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INVESTIGATING THE ANTECEDENTS AND CONSEQUENCES OF SAUDIZATION IN THE CONSTRUCTION SECTOR

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**INVESTIGATING THE ANTECEDENTS AND CONSEQUENCES OF
SAUDIZATION IN THE CONSTRUCTION SECTOR**

By

ABDULLAH AL-MAMI

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INVESTIGATING THE ANTECEDENTS AND CONSEQUENCES OF SAUDIZATION
IN THE CONSTRUCTION SECTOR

ABDULLAH AL-MAMI

ABSTRACT

Over time, due to the increase in the numbers of foreign workers, both the Saudi population and the rate of unemployment among Saudi workers increased sharply so the Saudi government embarked on a process of replacing the foreign workers with Saudi workers. The government was concerned that there were many young people who remained jobless on leaving university whilst, at the same time in Saudi Arabia, there were many foreign nationals who, essentially, were taking jobs meant for the local population. This study aims to investigate, on the one hand, the factors affecting the adoption of Saudization and, on the other hand, to measure the effect of the adoption on the improvement of productivity and other benefits such as improving work opportunities and job security. Previous literature shows that there were four antecedents of the adoption of Saudization. These were: government policies and regulations to encourage adoption; facilitators and incentives of adoption; knowledge-sharing practices between Saudi and non-Saudi workers and the barriers to the adoption of Saudization. In the same line, the consequences of Saudization were increased productivity and other benefits of adoption. A model was developed to conceptualise the causal relationships between the constructs and the interactions amongst these constructs.

This study employs mixed methods starting with a quantitative stage which was followed by a qualitative one. A questionnaire was used to collect data from 479 Saudi Arabian construction companies. Thereafter, 16 interviews were conducted with some of these

companies' managers. Structural equation modelling produced findings which revealed that, with the exception of barriers which had a negative effect on adoption, all the antecedents of the adoption of Saudization (policies and regulations, facilitators and incentives of adoption and knowledge-sharing practices) had a positive effect on the adoption of Saudization. Meanwhile, the adoption of Saudization had a positive effect on productivity and the other benefits of adoption.

This study contributes to the theory since it has revealed a theoretical model which could be used in investigating the determinants and consequences of any localisation programme. It has also contributed to the practices used by the managers of construction companies and policy makers. Through identifying the antecedents and consequences of the adoption of Saudization and in parallel with preparing the required training needs to qualify Saudi's young people, managers could deploy strategies to gradually replace foreign workers with Saudi workers. Also, this could encourage government bodies and policy makers to implement appropriate measures and incentives to encourage adoption and to reward the pioneer companies. In addition, it could help to finance training programmes and to restructure higher education to prepare qualified graduates who could fill the jobs previously taken by foreigners.

DEDICATION

To the soul of my father, my great mother,

To my wonderful wife, my children, my family, and friends

A special dedication to my supervisors,

Atul Mishra and Daba Chowdhury

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List of Abbreviations

Abbreviations	Full Term
AVE	Average Variance Extracted
AVEs	Squared Root of Average Variance Extracted
OPEC	Organization of the Petroleum Exporting Countries
GCC	Gulf Cooperation Council
QUAN/QUAL	Quantitative/ Qualitative
SEM	Structural equation modelling
EFA/CFA	Exploratory factor analysis/ Confirmatory factor analysis
WLSMV	Robust weighted least squares estimation
MLR	Robust maximum likelihood
RMSEA	Root mean square error of approximation
CI	Confidence intervals
SRMR	Standardized root mean square residual
CFI	Comparative fit index
TLI	Tucker-Lewis index
WRMR	Weighted root mean square residual
SIC	Squared inter-construct correlation
CR	Composite reliability

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Author's Declaration

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award.

This study was fully financed by the Saudi Arabia Kingdom Government. Relevant scientific seminars and conferences were regularly attended at which work was often presented.

The following activities were undertaken in connection with the programme of study:

- Attendance on a number of post-graduate courses. (I have attended more than 25 PG courses)

Introduction to qualitative	10/02/2011
Developing Professional writing skills	04/05/2011
SPSS	27/05/2011
Research Methodology	07/09/2012

- Participating in the International Conference on.

Employees Training Impacts on Productivity: Empirical Study on Saudi Arabia Construction Private Sector	Moscow The fourteenth readings Vavilovsey	26/11/2010
Labour Force Fraining Enhances the Strategic Mechanism of the Post Saudisation Plan.	Paris	29/06- 02/07/2011
Saudi Culture Impact on Cross Border M&A Post	The 5 th Saudi Conference in Coventry	24-25/06/2011

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Saudi Arabia is one of the countries that has many working foreign nationals (Mellahi, 2000). The Kingdom's economy has largely depended on foreign employees who account for about 6 million employees. As of 2012, the number of foreign workers increasedis increasing to almost 80% of a total of 8 million workers (Mundi, 2013). These increases created a problem amongst the Saudi nationals leading to a high number of them being unemployed. The male and female unemployment rates were about 23.6% and 45.8% respectively. At the time, it was estimated that the average unemployment rate should be 25% (Mundi, 2013). Therefore, the Saudi labour market had a critical dilemma due to high levels of unemployment among Saudi nationals. Mellahi (2000) and Grant (2002) note that many firms in the private sector continued to recruit foreign workers instead of Saudi citizens who had lower skills. Consequently, high unemployment put pressure on the resources of both the public and private sectors to employ Saudi nationals. Unemployment among its citizens had a negative effect on Saudi Arabian society.

In order to reduce the unemployment rate in the Kingdom, the Saudi government adopted a national Saudi employment scheme. This scheme was designed to replace the foreign labour force with young Saudi nationals (Amaratunga, 2005; Wheatley, 2006). These unemployment strategies were known as Saudization schemes. They aimed to reduce the dependency of the Kingdom's economy on foreign workers and create a self-sufficient economy. Saudization can erode competitiveness both in business and possibly of the country is consider as true by many (Al-Dosary and Rahman, 2005). The Saudization programme improves job security more than before and it overcomes the limitation of the market size by creating local business

opportunities (Allothman, 2000). On the otherhand, the construction industry in the Kingdom of Saudi Arabia has continued to remain strong and with government support, there have been major projects implemented which are aimed at creating jobs for the locals (SAMA, 2013). Opoku & Abdul-Muhmin (2010) state that,construction companies significantly contribute tothe growth of the economy. The total value of the construction contracts was expected to reach \$63,383 million in 2012, registering a considerable increase from the value of \$22,152 million achieved in 2008 (Ventures Middle East LLC, 2009)

1.2 Research Background

The Saudi Arabian Monetary Agency (SAMA), (2008) states that the Kingdom of Saudi Arabia (KSA) is a relatively young nation whose principal exports areoil and petroleum products. Saudi Arabia is the largest oil exporter in the world and such exports account for 80% of Saudi's budget revenues (Mundi, 2013). KSA is considered one of the largest oil exporters, with oil accounting for 45% forty-five percent of the country's GDP and, in 2009/10, 90% of the export returns (Eldossary, 2010). As of 2013, it was estimated that Saudi Arabia had approximately 17% of the world's known oil reserves (Mundi, 2013).

In addition to the petroleum sector, some Saudi Arabian industrial and production processes are based on basic industrial and manufacturing activities; often based on raw materials relating to oil. These industrial and manufacturing activities are funded and operated mainly by the public sector since the government takes an active role in most of Saudi Arabia's business and economic activities. These industries include the oil refineries which produce annually 652 million barrels of oil and, in addition, the petrochemical industries produce annually about 14 million tons of some heavy minerals. There are, also, some manufacturing

industries involved in food, building materials and the chemical industries and these were managed by both the government and the private sector (Algaoud & Lewis, 2007)

Brakat et al. (2013) state that mainly due to the petroleum funds and investments, the Saudi Arabian government exerts a high degree of control over the economy. However, in the last decade, this trend has changed and there has been a huge increase in the participation of the private sector. The shift is aimed mainly at facilitating diversification by enhancing private capital and the growth of other sectors beyond the petroleum based sectors (Mundi, 2013)

In order to engage the private sector more in economic activities, the Saudi Government provided a number of financial incentives such as the provision of interest-free loans to finance long-term industrial and capital investment. There were, also, options whereby both government and private investors could buy shares or *sukuk* financing structures such as *ijara* and *istisna sukuk* (Dewer, 2011). Also, the government offered the leasing of land for factories and the housing of workers in industrial areas; these were equipped with full facilities and services at low prices. In addition, preference was given to national products when they were bought for governmental institutions; these were exempt from most types of taxes (Eldossary, 2010).

Privatisation and diversification created new sectors such as construction, exploration, power generation, farming and telecommunications. Industrial exports (excluding petroleum products) reached 3.3 billion dollars; 77% of this was distributed annually between petrochemical and mineral products and 23 % between other manufacturing products

(Mandeli, 2008). Consequently, the Saudi market attracts a huge number of immigrants(SAMA, 2008)

The government felt pressurised by the ticking time bomb of high numbers of young, well-educated unemployed people. This created a desire to understand the best ways of making the Saudization process successful through Saudi Arabia employing Saudi nationals instead of foreign workers (Loonery, 2004). The Saudization initiative was aimed, also, at helping to identify the best ways in which the Saudi nationals could be prepared for employment in the private sector (Al-Dosary & Rahman, 2005)

Moreover, the government's desire to diversify meant that it increased its offers of training and study opportunities for young people to increase their knowledge, skills and competencies and, thereby, raise the community and the nation's social capital, skills, knowledge and innovation. In addition, there was a huge increase in the number of Saudi Arabia's academic and research institutions. This led to increased training and research and, thereby, increased academic studies on and about employment, the economy and Saudi Arabia's other activities and sectors

Finally, there was greater interest within the government and among policy makers and academics to be seen to be taking decisions based on deeper understandings of the existing situations. These factors led to an increasing amount of research and literature on various aspects of Saudi Arabia

This research that which was written by academics and economists, discussed the Saudization process and its successes, failures and progress since its inception in the 1970s. It

also addressed the major challenges affecting Saudi Arabia's economy and how these challenges led to the success and / or failure of the Saudization process. It explored the difficulties of effective Saudization especially in historical terms and the impact of both cultural factors and the government's policies and activities in terms of the Saudi labour market. The government's realisation of the difficulties involved in engaging locals to carry out most of the jobs and the counter-productive nature of dependence on foreign labour increased the need to establish a workable Saudization process. This was especially so in the face of the large numbers of young people leaving university but remaining jobless whilst large numbers of foreign workers continued to work in Saudi Arabia. This dissertation researches the nature and process of Saudization, specifically within the construction industry

1.3 Research Motivation

The research motivation is divided into two categories. The first is to address some of the gaps in Saudization literature. It is necessary to empirically investigate the role of some antecedents of Saudization adoption such as government policies and regulations, barriers, facilitators of adoption and knowledge-sharing. This is significant to determine the extent to which these factors support or hinder the Saudization programme. It also empirically examines the consequences of Saudization adoption, not only on productivity but also on some benefits of this programme within the construction sector, such as job security, business opportunities and overcoming the limitations of market size. The research tests these simultaneous relationships for antecedents and consequences of Saudization adoption with a structural equation model by AMOS. This is important because previous studies have only focused on investigating the antecedents of Saudization adoption.

The second motivation for the study is to provide a comprehensive view for the managers of the construction industry and the government in terms of the antecedents and consequences of the Saudization programme. It also provides a detailed analysis of these relationships to help them to understand the most and least effective paths so that they are able to successfully implement Saudization

1.4 Research Gap

Saudization research as mainly focused on investigating the factors that affected its adoption such as demographics, social and governmental demographics, social, governmental and private sector variables, family responsibility, qualifications, social prestige and work experience. It has also examined the role of the government's policies and initiatives to enhance Saudization, labour requirements and the needs of the Saudi government, as well as how to meet these needs and how to support self-sufficiency by supporting the Saudization programme. Additionally, other studies discovered some obstacles that hinder the adoption of Saudization such as family size, influences of social background, education, work-protection laws, no accountability and responsibility towards work and multiple authorities for one job (Al Humaid, 2003; Mansoor, 1985; Alshehry, 2009; Al-Ogla 1991).

Consequently, the research concludes that previous studies did not examine the role of knowledge-sharing as antecedent in supporting the Saudization programme. It also failed to investigate the positive effects (consequences) of the Saudization programme on productivity and other benefits such as job security and business opportunities in the construction sector

1.5 Aim and Objectives of Research

The key aim of the research is to investigate the antecedents and consequences of the adoption of Saudization by the Saudi construction industry. Therefore, the research adopts the following objectives:

- To test the role of government policies and regulation in supporting facilitators and barriers to the adoption of Saudization and knowledge-sharing.
- To examine the effect of some antecedents on the adoption of Saudization such as knowledge-sharing, government policies and regulations, barriers and facilitators of adoption.
- To identify the consequences of Saudization adoption which are productivity and other benefits such as job security and business opportunities
- To determine the role of knowledge-sharing in supporting productivity and other benefits of Saudization such as job security and business opportunities.
- To explain the views of government officers and owners/managers in the construction sector in terms of the antecedents and consequences of the Saudization programme

1.6 Research Questions

In order to address the research objectives, the following general question is asked:

What are the antecedents and consequences of Saudization adoption? The study divides this question into sub-questions:

- What are the effects of government policies and regulation on facilitators and barriers to the adoption of Saudization and knowledge-sharing
- What are the effects of knowledge-sharing, government policies and regulations, barriers and facilitators of the adoption of Saudization?

- What are the effects of Saudization adoption and knowledge-sharing on productivity and other benefits of Saudization such as job security and business opportunities?
- How do government officers and owners/managers in the construction sector understand the antecedents and consequences of the Saudization programme?

1.7 Research Hypotheses

The research hypotheses are classified into two groups as follows:

1.7.1 Antecedents group

This group includes the hypotheses related to the factors that affect the adoption of Saudization.

H 1: The policies and regulations of government have a positive effect on Saudization adoption.

H 2: The facilitators of the Saudization programme have a positive effect on Saudization adoption.

H 3: The policies and regulations of government have a positive effect on the facilitators of Saudization programme..

H 4: Knowledge-sharing has a positive effect on Saudization adoption.

H 5: The policies and regulations of government have a positive effect on knowledge-sharing.

H6: The barriers to Saudization (lack of skills and foreign skills) have a negative effect on Saudization adoption.

H6a: The barriers to Saudization (lack of skills) have a negative effect on Saudization adoption.

H6b: The barriers to Saudization (foreign skills) have a negative effect on Saudization adoption.

H7: The policies and regulations of government have a negative effect on the barriers to Saudization (lack of skills and foreign skills).

H7a: The policies and regulations of government have a negative effect on the barriers to Saudization (lack of skills).

H7b: The policies and regulations of government have a negative effect on the barriers to Saudization (foreign skills).

1.7.2 Consequences group

This group contains the hypotheses related to the benefits of the adoption of Saudization.

H 8: The adoption of Saudization has a positive effect on productivity.

H 9: Knowledge-sharing has a positive effect on productivity.

H 10: Saudization adoption has a positive effect on some Saudization benefits.

H 11: Knowledge-sharing has a positive effect on some Saudization benefits

1.8 Summary of Research Methodology

This research uses mixed method research methodology and employs a pragmatic research philosophy. In this research, pragmatism philosophy emphasises the functions and activities related to the Saudization programme. Mixed methods of research and pragmatism philosophy are discussed further in Chapter Five. Quantitative data analysis has been used to test the hypotheses through using multi-variant models. Subsequently, qualitative data collection and analysis has been used to explain or confirm the quantitative results. This research design is sequential explanatory, in which quantitative research is conducted and analysed first, then qualitative research is conducted and analysed. Both the results of the quantitative and qualitative research are then integrated. Structural equation modelling, using Amos 20, was used to analyse the questionnaire data. Data from 479 managers working in 80

construction companies was collected using a questionnaire and through random sample techniques. Moreover, 16 interviews were conducted with managers from various organisations.

1.9 Research Structure

This research is structured into nine chapters.

Chapter 1 Introduction: this concerns the research background, research gap and question, aims and objectives, hypotheses, methodology and the research structure.

Chapter 2: Construction industry: This chapter introduces the characteristics of the construction industry, public and private sectors in the construction industry, labour market, Saudi government plans to manage human resources and adopt Saudization to replace foreign workers with Saudi nationals in order to decrease the unemployment rate. Human resources management in the construction industry is also discussed.

Chapter 3: Saudization: This chapter discusses Saudization strategies, Saudization in construction sector employment, Saudization and skilled labour Saudization, foreign labour and unemployment and the success or failure of Saudization.

Chapter 4: Conceptual model: This chapter discusses the different types of research relationships relating to both the antecedents and the consequences of Saudization.

Chapter 5: Research methodology. This chapter depicts the research philosophy, paradigm, research methods and descriptive statistics of questionnaire piloting.

Chapter 6: Quantitative findings. This chapter describes the quantitative analysis stage starting with the basic descriptive statistics and moves towards factor analysis to identify the research constructs. Following this, the chapter examines and identifies construct validity and reliability by conducting confirmatory factor analysis. The last phase investigates the causal relationships (research hypotheses) among the validated constructs of the study.

Chapter 7: Qualitative Analysis. This chapter illustrates the second stage in data analysis. The qualitative findings revealed from 16 interviews with construction managers in Saudi Arabia were analysed using NVivo 9 software.

Chapter 8: Discussion of findings. This chapter discusses the quantitative and qualitative analyses to support the integration of both stages to better interpret the findings in addition to linking these findings to previous studies presented in the literature review.

Chapter 9: Conclusion and Recommendations. This chapter presents a conclusion of this research study, the theoretical and practical implications, recommendations, limitations, and future research venues.

CHAPTER 2

CONSTRUCTION INDUSTRY

2.1 Introduction

As argued by Opoku & Abdul-Muhmin (2010), the building business has major effects for the Kingdom economy. As they mentioned the construction establishments play an excessive part in the advance of the economy. This is predominantly because of the multi-faceted factors that have made construction not only idyllic as an industry but also as a source by which both parts (the government and private sectors) are supporting to tackle social and budgetary difficulties in country. According to Rice (2004), the higher increased birth rate soar the greater demand for accommodation. He added that this demand for accommodation could be both in terms of living spaces and other socio-economic uses such as education, business etc. In order to meet these housing concerns, building industry has become matchless for meeting infrastructure needs as new roads, airports, utilities, leisure and other services are commissioned.

The Saudi economy affected heavily by the construction industry. According to Opoku & Abdul-Muhmin (2010), this industry helped the growth economy of the Kingdom. The importance of the construction as an industry raised in the kingdom as both the government and the private sectors attempting to solve the most tangible and sensitive social problem in the country.

Secondly, the increasing number of people within the middle income levels coupled with increased urbanisation has meant that more people require better and more complex structures. Al-Salamah et al. (2004) noted that the population of Saudi Arabia has been rising since the 1960s leading to the high rates of 6.6 children per woman in the 1980s. Despite the

decrease in these rates to about 5.5 in the late 1990s, the population has continued to grow steadily, from under 16 million before the 1980s to 22 million in 2000 and is expected to reach 34 million by 2030 (Euromonitor, 2013).

These huge increases also show a continued increase in the numbers of foreigners, especially foreign workers, who account for over 25% of the Saudi Arabian population (Al-Salamah et al., 2004). The most recent estimates show that the Saudi Arabian population in 2011 was 25.37 million, which represents a 2.3% growth rate from the 2.3% over the 24.8 million estimated for 2010, with Saudi Arabian nationals constituting 73.% of the total population, 18.54 million, while the foreign nationals constituted 26.9% of the total population, being 6.83 million (SAMA, 2013). These trends have led to an increased demand for workers in the construction industry.

Finally, the high economic growth, caused by both increasing oil prices and economic diversification, demand for smarter, affordable and suitable homes by younger people who make up the bulk of the population as economic diversification and expansion of the existing oil industry account for the increasing rates of construction and real estate services (Oxford Business Group, 2008).

These factors have led to both increasing per capita income for individuals and business and increased urbanisation, thereby leading to a desire to build in the large area of urban land available in Saudi Arabia. These factors account for the unprecedented growth of the construction industry which has been growing since the early 1970s, where the annual growth rate of the sector was 23% in 2009, with the total value of the construction contracts expected

to reach \$63,383 million in 2012 registering a considerable shift from the value of \$22,152 million achieved in 2008 (Ventures Middle East LLC, 2009).

The kingdom seen an extraordinary growth in the number of overseas employees due to the inflow of oil incomes into the economy. This has stimulated a mass exodus of labour to move from various countries, especially from India and Pakistan to be engaged in the process of building and construction in the Kingdom. With the increase of Saudi population, more foreign employees have been imported theoretically (Looney, 2004; Ramady, 2005; Shah, 2006; Saudi Aramco, 2010).

In order to understand the construction industry, this chapter is organised as follows. Section 2.2 discusses the background of this industry. Section 2.3 presents the characteristics of the construction sector. Section 2.4 articulates the complex nature of the construction industry. Section 2.5 analyses construction and infrastructure during the recession. Section 2.6 looks at market labour and employment. Section 2.7 includes the private and public sectors in the construction industry. Section 2.8 explains the evolution of the construction sector over the last 40 years. Section 2.9 discusses the advantages of employing foreign workers in the construction private sector.

2.2 Background

As Robert and Alhassan (2010) argue, the construction industry has had a significant impact upon the Saudi economy. Construction companies have made a considerable contribution to the accelerated growth the economy has achieved. The accelerated population growth in the country is linked with an increasing income per capita. Vast areas of urban land have generated a high demand for reasonably priced housing. The construction sector in Saudi

Arabia has undergone unprecedented growth since the early 1970s, and the annual growth rate of the sector stood at 23.4% in 2009. The total value of construction contracts is expected to reach approximately \$63,400 million in 2012 - a considerable increase compared to the \$22,152 million figure achieved in 2008. Additional factors that enhance the economic growth in Saudi Arabia include religious tourism, the mortgage laws that are soon to be adopted and the recently implemented city development strategies (Opoku & Abdul-Muhmin, 2010; SAMA, 2013)

Myers (2013) argues that the construction industry of any nation plays an important role in cultural and economic development because the activities of the sector have an essential importance in the realisation of the socio-economic development objectives of providing infrastructural employment to the national economy. The construction industry covers all building categories such as houses, schools, hospitals, offices, townships and so forth (Construct Arabia, 2013). It includes urban infrastructure like highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems. It deals with all kinds of social-economic types of buildings which are directed towards the creation, renovation, repair or extension of non-current assets in the form of buildings and land achievements of engineering features (Wheatley, 2006, Professional O. A. G., 2009).

In addition, the construction industry generates a continuous employment rate and keeps a growth momentum in relation to other domestic industries through backward and forward logistics. Such an industry is very important, as vital activity is encouraged for the logical growth of the national social economy (Amaratunga, 2005, Eldossary, 2010). Lowe (2003) states that the contribution of the construction industry is in the range of 8% to 12% for highly developed countries and around 4% to 7% for developing countries. The estimates of

such contributions in the developing economy could be higher as the figures may not include the unofficial industry, which generates significant casual employment in urban and rural economies (Wheatley, 2006).

