, by creating strategic relations with the other stakeholders. On the opposite, the Ministry of Labour believes that current participation is sufficient, and thus, further improvements are disregarded.

Likewise, the literature emphasises the control function of Ministry of Labour, used to ensure that expectations of the government are reached (Al-Dosary and Rahman, 2009: Al Mithhib 2008). Within the literature, the government intervention is indicated as forced. Henceforth, the Government perceive the private sector as an essential player in replacing foreign labour and as well as employing Saudi nationals (Al-Dosary and Rahman, 2009: Al Mithhib 2008).

Apart from the three main stakeholders, other government departments, such as the Ministry of Interior Affairs and the Ministry of Trade, collaborate with the Ministry of Labour in the formation and implementation of the policies. While

the prior literature defines the interaction within stakeholders as imposed/controlled, the empirical findings describe the current state as a superficial interactive function that is inefficient regarding communication, and inefficient in terms of the private sector's participation. This position was confirmed by one of the respondents when he stated that:

> *"Although there is the Together Gateway on the ministry's website, the ministry claims that it provides a window for the private sector to raise its voice to them without the need of official channels. However, this is misleading as the Gateway is available to everyone whether it is the private sector, an employee, an unemployed person, an investor, a Chamber of Commerce, or the ministry itself. Therefore, the outcome of the Gateway may be the opposite".*

As confirmed by the literature the stakeholders' involvement is limited and restricted in sharing its vision and contribute to the legislation.

On these grounds, the findings of both theoretical and empirical confirm that the research objective to assess the debate over stakeholders' involvement in the enactment and implementation of the Saudisation policy has been achieved.

6.2.3 Research Objective 3: To examine the barriers impinging on Saudisation implementation in the private sector of the economy.

The private sector is represented in reforming and developing policies through agencies, such as the Chamber of Commerce. Through this method, the Chamber of Commerce can comment on the draft plans through the ministry's website. The Chamber has served the private sector to the best level possible. However, the Ministry of Labour has significantly hampered the effectiveness of its

operations. While the private sector is limited in consultation of Saudisation, from standpoint of the Ministry of Labour barriers in participation are inexistent, however the reality according to this study and other studies revealed a significant barrier. For instance, the respondent from the Private Sector numerated the barriers to include:

- *"The lack of confidence between the private sector in the ministry of labour.*
- *The existence of a small portion of the private sector that truly besmirches its reputation and gives the ministry the pretext it requires to exclude the private sector from participating…*
- *The bad performance of the private sector, which is not a sufficient representative of the private sector.*
- *The inexistence of a neutral party that rules in matters hurting the private sector.*
- *The inexistence of a system for the private sector to nominate independent representative for every activity or category (interview PS response, 2018).*
- *Aside these immediate barriers to participation, extant literature have identified barriers to the implementation of the policy, these include: "the qualifications of the Saudi citizen which is linked to the Education Systems in the country as it is not a market driven"* (Alshanbri, Khalfan, & Maqsood, 2014; Alshanbri, Khalfan, & Maqsood, 2015).

Another barrier is Job type which is also related to the education system in the country (Alshanbri, Khalfan, & Maqsood, 2015). Salaries were also one of the barriers for Saudisation programme (Alshanbri, Khalfan, & Maqsood, 2015). Unneeded extra employees as well as the working hours have also been identified as barriers (Looney, 2004; Alshanbri, Khalfan, & Maqsood, 2014; Alshanbri, Khalfan, & Maqsood, 2015). Finally, "the social and cultural barriers against female interaction with menseem to stall any effort to increase female

participation rates" (Al-Dosary, 1991). All of these barriers have hindered the implementation of the Saudisation programme.

Moreover, the empirical findings show that there is a lack of proper coordination between the ministries when formulating the policies (e.g. Ministry of Labour coordination with the Ministry of Education). To portray the issue, the mechanisms used by the government to develop the policies exclude members of the private sector.

> *"The educational system outcome in Saudi Arabia still needs much attention from the government in order to improve its quality especially in both managerial and technical skills and also to link it with private sector most needed jobs that still occupied by foreign labour such as project managers"* (Alshanbri, Khalfan & Maqsood, 2015: pg. 901).

This section has demonstrated that there are barriers in both formulation and the implementation phases of the Saudisation programme. Hence the need for the government to re-examine the programme both at the formulation and implementation stages by involving more stakeholders, especially the private sector, in the policy formulation and implementation processes.

6.2.4 Research Objective 4: To create a conceptual framework that will help demonstrate that stakeholders can collaborate to achieve the desired outcomes.

Research objective number four is addressed in the following section 6.3 based on derivations from prior literature and empirical findings. The framework compound involved both theoretical and practical contributions, to ensure

guidance to support the private sector participation in Saudisation implementation.

6.3   Research Framework

This Section investigates the validity of the research framework. Consequently, the first subsection defines the research gap of prior literature to understand critical elements that determine reluctance of the private sector towards the Saudisation, as well as what contributes to knowledge and bridge the gaps in the previous research on Saudisation (research aim). A second subsection shows the Research Framework contribution and lastly, a third subsection discusses the Research Framework limitations.

6.3.1   Research gap

The research gap identification was driven by both, objectives and research aims, and been pursued by addressing the main research question and three additional supportive question (research questions been addressed and answered in Chapter 5, Section 5.3 from which a research gap have been extracted and synthesised as seen below, in Table 10). Having evaluated various theoretical contribution, a theoretical gap previously found in Section 3.5, Chapter 3 is highlighted along in balance with practical gap.

Table 10: Theoretical and practical research gap

	Theoretical gap identified	Practical gap identified
Barriers that prevent the involvement of the private sector in policy reforming	Reduction of expatriate labour	A lack of proper coordination between the ministries, when formulating the policies
	Increase in local labour	A lack of adequate communication strategy with the private sector
	Lack of gender diversity	A lack of sufficient participation of the private sector, in the Saudisation process
	Lack of graduate opportunities	Incomplete representation of the private sector by Chamber of Commerce
	Lack of skilled workforce	Ministry of Labour minimum contribution in providing information
	Gaps in the efficiency and effectiveness of training	A lack of trust between private sector and ministries
	Lack of private sector consideration for Saudi labour	A lack of clarity regarding the ministry's strategic plans
	Lack of private sector attractiveness	
	The gap between expectations and offer Incompatibility of training framework with private sector requirements	A lack of consultation between the Ministry of Labour with the private sector.
	Lack of focus on youth employment	Failure of Chamber of Commerce to represent the private sector.
	Working hours Harsh work conditions	Stakeholders in the industry have little confidence in the system
	Insufficient government involvement Authoritative implementation	A lack of effective communication between all the stakeholders (Ministry of Labour, Chamber of Commerce and private sector)
	Unsuccessful implementation in the private sector	A lack of confidence in the effectiveness of law
	Authoritative implementation	A lack of regular workshops to make proposals and show initiative, between the Ministry and the private sector
	Unsuccessful implementation in the private sector	A lack of participation in the Saudisation process (Ministry of Labour)
	Dependence on oil and the petrochemical industry	Lack of neutral party capable of resolving complaints
	Reduction of expatriate labour	Inexistence of a system for the industry to nominate an independent representative for every activity or category
Research Gap	Reluctance of the private sector towards the Saudisation Lack of guidance to support the private sector participation	

Source: The Researcher

Nevertheless, reinforcing the policy encounters various barriers despite the government continued efforts. For instance, employers are required to follow the regulations as stated in the policy, but locals may not be compatible with the

actual requirements of the private sector; a fact that further complicates their operations due to bureaucratic control.

This research explores what are the challenges, and why the government fails to address the views and observations from the private sector effectively. Even though the policy brought benefits (improvements) in the recent years to job seekers, the efficiency of the policy is challenged by the private business sector because of its mandatory nature and lack of consultation. Failure by the government to negotiate the Saudisation policy, with the private sector has hindered its implementation (i.e. failure to adequately represent the needs of the private sector in the policy-making process). Accordingly, the absence of cooperation continues to have a negative impact on the career development in the country. Thus, this research contributes to knowledge and bridges the gaps in previous research on Saudisation, providing useful information concerning the actions of the central government towards the achievement of Saudisation. With this goal, this research seeks to articulate further recommendations to enhance the implementation of the Saudisation policy, by providing empirical evidence associated with the value of engaging the private sector in the formatting of the Saudisation policy as well as articulating the barriers.