The construction industry intensely affects most common measurements of a national economy, as GDP. It affects how passable the capital is, what decisions a government makes and even the social health of the kingdom. The industry also has important interaction with other characteristics of the economy. It is used as a governmental tool to manage the national economy, particularly in times of recession where national unemployment rates are great. The government uses the construction industry as a tool to rise public expenditure (Loewenstein and Spletzer, 1999). The construction industry constitutes about 30-50% of fixed capital investments in greatest developing countries. The percentage of investment that goes to an completely new construction industry is likely to be greater than that which goes to repair and maintenance kinds of work (Wheatley, 2006)

2.3 Characteristics of the construction sector

The rising globalisation process has created great opportunities and growth for local and international construction markets, taking them to greater heights than ever before (Ali, 2009). KSA (2011) Report indicates that revenue earned by the leading 225 international contractors in 2006 was \$224.40 billion and in 2007 the figure had risen to \$310.20 billion. Markets in countries within the Gulf were the most attractive for international contractors also known as Multi National Enterprises (MNEs), hence a surge in foreign worker numbers. These MNEs are in desperate need of talent, which is mainly filled by foreign workers because many of the international projects require skills and competencies that are sometimes not available. The Kingdom of Saudi Arabia has been left behind by this dilemma of MNEs sourcing

international labour despite many government initiatives to try to nationalise labour (Ali, 2009).

The construction industry, which plays a very important role in Saudi Arabia's economy, accounts for 60% of GDP, with the construction and building sector accounting for 5%. The 2009 figures also reveal that about half of the expatriate workforce work either in the service or construction industry, while only 10% of the construction workforce is Saudi nationals. Arabia Industry (2013) noted that over 50% of all visas issued to foreign workers in Saudi Arabia in 2012 were issued to people working in the construction industry while visas issued increased to 33%.

The construction sector is the largest and fastest growing industry in the Gulf region (Arab News, 2011), with Saudi Arabia having the largest construction industry in the region. In the last couple of years, rocketing oil prices have made it possible for the construction industry to have extra revenue and liquidity for its growth. The 2009 global financial meltdown resulted in a slowdown in the pace of development of the construction industry in Saudi Arabia but the process has since reversed and the industry saw 4% annual growth by 2010, which is supported by a record high US\$146.67 billion of investment to upgrade the country's infrastructure, transport, education and real estate, all of which will require construction related activity (Eldossary, 2010)

The opportunities that have driven the growth of the construction industry according to Fakeeh (2009) are: financial stability in Saudi Arabia in the light of the recent global financial crisis; increasing demand by foreign investors as a result of relaxed local laws; high liquidity; increased population growth, rising at 2.5 % per year which is resulting in high

expectation of quality and technically advanced working environments, housing, health facilities, schools and universities and low interests rates on borrowing.

Many big construction projects are expected to commence in the next few years and the expansion of existing projects is on-going in the hospitality, education and housing sectors (Arabreform.net, 2009). Government led construction projects are vital in reviving the construction industry in Saudi Arabia. H.E. Amr Al Dabbagh, the Governor of the Saudi Arabian General Investment Authority (SAGIA), states that the world-wide economic collapse supported by the reduction in the costs of building materials, excess of capacities in the construction organizations, abundance in man-power fuelled the growth of Construction Sector (Arabreform.net, 2009)

H.E. Amr Al Dabbagh also suggested that the challenge for the construction industry would be to have 24-hour construction activity. SAMA says there are almost 500 construction projects worth \$289 billion are in progress, with many others already planned or in the bidding stages (Burton, 2010). Industry experts suggest that government spending on the construction industry is likely to remain high as the prices of commodities relax due to the global financial crisis and the demand for projects continues to increase (KSA, 2011). The following are examples of projects, which, according to government sources, have been launched and work is expected to be completed by the end of 2014 at the latest;

1. Jazan Economic City in Jazan which is a US\$ 27 billion project expected to produce half a million jobs.
2. King Abdulla Economic City which is a US\$ 27 billion project expected to produce up to one million jobs in the construction industry, ports, logistics, light industry and service sectors.

3. King Abdullah Financial District in Riyadh, which is a US\$ 2 billion mega-residential project
4. Knowledge Economic City in Medina which is US\$ 7 billion project expected to produce 20,000 jobs
5. Prince Abdul-Aziz Bin Mosaed Economic City in Hail which is a US\$ 8 billion project expected to produce 55,000 jobs in the agribusiness and construction industries.

The region's construction sector has witnessed a steep growth over the last 10 years. According to The Saudi Gazette (2011), construction projects that are either planned or those that are underway are estimated to earn in excess of over US \$1 trillion, which is the largest global construction budget. This growth has been driven by favourable economic conditions, surging oil prices, immigration, and the implementation of new employment laws by the Saudi government. Other factors that have favoured the growth include easily available credit and the establishment of the Real Estate Funds investments in the region. The leader in construction projects in the Gulf is the UAE and Qatar (Arabian Industry, 2013). Following the leaders in the construction race is Saudi Arabia that has ambitious projects aimed at propelling economic growth and creating employment opportunities for its nationals. The projects include King Abdullah Economic City off the Red Sea, and Prince Abdul Aziz Bin Mousaed Economic City, which are projects that include residential and commercial buildings, infrastructure and logistics projects. These massive construction projects have drawn many actors in the construction field where barriers to entry are quite low. Many non-local organisations have started operating in the region. The above mentioned projects and many others have resulted in many opportunities for various professionals in the construction industry such as structural engineers, engineering consultants, quantity surveyors, master

planners, urban designers, creative architectures and sustainable engineers (The Saudi Gazette, 2011)

2.4 Complex Nature of Construction Industry

The construction industry can be differentiated by certain features, some of which, according to Opoku & Abdul-Muhmin (2010) are fluctuation in demand, temporary nature of sites, instability of employment and the effects of weather conditions. These features not only make the industry unique but also affect its efficiency and productivity. Opoku & Abdul-Muhmin (2010) note that another important characteristic of the construction industry is that it is an industry with no 'factory', and operates on the client's property, it is a rent and rate free industry and it is an industry on paper. These reasons mean that the construction industry is considered as an easy entry and exit kind of industry.

2.5 Construction and Infrastructure in the Time of Recession

A global financial crisis exploded several years ago. Its impact has affected most of the world's economies and the Middle East is no exception. Economic depression and low growth rates also hit Middle Eastern economies (Assaf et al., 2011). These effects also impacted on Saudi Arabia which had, until the start of recession, been achieving constantly accelerating economic growth. However, the effects of the depression prevailed despite the unprecedented efforts on the part of the financial institutions to control the recession, to enhance economic growth and to dig their way out of the crisis (Urban Land Institute and Ernst & Young, 2012). The Saudi government's carefully coordinated spending plans and other such interventions in the financial sector, likewise, failed to prevent a national economic downturn (Assaf et al., 2011).

Accordingly, Saudi Arabia realised from the beginning of the crisis, that expenditure on construction and infrastructure under such economic conditions was crucial and badly needed to be given more attention (International Monetary Fund, 2010). This did not avert the effects of the crisis on the country, however, which triggered an export and import nose-dive as well as a heavy demise in the liquidity and dynamics of investment.

Many small companies quit the market or heavily reduced operations and production; many financial institutions faced bankruptcy and rates of unemployment increased. Faced with such catastrophic circumstances, the Saudi government reacted by attempting to encourage competition in the investment market and construction industry. It offered several incentives in a bid to retain existing international investors and attract fresh blood. The stimulation of competition and investment was not solely an economic goal to get out of the crisis as expeditiously as possible, but a bid to remedy the socio-economic and political consequences associated with the economic crisis. The government also generated various policies in preparation for the aftermath of the downturn, including the injection of flexible, high-level competition into the Saudi investment market (Eldossary, 2010).

As Robert & Alhassan (2010) argue, the construction industry and infrastructure of Saudi Arabia contribute considerably to the country's economy, expand its industrial capacity and raise its overall production efficiency. Where investment in infrastructure at the time of the crisis was directed towards production, the feasibility studies of the supply and demand factors show that few incentives to spend on private projects existed. In such circumstances, the need arose for public and infrastructural spending that would lead to a rise in the overall efficiency of the economy and an increase in its future competitiveness so as to be wholly ready for competition once it was out of the crisis.

According to Robert & Alhassan (2010), the Saudi government encouraged investment in construction and infrastructure during the period of economic depression in order to accomplish two main objectives. The first was a short-term one: to contribute to the attainment of growth through the liquidity resulting from investment spending. This mirrored what had happened in the UK when the exchange rate rose in response to the government releasing finance for large projects. The second was the medium-term and long-term goal of increasing the capacity of the economy to prevent any possible bottle-necks from emerging in the growth force prior to successful completion of the projects of construction and infrastructure, during the recovery period. From an early stage, the Saudi government was aware of the implications of an international financial crisis and the need to not exaggerate the established projects of construction and infrastructure. Risk of cancellation or postponement of these projects was thereby largely averted through the Saudi government's persistence in investing finance in the infrastructural and constructional projects. All this resulted in a 2010 budget that proved to be the highest in Saudi Arabian history (Eldossary, 2010)

2.6 Market Labour and Employment

2.6.1 Labour Market in Saudi Arabia.

Migration is a phenomenon that persists in both the developed and developing economies (Grant, 2002). According to Omar (2003), migration can only take place if the government allows this to happen. The market is apparently very highly regulated as more governments are trying to ensure that they control the process and encourage migrants to take up employed positions but only those who are needed in the country for a specific task or project (Molouk, 2002).

However, in many of the developing economies, the problem of immigrants becomes an issue. In human resources management, this can be viewed as a problem or not, depending on whether specific employment skills are required by the host country (Raphaeli, 2003). There are also legislative issues that will always arise, because issues of diversity could be challenged (Mellahi, 2000). Migration and hence the structure of the labour market in Saudi Arabia, dates back to the period of 1920s with the entry of migrants from other parts of the Arab world and with the discovery and production of oil in the early 1930s, it was inevitable that the process of oil drilling and refinery would continue for many centuries (Raphaeli, 2003).

There has not been any strict immigration policy but there have been several policies that have been found to control this process including; the *Iqama* (residency act), which bans non-Saudi workers from entry unless there is an employer who is managing their entry and sponsoring them for the same (Al-Jarralah, 2004). When the person enters the country, they get the *Iqama* and they then hand in their documents or passports to the employer (*kafeel*) and the employer will only return the documents to them when they are leaving the country or their employment. As the country began programmes with the aim of eliminating foreign workforces in the 1970s, the government decided to do this by limiting recruitment to education and healthcare jobs in the public sector and freezing recruitment in the other sectors (Keven, 2003). This meant that instead of creating jobs for the locals, the process was actually either limiting access to jobs or giving work to local people who were not entirely qualified to work. As for employment by industry level in Saudi Arabia, it has been noted that there is a high rate of expatriate employment in different industries in Saudi Arabia. The oil and construction industries show a rate of more than 90% of foreign workers and just a very small number of local employees. It is only in the public sector and the banking industry

that there is a greater representation of citizens of the country at 57% and 52% respectively and this is due to the fact that these jobs are preferred by locals. Such figures, combined with the figures that show the rate of unemployment, that there is need to ensure that measures are taken to reduce this imbalance and ensure that there is sufficient local participation in the construction industries (Fielden, 2012). Table 2.1 shows the total population by age groups in the Kingdom.

Table 2.1: Total population by sex, age groups, and nationalities

Population by sex , Age Groups and Nationality (Saudi/Non-Saudi)									
Age	Saudis			Non-Saudis			Total		
	Total	Females	Males	Total	Females	Males	Total	Females	Males
Less Than 1	431533	213681	217852	85583	42074	43509	517116	255755	261361
1 to 4	1848680	909702	938978	384269	190744	193525	2232949	1100446	1132503
5 to 9	2157640	1072622	1085018	437851	211640	226211	2595491	1284262	1311229
10 to 14	2074243	1037494	1036749	363197	178119	185078	2437440	1215613	1221827
15 to 19	1924098	952298	971800	280917	139168	141749	2205015	1091466	1113549
20 to 24	1784901	879874	905027	358027	149968	208059	2142928	1029842	1113086
25 to 29	1525400	761580	763820	779747	226871	552876	2305147	988451	1316696
30 to 34	1293670	645973	647697	1080254	301120	779134	2373924	947093	1426831
35 to 39	1060258	531588	528670	1035496	246317	789179	2095754	777905	1317849
40 to 44	865087	426304	438783	701212	134489	566723	1566299	560793	1005506
45 to 49	686139	334441	351698	450955	73975	376980	1137094	408416	728678
50 to 54	541379	266932	274447	271287	46724	224563	812666	313656	499010
55 to 59	392807	190868	201939	134892	26346	108546	527699	217214	310485
60 to 64	297956	147492	150464	57441	14600	42841	355397	162092	193305
65 to 69	211173	107859	103314	26571	9063	17508	237744	116922	120822
70 to 74	166544	77643	88901	19365	8521	10844	185909	86164	99745
75 to 79	99414	46883	52531	9681	3582	6099	109095	50465	58630
80+	132442	68849	63593	10725	4261	6464	143167	73110	70057
Total	17493364	8672083	8821281	6487470	2007582	4479888	23980834	10679665	13301169

Source: Central Department Of Statistics & Information, 2007

Source: Central Department of Statistics & Information, 2007

From the data above, it is noted that in 2007 there were approximately 6.5 million non-Saudis in the Kingdom, which represents a huge number of migrants, most of whom were working in the Kingdom. Therefore, the government began to put more realistic targets and strict measures in place to manage a qualified non-Saudi workforce. Examples of these measures were restricting the hiring of expats in specific job markets within Saudi and putting in place minimum salaries for some jobs so as to make employing non-Saudi nationals more expensive (Saudi Aramco, 2010). Such measures ensured that the government could now supervise and monitor the implementation of Saudization in some organisations (Mellahi, 2007). This led to a quota system where expats from any country could not make up more

than 10% of the total number of expats. This measure mainly targeted Indians, Pakistanis, Bangladeshis, and Filipinos(Loonery, 2004).

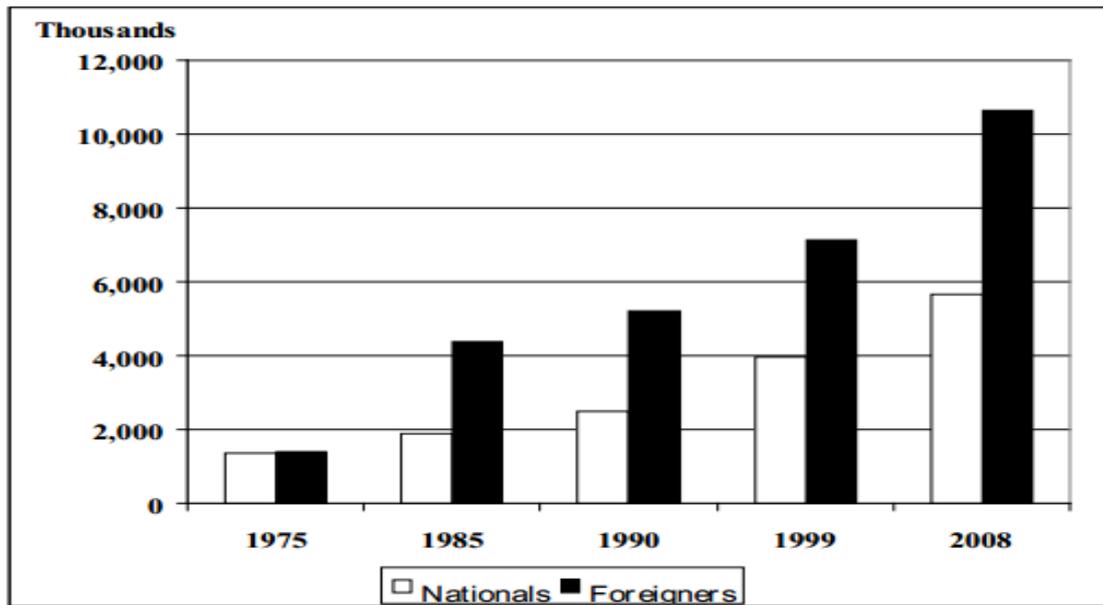
Table 2.2: Expatriate communities in Saudi Arabia compared to other Gulf nations

Nationality	Saudi Arabia	Bahrain	Kuwait	Oman	Qatar	UAE
India	1,250	110	262	300	90	1,000
Egypt	1,200	-	271	35	29	100
Pakistan	800	70	100	70	60	400
Philippines	800	25	60	-	40	100
Yemen	500	-	-	-	-	-
Sri Lanka	150	-	167	25	30	125
Syria	270	-	-	-	40	-
Indonesia	170	-	-	-	-	100
Sudan	250	-	-	-	-	-
Kuwait	250	-	-	-	-	-
Turkey	95	-	-	-	-	-
Iran	-	-	69	-	20	-
Total	6,000	242	1,409	614	365	2,038

Source: Ramady, 2006

Table 2.2 depicts the foreigners in Saudi Arabia compared to other Gulf countries. From the table above, it is evident that the whole of the Saudi Arabia has a huge number of foreign workers compared to other Gulf nations. SAMA (2013) stated that most foreigners work in the private rather than the public sector. In 2011 92.1% of the workers in government jobs were Saudi Arabian nationals compared to 11.3% in the private sector. It is also clear from the Figure 2.1 below that the number of foreign workers has increased more significantly compared to the number of local workers in the Gulf region over the period from 1975 to 2008. Pradhan and Laipson (2010) also noted that the population of foreign workers in the region rose from 9 million in 1990 to 13 million in 2005

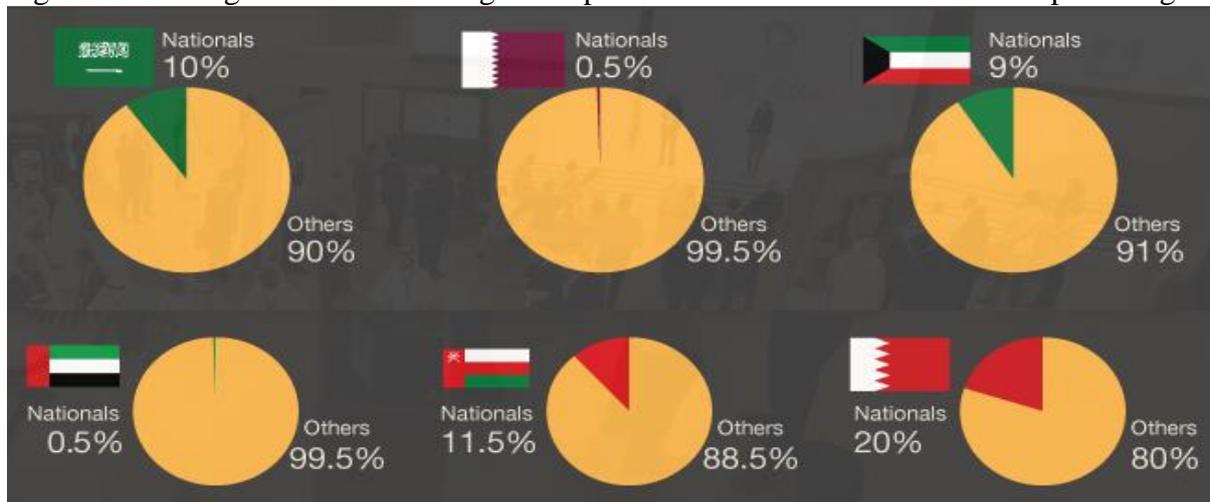
Figure 2.1: Nationals and Expatriates in the GCC Labour Forces, 1975-2008



Source: Winckler, 2010: p.11

As illustrated in Table 2.2, the largest numbers of foreign workers engaged in the Gulf region, and especially in Saudi Arabia, are the people from the Indian sub-continent and this is followed closely by others from Pakistan and Philippines. Though Figure 2.2 shows that Saudi Arabia has the highest number of foreign workers (Ramady, 2006), Bollier & Haddad (2013) found that within the private sector, this represents 90% of the local population compared with 99.5% in Qatar and United Arab Emirates or 80% in Bahrain.

Figure 2.2: Foreign nationals working in the private sector of Gulf countries as a percentage



Source: Bollier & Haddad, 2013: p1

Faced with growing national populations, which are now becoming better educated and demanding better job opportunities, governments in the Gulf region are focusing on transforming certain job sectors from dependence on foreign labour to the local nationals' labour market. Bollier & Haddad (2013) note that governments are concerned by what they feel is a heavy reliance on foreign workers, especially in the private sector, and thus call for measures to alter the differences, especially those that cause unemployment among nationals and those that have a negative effect on Saudi Arabian society

2.6.2 Immigrant labour

The law that limits immigrant workers, known as 'Nitaqat', which came into force in June 2011, requires private sector employers to employ Saudis and provides incentives to the companies that abide by the new rules. The law limits visas for unskilled workers to six years and puts a ban on companies that do not comply. This law is in response to the fears that unemployment in Saudi Arabia is increasing because the private sector are opting for a cheaper immigrant workforce and the population is growing faster than the economy (SAMA, 2013).

One very important Saudi labour market dilemma is the fact that the levels of unemployment among the Saudi nationals are high, yet Saudi Arabia is one of the countries that employs many foreign nationals. This paradox began during the country's economic boom in the 1970s and the 1980s (Grant, 2002). Before the 1980s and in the mid-1990s, there was no need for a Saudi working class, as the high oil prices deceived the nation into believing that the government could consequently remunerate the large numbers of immigrant workers in the country mainly within the private sector in order to help in the building of the infrastructure.

Many nationals were, however, working in employment offered by the government (Fakeeh, 2009). Fakeeh (2009) refers to this phenomenon as ‘nation building without getting dirt on the figures’. Even though public sector jobs were not always well paid, the government subsidised salaries for its citizens, provided citizens with flexible housing, free healthcare, and free education which accorded nationals a middle-class lifestyle.

Government jobs were limited and could not meet the demands of the growing population, therefore the government had to look elsewhere for ways in which its citizens could find employment. In this case, that meant the private sector, which had already been established by immigrant workers who were cheap during nation building compared to the locals. The hiring of foreign labour was also adopted by the government because the Saudi Arabian government found the foreign workers more skilled and technically competent compared to the local population (Tumulty, 2001). Al-Shammari (2009) argues that another reason for the hiring of non-nationals was because the nationals were more expensive to hire and maintain, especially for the private sector that were always eager to get cheaper labour to guarantee profitability.

This imbalance in the labour force, which is as a result of the fast growing population as a result of birth rates and immigration, has put a lot of pressure on the government to create jobs for the many young Saudis that are now graduating from various educational institutions. Grant (2002) notes that at a time when many private sectors continued to recruit foreign workers, the numbers of Saudi nationals graduating at various universities increased and hence unemployment increased, creating unemployment rates of 27% among nationals (Adel & Kwon, 2002).