6.3.2 Research Framework contribution

The primary driver at the basis of developing a Research Framework of Saudisation policy is research objective number four (to create a conceptual framework that helps demonstrates that stakeholders can collaborate to achieve

the desired outcomes). Thus, the resulting framework is generated entirely by utilising NVIVO 11, as a result of linking the themes together. These relationships of concepts are rigorously established, based on the validation process of the selective data analysis. This framework includes Saudisation policies' antecedents, Saudisation policies' description, Saudisation policies' activities for informants and ways of coping with Saudisation policies, and the consequences of Saudisation policies. As previously described in the methodology, data was managed via a four-stage data collection strategy, as described by Creswell (1998) and Strauss and Corbin (1998). The data collection strategy moved systematically in the following sequence: first, identify codes within categories, second, combine codes to identify emergent themes, third, test the plausibility of themes, and fourth, construct a Research Framework of Saudisation and identify principles connected to the phenomenon (Harry *et al.*, 2005).

Phase 1, the data collection-open coding, enabled the Researcher to create a list of codes, within five categories in the framework (Antecedents, Phenomenon, Contexts and Prevailing Conditions: Reactions, and Consequences), which resulted from questions corresponding to major components of the framework, as described by Strauss and Corbin (1998).

Phase 2 used axial coding, which clusters codes into themes and patterns, connected to a central phenomenon (Saudisation policy). Phase 2 of the data collection allowed the Researcher to construct a better comprehension of each of the five main components in the framework. After questions were addressed,

the Researcher probed specific categories that emerged during the analysis in Phase 1. The Researcher identified a variety of preliminary themes, based on the six categories and codes and combined themes, in a manner consistent with the interviews. It is noteworthy that Phase 2 supplied the Researcher with the chance to organise, and label themes that could be tested in Phase 3. Therefore, macro-themes and themes identified in Phase 2 were regarded as tentative in nature, subject to revision or deletion in **Phase 3**.

Furthermore, **Phase 4** was subjected to verify the framework constructed in the previous phase, as interviewees were asked to respond to the research framework in Phase 3, in order to carry out members' checks on the preliminary framework. Interviewees were asked whether the themes and macro themes were acknowledged by them. Then, comments and reactions concerning the credibility of the framework were solicited. In Phase 4, interviewees were shown preliminary diagrams of the framework, and asked to comment on whether the framework made sense to them, and was consistent with Saudisation reactions and enactments. The third purpose was to invite informants to refine or add to any of the categories, macro themes, or themes in the research framework. This final step assisted in assuring that the final framework was fully saturated, dependable, and credible (Bakar, 2013).

Throughout the four phases of data collection and interpretation, it was concluded that there were three contexts and conditions that influenced

antecedents. All themes and subthemes are discussed thoroughly in the following Section.

Based on the interview analysis, the Researcher formulated five main statements for the framework, following an approach similar to Riahi-Belkaoui (2009) and Unluer (2012):

- Antecedents: refer to the enactment of the sector stakeholders toward Saudisation policy;

- Phenomenon: refers to the frequencies of stakeholders toward Saudisation policy;

- Contexts and prevailing conditions: refer to mechanisms by which the private sector, Ministry of Labour, and commercial chambers act toward Saudisation policies;

- Reactions: refer to the private sector's reactions toward Saudisation policies; and

- Consequences: refer to the barriers that prevent the decision makers and the industry representatives, from engaging in the private sector, and putting into participating in the Saudisation policy.