This trend had a knock-on effect among the local population and the security of the country as a whole. Al-Asmari (2008) notes that the dependency and growth of foreign labour continued despite the fact that the country experienced a sharp decline in the economy between 1980 and 1990. According to government figures, in the country's development plan, the number of expats that worked in Saudi Arabia grew from 7.5 million in 1999 to 8.5 million in 2003 (Hertog, 2012)

2.6.3 Role of Immigrant Labour in the Saudi Construction Sector

The Gulf countries, including Saudi Arabia, had witnessed an unprecedented acceleration in the numbers of foreign employees in the 1940s and 1950s. The influx of oil revenues in the economies of these countries stimulated the immigration of labour from different countries seeking employment in the building and construction industry. These oil revenues in Saudi Arabia and other Gulf countries have led to rapid development in most economic activities including construction. Girgis (2002) noted that over the same period, population growth in Saudi Arabia and the Gulf region has increased rapidly but there have also been an increased number of foreign labourers in the region.

Foreign employees perform various kinds of duties in different sectors, including agriculture, fishing, transport, communications, business, community services, social services, building, and construction and catering, among others (Cordesman, 2003). Amongst the factors that led to increasing flows of foreign workers into Saudi Arabia are: the employment opportunities resulting from development plans; low wages in the immigrants' countries; the low demand of the Saudi youth to get technical education and vocational training; the private sector's preference for foreign labour with regard to the quality of work and cost effectiveness and the strategic location of Saudi Arabia (SAMA, 2007).

According to Al-Thowini et al., (2010), the history of foreign workers in the Gulf region and Saudi Arabia in particular, traces back to the 1950s. Until the beginning of the 1970s, however, the numbers of foreigners in the region were still not large, compared to what they are today. The majority of employees were Arabs. Some estimates show low numbers of Asian labourers from India, but at the start of the oil boom and the sharp rise of oil prices in the 1970s, the total size of such as employment reached 150,000. Since then, the Gulf countries have begun to import thousands of labourers from Arabian and Asian countries to contribute to the establishment of the infrastructure necessary to achieve development plans, despite the fact that some of these workers failed to meet the needs of local employment (Gatti, et al., 2013; Wheatley, 2006)

The combination of the high standards of living of Saudi nationals, the number of foreign workers in the Gulf countries was estimated at 14 million in 2004 and with the rising demand in the Gulf for foreign labour; the size of the foreign workforce was expected to increase by 66% in 2010 as compared to 1995. However, it is worth noting that the Gulf countries are not identical in terms of the size of their foreign labour force. This varies from one country to another. The Kingdom of Saudi Arabia receives the largest number of these workers, who total about 7 million and make up 30% of the total population, whereas in the United Arab Emirates, foreign labour constitute 80% of the total population (the highest percentage in the region). The percentage is 63% in Kuwait, 72% in Qatar, 26% in Oman and 26% in Bahrain (Saudi Arabia Statistics, 2010).

Foreign labourers are preferred in Saudi Arabia and in the Arabian Gulf countries for many reasons, foremost of which is the fact that the skills that those workers have gained through

their accumulated experience, enables them to perform difficult and technical work in a timely manner. The replacement of such expertise would require considerable time, effort and funding if the training of national workers were to be attempted. In addition, the performance of the national labour force has proven to be of poor quality and such citizens refuse to do the hard work which foreign employees can perform with a higher level of quality and efficiency.

An analysis of the wide variety of literature (Al-Humaid, 2003; Al-Dosary & Rahman, 2005; Eldossary, 2010; Gatti et al., 2013; Mghari, 2004; Ramady, 2005; Ramady, 2010; Ramady, 2012; Winckler, 2010) on foreign workers in Saudi Arabia can be analysed by outlining what this literature identifies as the main factors that lead to increased preference for foreign labourers in Saudi Arabia by employers. These can be summarised by as follows:

1-Reasons relating to the foreign workers, such as their low level of wages, being more obedient and perhaps more skilled and more tolerant of the work conditions and receptive to perform a service. Further, the alternative employment opportunities and wages in the countries of origin are less attractive for those employees compared with those they receive in Saudi Arabia and the Gulf countries, especially in the building and construction sector.

2-Organisational reasons make the recruitment of foreign workers easier and faster in the various professions, including home and personal careers. The procedure for importing foreign employees from abroad in Saudi Arabia as well as in other Gulf countries was not implemented according to prior plans where it was due to be implemented by specific bodies such as the Ministry of Labour. The task was instead left to the private sector which proceeded according to market forces, including payment and influx of workers recruited for employment. Agencies operating in foreign countries sent labour from such countries as the Philippines, Sri Lanka and Bangladesh which have helped to employ thousands of foreign

workers and led to the implementation of large construction projects in Saudi Arabia and the Arabian Gulf countries by Asian construction companies. Such companies generate tens of thousands of Asian employees, necessitating the establishment of camps at the worksite for these workers. On the other hand, there are no professional institutions in the workers' home countries that specialise in marketing workers. Most Arabian countries have imposed restrictions on their workers moving abroad because they need them in their local labour markets and continue to use confusing policies and regulations towards their labour force. These sometimes restrict and limit the number of workers sent (Amaratunga, 2005, Wheatley, 2006)

3-Another reason is the historical relations resulting from the proximity of some Asian countries to Gulf countries, where migration of labour from India to Oman and other countries has been happening since the mid-19th century. The migration from Iran at the beginning of this century also comes into this. It is difficult to practically and politically restrict the recruitment of Asian workers, given that Gulf countries including Saudi Arabia, are closely linked with other Asian countries through strong relations, especially with Islamic countries. Moreover, Gulf countries tend to diversify their workers in order to ease the political weight of a particular nationality. These foreign countries attempt to reduce any incursions into Arabian conflicts, which usually reflect the relations of the communities within host countries

4-The fourth type of reason for the wide use of foreign employment in Saudi Arabia and Arab countries is related to the international nature of the management of several business organisations and companies in the Gulf countries. There is widespread use of an international management structure in hotel establishments, which are extensions of

international hotels. This is also true for industrial enterprises, even those of government-owned or joint ownership origin and of the banking sector and other sectors (Lundborg & Nouri, 2008).

In contrast, there are many reasons concerning the Arab non-Gulf countries' decline in recruiting Arab labour in the Gulf labour market. Most of the Arabian countries have failed, for various reasons, to achieve a social and economic development that could lead to the required level of advancement, particularly in education and vocational training. The educational systems and vocational training in most countries of the Arab region are unable to provide a qualified and well-trained labour force capable of facing the fierce competition in the modern foreign labour market. The enormous technological breakthroughs being experienced in the world currently, necessitate the very best in educational standards (Marchington & Wilkinson, 2008), yet the Arabian education system continues to fail to satisfy the needs of the employment market with regard to the output of suitably experienced construction practitioners and workers. Enrolment in courses is often not a requirement of the labour market in Arab countries and educational curricula and teaching materials are in need of upgrade and modernisation in terms of content and in the scientific material provided to prepare learners adequately for emerging technological advancements relating to the construction industry. Furthermore, the vocational training and technical centres focus their educational programmes on less essential professions and fail to focus on the professions and disciplines that are actually required in the labour market, be they in the Gulf or the world at large.

Opoku & Abdul-Muhmin (2010) stress another dimension: the inflow of illegal foreign employment, particularly in Saudi Arabia. This is considered a serious problem, given that

such employees constitute the majority of the labour force and a large proportion of Saudi society. Their inflow may have definite implications upon the country's security and may have some cultural, political, economic and social consequences in the long term. Opoku & Abdul-Muhmin (2010) suggest that the local population identifies some of these implications and consequences of foreign employees as follows:

1-Security, moral and social problems: There is a real problem with large numbers of foreign workers being imported illegally through land and sea ports. They constitute a dangerous, invisible phenomenon that threatens society, given that the government has no control over them. They cannot be tracked down or held accountable in the case of serious crimes. Immigrants sometimes carry into the country banned substances such as ammunition, weapons or drugs, which affect the stability and security of society. The individuals who hide them inside the country are often morally corrupt and use them as slaves.

2-Economic problems: the wages of these illegal foreign employees are considered a waste of economic resources and the financial cost of this indirect employment has resulted in a need to subsidise the economy.

3-Immigrant Workers and the Saudi Sponsorship System

Over half of the labourers who are working in Saudi Arabian institutions are foreigners; this amounts to around 8 million foreign workers - 70% of the entire labour force (Database, 2010). The Kingdom offers many foreign workers a better standard of living and a hopeful future. They are often offered sponsorship in their bid to attain a work visa. Such a sponsorship can result in an employment contract in either the private or the public sector (Database, 2010).

All foreign workers under the Saudi sponsorship system are forced to stay in the jobs they have signed the contracts for. They must even commit to not leaving the country or to work in other places inside or outside the Kingdom of Saudi Arabia under any circumstances. A large portion of the man-power utilized as a part of the Saudi Arabian Construction industry is presented essentially from Asian nations (International Monetary Fund, 2012).

Under the Saudi Arabia sponsorship scheme, all non-Saudis and migrants are totally controlled. Such a system of employment in the country forces labour from other countries to be restricted to the contracts they sign with their sponsors. Therefore, in Saudi Arabia, foreign sponsored labourers are committed to doing exactly what they have agreed with their sponsors. Even leaving the country for such things as a holiday would result in their visas expiring or being withdrawn

2.6.4 Areas of expertise foreign workers come in

Professionals that are most in demand in the Kingdom of Saudi Arabia in the construction industry according to US-SABC (2009) are;

- 1- Contract Administrators Design Specialists
- 2- Planning Engineers
- 3- Project Directors
- 4- Quantity Surveyors
- 5- Structural Engineers and Specialists
- 6- Urban Designers and Planners

The construction boom in the Kingdom of Saudi Arabia and the whole of the Gulf region peaked at a time when there was a rapid international growth in countries like China and

India: countries that traditionally supplied construction labour to the region. This not only led to shortages of the key construction experts, but the raw materials that are needed in large quantities to implement these large construction projects, such as steel and cement. The construction industry surged in India in 2002 (US-SABC, 2009), doubling the demand for office space as many international firms continued to make investments in the country's Information Technology infrastructure and the growth in the numbers of call centres, which has improved the pay package for Indians that would otherwise seek work in the Gulf.

Some other construction organisations have lost expat workers from the United States, Europe and Japan that are now finding China more appealing as a destination for job hunting. The construction industry in the whole of the Gulf has significantly increased in terms of the standards of the projects over the last five years, therefore many companies have had to upgrade and retrain their workforce so as to remain competitive in the construction market. A Gulf Talent (2011) report indicated that many construction companies reported having to decline undertaking projects due to the fact that their human resources were already overstretched, trends which signalled the shifting power from the developers to the contractors.

This shift in the power balance has made it possible for just a few contractors to be able to have the capacity to bid for large construction projects. 'Power has shifted 180 degrees –most power is now with material suppliers, followed by contractors, then consultants, and finally developers' Senior Executive Regional Construction Group. Apart from rising wages, skills shortages and the difficulty of not being able to easily attract workers from the traditional sources like India and the West, there is also a problem in the construction industry that has forced construction companies to look for talent from non-traditional sources such as Asia, Africa and the rest of the world. Other organisations have decided to source workers that

have little experience, who are young graduates from the region. This changing trend has forced many organisations to invest in their workers through training and continuous professional development (Paterson, 2009)

Another challenge for many recruitment professionals is the diverse amount of job titles, certificates and standards of education that many would-be employees are presenting from across the globe. For example, skills of a structural engineer vary greatly depending on which country they are from and which university they trained at. Another problem, as noted by Raphaeli (2003), is fraudulent certificates that can easily be sourced from various parts of Asia. This has limited the HR professionals as to which countries they can recruit from, or they have to carry out thorough reference checks in order to verify qualifications and work experience.

Another problem is the fact that the construction workers have to adhere to the six-day working week (Jamali & Sidani, 2012; Woehrle, 2013). Many companies reported that their senior workers were leaving to work for agencies which would guarantee shorter working days. Many organisations looked at the practicality of switching to a five-day week, but given the intensity, competition and the pressure to complete projects on time in the construction industry, a five-day working week was not a possibility (Jamali & Sidani, 2012).

Many HR managers have a very strong view that the government should change the law to impose a compulsory five-day working week so that organisations do not have to lose out because of losing their key workers, but many experts believe that if the five-day working week is legislated, then the time in which projects are delivered may be lengthened, which will subsequently increase the costs of completing projects. A US-SABC (2009) report argues

that because the law would affect all construction businesses, it would not affect their market competitiveness in relation to others.

There is no such requirement in Saudi Arabia; the only country in the Gulf that has implemented a five-day working week is Qatar. Many HR managers in the construction industry are now shifting from reactive to planned recruitment, but others argue that the manner in which projects are awarded makes it very difficult to plan for recruitment, unlike in Europe where many international construction companies that work in Saudi came from. In the Gulf, as noted by Gulf Talent (2011), there is no clear indication as to who has won a bid for a project until it is finally confirmed, and after the bid is confirmed, contractors are given a very short time (usually 30 days) within which to mobilise their resources. In Europe, the duration is 60 days. This makes many recruitment practices reactive and rushed as soon as the contract is awarded (Gulf Talent, 2011)

The last challenge is that when a construction firm that is local steps out of their local territory into the regional markets, they are then confronted by many things including new recruitment practices in order for them to recruit and be able to retain staff. For instance, Europe based organisations entering into the Saudi construction market find it a challenge to recruit senior professionals to their Riyadh offices, and to have their working visas processed, arrange housing for their families and schooling for their children (Gatti et al., 2013)

2.6.5 Blue-Collar Workers

This group includes the labourers and forms the majority of workers in the construction industry. Their recruitment is not as challenging as those of their white-collar counterparts, even though some organisations are already able to recruit with ease as before, partly due to

the construction boom in India, which has provided employment opportunities (Raphaeli, 2003). In recent years, the fact that there have been published complaints about non-payment of labourers and poor working conditions has discouraged workers. Salaries for this group of workers have had no increase but there is still no acute shortage compared to the white-collar workers. Many employers for these blue-collar workers in Saudi provide them with accommodation, thereby significantly increasing the cost of employment for this group of workers (Raphaeli, 2003).

The regulations by government that have recently been put into place in this industry and many other industries across the Kingdom continue to affect the employment of blue-collar workers. For example, there is a government quota as to how many foreign workers a company can bring into the country for employment. These controls are aimed at the nationalisation of labour and continue to be pressed further by the government (Gatti et al., 2013). However, all of the Gulf governments are under pressure from human rights organisations, western governments that they have bilateral trade agreements with, the World Trade Organisation (WTO) and the International Labour Organisation (ILO) to protect workers and to bring their labour conditions up to international standards' level (Arabreform.net, 2009). Many governments in the Gulf have begun responding by introducing inspections at labour camps, introducing minimum wages, the requirement for expat workers to speak English as well as many other measures to protect workers. Many of these measures increase the cost of labour

2.6.6 Employment

There is a wide practice in Saudi Arabia of employers deliberately not hiring Saudi citizens because of lack of skilled manpower and hence they opt for cheap immigrant labour that is

considered to have a better work ethic (Mellahi, 2000). Saudi citizens, who are graduates, demand higher wages and are not widely considered to fully understand the value of work, and require further development of their skills, such as language and IT skills (Omar, 2003). Therefore many SMEs may not ordinarily consider hiring Saudi nationals if not pressured by the government to Saudize their recruitment policies. Government initiatives such as the Human Resources Development Fund (HRDF) and incentives to companies that Saudize their workforce have in fact not proved effective because these incentives still use poor existing skills, that overlook the real skills that individual businesses need. A perfect example, according to government sources, is the construction industry which has experienced a boom over the last two decades, but is still not able to Saudize their manpower, seen in projects such as the three Economic Cities which is delayed due to the unavailability of qualified local manpower. The construction industry, therefore, is ‘trapped’ between the need to fulfil contractual obligations and the need to Saudize their labour force. **Table 2.3** shows the distribution of workers and economic activity in Saudi Arabia and the Gulf countries.

Table 2.3: Expatriate Labour Force Gulf Countries, by profession (private sector)

Devoid of reference

Economic Activity	UAE	Bahrain	Saudi Arabia	Oman	Kuwait	Average (%)
Year of available data	2008	2007				
Agriculture, Forests & Fishing	4.7	1.8	8	9.5	4	5.6
Mining and quarrying	1.8	0.5	0.6	2	0.3	1
Transformational industries	9.5	17.9	10.8	10.8	9.7	11.7
Electricity, Gas and Water	1.3	0	0.3	0.3	0.3	0.4
<u>Building and Construction</u>	<u>13.7</u>	<u>31.1</u>	<u>40.7</u>	<u>34.7</u>	<u>11.8</u>	<u>26.4</u>
Wholesale, retail, restaurants, hotels and repair	22.5	33.1	24.4	22.2	45	29.4
Transport, storing and Telecommunication	7.4	3.1	2.2	1.3	4.4	3.7
Finance, Insurance, real estate, business services	11.2	8.5	1.4	2.1	4.8	5.6
Public Administration and Defence	3.7	0	0	0	0	0.7

Education	3.9	0.9	0	1.9	0	0.9
Health and Social Work	2.5	0.2	0	1.9	0	0.9
Group, social and personal services	3.3	2.6	10.7	1.1	19.7	7.5
Households	14.3	0	0	10	0	4.9
International organisations and agencies	0.2	0.2	0.9	0.9	0	0.4
Not Specified	0	0.2	0.9	0.9	0	0.4
Total	100	100	100	100	100	100

2.6.7 Employment and Value Added in the Construction Sector

The government has therefore embarked on efforts to raise the existing low level productivity in the construction sector to internationally acceptable standards by expanding investments in high-tech equipment and tools in order to enhance the competitiveness of the country's economy. The government is also retraining and developing its national workforce so that the workforce is prepared for highly rewarding job opportunities (see Table 2.4). Despite the fact that there are many employment opportunities that the construction industry could provide Saudi citizens in the fields of engineering, technical and semi-skilled sub-sectors, the involvement of Saudi nationals in this sector is still quite low (Ramady, 2010)

Table 2.4 Value added in the construction sector

	2004	2005	2006	2007	2008	2009	2010	2011	2012	Average annual growth rate (%)
Employment (thousand workers)	737.5	798.2	36.9	793.6	745.8	964.7	1,092.1	1,293.7	1,703.9	0.3
Ratio of Saudis	8.4	9.3	0.8	10.0	9.3	11.8	12.3	13.0	16.3	-
Value added (SR billion at constant prices of 1999)	48.52	50.83	54.6	56.8	58.7	60.3	62.1	65	67.8	4.9

Source: Saudi Ministry of Economy and Planning, 2010

Table 2.5: Employment by Saudi and non-Saudi

	2005	2006	2007	2008	2009	2010	2011	2012
Total Employment	7,120.5	7,523.0	7,766.4	7,956.8	8,148.0	8,834.9	9,935.5	10,390.3
Saudis	3,284.8	3,431.6	3,584.8	3,678.6	3,838.0	3,955.2	4,143.1	4,397.4
Non-Saudis	3,835.7	4,091.4	4,181.6	4,278.2	4,310.0	4,879.7	5,792.5	5,992.9

Building & construction	870.9	836.9	793.6	745.8	964.7	1,092.1	1,293.7	1,703.9
% of Building & construction employees from total employments	12.3	11.1	10.2	9.4	11.8	12.3	13.1	16.4

Source: Saudi Ministry of Economy and Planning, 2010

Table 2.5 shows that, the building and construction sector sharing by 12% average for 8 years (from 2005 to 2012). The table shows that, in 2012, there are the highest sharing for this sector by 16.4% and 2008 was the lowest year by 9.4%.

2.6.8 The Construction Industry and Human Resource Management and Development

One of the most perceptible factors in implementing human resource management and development in the construction industry is the lack of an operative employee training programme (Mathieu and Martineau, 1993, Nesan and Holt, 1999, Schonewille, 2001, Zahra and George, 2002, Martin and Salomon, 2003, Tabassi and Bakar, 2009, Vaught and Hoy, 1985, VanWart and Cayer, 1993, Turcotte and Léonard, 2002). It is not only the actual employees in the sector who need more and more concentrated training in order to raise productivity, it is also the measurement of performance practices that stands out as one of the most vital aspects needed to identify improvement or the lack of it. Nesan and Holt (1999) and Tabassi and Bakar (2009) suggest that trainee managers need to provide “quality indicators” whilst on the job site, which would create better awareness and further encourage those participating to work towards specific accomplishments. The construction sector is by far the most strategic, dynamic and complex of all industrial environments and the constantly volatile and mutating construction work creates highly vibrant and outspoken teams in each new project (Nesan and Holt, 1999, Loosemore and Dainty, 2003, Druker and White, 1996).

Tabassi and Bakar (2009) state that there are two training methods for construction workers:

1) On-the-job and 2) Off-the-job training. On-the-job training of employees is the traditional

model found in the construction industry. It is widely accepted that the construction environment is confronted by many challenges and uncertainties for which an adequate workforce preparation is vital. With this method, an organisation's approach is to provide hands-on experience through on-the-job training. It is employed across all managerial levels, from the top management to first-line managers in organisations where large numbers of employees are utilised

There are popular extensions of on-the-job training types that include management-led organisational restructures like "job rotation" and "understudy assignments" (Leonard and Sensiper, 1998, Loosemore and Dainty, 2003). Job rotation as an organisational restructuring device involves employees changing from one position to another, taking into account the feasibility of employees working in different dimensions in the same organisation, and usually at the same level (Vaught and Hoy, 1985). The point being that these innovative reorganisations depend considerably on a wide range of both formal and tacit skills within the relevant workforces

On the other hand, many off-the-job training methods exist at a managerial level, especially for trainee managers at the upper levels who may have recently been employed. Classroom lectures, films and simulation exercises are the most popular and acceptable methods for employees undergoing this type of training. Researchers also reveal that off-the-job organisational and managerial training can be used to explicitly demonstrate and explain the important technical training and provide the professional skills contained within the employee training programme (Freeman, 2009; Loewenstein & Spletzer, 1999; Mathieu & Martineau, 1993)

2.7 Role of the private and public sector

The private sector plays a significant role in the general economy of Saudi Arabia. This sector employs millions of workers and is a sector whose contribution to the economy is enormous. However, the private sector, while contributing to the economy, also contributes immensely to the slowdown of the Saudization process (SAMA, 2013)

2.7.1 Public sector Role in construction

Part of the Kingdom's National Development Plans (KNDP) is for the state to undertake many significant construction projects, which has been going on for more than three decades. According to government sources (Saudi Ministry of Planning), the construction industry has contributed more than 40% of the non-oil sector revenue (KSA, 2011). Government figures indicate that over the first four years of the Ninth Development Plan, there was increase in the growth of the construction sector, which by 2010, had made a 10.7 % contribution to the overall economy Value Added in Building and Construction Sector. In 2011, still increase by 9.9% and also in 2012 increase to be 87,083 which grows by 4.5% (see table2.6)

Table2.6: Ninth Development Plan

	SR Million					Growth Rates (%)			
	2008	2009	2010	2011	2012	2009	2010	2011	2012
Total Economy	975,410	993,255	1,067,094	1,158,546	1,217,935	1.8	7.4	8.6	5.1
Non-Oil private sector	748,351	786,056	859,155	925,534	971,685	5.0	9.3	7.7	5.0
Building & Construction sector	67,430	68,474	75,818	83,300	87,083	1.5	10.7	9.9	4.5

Source: Ministry of Economy and Planning, 2010

2.7.2 Private Sector

A study in 2003 revealed that the private sector would be responsible for about \$100 billion worth of construction projects by 2010, and around 70% of all new construction contracts, an increase from 43% (Al-Wahabah, 2012). The study also predicted that the number of

government led construction projects would reduce from 57% to 30%, by concentrating on operation and maintenance projects (KSA, 2011). Many private developers in Saudi Arabia, such as the Jabal Omar Development Company, and the Construction and Development Company, are championing the development of real estate in the holy cities of Medina and Makkah. Rizak Developers have launched a major project to develop a commercial, residential and shopping complex in Eastern Province. The country's Eighth Development Plan has supported the private sector and provides a conducive environment for the private sector to grow and to add to the national economy (see Table 2.5). Government figures indicate that the private sector grew at a steady pace from 71.9% in 1999 to 74.5% in 2010 (Ministry of Economy and Planning, 2010)

Table 2.7: Private sector performance

Performance Indicator	Value (SR billion)		Average Annual Growth Rate (%)	Share in the Total (%)	
	2004	2009		2004	2009
Value added by private sector ^(*)	376.7	491.2	5.5	52.2	57.4
Fixed Investment in private sector ^(*)	117.7	190.9	10.2	77.3	73.6
Capital Stock of private sector ^(*)	1087.2	1472.2	6.3	55.4	58.9
Non-Oil Exports ^(**)	90.6	161.8	12.3	34.2	51.3
Total Employees (million)	6.1	6.9	2.5	84.8	84.3
Total Saudis Workers (million)	2.4	2.8	3.6	32.8	34.3

Source: Ministry of Economy and Planning, 2010: p.136

Investments in the private sector also grew by 10.2%, equalling government figures, which led to increased productivity within the national economy and an increase in the employment opportunities which rose from 2.5% to 6.9% in 2009. The number of Saudi nationals employed in the private sector also grew by 3.6% from 2.4 million in 2004 to 2.8 million in 2009 (Ministry of Economy and Planning, 2010). The government however put in enormous

efforts to raise these figures even further through training of national manpower in order to meet the rising national demands. The construction industry accounts for 2.4% of the private sector enterprise (KSA, 2011)

2.8 Evolution of the Construction sector (The Last 40 years)

In the 1970s, the construction industry in Saudi Arabia accounted for only 30% of the private sector input. Many of the key government financed construction projects were still in progress (Table 2.8).