Based on the five main statements indicated above, the research framework is outlined.
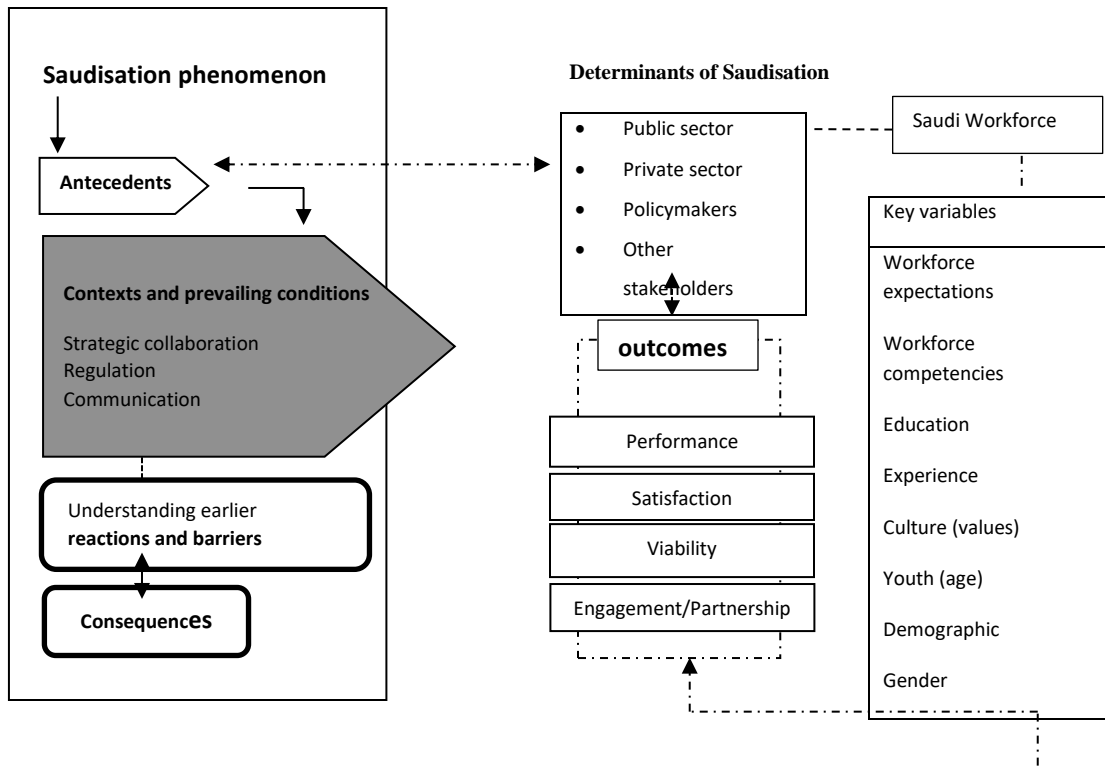
Figure 4: Research Framework

Source: The Researcher

The framework contribution is two-folded (both theoretical and empirical), and expresses an advancement of understanding the Saudisation phenomenon, in relationship with the private sector and how through different comparative antecedent improves the likelihood of policy achievement. A strong link is identified between antecedents and determinants of Saudisation, due to the association potential.

The framework prompts a re-think of effective interaction and communication between all the stakeholders (Ministry of Labour, Chamber of Commerce and private sector). This suggests that a participation of private sector in the

Saudisation process shall ensure performance, satisfaction, viability and a long-term partnership between stakeholders.

6.3.2   Research Framework Limitations

The Framework articulates the needs of the private sector in detriment of another stakeholder's interest. The framework stance specifically propounds the view that value proposition rests in participative collaboration.

6.4   Research Limitations

This research is limited geographically within KSA, hence, it evaluates the strategy adequacy of Saudisation stakeholders. More specifically, the empirical findings reflect mainly the perspective of Ministry of Labour and the private sector. Given the lack of research about the reluctance of the private sector towards the Saudisation, the framework mainly frames the antecedents, phenomenon, context and consequences and omits another component – benefits. In this sense, the research limits its addressability, being focused mainly on recognising and enhancing the potential of a higher participation of the private sector in Saudisation enacted and implementation.