Table 2.8: The national origin of the construction sector manpower in 1978

Nationality	Percentage of Total Employment	
	Local Firms	Foreign firms
Saudi Arabia	7	2
Yemen	21	17
Other Arab Countries	31	10
Western Countries	3	17
Asian Countries	38	54
Total	100	100

Source: Johany, Berne & Mixon, 1986: p.84

Table 2.8 indicates the magnitude of the numbers involved as they are only estimates and therefore not precise and do not indicate firm distributions in the construction industry as the actual total numbers are not yet known. ARAMCO gives an estimate of the total number of workers in the construction industry in 1970s as 530,000. The Saudi Ministry of Planning however, gives a figure of 330,000 which is an equivalent of 23% of the total national workforce. Traditional housing, much of it built either using the stones and mud that dominated the country, has given way to steel structures and concrete block structures in the cities. Between 1974 and 1975, 'over-building' of housing occurred to meet growing demand; this was the first major involvement in the construction industry (Al-Wahabah, 2011).

Apart from the construction of residential housing, there was also massive development of the Kingdom's physical infrastructure such as roads, ports, hospitals, schools and many others. This period of sudden acquisition of wealth was characterised by massive construction contracts which initially, the Saudis could not cope with, and hence sourced workers and expertise from their Arab neighbours and foreign firms. Bigger and more complicated contracts were mainly awarded to foreign firms while smaller contracts were mainly awarded to Saudi firms (Al-Wahabah, 2011)

2.9 The Advantages of employing foreign workers in the construction private sector

A private construction company in Saudi Arabia may gain the following advantages:

2.9.1 Wage Rate

Migrant workers are happy to accept lower pay than the Saudis, and often will accept poor working conditions. Experts also say that migrant workers can also easily be fired as their contracts are not binding. Saudi nationals will not accept poor working conditions. The Gulf Talent (2011) survey reported that average salaries in the construction sector across the Gulf rose by 12.8% by 2006, up from a pay rise of 8.9%. This rise was predicted to continue over the next five years, which was high compared with an average of 7.0% pay rise over the same period across all other sectors. The rise in pay within each organisation was different depending on each skill level, with particularly valuable skills commanding significantly higher pay rises. Regional firms also recorded higher pay rises compared to the international firms which offered comparatively low pay rises. More established organisations offered their employees more overall benefits than small organisations (Anderson, 2003).

The easing of restrictions placed on jobs also increased attrition among mid-level managers and senior professionals, contributing to increased pay as many firms struggled to keep hold

of their workers. The competition for human resources has also increased remuneration levels for related industries such as the hotel and hospitality industry which also experienced pay rises above the average pay rise for engineers (Gulf Talent, 2011).

The most critical challenge that is facing human resource professionals in the construction industry is the lack of relevant, on time and erroneous data. While the rates of pay for the junior positions are relatively stable and well documented, the rates of pay for management, both junior and senior, are not documented and are not well known outside the confines of the various organisations. The remuneration for these managers is also fast changing, thereby making effective and efficient decision making difficult (Gatti et al., 2013).

One senior HR manager reiterated ‘There is no standard, no benchmark on how much to pay. People are paying crazy money just to fill a position’ For those who come from their own countries in search of better life, most often the low payments that they receive are comparatively higher and hence better. They will undertake any job as long as it pays and they may not worry how much the pay is. Saudi Arabia is home to many foreign workers especially from the Philippines, who are often ready to work for what might not be termed as good pay in Saudi Arabia but is very good in their respective countries. For private sector organisations, this is a good deal as the organisation can easily benefit from the fact that the costs of operation will be low and hence profits for the organisation will be high. Private sector organisations are always busy seeking to reduce their costs and therefore any activity that might help them to meet this objective will be most welcome (Anderson, 2003)

2.9.2 Increase in Competition

In many economies, competition continues to increase and therefore organisations must always seek ways of ensuring that they are able to institute measures that can support their

quest to be the market leaders. Employees are often the most important asset in the organisation and hence, the presence of foreign workers who might support this quest is always welcome. Many organisations will often strive to keep the best workers for as long as necessary and therefore they want to keep these foreign workers as they continue to sustain the organisation. The pressures that the private sector encounters are of huge magnitude compared with what public sector organisations often face. This is because, the private sector deals with clients with diverse needs unlike the public sector whose requirement to serve the national population is always almost homogenous to the various governments that come to power.

Moreover, in the public sector, the need to measure performance is never a very important issue as long as services are offered and the population can have the bare minimum of life. It is also crucial to understand that every public sector organisation is controlled by one government at a time and therefore this makes them anticompetitive because the government of the day will come in with its own policies that will have to be implemented and there will not be any major challenge to that as there is no alternative (SAMA, 2007). This leaves the private sector in a position of vulnerability. It is also vital to note that the private sector while the organisations in the private sector engage in competition amongst themselves, they must also compete with the government bodies (Anderson, 2003). For all these reasons, the private sector may have to include in its workforce people from different countries if there is need for that in order to ensure that the organisation is able to succeed

2.9.3 Work Ethic

As previously discussed, many Saudis are not willing to work as labourers, welders, carpenters, masons and technicians in construction sites where these jobs are happily taken by

foreign workers. Industry experts also believe that Saudi nationals who enter the industry have a poor work ethic, as opposed to the migrant workers that come to the Kingdom in search of greener pastures and therefore work very hard (Arabreform.net, 2009). As a result of the recent surge in the construction sector and the government's employment laws, many organisations within the sector are now finding it challenging to recruit the quality of workers within the engineering field that are required to serve this industry. The surge in regional activity and the growth in the international markets, such as India, that have traditionally supplied labour to the Kingdom, are largely to blame. Because of this stiff competition for the limited talent in the construction sector, wages are rising at an average of 12.8% annually (Harry, 2007), which is the highest pay rise in any sector in Saudi Arabia. Therefore many construction companies are settling for younger, inexperienced graduates, and, when possible, immigrant workers. Because of this, many contractors are turning down projects due to a shortage of skilled workers; a shortage which experts suggest will continue to hurt the construction sector (Ramady, 2010).

This discussion has examined various issues regarding Saudization. The information contained here explains the importance of the workforce to the private sector. As noted, the private sector, unlike the public sector, is exposed to a high level of competition. This implies that within the private sector, competition is rife and if the organisation is not able to manage its affairs, it might lose out to competitors. Ramady (2010) notes that such factors fuel the need for foreign workers instead of recruiting from the local Saudi Arabian nationals.

Workers are the assets of an organisation and therefore, they have to not only be sourced carefully but also to be retained in the organisation. In Saudi Arabia, the problem of getting the right workers is very crucial because organisations have to worry first about their ability

to get the right number of workers and secondly, they have to be concerned about their ability to find the right type of worker (Oxford Business Group, 2008).

The challenge is multi-faceted, and for this reason private sector bodies, in countries like Saudi Arabia, have to have very good human resource planning if they are to overcome these challenges. This has always meant that private sector bodies prefer to employ a foreign workforce in order to overcome certain economic challenges. Some of the benefits of employing foreigners include hard work, productivity, and some of them are cheaper to maintain and hence beneficial to the organisation (Ramady, 2005)

2.10 Conclusion

This discussion has managed to highlight the issues challenging the construction sector in Saudi Arabia which is pertinent to the increased movement of persons of different nationalities into Saudi Arabia to find employment within the construction industry. As noted, the private sector in Saudi Arabia is facing a huge challenge to ensure that it can deal with competition that comes from the public sector.

From the domestic workforce to the professionals working in some of the major industries and organisations in the Kingdom, the Middle East has continued to attract a huge number of foreign workers. While the nationals of Saudi Arabia are more comfortable working in the public sector, because it is considered to be more secure, the policies that have been passed by the government also protect public sector jobs for Saudi nationals and therefore in most respects, they will seek to secure jobs in the public sector. This has meant that the private sector has always lacked Saudi workers: and leaves the private sector with no option but to seek a workforce drawn from outside the country. It is this problem that the government has

been seeking to deal with ever since through the process that forms the basis of this research on Saudization (Ramady, 2005)

The construction industry in the Kingdom of Saudi Arabia has continued to remain strong and with government support, there have been major projects implemented which aim to create jobs for the local population (SAMA, 2013). Yet for these projects to be completed there is always need to ensure that experts are included in the form of expatriates who are normally drawn from Europe and North America due to a variety of factors including skills, competence, experience, project ownership and other factors that this research seeks to identify. The following chapter (Chapter 3) will explore the nature of Saudization

CHAPTER 3

SAUDIZATION

3.1 Introduction

The Saudi government has suggested that adopting a Saudization process will not only help to improve productivity but it will also enhance employment of local people, social cohesion and increase innovation (Al-Dosary & Rahman 2005; Ramady, 2010; SAMA, 2013). The Saudization process has been adopted to counter the serious economic, social and political consequences of over-dependence on foreign labourer (Rees et al., 2007). Shah (2006) suggest that Saudization policies, similarly to those of other Gulf region countries, are aimed at countering the supply of non-Saudi workers by impacting on issues such as salaries, demand for local people in employment, skills verification, and quotas for national and foreign workers. Mashood et al., (2011) reiterate that Saudization entails localisation of jobs and employment opportunities aimed at avoiding unemployment among the locals and facilitating enhanced competencies among the local population.

Looney (2004) noted that the Saudization process is focused on three main goals: (Ramady, 2010)

- 1-Increased employment for Saudi labours within all economic sectors.
- 2-Decreased the over dependent on foreign labours.
- 3- Reinvested the income which is transferred by foreign workers to their countries.

Additional examination of the literature on both Saudization and other processes, showed that it focused on reducing the dependency on foreign workers in the Gulf region, and that different authors have different approaches, all of which combine to inform the general context of this research. An analysis of various academic articles has provided an overview to

create an understanding of emerging themes and at the same time to demonstrate if and how these different themes predict the adoption of Saudization and how these themes interact with each other at different levels and in different ways. Al-Dosary & Rahman (2005), in their critical review of the various literature and views on Saudization and Mashood et al., (2011) in their review of different approaches and policies, show how different sectors and policies have been formulated and implemented to create models and frameworks for the Saudization process. The general context of this study covers aspects of Saudization in the construction industry in the Kingdom of Saudi Arabia.

In order to understand Saudization, this chapter is organised as follows: Section 3.2 discusses Saudization strategies; Section 3.3 presents Saudization and foreign labour and unemployment. Section 3.4 examines Saudization and skilled labour; Section 3.5 presents Saudization and employee development; Section 3.6 analyses the success or failure of Saudization; Section 3.7 includes Saudization in the construction sector and Section 3.8 introduces Saudization and the future

3.2 Saudization Strategies

Saudization was aimed at ensuring that local jobs were filled by local residents and not by foreign workers; most of the workers were private sector employees and not government employees (Al Dosary and Nahiduzzaman, 2010). Saudization translates in Arabic as “Nationalization of the Saudi labour market (Zahra and George, 2002). Saudization was launched in the early 1970s but gained prominence in the 1990s when Saudi Arabia sought to address chronic unemployment and the prospect of economic deficits in its budget (Nadim, 2003). In the earlier phase, between 1970 and 1975, the government launched a policy that sought to ensure that, within the private sector, half of the total salaries were paid to Saudi

nationals and 75% of the total workforce employed in this sector were Saudi nationals (Keven, 2003). In the 1990s, the Saudi government launched the sixth Saudization plan which ran from 1995 until 2000 and aimed to create over 300,000 jobs targeted at Saudi Arabian nationals (Gupta, 2004). The main focus of this phase was to replace the existing foreign nationals in specific positions with Saudi Arabian nationals and the creation of jobs that were to be focused on or secured for Saudi nationals was increased. When it was assessed on completion, this sixth plan was found to have failed to meet the targets set out by the government. It was also found that instead of reducing the number of foreign nationals working in Saudi Arabia, the 1990s saw the number rise, with expatriate employee numbers increasing to more than 58,000. These failures and challenges meant that the government was required to create and launch a new plan that would see the number of foreign nationals working in Saudi Arabia reduced, by using the lessons learnt from the failure of the scheme undertaken in the 1990s.

A new scheme entitled *Shura* was launched in January 2003, with the aim of not only countering the failures of the 1990s scheme, but also implementing a new scheme to ensure Saudization worked. During this phase, the Ministry of Labour restricted the hiring of expatriates by launching new employment and staffing laws and guidelines for organisations based in Saudi Arabia (Keven, 2003). This Saudization phase, which began in the year 2000, was known as the Fifth. Development Plan and ran from 2000 till 2004. According to Nadim (2003), this phase was implemented under seven policy frameworks that were outlined as follows:

- 1- The need to ensure that there was effective replacement of expatriate labour with Saudi nationals. The replacement process was composed of nine main goals aimed at ensuring that the local population's participation in the process was not just a single event but a long term

goal. This called for the development of a plan which would span many years into the future and which was also allinclusive.

- 2- To ensure that there was effective restriction of certain jobs in certain sectors so that the labour force consisted only of Saudi locals.. There was a need to ensure that there was an increase in employment of Saudi nationals within the education sector of 10% and areas like transportation at the airport and TV satellite control operations were given a period of six months to end the employment of foreign nationals (Rugman and Hodgetts, 2002).
- 3- In the third and fourth policies, the emphasis was on the development of manpower and ensuring that Saudi nationals were able to work efficiently. . This was aimed at increasing professionalism in the work environment and it was necessary to ensure that training programmes were devised so that the local population could actively participate in the job. As a result, there was a need to ensure that programmes like the Co-organisation of Training, the Public Organisation for Employment and the National Training and Employment Program shared information and worked in collaboration to ensure that information that was important to the labour market was passed on.
- 4- The fifth policy relates to institutional improvement where all the bodies that were involved in the process were well equipped. In this case, the need was to ensure that there was adequate modernisation through transformation of management practice and provision of machines that were contracted to specific tasks and to ensure that the bureaucratic styles of management used in the past were effectively removed. New ways had to be found to ensure that employment laws were effectively managed in such a way as to make it easier for organisations to employ local citizens.
- 5- The sixth policy was aimed at ensuring that there was a balance in the costs incurred to employ locals and expatriates. This was done by ensuring that there was a reduction or increase in the cost of hiring locals to make it almost the same as the cost of hiring foreign

labour so that employers could see no difference in the costs and hence have greater impetus to consider local workers (Nadim, 2003). The government also considered increasing the costs or fees for bringing in foreign labour, as a way of dissuading employers from employing expatriates.

- 6- The seventh policy that the government had in place was to ensure that all illegal immigrants in the Kingdom were identified and removed from the country so that the jobs they were holding could be transferred to Saudi nationals. It is believed that illegal immigrants often enter the country through restricted visas and often overstay their visas and since they are looking for a means of living and supporting their families in their countries of origin, they often end up accepting any form of payment and hence take up jobs that could have been given to a Saudi national (Shenk, 2008). The focus of these policies was mainly the government's guidelines that sanctioned some jobs such as security personnel, post men, cashiers, tourist guides and sales personnel within the retail sector and declared that they were only to be offered to Saudi Arabian nationals (Nadim, 2003).

3.3 Saudization, Foreign Labour and Unemployment

In order to reduce the unemployment rate in the Kingdom, which was as high as 25% in 2003, the Saudi government started a national Saudi employment scheme. This scheme was designed to replace the foreign labour forces with the national Saudi youth (Amaratunga, 2005; Wheatley, 2006). Such steps were very important in reducing the Saudi unemployment rate to less than 11% by 2010. This strategy was known as *Saudization Schemes* and was the top priority of the Saudi Arabian labour ministry.

Over last three decades, Saudi Arabia has mainly depended on foreign labour. As a result, the unemployment rate has been rising since 2003. The Saudi government gradually started to

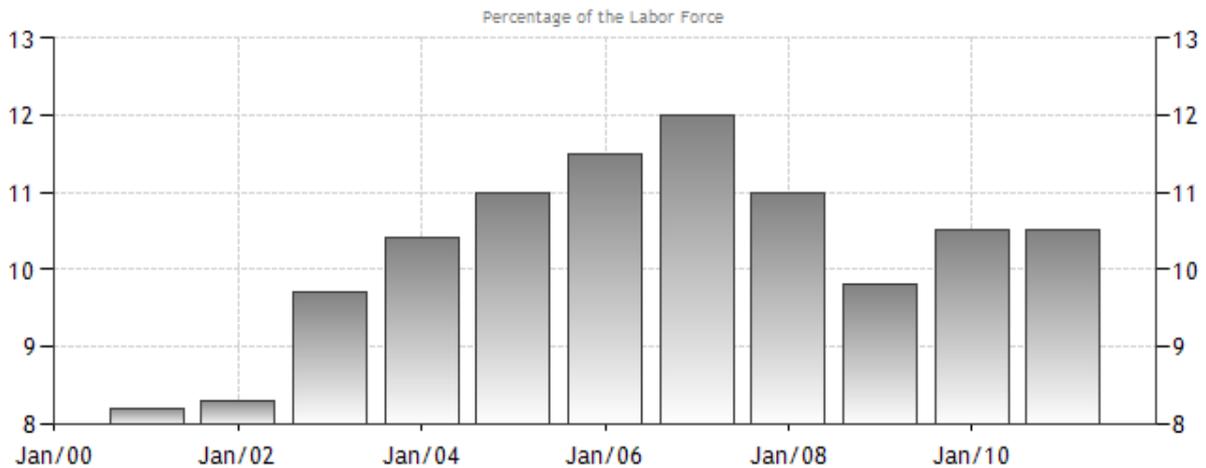
adopt the Saudization programme to replace foreign labour with national labour to be more independent. This required a high level of skills in different fields. Therefore, the Saudi government provided training programmes to improve the qualifications and skills of the national labour force (SAMA, 2007).

A literature review (International Labor Office, 2010) highlights failings in the Saudi manpower policy. Some of these issues are that foreign middle managers are selected instead of Saudi labours in industrial sectors. This causes a lack of respect and trust towards such managers. The competition between foreign and Saudi labours in the private-sector jobs caused the Saudi people to regard such foreigners as enemies. In addition, a higher minimum wage received by the Saudi labour force in comparison with the foreign labour force, made foreign labourers in many industries feel less loyalty towards such lower-position labour forces (House, 2013) and (Al Dosary, 2009). It is suggested that the lack of rules and regulations concerning organising work in the Saudi private, public and manufacturing sectors meant that a set percentage of Saudis had to be employed within a workforce. This created behavioural gaps in the knowledge sharing and the transferred values and understanding between labours and managers in many fields of industry in Saudi Arabia.

In addition to this, there was a need for more comprehensive training programmes that took into account the inclusion of previously missing training essentials as an on-going process of Saudi national development policies on human resources planning. Such programmes were vital to raise the effectiveness of the Saudi national awareness campaign to replace foreign labour (Sherry, 2004). Saudization was set up on clear objectives including reduction of unemployment, encouraging local participation in national building and lastly, to ensure that the development of the country was sustained (Shenk, 2008). Therefore there was a need to

ensure that the challenges faced by Saudi Arabia were clearly examined through the prism of employment issues. Figure 3.1 shows the issues of unemployment in Saudi Arabia between the years 2000 and 2010 and hence the need for Saudization. With increasing unemployment, what the government had to do was to ensure that it created jobs for the local population

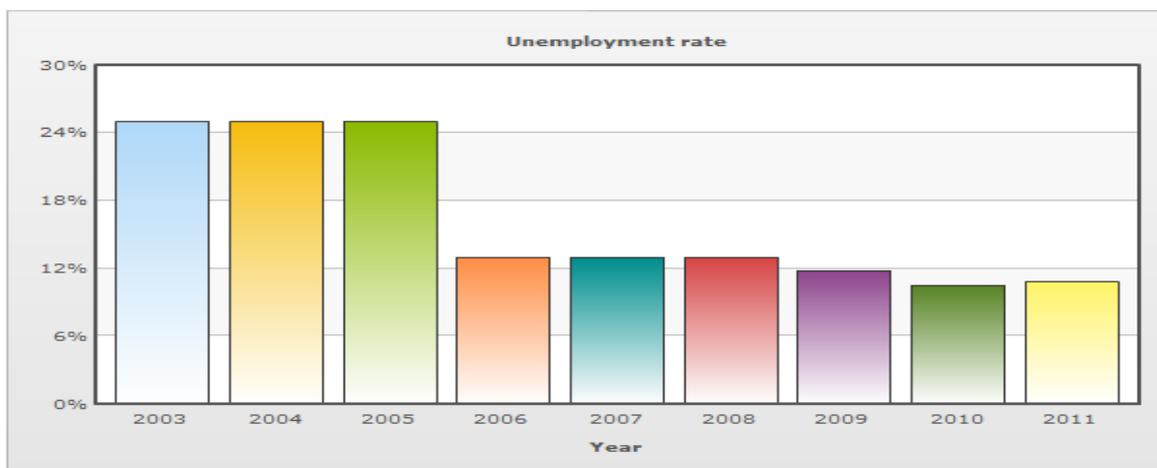
Figure 3.1: Saudi Arabia Unemployment Rate (2000 to 2010)



Source: Trading Economics, 2011

In addition, Figure 3.2 shows the rate of unemployment has gradually continued to reduce, and this can be attributed to the efforts by the government for Saudization.