6.5   Research Contribution

This research contributes to assist policymakers and the private sector to scrutinize the benefits, barriers and limitations of Saudisation. The value proposition of the research is to present insights of both policymakers and the private sector (theoretical and practical) to better understand challenges and limitation of the government, to effectively address the views and observations

from the private sector and specifically government's inability to negotiate the Saudisation policy; a fact that has hindered its implementation. Thus, this research contributes to knowledge and bridges the gaps in earlier research on Saudisation, providing useful information concerning the actions of the central government towards the achievement of Saudisation. Through the findings, this research stresses that the government should enhance its involvement with the private sector. Given the lack of attention paid to Saudisation impediments, identification of barriers implies that the conceptual framework of this research can help to show that both the 'rulers' and 'ruled' can collaborate to achieve the desired outcomes, ensuring that implementation of such policies has benefits for all parts.

This study like many other studies before it (Mellahi, 2007; Russell, 2004; Mellahi and Wood 2001; Mahdi and Barrientos 2003) expect the private sector managers to be more proactive and to engage with the government agencies in ensuring that the right policies are formulated. "Monarchical Authoritarianism" may be a difficult barrier, it is however possible to achieve the desired result if private sector management become proactive in their approach to Saudisation policy.

Private sector managers need to recognize that Saudization is a reality in the Saudi labour market (Mellahi, 2007 pg. 95). Therefore they should invest resources in developing the local employees and take advantage of the opportunities the Saudisation policy brings (Mellahi, 2007 pg. 95). Consequently, private sector managers should transform their organisations human resource

management practice to fit the new labour market reality (Mellahi, 2007 pg. 95). Importantly, the private sector managers need to avoid practicing tokenism (a situation where Saudi workers are used primarily to show the firm's commitment to, and support of, the Saudization strategy, and develop innovative ways to manage Saudi workers effectively (Mellahi, 2007 pg. 95).

Finally, given the monarchical authoritarianism and patriarchal culture, which fuel intolerance for critical upward feedback and open complaints about government initiatives Mellahi, (2007 pg. 95), private sector managers could adopt the practice of telling the government publicly what it wants to hear about the Saudisation policy. While in private, the private sector managers should expressed what they belief should happen and what they envisage will be the consequences of the government action. In this way, they government will not be seen as been opposed by the private sector as the nature of monarchical authoritarianism and patriarchal culture does not condone opposition to their authority.

6.6   Recommendation and further research

The research findings offer suggestive evidence for the value of the private-sector in KSA's economy, and therefore, should serve as a support to the public sector. One avenue of this function is to use the private sector as a backbone of the public sector-a common practice in developed economies (Al-Dosary and Rahman, 2009), as this sector dictates the salaries and benefits received by employees. This strategy helps make the job market nurture talents since

employees receive remuneration based on their output. However, the case is different in KSA. The public sector provides good remuneration for the new employees. Public-sector organizations also provide increased advantages to the employees. As a result, fresh graduates prefer to work in the public sector, as opposed to the private sector. The young graduates fail to develop their skills, as the working conditions are not competitive. The salaries that the public-sector offers are not competitive for the private sector, which motivates the sector to mainly focus on the local workforce which is cheaper. These conditions also motivate the private sector, to readily oppose the Saudisation policies imposed by the government.

Involving the private sector in the Saudisation process is important for increasing the number of Saudis in the private-sector. Private-sector investors should help establish viable policies that can make the private sector more attractive to young Saudis. Some of these policies include the development of minimum wage regulation policies, policies to control working-hours, and creating social insurance and pension plans that are harmonized for both sectors. Such strategies will help make the two sectors equally attractive to local employees.

Involving the private sector in formulating policies will serve to diversify the labour market. Broadening the labour market will help make the local jobs more attractive to local employees. However, the education sector will have to play a very significant role in diversifying the labour market. The government must develop viable educational reforms that will be beneficial to the labour market,

today and in the future. The private sector is the best source of information, required to develop effective educational policies. Their participation in the process of Saudisation process will help create the most effective methods of improving the conditions of the current workforce, in line with the current and the future developments.