Figure 3.2: Unemployment Rate in Saudi Arabia (2003-2011)



Source: Nvirgo, 2011

It is clear that there is a significant decrease from the year 2005 to 2006 and during the years 2008, to 2010. However, there is a slight increase in the unemployment rate in 2011 compared to 2010. The need to create employment opportunities for the citizens of a country can be a complicated endeavour because it involves the implementation of various economic structures that must engage in the social and cultural processes of the country and also respond to the greater economic situation within the country (Shenk, 2008). The need to support the economy of Saudi Arabia means that there must be increased development of the human resources in the country as a way to ensure that available jobs can be filled by the local workforce (Wood and Kamal, 2002).

According to Wood & Kamal (2002) and Ghafour (2004), employment exists when the people with the right qualifications and skills can secure jobs that utilise their skills for a specific purpose. Unemployment, on the other hand relates to an inability to secure jobs for people who have the necessary qualifications to secure jobs. Under-employment is a problem where people are generally employed in jobs that are far less below their level of employment skills and experience.

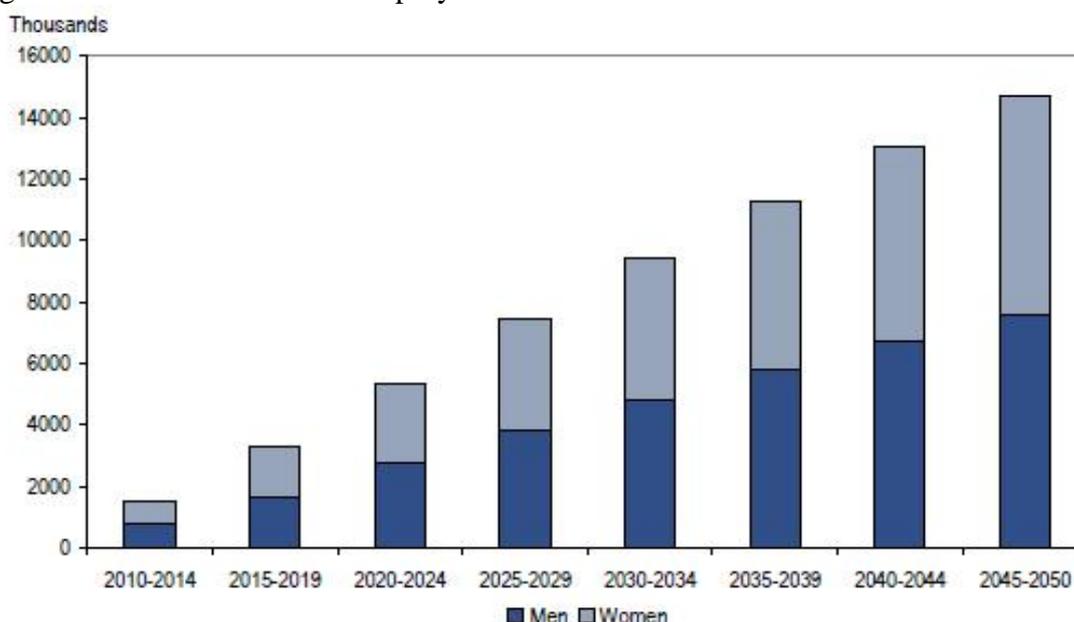
It must be noted that in Saudi Arabia there are no labour unions and there has been a total ban on unionising the workforce since 1958 (Shenk, 2008, Hassan, 2004). Many workers also prefer to work in the public sector rather than in the private sector and for a long time there was no desire to seek employment in the private sector, making it easier for non-Saudis to come and secure jobs in Saudi Arabia (Helpman & Itskhoki, 2007). It is also evident that in a situation where there is a Saudi national and non-Saudi, the latter may not be entitled to state pension, but he or she may be given other huge benefits that would eventually allow them to earn relatively more and hence stay in the job for longer.

According to Wood & Kamal (2002), the lethargic labour situation among Saudi nationals that has for a long time led to the problem of high unemployment, is prevalent and nationality and tribalism can sometimes play a major role in determining the payment that the employees are given. In the private sector also, the agreement or contract between the employer and employee differs between organisations and therefore, for many years, employers had a way of attracting and keeping non-Saudi nationals in their jobs, as they were found to be ready to work hard unlike the local population (Helpman & Itskhoki, 2007)

3.4 Saudization and Skilled Labour

As economic conditions improve, there will always be a need to create new jobs and hence in Saudi Arabia, there is a need for new employees in the future, as illustrated in Figure 3.3.

Figure 3.3: The need for new employees in Saudi Arabia between 2010 and 2050



Source: Zawya, 2011

It is clear from Figure 3.3 that Saudi Arabia needs to fill 3 million jobs by 2020 and, by the middle of this century; this level will rise to about 14 million jobs. This increases the pressure

on the government and employers alike. The government must ensure that the existing conditions for job creation are ideal and suitable (SAMA, 2013). Employers must hence seize opportunities to ensure that these jobs are created. The economy will require the available labour to fill these positions. Looking at the potential supply of labour, there is a large cohort of young Saudis and which is a potential supply of labour for the demands previously stated in this chapter. Systems such as the *Kafala* systems, which supply workers in specialised sectors such as construction, should be streamlined (Ramady, 2010). It is also worth noting that such shortcomings might pile pressure on employees as well. It is evident that the private sector will play a key role in creating more jobs and hence supplement the government's efforts of job creation, but it is not a guarantee that employers will increase job opportunities (Ramady, 2005). Employers will always seek to reduce their costs of employment and for this reason they may end up expanding job roles and tasks for the existing workforce thus stretching the workforce (Tayeh & Mustafa, 2011). When this happens, there might be other challenges that the process might face. These calls for a major re-think about how employers can be encouraged to hire more workers. It is for this reason that the new variable ie the private sector, becomes crucial and it is also the reason that knowledge sharing as a facilitator will be crucial to the process of Saudization.

Considering Table 3.1, it can be seen that there is a sizable percentage of the population that is unemployed and therefore, there is a huge need for a clear employment placement policy. It had been forecast that in 2012, the population would rise to 28.8 million in the Kingdom, and of these, 10.5% or 2.8 million would be unemployed. Such a rate is quite high and as the government considers and implements the process, there is a need to ensure that it is reduced. It is worth noting that there has been no change in the rate of unemployed in the Kingdom over the past eight years (since 2004). This raises queries about the success of the Saudization

process. It is evident that there is huge labour supply in the Kingdom, and it also seems that the demand for this will be high. Therefore, the main issue is how the government ensures that the workers secure jobs. The following sections analyse which factors help the success of the adoption of Saudization, what the barriers are to the adoption of this process, and in turn, how Saudization affects the productivity level and other economic benefits (Al-Harbi, 1997).

Table 3.1: Saudi Arabian Demographics

Saudi Demographics			
Year	Population (million)	Unemployment (%)	GDP per capita (\$)
2004	22.7	11	11039
2005	23.4	11.5	13503
2006	24.1	12	14806
2007	24.8	11	15523
2008	25.5	9.8	18651
2009	26.3	10.5	14158
2010	27.1	10.2	16017
2011f	27.9	11	18243
2012f	28.8	10.5	17705

Source: Jadwa Investments; f= forecast

Source:Zawya, 2011

3.4 Saudization and Employees' Development

The Saudi government, especially the Ministry of Planning, has been placing a very high priority on the development of its human resources through its various educational and technical programmes (Cordesman, 2003). A measure of the government's substantial commitment to this sector is seen in its expenditure allocations throughout the successive Development Plans. As shown in table 3.2, there is a steady increase in the government's total expenditure dedicated to the development of human resources. However, percentages do not always match this rise, for example for the first and second phase.

As an after effect of this vast spending, care and concern, the number of undergraduates (male and female) admitted in the country's educational organizations increased from 547,000 students to more than 5,104,000 million with an average yearly from 1970 to 2002 progress reaching between 6.5% and 7.3%.

Table 3.2 Human Resources Expenditure Allocation over the 7 Development Plans (1970-2004)

Development Plan	First (1970-1974),	Second (1975-1979)	Third (1980-1984),	Fourth (1985-1989),	Fifth (1990-1994)	Sixth (1995-1999)	Seventh (2000-2004)
HR Expenditure allocations	SR. 7 billion	SR. 51 billion	SR. 115 billion	SR 115.1 billion	SR 164.6 billion	SR. 216.6 billion	SR. 276.9 billion
%	20.6%	14.7%	18.4%	33%	48%	53.5%	56.7%

Source: Ramady, 2010

In 1995, the Saudi Arabian government adopted many training programmes to improve the skills of the national workforce within the public and private sectors and, as a result, the public sector has achieved acceptable employment levels (Cordesman, 2003). This programme aimed to maximise the productivity of the national workforce. Consequently, nearly 319,500 jobs were created for Saudis in the Sixth Development Plan (1995-2000) through the replacement of expatriate workers. Nonetheless, the foreign workforce increased rather than reduced and the number of expatriate workers in fact grew by 58,400 (Central Department of Statistics and Information. Ministry of Economy and Planning, 2000).

The government, realising that all previous five year plans had been ineffective, thus undertook more measures, such as restricting the recruitment of expatriates to some job categories, setting minimum wages for some job categories and increasing fees for some types of work visas in order to raise the cost of employing non-Saudi labour. The Development Plan aimed to provide 817,000 jobs for Saudis by both creating new job

opportunities and by replacing expatriates with Saudi citizens (Central Department of Statistics and Information, Ministry of Economy and Planning, 2000).

Government policy also focused on increasing Saudi manpower by 5% annually in the private sector. In January of 2003, within the companies owned by Saudi Aramco that work in Saudi Arabia, Saudization measures began to be applied as directed by the Shura Council, in addition to those applying the projects of Aramco. This meant that there was a wider range of government-supervised contracts that were now serving the further the implementation of Saudization. From the Shura Council's perspective, while this has enlarged the foreign competitive bids for the projects of oil and gas, the measures moved bid selection toward completing the Saudi labour benefits (Zahra & George, 2002) (Ramady, 2010)

With little exaggeration it may be said that unemployment in Saudi Arabia is involuntary. The country possesses a young national labour force that is not suited to the demands of the Saudi market for many reasons. In many other countries, the usual causes of structural unemployment include failures to utilise new technology, shifts of certain industries to new locations or the evolution of a refreshed need for new expertise required for production services. These reasons do not, in general, apply to the Saudi situation.

Generally, the educational level of the majority of expatriates is not significantly higher than that of their Saudi counterparts. This highlights the issue that the expatriates' advantageous position stems from their possession of soft skills, the right work attitude and work ethic, whereas the majority of young Saudi nationals do not possess such traits. These qualities also make expatriates indispensable to employers regardless of attempts on the government's part to implement Saudization through the infusion of a more national-based workforce

3.5 Success or failure of Saudization

Different views exist on the extent to which Saudization has succeeded in accomplishing the goals of the government and policy makers with respect to the employment of foreign labour.

The overall consensus, albeit in differing degrees, is that the Saudization process has not been very successful because of a variety of reasons, some of which have been identified as:

1. The Saudi Arabian labour market was poorly prepared at the inception of the Saudization process because the policy makers and implementers did not give adequate time for the gradual transformation of the labour force to facilitate Saudi Arabia to build enough skills and knowledge to enable the local population to take up existing employment positions (Hertog, 2012; SAMA, 2007; SAMA, 2010).

2. Oil exploration is usually sudden, technical and not labour intensive which has meant that Saudi Arabia has relied heavily on imported labour in order to meet technical and other forms of skills in this sector, thereby limiting the prospects of skills and knowledge development among the local communities in Saudi Arabia.

3. Saudi Arabian education and training systems were not in tune with the rapid developments because the graduate entrants to the labour market in Saudi Arabia were inadequate and incompetent in comparison with their expatriate counterparts.

4. Social and religious traditions limit the career choices of Saudi nationals so they cannot choose a career that is different from non-traditional skills and professions.

Middle East North Africa (2004) referred to in the Saudi Gazette's report, mentioned that the Saudization of the construction industry was not making any progress due to the fact that Saudi nationals are not willing to work as labourers, welders, masons, carpenters, technicians and engineers. It goes on to suggest that, despite the existence of Saudization within the construction industry, the government was not pushing hard for it to cease as the government

is aware that many Saudis are not interested in working in the construction sector (Middle East North Africa, 2004).

Supporters of the Saudization initiative in the construction industry, despite implementing the process in the sector, have not been effective in bringing about its success and facilitating the end of foreign staff because they are unaware of the best ways in which to help and persuade contractors to hire Saudi labourers, especially the trained and qualified engineers and technicians, who would take over from foreign workers. The Middle East North Africa (2004) report indicated that more technical workers are being sought in the construction sector, as a result of the economic boom in the Middle East region, a trend which has continued and which is included in the most recent employment analysis (SAMA, 2013).

One newspaper, the DBM Arabian Gulf stated in 2011, that it is refreshing to learn about a government minister acknowledging that the number of unemployed Saudis is much more than the government figures report, and that the numbers of foreign workers is actually growing at double that of the Saudi population, both in the blue-collar and the white-collar sectors of the construction sector (DBM Arabian Gulf, 2011). Therefore the efforts of Saudization, which is believed to be the key to the health of the country's well-being, have not really worked (Al-Shammari, 2009).

The major reasons why the construction sector has not managed to adopt Saudization within its employees can be summarised below:

1. The construction projects in the Kingdom of Saudi Arabia are mainly awarded to private contractors, either foreign companies or Saudi owned. The private companies will always

seek to have people within their ranks who are able to work under certain conditions, and therefore, they may look for these people from outside the country.

2. Many Saudi nationals view working in construction sites as not glamorous and therefore it does not appeal to them. Not many Saudis consider themselves as handymen on a construction site. Hence construction jobs, for a long time, have been left to non-Saudi workers who are found to be more willing to accept construction employment.

3. There is also the question of work ethic among the Saudis. There are numerous experts that suggest that Saudis are lazy; this view is strongly refuted by many Saudis who argue that Saudis are as dedicated as anyone else. This has been a bone of contention over the years and part of the reason that the private sector has refused to succumb to the pressure from the government is on the basis of the nature of the local workforce.

4. There is also the argument that the bidding process for construction projects is often rushed, with the winning firm only given 30 days to commence work on projects. Therefore many companies taking part in the bidding process may not be fully prepared, and hence, the easiest place to obtain workers quickly is from abroad.

5. Expatriates that are taking on the skilled work in the construction industry in the Kingdom are much cheaper than the Saudis, and can also be easily sacked as their contracts are not very binding. This is a major loophole that the private sector enjoys and therefore, in their view, there is an element of liberalisation for hiring foreign workers as opposed to local workers.

6. The construction industry, by its nature, is not permanent. No building project can go on forever; therefore many Saudi nationals would rather get government jobs or jobs in other sectors where they are assured of continuous income rather than in the construction industry where the jobs will end with the completion of a build.

7. Other reports also indicate that the government has not come down hard on companies that do not abide by the requirement of the number of expats they can employ. It has been suggested that the government also knows that it will lose out if it is to implement these policies in a way that affect the private sector negatively. The government must tread carefully in ensuring that the private sector is able to support its needs while meeting government obligations.

8. Lack of human resource expertise in some sectors of the construction industry is reported (Al-Dosary & Rahman, 2005). Many companies are finding it easier to recruit from a large pool of expats that are willing to relocate to the Kingdom.

From the points given above, it is evident that the private sector has a strong business case to hire labour from outside the borders of the Kingdom. The construction industry in Saudi Arabia is very lucrative and this demands that organisations within this sector must be prepared to find the right staff members at the right time as and when required. This often means that they need to look for staff members from anywhere as long as they are able to do the work required to a high standard. It is therefore understandable if the private sector defies the government or readies itself to pay the costs of bringing labour from abroad to meet its objectives.

There are suggestions that legislation has not worked and will probably never work; many think that the companies need to develop their interest in employing Saudi nationals. Others suggest that the Saudi working population needs to have a change in work ethic in order to be more appealing to companies. There are also recommendations about the introduction of a minimum wage in the private sector that is equivalent for all, both nationals and expats, so that expats cannot undercut Saudis (Tumulty, 2001)

3.6 Saudization in the construction sector

Since oil was discovered in the Persian Gulf in the 1930s, the region has transformed itself from the dessert sheikdoms into modern state of the art states. This transformation has been followed by a speedy population growth, which in 2011, was estimated by the Central Intelligence Agency (2011) as over five times what it was in the 1950s. This growth in population is not caused by a natural increase in population but by the surge in the number of immigrant workers that throng the region in search of greener pastures. Wood & Kamal argued that the lack of modern technology and skilled local employees which was needed in the Oil sector led to the employment of the vast numbers of immigrant workers (Wood & Kamal, 2002).

As a result, unlike in western Europe, where immigrant workers have mainly been employed in the public sector, immigrant workers in the Gulf nations mainly fill low paid jobs in the private sector (Central Intelligence Agency, 2011). The number of immigrant workers (**Table 3.3**) has, as a result, grown exponentially over the last two decades reaching a record 37% of the total working population. Saudi Arabia, unlike other Gulf States, has managed to stabilise this growth to 27%, whereas, for example, in the United Arab Emirates, the number is a record 80% (UNDP, 2003).

Table 3.3: Population of the GCC Countries, 2004 and latest (2005-6) estimates

Country	Nationals 2004	%	Expatriates 2004	%	Total 2004	Total 2005-6
Bahrain	438,209.00	62.00	268,951.00	38.00	707,160.00	707,160.00
Kuwait	943,000.00	35.60	1,707,000.00	64.40	2,650,000.00	2,992,000.00
Oman	2,325,812.00	80.10	577,293.00	19.90	2,903,105.00	3,102,000.00
Qatar	223,209.00	30.00	520,820.00	70.00	744,029.00	855,000.00
Saudi Arabia	16,529,302.00	72.90	6,144,236.00	27.10	22,673,538.00	27,020,000.00

UAE	722,000.00	19.00	3,278,000.00	81.00	4,000,000.00	4,700,000.00
GCC	21,184,323.00	62.90	12,486,349.00	37.10	33,677,832.00	39,376,160.00

Source: Kapiszewski, 2006: p.4

The influx of foreign workers has not been without its problems, such as national security, economic, social and cultural threats to the local population. For the government to be able to maintain the privilege accorded to nationals, various restrictions have been put in place such as limitations as to the amount of time a foreign worker can stay and work in the Kingdom, curbs on the naturalisation of foreigners, citizenship rights for those that have been naturalised and many others. Many of the said measures, according to the Saudi Economic Survey (2004) have not had the expected results.

The free market economy has been more influential compared to the policies that the government have tried to apply , for instance, the alternation of foreign workers has been difficult to follow through (Molouk, 2002, Omar, 2003). Many foreign workers, although there are limitations on the amount of time they can stay in Saudi continuously, have stayed beyond the time limits as stated in their original contracts as the majority of employers prefer to retain workers who have gained experience working in their particular organisation rather than to employ someone new. Employing new workers from outside the country also involves some additional costs that most employers would prefer to avoid. As a result of these challenges, the time that migrant workers spend in the Kingdom continues to rise as a number of foreign workers that are nearly permanent and calling it ‘home’ have increased (Hertog, 2012).

This comfort that non-Saudi people have enjoyed for nearly two decades is beginning to change, as many are now finding it difficult to find suitable jobs in the private sector. It has become extremely competitive for many because of the government initiative to nationalise the workforce which has encouraged many Saudi citizens to seek alternative jobs. As a result, some professions have been reserved only for Saudis, and there has been an introduction of employment quotas in certain professions, wages for Saudi nationals have been subsidised and the government has also established state retirement plans for the nationals in line with the existing plans for foreign workers (The Saudi Gazette, 2011).

Private companies that adhere to these rules have been given incentives such as being awarded public tenders, and the government has invested heavily in the education and training of Saudi citizens so that they are ready to take up some of the jobs currently done by migrant workers (SAMA, 2013). SAMA (2011) stated that these measures however, have not brought the desired results in the private sector, only the public sector have successfully adopted Saudization with Saudi nationals making up more than 30%, a figure which is high compared to other Gulf States such as Kuwait, where the national workforce is only 1.8%.

This has been due to the fact that employment in the private sector is usually not attractive to nationals as the salaries are usually low compared to the public sector, the working hours are longer, and the working environment has the need for superiors and supervisors, unlike the public sector. Working in the private sector is also viewed as undignified by many, as many nationals are also not ready to enter low-level posts even though they do not have the necessary skills required for the level they need. Many local businesses have strongly opposed the quota systems that they are required to adhere to as they view this as harmful and ineffective for productivity in their businesses

Another problem in the employment market in Saudi Arabia has been the influx of immigrant workers from poorer Gulf States such as Yemen, Oman and Egypt who come to Saudi Arabia to look for better opportunities (Harry, 2007, Gulf, 2008). There are also Palestinians that have come to Saudi Arabia to seek protection from the volatile political situation and Iraqis, following the 1968 coup of Baghdad. Many Indians, Pakistanis and Iranians also came to Saudi Arabia as a result of their colonial ties with the British, yet ironically, a relationship which they have maintained (Stearns, 2008).

A new phase in immigration, however, started after the 1973 economic boom due to oil exploration. Saudi Arabia made development efforts at an extraordinary scale, never before seen anywhere else in the world. Investment increased almost tenfold within 10 years (KSA, 2011). In Saudi Arabia, capital growth had an annual increase of about 30% between 1970 and 1980. With these rapid developments came massive immigration of labourers from other Arab States, who were initially welcome due to their social compatibility with the local population in terms of language, culture and religion. The immigrants from other Arab States help set up an Arab-type government administration (KSA, 2011), educational institutions, health institutions, and they also helped to build other types of infrastructure, such for transport in readiness for oil exploration and other industries. After a short while, workers' preference changed and the Gulf States opened their borders to Asian workers due to a number of reasons (Stearns, 2008).

The governments of many Gulf States became worried about the Arabs that were bringing and leading social and political changes such as secular and Soviet ideologies, and forging undesired loyalties with other countries. For example, these non-local Arabs spearheaded the call for the abolition of monarchies in the Gulf and other activities that called for the

liberalisation of other Gulf States. Baldwin-Edwards (2005) and Giacca (2004) found that as a result of these activities in various organisations, in the 1970s and the 1980s, there were numerous political instabilities in the region and many Arab immigrant workers were jailed, deported or persecuted.

These ideas promoted by the Arab immigrant workers also encouraged many young Arabs to begin to disregard borders as imaginary lines imposed by the west, and called for these imaginary borders to be eliminated. Another popular view among this group was that one single Arab nation should be created in which jobs could circulate freely, an idea which was rejected by the Gulf leaders (Girgis, 2002).