The government should include the private sector in the formation of human power development agencies. These agencies can serve to review the manner, in which the private sector interacts with the public sector, as well as the employees in the process of recruitment and career development. This strategy will increase the participation level of the private sector in managing the human resource, as well as developing effective recruitment strategies. For example, the private sector can effectively develop strategies that can create a good network for human and technical needs. The private sector has the ability to conduct effective research that will collect data, and initiate documentation of real-time research results. As a result, decision-making concerning labour processes will be easier, and will lead to effective results. The private sector also has the ability to infuse a sense of pride and commitment in the jobs developed, in both sectors. The unification of both sectors will make it easy to manage local employees, as compared to expatriates. This strategy will help instil a professional attitude, among the young Saudis. The privileges given by the government to the employees in the public sector have played a greater role in making them more irresponsible. Consequently, the local labour force will become stronger and healthier.

This research recommends further research to explore deeper aspects of Saudisation, covering the micro and macro levels. The scope of this study did not allow for covering these aspects (major limitation of the study).

The above recommendations can be hard to implement if the government does not focus on improving the education sector. There are great discrepancies in the knowledge disseminated by the education sector, and the skills required in the job market. The government can rely on the private sector, to identify the skills required in the job market. This step will also help the educational institutions to design programmes that are attractive to locals while meeting the requirements of the labour market. Therefore, the government must develop a viable link between ministries and the private sector. Accordingly, the private sector will obtain the required skills from locals, thus, reducing further the need for expatriates.

6.7   Conclusions

In conclusion, this research aimed to contribute to knowledge, and bridge the gaps in the previous research on Saudisation. In addition, it proposes to provide useful information concerning the contribution of the central government towards the success of Saudisation in relation to the private sector. In particular, this research explores what are the challenges, and why the government fails to effectively address the views and observations from the private sector. Previous research regarding Saudisation has identified that governance authorities,

religion, bureaucracy, the Middle Eastern Revolution, policymaker role, all influence to a certain extent.

The literature has shown that during the oil industry expansion there was an increased demand for skilled labour in the economy, however, the KSA was unable to provide the skilled labour due to their poor levels of education. As a result, the private sector attracted foreign employment from overseas countries, to ensure daily operations (reaching over 75% of the foreign labour force). However, back in 2011, the Saudi Ministry of Labour and Social Development identifies that 50% of the private companies were not complying with the policy and thus the policy stagnates. Accordingly, the KSA's government encouraged the private sector to create more jobs for nationals. As a rule, the government imposed higher salaries as compared to foreigners.

Along the years, the government has used various strategies to develop a strong investment environment in the country to increase the level of employment. Taken altogether, privatisation, WTO membership and FDI were considered by KSA's government to enhance the prospect of the economy, besides involving the private sector. Accordingly, Saudisation policy became an enabler, to promote the employment policies in the private sector.

Much of the research indicates that the KSA government has greatly failed in implementing the Saudisation policy and as a consequence, it increased resistance from the private investors. Support from private sector entails benefits the national economy, as well as the Saudi nationals. Thus, much of the literature

stress that the government should bear the task of reviewing the current strategies, to ensure that the success of Saudisation policies is in alignment with private sector difficulties.

As defined by empirical findings, the stakeholders of Saudisation can make effective modification to the implementation strategy. For instance, the Ministry of Labour can support effective communication with the private sector. Likewise, other ministries can also take part in the process of modifying the policies that affect them directly. Thus, the value proposition of the research was to present insights of both policymakers and the private sector (theoretical and practical).

Moreover, identification of barriers implies that the conceptual framework of this research can help to show that both, the 'rulers' and 'ruled', can collaborate to achieve the desired outcomes ensuring that implementation of such policies has benefits for all parts. It can be concluded that the participation level of the private sector in managing the human resource it can be shaped and the government's inability to negotiate the Saudisation policy can be debated.

The analysis has so far suggested that although Saudisation has achieved some success, there is yet a long way to achieving the full implementation of the policy. There is been some increase in the number of local native now in employment due to the Saudisation programme, hence the policy cannot simply be regarded as rhetoric. On the other hand, this study found several barriers to effective private sector participation, hence making the reality of the policy a distant goal.