For example, Kuwait was invaded by Iraq in 1990 with an oil related argument as a justification. Another problem of the presence of Arabs in the Gulf States was the prominence of Egyptians and the adoption of Egyptian dialects and culture by many; this was seen as the Egyptian of the region (Kapiszewski, 2005). Lastly, the presence of Palestinians in the region led to many of the Gulf States becoming involved in the Arab-Israeli conflict. Over the years, the nationals of Saudi Arabia have acquired a stereotypical view of non-Gulf Co-operation Council (GCC) nationals, “Many GCC nationals feel a detachment from Palestinians and Jordanians, a lack of respect for Yemenis, and mistrust and dislike of Egyptians” (Briks et al., 1986).

Asians, especially Indians, Pakistanis and Bangladeshis, on the other hand, did not present any problems or threats to the citizens and were preferred over the Arabs (Kapiszewski, 2005). Asians accepted lower wages and were therefore cheaper to employ, it was easier to terminate their employment, they were obedient, manageable and believed to be hard-

working with a better work ethic (Kapiszewski, 2005). Asians also could leave their families whereas Arab immigrants would bring their families with the hope of permanent settlement for the whole family. The post 1973 oil boom meant that many more workers were needed, numbers which the Arab countries could not supply (Kapiszewski, 2004). As a result, the Asian authorities became involved in searching for jobs in the Gulf, and placing their citizens into those jobs, and organising the migration from Asia to the Gulf States. Plentiful recruitment agencies in Asia were able to offer the needed manpower for the emerging oil economies in the Gulf, thereby satisfying the needs of the employers

The 'turn-key' projects where the Asian migrant workers launched. Kapiszewski (2005) notes that logistically, the Asians could be easily brought to the Gulf as compared to other Arab States that were geographically further away. Lastly, many Asians practised Islam, therefore the Gulf States that were sensitive to religion, were more accepting of these Asians as essentially, they shared a common belief (Ramady, 2012). Therefore, the rate of immigration and the number of Arab workers in Saudi Arabia reduced over the years even though there was no official policy that sanctioned the situation (Baldwin-Edwards, 2005).

In December 2011, the *Emirates 24/7* newspaper reported that the Saudi government intended to introduce a law that would force the private sector to raise the minimum wage to US\$800 per month for Saudi citizens in order to encourage Saudi citizens to take up employment. The report indicated that the Ministry of Labour's initiative would become effective by March 2012, so as to match the minimum wage in the private sector; an initiative that was expected to reduce the number of citizens that register for state benefits or the Hafiz programme and to foster job stability (Emirates 24/7, 2011).

Early in 2011, the Kingdom launched the most aggressive Saudization initiative yet, called the 'Nitaqat', which set a target of employing 400,000 Saudi citizens every year and put a limit on the number of foreign nationals that a company could employ (Ramady, 2012). Companies were coded by the percentage of Saudi citizens they employed. 'Excellent and Green' represented those companies employing a higher percentage of Saudis, 'Red and yellow' represented those companies with a low percentage. Foreign workers in the first two categories could stay as long as they want, but in the last two categories, foreign workers were limited to six years unless the company changed its Saudization rules. Analysts agree that the Nitaqat has been the most effective Saudization initiative because it, literally forces the private sector to employ Saudi nationals, unlike other failed attempts (Winckler, 2010).

Within the four years of the Eighth Development Plan, the national employment sector has continued to grow with an annual rate of 0.3% totalling 745,800 Saudi workers employed in 2008 (KSA, 2011), which was lower than the national growth in all other sectors which was 10%. The increasing numbers of foreign labour makes many companies unwilling to take on board capital-labour intensive production methods. Another problem is the fact that many small uncategorised construction companies dominate the industry. These small companies rely almost entirely on manual labour, hence they have achieved even lower cumulative productivity indicators and competitiveness in the construction industry (Raphaeli, 2003)

3.8 Saudization and the Future

In order to make the process of Saudization more relevant and practical in the future, Mason (2002) has suggested that it needs to be reviewed from time to time with the aim of ensuring that it is able to respond to the changes that are emerging and is also able to support the business environment. It is imperative that such a process develops along with social and

economic dynamics as a way of ensuring that it remains robust till such a point in time that the government is convinced that the process is effective and self-sustainable (Chevalier, 2000). Hamdan (2005) later indicates that there is a need to have a process that is phased so that there can be evaluations of the process from time to time, as a way of making informed judgement on the evaluation. Sultan and Mairna (2011) and Al-Dosary & Rahman (2005), consider the challenges that the oil sector has faced in phasing out foreign labour in Saudi Arabia which can be overcome by seeking to institute a common process for hiring and retrenchment. Lewis (2003), in a discussion of issues of social policies in running an organisation, suggests that the choice between a good workforce and a bad one comes when the organisation fails to adopt a common approach to all their internal management processes.

There are a number of suggestions that have been made to make the process of Saudization sustainable in the future and these include:

1- Saudization needs to be entrenched as national policy that must be encouraged within all the sectors of the economy and not only emphasised in one particular sector. It is vital that a national policy is effective and applicable on this scale, because, it is only through this that such a policy can be effective Drucker (2002) notes that if people are being moved from one sector, they can easily remain in other sectors and therefore, there is a need to put in place a policy that can be entrenched in all sectors and which the management can easily incorporate in their sectors. Cordesman (2002) suggests that managing human resources within an organisation is not same as managing the same in the country. There is a need for an all-encompassing policy in Saudi Arabia, in order to make this policy successful.

2- According to Cordesman (2002), Saudization as a process must move forward and back, in other words, it should look into ways of developing skills and, at the same time, phasing out some of the workforce. The government should establish policies that will support

educational institutions to develop groups of students who are able to work in the areas that are being left by the foreign workforce. For this to happen more successfully, AlShehry (2009), has indicated that there is a need to develop a culture in the country that will enable the citizens to consider the issues of doing any job to be relevant. Quite often, the culture of the country makes it difficult for the people to appreciate such jobs. This attitude is often cited when the failure of Saudization is examined.

3- According to Hamdan (2005), there is a need to ensure that adequate support is given to the organisations that actively participate in Saudization. Being a process that was initiated by the government, there is a need for incentives to be accorded to the organisations that are developing and using processes to support Saudi nationals to secure jobs. Aljebrin (2012) has indicated that there will be a need to work with government bodies so that the process can be successful. Recent studies on Saudization are being conducted at a time when the process is continuing and when it is apparent that there is some quantifiable information on success and failure of the same Madhi and Barrientos (2003) and Aljebrin (2012), claim that Saudization in Saudi Arabia is inevitable and necessary because the government's bill on social welfare can no longer be sustained. This discussion has been examined in recent studies on Saudization. There is a need to focus on the successes of Saudization while at the same time drawing lessons from these successes in one sector and applying the same to other sectors (SAMA, 2013).

Generally, it has been found that the challenge to the government of Saudi Arabia and the businesses in Saudi Arabia as they seek to incorporate local labour into the country are almost insurmountable. In order to effectively deal with the challenge of implementing this process it is vital to have a holistic approach so that all major players like organisations, government bodies and academic institutions will be incorporated. This process has taken a

very long time and it is emerging that many studies are still finding problems with the process, which calls for a re-think by the authorities in order to draw on lessons from other areas. To push this strategy towards success in the future, it is the responsibility of all to help and share efforts towards success. As for organisations, they need to make sure they execute the recommendations of the government by giving priority to Saudi nationals in jobs although they have the right to select qualified people to help business development and not vice-versa. Training programmes should be introduced to allow workers to improve their skills and qualifications and help them to work in such jobs. On the other hand, the government has to follow up, provide incentives and finance training programmes and restructure the education system to qualify graduates to work in such jobs (Aljebrin, 2012).

3.9 Conclusion

The chapter has discussed different aspects of the Saudization process to provide a comprehensive understanding of this issue. Saudization intends to decrease the unemployment rate by reinstating foreign employees with Saudi employees. The Saudi Arabian government has adopted many training programmes to improve the skills of Saudi nationals in both the public and private sectors, but it has encountered some challenges such as the fact that the education system was not tuned in to the rapid economic developments.

Chapter 4

The Conceptual model

4.1 Introduction

The conceptual model is based on theoretical foundations. Therefore, this chapter aims to discuss previous studies that concern the process of Saudization in order to justify the research relationships. These relationships are divided into:

- 1- Government policies, regulations and the adoption of Saudization.
- 2- Facilitators and Saudization adoption
- 3- Government policies, regulations and facilitators.
- 4- Knowledge-sharing and Saudization adoption.
- 5- Government policies, regulations and knowledge-sharing
- 6- Barriers and Saudization adoption.
- 7- Government policies, regulations and Saudization barriers.
- 8- Adoption of Saudization and productivity
- 9- Knowledge sharing and productivity
- 10- Adoption of Saudization and Saudization benefits
- 11- Knowledge-sharing and the benefits of Saudization.

4.2 The Conceptual Model

This section aims to analyse previous studies which investigated the antecedents of the Saudization process (see Table 4.1). For instance, Al Humaid (2003) developed a model in order to identify the factors that affect the Saudization process using a mixed method. His study concludes that there are four independent variables: demographics, social, governmental and the public and private sectors which affect Saudization in the private sector. Alshehry (2009) aims to explore the differences in perceptions between employers, employees in the private sector and job seekers regarding: firstly, issues related to Saudization such as family responsibility, qualifications, social prestige and work experience; secondly, government policies that ensure Saudization; and; thirdly, initiatives to enhance Saudization. Mansoor (1985) investigates the labour requirements and needs of the Saudi government, how to meet these needs and how to support self-sufficiency by using the Saudization programme. The study confirmed that Saudization encountered some problems. For instance, employees have no accountability and responsibility toward their work. Also, a job has more than one authority which causes conflict. In order to achieve self-sufficiency, the government should prepare education and training plans based on the requirements of the labour market. Al-Ogla (1991) tested some factors affecting Saudization from the perspective of Saudi graduate job seekers in the private sector. The results confirmed that they were eager to work in the private sector but there were some obstacles that hindered their ability to work in the sector, such as family size and influences of social background, education and work-protection laws.

Also, This section analyses the research model (see figure 4.1).

Table 4.1 The Antecedents of the Process of Saudization

Author (s) & year	Title	Aims	Independent Variables	Dependent Variables	Sample; Sector and Methods	Results
Mohammed Ibrahim Ali AL-Humaid, 2003	The factors affecting the process of Saudization in the private sector in the Kingdom of Saudi Arabia: A case study of Riyadh city	The study aims to: -investigate the effectiveness of the Saudization process in the private sector. - explore the antecedents of Saudization process based on the opinions of policy makers, employees, employers and job seeking. -suggest some ways to support Saudization process.	-Demographic variables -Social Variables -Governmental Variables -Private Sector Variables	process of Saudization	This study employs Qualitative and quantitative methods. The data is collected from 129 employers, 128 employees and 123 job seekers. Also, 8 government workers were interviewed.	-There are some factors that negatively affect the process of Saudization such as low pay to expatriates and availability of qualified expatriates. - There are success factors of the process of Saudization such as promoting quantitative and qualitative training and state recognition and incentives for private sector organisation.
Al Shammari, 2009	Saudization and Skill Formation for Employment in the Private Sector	It aims to test the relationship between Saudi technical and vocational training programs delivered by GOTEVT and Saudization in the private segment. It also investigates antecedents of Saudization scenarios in private sector.	Saudi technical and vocational training programs	Saudisation	It collected the data from Private sector based on 29 Interviews.	There are some obstacles of Saudization such as - the government's unfocused planning and implementation -shortcomings of skill formation systems' outcome because Saudi government interfaces so much in the program and control over their planning, regulating, financing and implementing. -legislations of the Saudization.
Baqadir, 2013	A Skills gap between	It aims to understand the manufacturing skills training	Ethics; specialised	Saudisation	The data is collected from	The industrial education in Saudi does not appropriately qualify the students

	industrial education output and manufacturing industry labour needs in the private sector in Saudi Arabia	that is presented by Saudi industrial education based on the opinions of stakeholders	knowledge and generic skills, Education level; Institution and occupation		managers in the private manufacturing industries, trainers of industrial education and trainees of industrial education	to satisfy the needs of the manufacturing sectors. In the private sector, the managers understand the government's policy to apply Saudization program that aims to decrease the unemployment rate among local labour.
Alshehry,2009	Exploring the perception of Saudi Business and the workforce on the Saudisation program in the private sector	It analyses the perceptions and opinions of managers, employers and employees in the private sector in terms of Saudisation.	- Demographic Variables - Governmental Policies	Perceptions of the Saudisation-related issues	It collected the data by 300 employers in the private sector. It also gathers the data using the same number from permanent and temporary employees and Saudi job seekers.	The results confirmed that Saudi workers have lack of skills and lower productivity comparing with foreign workers. Social prestige of Saudi workers affects negatively on Saudization adoption.
4. Alanezi,2012	Workforce localization policies in Saudi Arabia: the determinants of successful on in Multi-national enterprises	The study aims to find the success factors of localization within Multi-National Enterprises (MNEs) that work in Saudi Arabia.	Organisational determinants, HR practices, , and firm characteristics	Saudization	The data is collected from 157 human resource managers in MNEs.	The study stated that recruitment, training and the role of HR director are success factors of localization. while MNE size and MNE age have insignificant effect on localization.
Fakeeh,2009	Saudization as a Solution for Unemployment	It aims to explain: -How did Saudi Arabia have high wealth and in the same time			Interviews with some stakeholders such as policy	The research results stated that the policy Saudization focuses on the symptoms of unemployment not on

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it suffers from high unemployment?
-How did Saudi Arabia reach to this case where it depends on foreign labours?
-Why did not the government employ its wealth to build a vibrant high-skill economy?
-What the strategies used by government using to address with high unemployment rate?

makers, employers and employees.

the problem employability. The education system does not meet the needs of labour market. Also, there is a lack of forward planning.

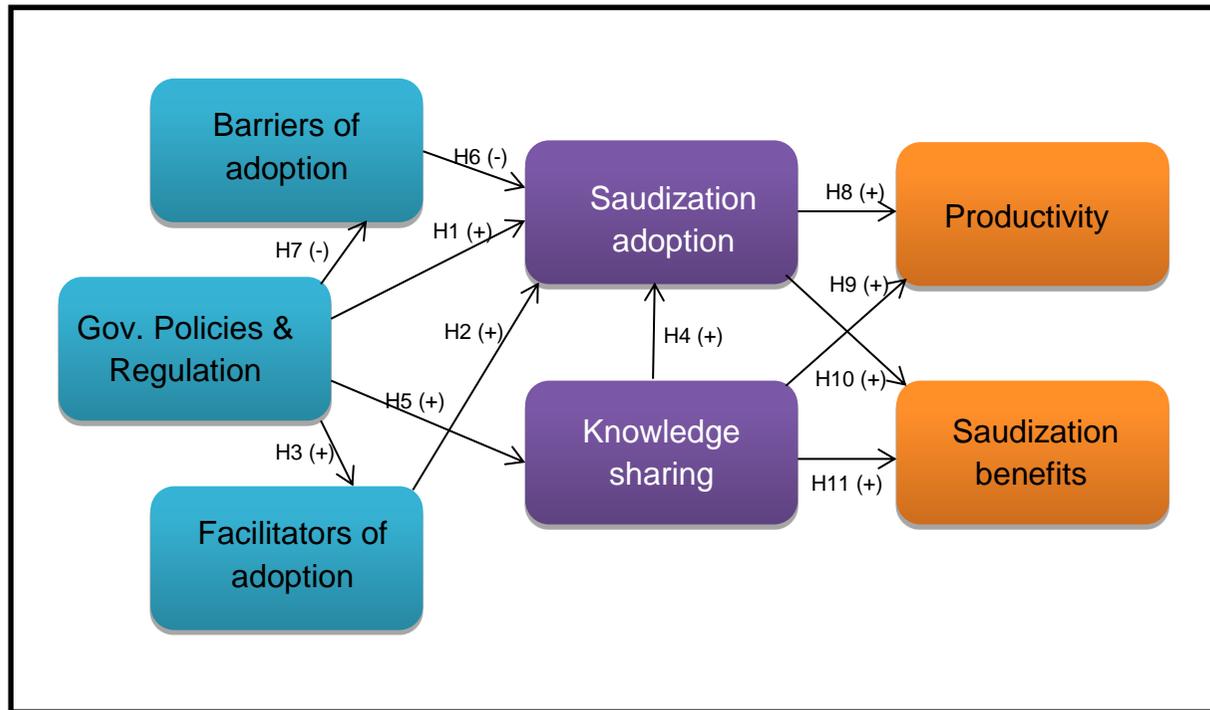


Figure 4.1 the Research Model

4.2.1 Government Policies, Regulations and Adoption of Saudization.

It is highly appropriate to note that the Kingdom's approach of control is favourable to a certain style of decision making which does not allow opposition, this can be regarded as a condition which might be treated as an encouraging factor regarding policy (Sadi, 2013). The Saudization process is government driven and propagated. As a part of the government agenda, the government has been active in establishing policies and regulations aimed at facilitating the establishment and success of Saudization (Forstenlechner & Rutledge, 2010; Looney, 2004). Government policies and regulations entail laws, directives, provisions and guidelines that are set out to help in the adoption of Saudization. They entail policies such as new education systems and skills enhancement to help source staff for various positions in the country (Bains 2009; Davidson 2009; Forstenlechner et al., 2012). Al Dosary & Rahman (2005) also cite recruitment laws and policies that require only Saudi nationals to be employed in government sectors. Other scholars cite Gulf countries' policies of recruitment where private sectors are required to have a certain percentage of jobs for locals (Rutledge 2009). These policies and regulations give companies incentives in the form of accessibility to funds, accessing market share, government and public contracts (Forstenlechner et al., 2012; Rees et al., 2007; Shah, 2006). This shows that a positive relationship exists between Saudization and government policies and regulations.

However, as discussed by Houchin & MacLean (2005), having such policies and directives does not necessarily lead to their adoption since organisations are complex and are impacted upon by numerous factors. This has led to failures and new problems for the Saudization process. For example, Al Ali (2008) found that in the United Arab Emirates (UAE), it is required that locally registered insurance companies employ 5% of staff from local nationals but that has been very difficult to accomplish. Some organisations found such policies only

created complexities in their operations and hence required different responses. Some organisations saw this as indirect taxation (Al Qudsi, 2006) or a means of punishment (Harry, 2007) and so organisations do not see the need to adopt the required measures or only adhere to the bare minimum (Farrell, 2004). Given such interactions of expected outcomes of government policies and regulations and the levels of adoption and response by organisations, other constructs and variables are investigated by this research. This research will thus have Hypothesis 1 as an analysis of how government policies and regulations have supported Saudization adoption and will seek to investigate more and see the nature of relationship and whether it is positive or negative.

The issue of policies and the perception of adoption relate to the way the government's policies are viewed by the stakeholders of Saudization. The policies that are considered good by the employers may improve their perception of Saudization. There have been views among employers that the government has not done well in implementing and devising its policies, thus making the employers apprehensive about the programme, with many ready to pay high costs to keep their foreign employees (Salih, 2010). The government has however stood firm in its view that its policies are good and that they are meeting the needs that are required.

Saudi nationals have themselves not been keen on taking the government's views, because they have different attitudes which mean that they are not keen on the issues that the government is trying to implement. There is evidence to suggest that social attitudes have not changed and this is attributed to a poor approach by the government to changing attitudes. These drawbacks can be directly attributed to the improper design and execution of the Policies.

At the point when the strategy of the Government isn't right, or lacking, it may lead to failed action, which might mean that the stakeholders do not have a good view of it. This appears to have been the case in the process of Saudization in Saudi Arabia.

Consequently, the above mentioned literature leads to the following hypothesis.

H 1: The policies and regulations of government have a positive effect on the adoption of Saudization.

4.2.2 Facilitators and adoption of Saudisation

Facilitators, in this case, are factors such as quotas and affirmative action that aim at favourable outcomes for under-represented groups (Peck, 2014) in programmes related to skills, training and education of employees (Fryer &Loury 2013, Sowell 2005). The government creates and restricts more jobs for the Saudi population. It must be realised that there are employers who will go to any extent to keep their workforce (Hamdan, 2005), and some staff members will not leave because their jobs are viewed to be important or their contracts will be too costly if terminated (Al-Humaid, 2003). Therefore, while the government is seeking to secure jobs for the Saudi population, the approach should not only be centred on removing foreign labour, but should also be geared towards managing new areas of work and creating new jobs

Saudization is also dependent on support factors, such as being entitled to benefits and support given for complying with the Saudization process, such as the Nitaqat Scheme launched in 2011 (Ramady, 2012). Sadi (2013) noted that Nitaqat as a facilitator could enhance or hinder employment of Saudi nationals because organisations find them either beneficial or cumbersome in the organisations' hiring and staff retention processes

Facilitators include policy matters, politics, economic environment, the social factors of the entities (Sadi et al., 2009). Whereas there are notable challenges to the implementation of Saudization, there have been studies that examine the facilitators of the process which are aimed at ensuring that the process can succeed. Al Shehry (2009) has indicated that one of the key facilitators of Saudization has been legislation . Such legislation determined a minimum wage (3000 R.S. per month) for Saudi employees, which governs the way the process is conducted. He noted that when the government lays down legislation that employers must adopt and they begin to seek local talent, it allows the Saudi citizens to join the Saudization programme

The government has proposed many incentive programmes such as educational benefits, Medicare and huge bonuses, to encourage the workforce to be involved in jobs they would otherwise be reluctant to move to, such as security, taxi drivers, secretaries and other jobs. As Hamdan, (2005) states, a lack of incentive programmes could lead to the failure of Saudization.

Consequently, the above mentioned literature leads to the following hypothesis.

H 2: The facilitators of the Saudization programme have a positive effect on the adoption of Saudization

4.2.3 Government Policies, Regulations and Facilitators

Government policies and regulations have been formulated for a long time and are aimed at ensuring that the process of Saudization is successful. The policy on Saudization is itself a major policy that is then supported by other policies. These policies help as facilitators of adoption. They are, however, viewed as bad policies that are not supportive of the process, because they are construed to have been created in haste and thus not viable for the process to succeed (Hertog and Steffen 2012; Sadi, 2013)

This research also seeks to determine the role regulations and policies play in determining the impact of facilitators on the adoption of the Saudization process. It found that the literature shows both the positive and negative impact of facilitators in respect to Saudization. According to Sadi (2013), the positive impact is the increased training and employment of locals on short and long term contracts, but the downside is that some firms just hire local people to meet the legal requirements and prevent themselves from being listed as a ‘bad company’ which leads to a negative impact on the Saudization process. Other researchers have found that more locals are employed because the government offers facilitators that increase the need to employ the locals (Al-Hammad, 2001; Farrell, 2004; Sadi, 2013). In their endeavour to meet the quotas and benefit from the facilitators presented to them, some organisations hire people to just fill the register (Sadi, 2013) and take the bare minimum to meet the quotas (Farrell, 2004) and act according to the government legal and policy guidelines to show that they are active participants in the Saudization process (Forstenlechner et al., 2012). The relationship between government policies and facilitators is investigated using the hypothesis that:

Government policies are vital in ensuring that a programme the government has is implemented. The government has the role of passing policies that are easy to adopt for a particular activity to take place (Morris 2011). If these policies are easy to adopt, they become facilitators as they support other policies that the government wants implemented. There is need to ensure that these policies are thought through. The factors that facilitate the adoption of Saudization have been passed by the government of Saudi Arabia, with the view to making the programme succeed.