Appendix 1: Introduction Key Components

I want to thank you for taking time to meet me today. My name is ……………………………………… and I would like to talk to you about your experiences with the Saudisation policy development and implementation. Specifically, we are assessing the effectiveness of the policies with the aim of capturing lessons that can be used in future interventions.

The interview should take less than an hour. I will be taping the session because I don't want to miss any of your comments. Although I will be taking some notes during the sessions, I will possibly not write fast enough to get it all down. Since we shall be on tape, please be sure to speak up so that we don't miss your comments.

All responses will be kept confidential. This means that your interview response will only be shared with team members and we will ensure that any information we include in our report does not identify you as a respondent. Remember, you don't have to talk about anything you don't want to, and you may end the interview at any time.

Are there any questions about what I have just explained?

Are you willing to participate in this interview?

Appendix 2: Sample questions for interview with the members of the ministry of labour

(a) What is the role of the ministry of labour in enacting the Saudisation policy?

(b) Are there other parties participating in the formation of the Saudisation policies?

(c) Do other branches of the government have the same impact as the Chambers of Commerce in shaping legislation?

(d) Can we say that the participation of the chambers of commerce is only consultative and has no real impact on the decisions related to the legislation?

(e) Are there any other participants by the private sector without the Chambers of Commerce mediating?

(f) How do you evaluate the role played by the chambers of commerce as a representative of the private sector, especially in the relation of Saudisation?

(g) Do you think that the current participation of the private sector fulfils the expectations of the private sector and the ministry's need for a partner and leads to the success of Saudisation?

(h) To what extent do you think that the private sector is ready to play a bigger role in formatting Saudisation policies?

(i) Do you think that the ministry has put in place some mechanisms that engage the private sector in the implementation of the Saudisation policies?

(j) Are there some mechanisms that the private can use to propose new policies and initiatives as a way of improving the current policies? If such a mechanism exists, how effective is it?

(k) Do you agree that the ministry of labour has made the necessary arrangements to increase the private sector's participation in the formatting of the legislation?

(l) Has the process of implementing and formatting the Saudisation policies been without challenges? If the answer is no, explain the major challenges that the policy makers and the representative of the private sector face when implementing or formatting these policies?

Appendix 3: Sample questions for interview with the members in the private sector

(a) Do the members of the private sector take part in the enactment of the Saudisation policy? If your answer is yes, elaborate the roles that they play in the process.

(b) Who are the other parties that also take part in the implementation of the Saudisation policies?

(c) What role does the chamber of commerce play in the helping the private sector to take part in the Saudisation policy?

(d) Do the members from the private sector take part in the enactment of such policies on their own or must they do so through the chamber of commerce?

(e) From your personal point of view, how do you evaluate the role played by the chamber of commerce as a representative of the private sector in the development and implementation of the Saudisation policies?

(f) Is the current participation level of the private sector effective in fulfilling the expectations in achieving effective Saudisation policies?

(g) Do you think that the Saudisation policies have been a success in improving the human resource management in the private sector?

(h) Based on the current level of participation, do you think that the private sector is ready to play a bigger role in the formatting of the Saudisation policies?

(i) In what ways do you think that the private sector increases the involvement in formatting Saudisation policies?

(j) Are there some barriers that have consistently hindered a successful participation by the private sector in the development and enactment of the Saudisation policies?

Appendix 4: Sample questions for interview with the members of the chamber of commerce

(a) Describe the role played by the Chamber of Commerce in enacting the Saudisation policy?

(b) Are there other parties that work in close collaboration with the chamber of commerce in the enactment of the Saudisation policies? Clearly, describe their specific roles.

(c) Is the chamber of commerce the only body that must pass the contributions from the private sector to the ministry of labour?

(d) From a personal point of view, how do you think that the ministry of labour and the private sector evaluate your contribution to the development of the Saudisation policies?

(e) Do you think that your organization, which represents the private sector in the process of enacting the Saudisation policies, fulfils the expectations of the private sector?