The relationships between government policy and elements that facilitate adoption have been viewed as less satisfactory. For instance, there have been complaints by private sector bodies, that the government's policy on training the local workforce and encouraging employers to phase out their foreign employees was not devised and implemented in the right way (Alrashidi 2014). Thus, these relationships are directly linked, for instance, good policies increase facilitation of adoption, while policies that are not easily adopted, greatly hamper facilitators of adoption

Consequently, the above mentioned literature leads to the following hypothesis.

H 3: The policies and regulations of government have a positive effect on the facilitators of Saudization program

4.2.4 Knowledge-sharing and adoption of Saudization

Knowledge-sharing means the process by which knowledge is exchanged among people, groups or organisations to create new knowledge (Paulin & Suneson, 2012; Chou et al., 2014; Wang and Liang, 2014). Moorman & Miner (1998) define knowledge-sharing as the collective behaviour and customs relating to the spread of learning among different units or individuals in an organisation. It leads to knowledge combination by bringing together knowledge that existed independently to one common pool leading to increased productivity and innovation (Chen & Huang, 2009; Tsai & Ghoshal, 1998).

The process of sharing knowledge dictates that such knowledge can be relevant only if it meets the needs of the organisation. Knowledge-sharing should be conducted in a way which sustains effective learning and, hence, the productivity of the workforce. Knowledge-sharing is a very important factor which emanate during the process of Saudization. There are other views which consider knowledge to be a tool that can be used effectively to sustain the

process but can also become an impediment to the successful implementation of Saudization (Harry 2007; Potter, 1989).

The Saudization process is impacted upon by knowledge-sharing processes in that new routines are created by knowledge, which exists within different organisational levels and among different individuals, being shared through synergy (Nonaka & Konno, 1998; Nonaka & Takeuchi, 1995). Enhancing knowledge-sharing among employees helps to develop the skills of local employees and hence fill in gaps with local employees rather than foreigners. Also supporting knowledge-sharing between foreign and Saudi workers helps local workers to acquire knowledge and skills which positively reflect on the adoption of Saudization (Loonery, 2004; Chen & Huang ,2009; Abdulla, 2012).It can be said that knowledge-sharing is a key issue in the process of the adoption of Saudization. This process cannot succeed unless certain rules which support knowledge-sharing are put in place. Through knowledge-sharing and the adoption of the process, it is possible to move this process forward successfully.

Consequently, the above mentioned literature leads to the following hypothesis.

H 4: Knowledge sharing has a positive effect on the adoption of Saudization

4.2.5 Government policies, regulations and Knowledge-sharing

Knowledge-sharing is dependent on existing government policies and regulations. This is because staff engagement determines the knowledge acquired, transferred and shared (Moussa, 2013). Such staff engagement is hugely determined by policy and regulatory structures, such as the Saudization and Nitaqat schemes in Saudi Arabia. The government envisaged knowledge-sharing through various methods, such as on-the-job and off-the-job

training activities and policies. Implementing the rules of Saudization is vital, but it can't enforce knowledge-sharing among foreign workers and locals (Randeree, 2012)

According to Al-Dosary & Rahman (2005), in the case of Saudization, the engagement that must exist between government policies, the individuals and the organisations that operate in Saudi Arabia, has been given the extra burden of trying to race against time to develop the skills and knowledge of their workers but they are not able to do so, within the space of time that the government is asking them to (Loonery, 2004). According to Chevalier (2000), developing a workforce at a national scale must be supported by government policies and regulations because in so doing, employee standards can be laid down and there are certain basic skills that can be demanded of the employees and hence a process can start to ensure that the country is run by people who have certain skill sets. It is clearly important to understand that the reason for such quick knowledge transfer is because the need for translation of contracts is totally removed as the workforce shares cultures and languages and are able to pass information to each other more quickly and easily.

This research thus investigated whether a positive relationship exists between these two variables using the hypothesis that:

H 5: The policies and regulations of government have a positive effect on knowledge-sharing

4.2.6 Barriers to the Adoption of Saudization

The companies in the private sector find it easier to source workers from abroad because there is an acute shortage of local skills for the construction industry. The Kingdom of Saudi Arabia is not able to keep up with the supply of technical personnel, which has steadily increased since the 1980s because of the conducive economic conditions (Gatti, et al., 2013). Often private sector bodies have to compete with even more aggressive market players. In the

private sector, the search for the market is affected by, among other things, the need to satisfy the government's policy, the need to provide the client with the best quality and the need to ensure that the organisation's costs are kept to a level that is satisfactory (World Bank, 2004). Private sector bodies cannot afford to ignore their clients. Most often, there is need to ensure that there is a balance between the need to make profit and the other variants. As such, private sector bodies will try to ensure that they are able to attract the best talent in the market. This is always a key factor even if it means that these organisations have to look abroad for their workforce (OECD, 2004). It is imperative that private sector bodies try to find the right staff members for the job. If the organisation is able to get staff from a different country, and the staff who are brought in are able to increase the margin of return of the organisation to a high level, then that the company will find it beneficial to keep them at work. As noted in the previous sections of this thesis, the Middle East region has been suffering from one main problem and that is the lack of qualified manpower to support its various industries in the region (Mghari, 2004)

This has been an even bigger problem in Saudi Arabia. Reliance on foreign workers is now a common phenomenon in the region. Foreign workers are often more committed to work because that is what has brought them into the country. Hence, they are more productive because they are in their places of work and the country solely for work. As opposed to the local population who may often be distracted by family, these foreign workers are often ready to take up shifts that the local population might not be willing to take up (OECD, 2004).

All these issues point to one key aspect and that is that foreign workers are always there to ensure that the skills shortage has been filled in such a manner as to support the functions of the organisation. As mentioned earlier, the major problem facing Saudi Arabia is the skills

shortage. The country for a long time had to depend on skilled workers from around the world to fill this gap.

Since its inception, the Saudization process has been plagued by a variety of barriers which have made it difficult to meet its goals such as low payment for locals, skills scarcity and the impact of a fragile education system. Additionally, Saudis have a lower motivation towards work, which hinders the adoption of Saudization. Given the extent to which these barriers have been discussed in literature and to effectively explore employment in construction sector, this research will only investigate barriers relating to employment (Al-Waqfi & Forstenlechner, 2013). Also, there is a conflict of interest between workers and employers towards the Saudization which will be explained later

The Saudization programme requires high performance from the workforce, and therefore there is a need to ensure locals are qualified to perform the tasks that they are supposed to do. (AlShehry,2009)The scarcity of skills among locals compared to foreigners is a barrier for employers to engage in the adoption Saudization. Therefore, employers are likely to impose challenging recruiting conditions towards locals that become a barrier to the adoption of Saudization. (Al Dosary, 2004)

Employers want to have staff members who are able to meet the needs of the organisation and therefore the question is whether employers are up to the task. A similar view is also found in the Alothman (2010) study which suggests that Saudization offers job security and as such, improves the business opportunities for many other organisations in the Kingdom because they can acquire local skills. This also overcomes the limitations that are associated with the size of the business, for instance, if the local workforce has been harnessed and

organisations are being asked to take up local talent, large and small organisations can easily find the local talent and therefore be able to compete equally creating , a locally available market.

In addition, the challenges emanate remain because the labour market, which should provide a much needed hand, is being phased out, and so, just like in the construction industry, the tourism industry that has so far been limited to religious tourism is gradually failing. These views do not however consider the fact that Saudization erodes the competitiveness of a business and possibly of a country (Al-Dosary & Rahman, 2005), because business are not able to deal with the challenge that they face because the workforce has been replaced by Saudi nationals who do not know how the business is run. Chowdhary (2009) found that in places where local manpower is highly involved, the transfer of knowledge is often quick and hence productivity also improves. In addition, foreigners may accept lower salaries than Saudi nationals and accept employment in jobs that Saudis do not want to work in. Furthermore, in the case of Saudi Arabia's Saudization programme, the foreign workforce comes across as highly committed and ready to work, compared with the local workforce. Aljebrin (2012) states that the private sector in Saudi Arabia is struggling to reap the benefits of Saudization, and this is a clear indication that the local workforce is not productive, neither is it ready to work and serve the country

Other challenges to Saudization from a business viewpoint are that the process of Saudization is a government project which is partly driven by political needs and partly by the need to provide jobs for the local nationals and these two objectives are often not core parts of business processes. The perception of the workforce and that of businesses obviously vary (ALShehry, 2009), because most businesses are focussed on ensuring that they are able to

sustain their existence in competition while most employees seek to remain in employment or to find better employment opportunities. The correlation between the staff members and the performance of the organisation is obviously linked and this has led to resistance by many large organisations to fully support the government's efforts for Saudization, thereby making the process slow.

Consequently, the above mentioned literature leads to the following hypothesis.

H6: The barriers to Saudization (lack of skills and foreign skills) have negative effect on the adoption of Saudization

H6a: The barriers to Saudization (lack of skills) have a negative effect on Saudization adoption.

H6b: The barriers to Saudization (foreign skills) have negative effect on the adoption of Saudization

4.2.7 Government Policies, Regulations and Saudization Barriers

Saudization is a government policy which aims to allocate local manpower to jobs that were previously being done by foreign workers. If the government plans well for this process and carries it out to the end, the process may be successful. If the government's policy is well implemented, it will reduce barriers to adoption. The literature review and this hypothesis development process found that policy and regulation have an impact on the Saudization process. It has also been found that the incentives and support provided by policies and regulations also impact on Saudization and the impact either reinforces or reduces barriers to Saudization. Literature and research shows that policies and regulations aim to create better impact on the Saudization process by making it relevant and favourable to the private sector (Al-Waqfi & Forstenlechner, 2013; Asif et al., 2013; Basher, 2010; Lascoumes and Gales 2007; Scott, 2007). Saudization has succeeded partially because the policy and regulations

have reduced barriers and highlighted issues such as the need for increased training and integration of the locals, making the local population productive, increasing salaries and support of local population and firm productivity (Al-Waqfi & Forstenlechner, 2013).

In some cases, it can be a problematic and complex application, and thus become a barrier. The process of Saudization has been marred by a number of challenges and there has been doubt cast on its success. There are a number of issues that have become barriers to the process of Saudization. There are barriers of policy formulation, understanding the process, attitude of the citizens, challenges by the private sector in terms of the appreciation of the process and other problems that have meant the process has been viewed as less than successful. The attitude of the locals towards Saudization is negative due to the nature of the national population, who appear to have far bigger expectations than management is able to offer them

The government has been blamed for not carrying out this process in a good way and, as such, has left it susceptible to failure. So far there have been complaints from the private sector that the government has not been careful in formulating its Saudization policy (Morris, 2011). These bad policies have forced the private sector to take on manpower that is not ready to work and which is not properly qualified, a situation that is in itself a barrier to the adoption of the Saudization process by not permitting the issuance and renewal of visas in order of recruitment (Fakeeh, 2009).

It is evident that if the workers are not qualified they cannot apply the policies and regulations of the government and they will not do what they are supposed to to perform and achieve the programme goals. It makes people unwilling to commit to the process some of these policies include incentives to the employers and other entities. Bad government policy

has a direct impact on the barriers to Saudization, for example, if the policies are not good, the barriers increase. For the purposes of this research, the government's Saudization policy, in some areas, is strictly enforced and has caused many problems for employers. For example, Nitaqat, which literally forces the private sector to employ Saudi nationals (Winckler, 2010)? These policies on employment led to phantom workers which jeopardised the process.

Consequently, the above mentioned literature leads to the following hypothesis.

H7: The policies and regulations of government have a negative effect and cause barriers to Saudization (lack of skills and foreign skills).

H7a: The policies and regulations of government have a negative effect and cause barriers to Saudization (lack of skills).

H7b: The policies and regulations of government have a negative effect and cause barriers to Saudization (foreign skills).

4.2.8 Adoption of Saudization and productivity

Productivity is defined as the relationship between inputs and outputs in the production process (Camus, 2007). The ability to create products or deliver services more effectively by using fewer inputs shows an increased level of performance by employees. Saudization has been seen to increase the local population's engagement in employment (Al-Waqfi & Forstenlechner, 2013; Al-Dosary et al., 2006; Forstenlechner, 2008; Miceli & Mulvey, 2007; Mellahi & Al-Hinai, 2000) but very little research has compared the productivity of locals against that of foreign workers with respect to the Saudization process

Leung, (2009) states that job security increases the productivity of a company because it is a sign of its employees' commitment. For instance, in the United States, job security depends

on conditions within a company, so having a supportive programme, such as Saudization in the case of Saudi Arabia, guarantees the right conditions. Therefore, the research suggests that Saudization improves productivity.

Economic growth is affected by the success of the Saudization process (Aljebrin, 2012; Hamdan, 2005) and the research has assumed that economic growth affects productivity. Alothman (2010) argued that Saudization is aimed at ensuring that the workers are encouraged to work for the firm in order to improve their productivity. From a personal standpoint, getting more motivation from the government's incentives to adopt Saudization, increases productivity. It is evident that foreign workers are better skilled and are more valuable assets to employers than local nationals (Ramady, 2005) unless employers commit to the Saudization programme, which offers locals more advantages

The research found that although Saudi workforces do not show clear signs of motivation, their engagement with their work denotes greater commitment and hence, they are more productive. According to Hamdan (2005), the public sector is preferred by many workers because it has security of tenure. In a country that is developing, working in the public sector is important as families can be assured that the person who is employed will continue to support them through the provision of a regular income. It is for this reason that an effective assessment of an employee's productivity can only be done periodically and through an established audit system. Alshehry (2009) discusses research which showed that 86% of workers and job seekers agree that Saudi workers have the skills needed for the private sector. The study argued that if Saudis were trained adequately, they would perform better and consequently, employers would adopt Saudization and start promoting it.

Consequently, the above mentioned literature leads to the following hypothesis.

H 8: The adoption of Saudization has a positive effect on productivity

4.2.9 Knowledge-Sharing and Productivity

It was found earlier that knowledge-sharing is an important variable in understanding Saudization and this will be measured in this research. A further relationship between knowledge-sharing and productivity is carried out in testing the positive impact knowledge-sharing has on Saudi workers. Social Network theory argues that where people are more connected there is often greater productivity (Akram & Bokhari, 2011). This is because knowledge-sharing helps transfer knowledge from individuals and units to others (Madsen et al., 2003). People in such a setting tend to have a greater desire to enhance their careers and productivity (Gargiulo & Benassi, 2000). There is also better job performance because effective knowledge-sharing is related to speedy information, skills and expertise sharing (Borgatti & Cross, 2003; Ingram & Simons, 2002; Lee et al., 2005). Carmeli et al (2013) also found that processes and systems that promote knowledge-sharing have a positive impact on productivity. In this case, an increase in knowledge-sharing among Saudi nationals leads to an increase in their productivity (Alrashidi, 2014). However, if the process of transferring knowledge is flawed or not clear, the knowledge that is transferred will not be adequate and as such, productivity is lowered, affecting the perception of it in a negative way. Consequently, this also implies that if there is less knowledge transfer, then productivity may not increase (Alrashidi, 2014).

Innovation and increased productivity in terms of business, especially private sector success coupled with the increased engagement of local people in employment due to increased skills and competencies, are the main goals of Saudization. These are enhanced by knowledge-sharing which leads to increased productivity thus showing a positive relationship between the two variables. Some research has measured the degree to which knowledge-sharing exists and compared that to the levels of organisational productivity and most found a positive

relationship between the two variables (Giannetti & Madia 2013; Lee, 2001; Lepak and Snell, 2002; Lopez-Cabrales et al, 2009; Lu et al., 2006; Sheehan, 2013; Sheehan, 2012). Additionally, Chowdhary (2009) found that in places where local manpower is highly involved, the transfer of knowledge is often quick and hence productivity can be improved.

Consequently, the above mentioned literature leads to the following hypothesis

H 9: Knowledge-sharing has a positive effect on productivity

4.2.10 The Benefits of Adoption of Saudization

Saudization aims to create self-reliance in the economy. There is a large amount of literature that discusses the benefits of Saudization. One of the benefits is improving work opportunities which, in turn, reduce unemployment among local nationals. The success of the private sector in employing Saudis and introducing more benefits for them resulted in raising their position to satisfy the private sector's need to employ locals because the Saudization programme forced them to recruit Saudis. The government has clarified the benefits of employing Saudi workers within the Saudization programme (Alshehry, 2009). These are viewed as the positive outcomes of Saudization that the industry or the country is set to benefit from, for example, job creation (Hertog and Steffen, 2012).

The limitations of the Saudi labour market, where employers have complained about the negative aspects of having Saudi workers, such as their lack of skills or unwillingness to work, has been solved partially by government. The government has made continuous efforts to change this image in a variety of ways, like establishing training centres around the country to qualify the candidates to meet recruiting requirements. In addition, the government

paid 50% of the Saudi workers' salaries for a certain period which has resulted in benefits to businesses (Fakeeh,2009)

Allothman (2010) explores the idea that the adoption of Saudization has given Saudis more job security than before, the government introduced the Saudization programme to support local nationals acquiring secure jobs. The adoption of Saudization introduces a variety of benefits that help workers to feel secure. For instance, introducing minimum wage as Alshehry (2009) states and providing the job security which Saudi workers are seeking. Saudization imposed social responsibility for firms, which are now starting to recruit Saudis, and that has resulted in more job security. Additionally, the importance of job security has increased in recent years due to different factors as (Ang & Slaughter, 2001) state, such as competitiveness among companies, and technology development where software could replace employees (Loh & Venkatraman, 1992)

There is hence a positive relationship between Saudization and the benefits accrued by employees and businesses which lead to the following hypothesis:

H 10: Saudization adoption has a positive effect on some Saudization benefits

4.2.11 Knowledge-sharing and the Benefits of Saudization

Knowledge-sharing can be defined as “exchanging knowledge between foreigners and Saudis, and between Saudis themselves. Knowledge-sharing improves skills of workers that Saudis need to fit into jobs requirements upgrading Organizational learning limit, and expanding their capacity to accomplish individual and hierarchical objectives. This will benefit the Saudization process and firms as well, which in return, benefited from Saudization” (Lin, 2007). It was found that mutual benefits have a vital impact on workers' attitude and intention to knowledge sharing.

Knowledge-sharing also creates opportunities for businesses to grow and for individuals to be more competent. This eventually will result in a progressive growth of the community (Sheehan, 2013). It also helps increase innovation (Lopez-Cabrales et al, 2009) which is core to economic diversification. The benefits discussed above are all core drivers of Saudization (Peck, 2014). Sharing knowledge can support and threaten job security, but in some businesses, it is found that while some employees share part of their information or knowledge for the benefit of business, they tend not to be positive and generous in sharing knowledge. Regarding the Saudization programme, it might be different or constant to sharing knowledge in other areas, and that leads to developing the following hypothesis to find out if Saudization has a specific difference that drives workers to share more knowledge or not.

Consequently, the above mentioned literature leads to the following hypothesis

H 11: Knowledge-sharing has a positive effect on some Saudization benefits

4.3. Conclusion

This chapter presents the different previous studies that have tested the process of Saudization. It has been found that these studies have investigated the factors that positively and negatively affect Saudization. Some of these variables are demographics, social, governmental, family responsibility, qualifications, social prestige, work experience, government policies, initiatives to enhance Saudization, the labour requirements and the need to support Saudization. Chapter 6 will discuss, in detail, my research methodology and research approach in my efforts to accomplish the aims and objectives of my research question relating to an investigation into the antecedents and impacts of Saudization adoption in Saudi Arabian construction companies.

CHAPTER 5

RESEARCH METHODOLOGY

5.1 Introduction

This chapter explains the research methodology applied in this research and the reasons that this research methodology has been chosen. This chapter begins by outlining the objectives of the research and so lays the groundwork for the study and facilitates understanding of what the research will entail to accomplish. This is followed by an explanation of the various research philosophies that have been applied in this research so as to determine the best possible methodologies and design to adopt. Thereafter, the research design is undertaken by explaining the various models adopted and the reasons why those specific designs and approaches have been adopted.

Methods of research are then explored with more emphasis on the methods adopted in this research, explaining why they are relevant and suitable in this case. Explanations of the actual research process are also outlined such as sampling, survey, questionnaire and personal interview. This chapter facilitates the link between theory and practice by using hands-on research when collecting the data and reviewing and presenting it. The research outlines and defines the philosophical worldview as well as the basic considerations adopted in this research and seeks to illustrate why and how it was selected and how the worldview shapes this research.

The research objective is to examine the causal relationships between the adoption of Saudization and its antecedents and consequences in Saudi Arabia and the Saudi construction industry, as a strategy in the Kingdom to deal with unemployment problems. The Saudi government has tried to overcome the problem of high unemployment mainly by placing

pressure on both the public and private sectors to employ a higher percentage of Saudi nationals. There have been rapid and significant changes in the Saudi construction industry through Saudization strategic planning. Given the aim, objectives and specific hypotheses, this analysis will set out to test the hypotheses through the application of mixed methods. The following sections will give more details of the methodology of this research

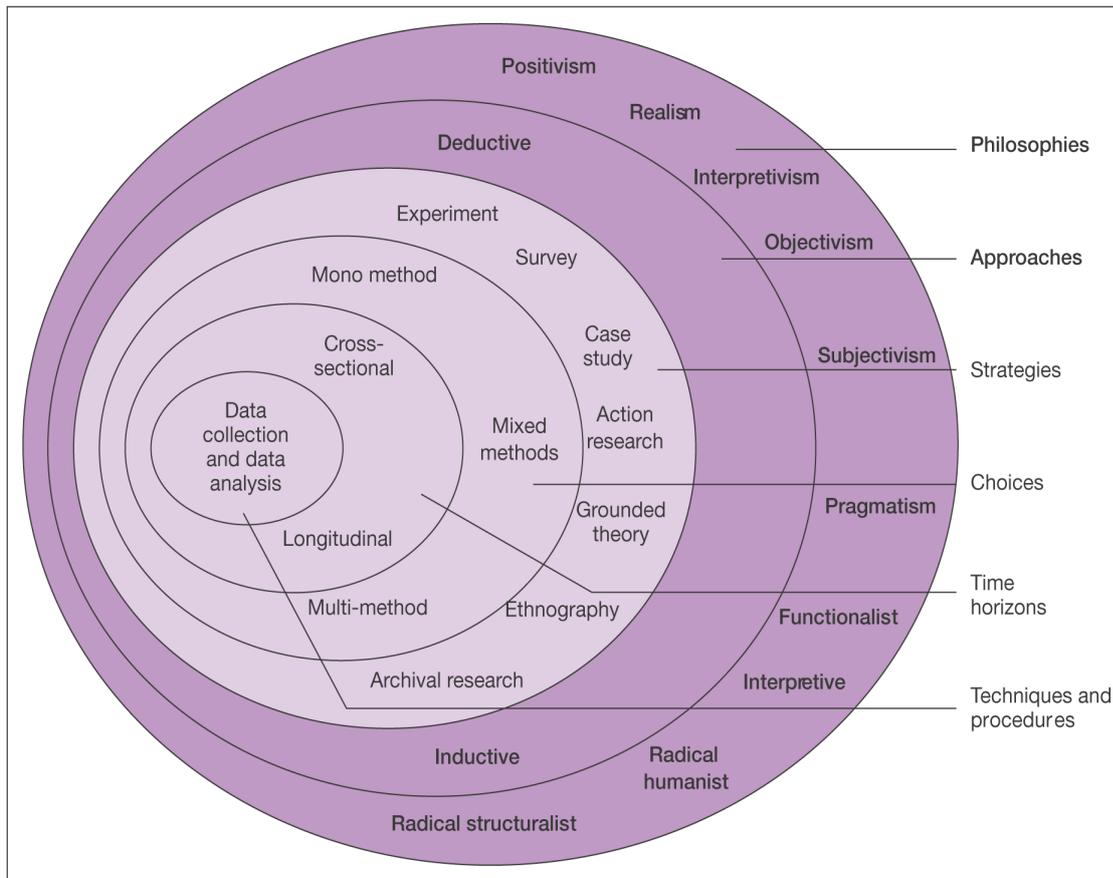
5.2 Selection of Research Methodology

The selection of the research methodology is wholly dependent on the subject of the research, the researcher's interests and knowledge and on the philosophy to be adopted. As shown in Figure 5.1, Saunders *et al.*, (2009) argue that the core purpose of research is to collect and analyse data, which entails a choice of techniques and procedures. This is linked to the time factor – meaning when and where the research will be carried out. Thereafter, a choice of model of study based on the suitability, relevance and applicability is adopted. The strategy of data collection is adopted coupled with the choice of approaches. All these activities are guided by the philosophies adopted in order to implement the research

The process of research methodology involves many inter-related decisions to apply the most suitable methodology and suggest the highest level of research data collection and analysis to answer the pertinent research questions. In explaining this chapter, I have used the following diagram in Figure 5.1 by Saunders *et al.*,(2009) and the relationship in Figure 5.2, which outlines the various paradigms to explain parts of the sections of this chapter.