(f) What are the mechanisms that your organization has put in place to engage the private sector in the structuring and putting into practice of the Saudisation policies?

(g) Do you think that your current level of engagement motivates the private sector to take a bigger role in structuring the current policies?

(h) Has your organization developed structures that allow the private sector to propose new policies and initiatives?

(i) In which ways can the chamber of commerce increase the participation level of the private sector in changing and implementing the policies?

(j) Are there some barriers that have hindered the Chamber of Commerce from effectively representing the private sector in the process of Saudisation?

(k) Which ways can you recommend the chamber of commerce to use as a way of improving their work in terms of providing the best representation for the private sector?

Appendix 5: Closing Key Comments

Is there anything you would like to add?

I'll be analysing the information you and other gave me and submitting a draft report to the other members for analysis and later use it in my dissertation.

Thank you for your time.

Appendix 6: Consent Letter

June 26, 2017

 Board of Examiners

Dear

I am a graduate student in ……………………………………. and currently undertaking a research project that examines the current state of private sector participation in the development and implementation of the Saudisation policies in Saudi Arabia. I require your consent so that I can be able to carry on with the research.

The purpose of the study is to determine the current role played by the private sector in the development of the Saudisation policies. The factors contributing to the current decisions, and the nature of participation of the private sector in the Saudisation process, will be explored. Members from the ministry of labour, the chamber of commerce and the private sector will participate in this study. They will be selected on the basis of years of experience and the positions they hold. In addition, the study will try to achieve a balance between male and female participants.

The study tools used include pre-interview questionnaires and interviews in which the participants will answer questions concerning their opinions, perceptions, and feelings associated with the implementation of the Saudisation policies. The participants will receive a prior information about the nature of the

study and their participation, which includes the assurance that they might withdraw at any time. They will also have the potential to request for removal and destruction of any information they provide. The study will not judge or evaluate the participants at any particular time, and hence will not be at a risk of harm.

The information collected will be kept under strict confidence and stored in a secure location. The reporting of the information will be confidential and so will not disclose any personal details of the participants. All the collected information will be used for the purpose of the PhD thesis and perhaps subsequent articles. All the raw data will be destroyed four years after the completion of the study.

Thank you in advance for your support and cooperation

Sincerely

Signature:

Date:

Appendix 7: Coded Questions

	1	2	3	4	5	6	7	8	9
How is the ministry of labour conducting its duties?									
How effective is the ministry of labour in implementing Saudisation policy?									
Does the chamber of commerce represent the needs of the private sector to the ministry of labour?									
Does the ministry of labour encourage an inclusive participation of the private sector in the Saudisation process?									
Do the religious systems play a major role in ensuring that the Saudisation succeeds?									
Do you think that the participation of the private sector should be increased?									
Does the structure of the Saudi Arabia affect the success of the Saudisation policies?									
Does the private sector participate in the implementation of the Saudisation policy?									
Is the private sector satisfied with the current representation?									

Appendix 8: Approval from the Faculty Research Ethics Committee

RESEARCH
WITH
PLYMOUTH
UNIVERSITY

Ref: FoB/UPC/FREC/FREC1415.21
Date: 9 May, 2016

Dear Salman

Ethical Approval Application No: FREC1415.21
Title: Private sector participation in regulatory framework: A case study of
**   Saudisation**

The members of the Faculty Research Ethics Committee (FREC) would wish to thank you for your resubmission which has carefully dealt with most of the queries we raised on your initial applications.

However, in section 10(d) of your revised application, you indicated that, *"Additionally, collected information will be **destroyed soon after the PhD will finish**."* Please note that this is contrary to article 88 of the University's Research Ethics Policy, which states that, *"The University expects that primary research data is held securely for a **period of ten years** after the completion of a research project, or for such longer period as may be required by a research funder . . . ."* We would therefore strongly recommend that you keep your data securely up to this minimum period of ten years. Making sure that data is kept securely also helps to address issues relating to confidentiality in section 10(f).

We are happy to approve your application and wish you the very best with your research.

Yours sincerely

Dr James Benhin
Chair
Faculty Research Ethics Committee
Faculty of Business

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