With the increasing number of research philosophies, it is vital to determine the best possible approach to both review and understand the research process and undertake research as this will enable understanding of the ideologies and frameworks behind the research.

Figure 5.1: Research Methodology

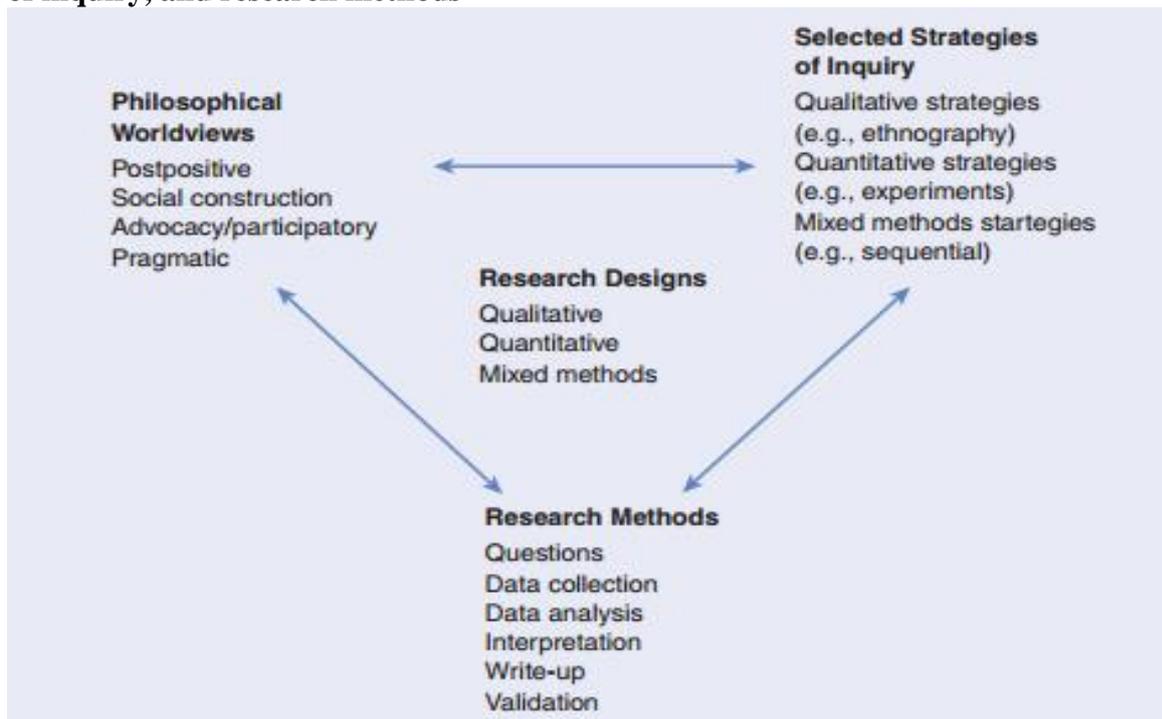


Source: Saunders *et al.*, 2009

This is necessary in order to highlight the theoretical factors that influence the research methodology discussed. It also enables the selection of the research design and methods, both of which are discussed further in later sections of this chapter. These views can be summarised as per figure 5.2 which outlines the relationship between research design and the various determinants, namely philosophies or philosophical worldviews, strategies of enquiry and research methods.

This research design is based on the framework shown in Figure 5.2 which shows that philosophical worldviews determine the research strategy and the research methods adopted.

Figure 5.2: A framework for design showing interconnection of worldviews, strategies of inquiry, and research methods



Source: Creswell, 2009: p5

5.3 The Research Philosophy

As seen in Figure 5.2, a variety of philosophical worldviews exist. These philosophical research ideas influence the practice of research at various levels, ranging from planning to implementation and interpretation (Creswell, 2009). This section illustrates the various branches of the research philosophy, namely positivism or postpositivism, interpretivism or constructivism, advocacy or participatory and pragmatism as outlined in Table 5.1 and as discussed by authors such as Creswell (2009). According to Levin (1988), research philosophy is the belief that the data items which relate to a particular phenomenon should be collected in a certain way. Creswell (2009) urges researchers to be clear in their understanding of the research they seek to undertake by having an excellent knowledge of the philosophical ideas and worldviews that exist, thus enabling them to effectively explain the

reasons why they selected the research methods they have adopted, such as quantitative, qualitative or mixed methods.

Table 5.1: Elements of the main philosophical worldviews

Postpositivism	Constructivism
<ul style="list-style-type: none"> • Determination • Reductionism • Empirical observation and measurement • Theory verification 	<ul style="list-style-type: none"> • Understanding • Multiple participant meanings • Social and historical construction • Theory generation
Advocacy/Participatory	Pragmatism
<ul style="list-style-type: none"> • Political • Empowerment Issue-oriented • Collaborative • Change-oriented 	<ul style="list-style-type: none"> • Consequences of actions • Problem-centered • Pluralistic • Real-world practice oriented

Source: Creswell, 2009: p.6

5.3.1 Post positivism

Post positivism is concerned with the human side of behaviour and attributes in society that can be measured scientifically. This approach entails a more scientific research method which involves data collection and analysis, thus adopting more of quantitative rather than qualitative research approach (Creswell, 2009). As shown in Table 5.1, it involves determination, reductionism, empirical observation and measurement and theory verification. Postpositivism is also called positivist or empirical science and looks at social phenomena analytically, such as laws and analyses of social science phenomena through cause and effect approaches and relationships (Zammito, 2004). It uses quantitative data which can be transferred to statistical data adeptly and then gives meaning to social phenomena (Saunders *et al.*, 2009).

Theorists such as Phillips & Burbules (2000) argue that researchers cannot be “positive” about their claims of knowledge and exclusive understanding when studying human actions and behaviours and hence the need for post positivism, which goes beyond basic positivism approach. Explaining post positivism, Phillips & Burbules (2000) outline the following assumptions as cited by Creswell (2009: 7):

- 1-Knowledge is hypothetical (and anti-foundational). Absolute truth can never be found.
- 2-Research is the process of making claims and then refining or abandoning some of them for other claims which are more strongly warranted.
- 3-Data, evidence and rational considerations shape knowledge.
- 4-Research seeks to develop relevant, true statements, ones that can serve to explain the situation of concern or that describe the causal relationships of interest.
- 5-Being objective is an essential aspect of competent inquiry; researchers must examine methods and conclusions for bias.

Post positivism researchers seek to identify and assess the causal effect relationship, for example, in experiments. It is reductionist in nature because it reduces ideas into smaller ideas for testing, as used in hypotheses and questions used in research, whose results are then subjected to further testing. Numeric measurements and research approaches are hence used to study human behaviour in post positivism. These findings are then compared with acceptable knowledge and laws to determine if new knowledge and understanding has been acquired. This approach starts with theory, followed by data collection, analysis and conclusions to determine if it supports or refutes the theories. This approach creates an opportunity for further testing and review in an endless loop using scientific methods

5.3.2 Constructionism

Constructionism is characterised by understanding multiple meanings generated by multiple participants, constructions based on social and historical factors and theoretical generalisations (Creswell, 2009). It is also referred to as interpretivism or social constructionism. It looks at the human side as sets of their society and focuses mainly on the reasons behind people's actions and behaviours (Charmaz, 2006). Some research considers that positivists may adversely affect the research results, given that the responders did not perhaps understand the research questions or may have lied or given inaccurate information on the research questionnaires (Saunders *et al.*, 2009). Authors such as Denzin & Lincoln (2000), Lincoln & Guba (2000), Neuman (2005) and Sterk & Elifson (2004) suggest that interpretivism is a part of social constructivism in that assumptions, understanding and interpretations of information by individuals, whether researchers or respondents, are developed through the understanding that they possess of the world around them and the one in which they live. Theories and meanings are thus developed based on their experiences in personal, cultural, and historical levels (Creswell, 2009).

This approach uses researchers' and participants' views based on their experiences towards certain objects or things. Given the varied nature of such results, research looks for complex views instead of narrowing meanings to gain a better understanding of the enquiry and the research under review. The questions should be broad and general, preferably mainly open-ended, to help respondents to construct meanings of the situations as developed in relation with others and with their community. Constructivist research can thus be said to address interaction among individuals and the specific contexts in which people live. Researchers need to understand that their cognitions and interpretations are also affected by their own

backgrounds including their personal, cultural, and historical experiences. In this approach, induction should be used to develop a theory or to pattern meaning

5.3.3 Advocacy

Creswell (2009) also identifies the third set of philosophical assumptions used in qualitative research, and also as a foundation for quantitative research, as the advocacy or participatory approach. Under this philosophy, research contains an action agenda which may help to change the lives of the participants and the institutions in which they work. Advocacy research is a voice through which participants can raise their agenda for change and it arose as an alternative to the positivism approach, which is seen as ignoring the under-represented and voiceless individuals in society or ignoring issues on social justice (Neuman, 2005). Atweh & Heirdsfield (2003) argue that participatory studies often begin with an important issue or problem in society and aim to create political debate and discussion leading to change, and are thus, best suited to research approaches that are more encompassing

5.3.4 Pragmatism

The fourth philosophy approved by this research is Pragmatism. This is because it prominence on the study problem rather than the procedures used to distinguish the problem. It is suitable in initiating information about the problem and the research being done. According to Creswell, "*Pragmatism is a problem-centred approach that uses implications of actions to find meanings and explanations of situations, actions, and consequences rather than antecedent circumstances used in post positivism philosophy*" (Creswell, 2009). This viewpoint has been implemented as it is justified for diverse research which includes both quantitative and qualitative approaches. According to pragmatism, the research scholar is

allowed to select the research methods, techniques and procedures that is best to meet their aims. Diverse research method uses a variety of methods to best understand the problem.

In addition to the above reasons, the pragmatism philosophical approach has been adopted by this research because it uses real-world problems and allows a multi-faceted approach to the problems being explored and issues being analysed. The ability to use mixed research approaches was also used in selecting this research philosophy and research methods for this research. Morgan (2007) suggests that this approach is focused on identifying what works and determining solutions to problems, and hence is problem-centred, instead on focusing on approaches and methods.

Denscombe (2008) notes that pragmatism is often identified as the ideal philosophical approach for researchers adopting mixed research methods. This is because pragmatism offers some assumptions and understanding about knowledge and investigation that are core to mixed approach methods. Such assumptions and knowledge differentiate the mixed method approach from either of the other two approaches that are qualitative in nature and adopt constructivism or interpretivism philosophies or the wholly quantitative approaches which are centred on positivism philosophy (Maxcy, 2003; Rallis & Rossman, 2003). Pragmatism philosophy is based on practical community activities thus making it particularly beneficial in the adoption and application of mixed research methods through pragmatic views that enable it to be effective in accommodating the varied and often inconsistent nature of the real life situations which are being researched. Pragmatism also enables the researchers who adopt mixed research approaches to gain insight into research decisions made and the ways in which the research is conducted. Pragmatism affords a synthesis of approaches thereby facilitating the creation of a third option different from the purely qualitative or

quantitative approaches (Tashakkori & Creswell, 2007). These factors also underline the reasons why pragmatism was adopted as a research philosophy in this case.

5.3.5 Realism

Realism, or as it's popularly known, Critical Realism considers the world from three main viewpoints: the actual, the empirical and the reality. Sayer (2000) states that reality is that which exists irrespective of how it has existed or even whether we have an understanding about it or not, or whether we have experienced it or not. Some phenomena can exist whether there is empirical evidence or not or even if we have experienced it or not, hence this implies that the existence of other objects or phenomena does not depend on our existence and that they are independent and detached from our own existence. The main difference between Positivism and Realism is the distinction between what is actual and what is real.

5.4 Research Design

Kerlinger stated that, "*Research design is the setup used by researchers in order to propose the research procedures that exam the hypothesised model and to fuel the authenticity of the research results*". (Kerlinger,1986). As decorated by Creswell, "*A study structure is vital to value the rational ideas used in the compilation of data, its analysis and procedures of analysis and presentation, design of plans and grouping of ideas from literature, permitting the reader to be familiar with the research proposals and practice* (Creswell, 2009)."

5.4.1 Exploratory Research

Exploratory research often presents a primary research investigation that is required in studying the research hypothesis, in investigating the research findings and in fitting the model. Pope et al., (2002) suggest that exploratory research entails qualitative studies which

focus on generating novel insights by using inductive instead of deductive approaches. According to Saunders et al., (2009), the three main methods used in processing exploratory researches are as follows:

The first is a scan of the literature review. This is done with a view to gaining insight into the key concepts of a phenomenon being studied. It is necessary to identify key academic materials in order to gain recent academic views on the topic of Saudization and on the stated research objectives. The second issue concerns academic dialogues with professionals and experts in the main field of research. Engaging in dialogue with other people, who have the necessary skills and experience in a particular area of study, is part of the process of acquisition of knowledge. It is important to engage with others, who have been in a particular field, and to gain their insights into what is being studied. This was an important part of this research because, it was necessary to identify people (including fellow research students, academics at the University and in Saudi Arabia), who have a thorough understanding of the issue and, hence, could contribute understanding and ideas about how to conduct this study. Such information was vital in informing the process of this research.

Thirdly, when using the focus group and interviews with both practitioners and academics in order to gain specialist knowledge into an area of interest, it is vital to include specialists in the aforesaid area. The first step is to know who are the specialists and how to reach them (Saunders et al., 2009). Therefore, it was considered vital to find a team of specialists who could offer insights into key research issues on the topic of this study. By holding a focus group, insights were gained into relevant areas of Saudization; this informed the plan for the collection and management of the data.

5.4.2 Descriptive Research

Descriptive research is used to describe the research phenomena and characteristics in order to form an accurate profile of people or events and situations and to paint a clear picture of the research phenomena. It helps to describe the research phenomena so as to allow the creation of grounded theories and to suggest hypotheses for future research (Saunders *et al.*, 2009). Curry *et al.*, (2009) state that descriptive research seeks to depict a phenomenon within its specific settings and context

5.4.3 Explanatory Researches

In order to explain the research phenomena, researchers establish and describe the research itself and the causal relationship between the research variables (Saunders *et al.*, 2009). Explanatory research can more accurately answer the questions of why, how and what the research phenomena are. It aims to explain the causal-effect relationships in nature (Curry *et al.*, 2009). This approach often brings together the qualitative and quantitative data and augments the research being undertaken (Driscoll *et al.*, 2007). This approach often adopts mixed methods of research, by using all the methods used in qualitative and quantitative approaches to data collection and analysis (Tashakkori & Teddlie, 2003). This research adopts this approach because it enables extensive enquiry and provision of more information while providing pragmatic opportunities for exploring a range of complex research (Driscoll *et al.*, 2007).

5.5 Research Methods

Research methods can be classified into qualitative, quantitative and mixed approaches (Creswell, 2003), as per Figure 6.2. In most studies either both methods or a mixture of both methods is used, subject to what the research wants to achieve and to understand, which

determines the decision about what method to adopt when conducting the research. Such approaches are based on the research questions given.

5.5.1 Qualitative Approach

This kind of research enquiry suits problems that are more complex and include many details. Questions like “Why?” and “How?” in the decision-making are typical applications of a qualitative approach; smaller numbers of participants are therefore usually required. Another view of qualitative methodology is that it is attached to non-numerical factors. Interviews are regarded as one of the main tools of qualitative research methods (Bryman, 2008). It is often focused on the quality criteria by exploring factors such as validity, reliability and generalizability (Onwuegbuzie, 2003).

5.5.2 Quantitative Approach

Quantitative research is another prime research method in social science that is, by contrast, very much related to numbers. Psychology, economics and political science are all disciplines which utilise quantitative research widely. This method is used to test hypotheses and thereby prove or disprove a theory depending upon test outcomes (Creswell, 2007). There are many packages around to help researchers analyse the data in this fashion, such as SPSS, Amos, and LISERL.

The aim of this thesis is to investigate the antecedents of the adoption of Saudization and how this adoption has affected productivity in Saudi Arabia, and therefore whether the adoption of Saudization is a mediating factor in the causal relationship. This aim needs to be measured through the use of both quantitative and qualitative methods. In the following section, the research provides evidence as to how this study employs the two methodologies in the

present research. Pope and Mays (2006) state that qualitative research is based not on specifics but instead on the rough comparability of the quality of data and is focused on the criteria of credibility, dependability and transferability

5.5.3 Quantitative Versus Qualitative Research

Various differences exist between these two prime methods; primarily, qualitative research engages the researcher whereas the quantitative researcher is kept at a distance and thus remains more objective. Secondly, qualitative methods emphasise the language rather than the numbers emphasised in quantitative methods. Qualitative research approaches problems holistically and contextually rather than being isolationist and reductionist. Perhaps the most significant difference is that qualitative methods are used because they suit exploratory research problems better, whereas the quantitative ones are used to test a hypothesis (Bryman, 2008). Table 5.2 demonstrates further differences.

Table 5.2: Differences between quantitative and qualitative research methods

	Quantitative	Qualitative
Strengths	Relatively quick Cheap Simple Offers useful overview Helpful as prelude to qualitative	Greater accuracy Provided facts Results more detailed Greater scope of prediction Margin of error can be calculated
Weaknesses	Subjectivity Higher levels of interpretation and skills required Greater chance of bias through difficulty interpretation of the results	Slower More expensive More complicated Computer analysis often required Lower response rates Closed questions tend to force answers into limited categories

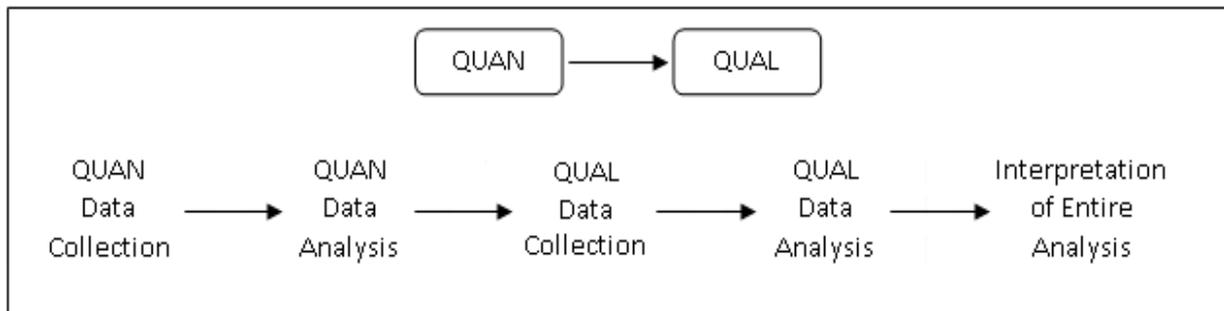
Source: Marsh, 1988: p.34

From the results illustrated in Table 5.2 above, it is evident that both the qualitative and quantitative methods have their advantages and disadvantages and therefore the use of one method alone in research may expose it to bias, which might affect the outcome of the study.

It is important to consider the relative benefits of combining these methods in order to benefit from both the methods.

As mentioned above, the aim of the study needs to be measured by using both quantitative and qualitative methods and in the following section, information will be provided about how the two methodologies were used in the present research. The research uses quantitative data analysis to test the hypotheses and they will be tested through the use of multi-variant models. The multi-variant models will be used in testing the direct relationship between constructs using the computer software SPSS-20. Consequently, the qualitative approach will be used to either explain or confirm the quantitative results. This research design is sequential explanatory in which quantitative research is conducted and analysed first then qualitative research is conducted and analysed consequently. The results of both the quantitative and qualitative approach are integrated as shown in Figure 5.3.

Figure 5.3: Sequential explanatory research



Source: Creswell, 2009

5.5.4 Mixed Method Research

The third approach is the mixed method research, otherwise referred to as MMR or triangulation (Harwell, 2011) and entails a mixture of both the quantitative and qualitative methods (Cameron, 2011). It has become more prominent in the last few years and has developed its own theoretical, philosophical, analytical, practical and methodological

approaches. Onwuegbuzie & Collins (2007) state that a mixed method research approach is a combination of the major strengths of quantitative and qualitative methodologies. Combining these strengths into one single approach widens the prospects of better data capture by increasing the breadth and depth of the research, its scope and thereby the understanding of it (Wisdom et al., 2012). When only one method of data collection is used, often, there might be biased claims that might make it impossible to clearly validate the claims that arise. According to Creswell and Plano (2011), mixed methods can outperform the adoption of either qualitative-only or quantitative-only approaches, especially where multiple sources of data are required to make an informed decision on the research being carried out. It is also ideal where research topics and data required are complex and where multiple phases of research and a variety of types of data are required.

Furthermore, a mixed approach facilitates additional explanations and exploratory undertakings before making generalised conclusions. It has become a more prominent method of choice for researchers and academics in multiple areas making it more acceptable, understandable and applicable (Tashakkori & Teddlie, 2010). It facilitates research by the use of qualitative and quantitative approaches to data collection, analyses and reporting as well as for developing inferences. These are the major reasons that led this research to adopt the mixed methods approach.

In 1970, Denzin stated that triangulation is justified and it was through some of his work that this method gained wider usage (Denzin, 1970, Denzin, 1979, Denzin, 1989). Webb et al, (1966:3) is the one who is credited with making an early reference to the process by stating, “Once a proposition has been confirmed by two or more independent measurement processes, the uncertainty of its interpretation is greatly reduced. The most persuasive evidence comes

through a triangulation of measurement processes.” According to Denzin (1970) there are four main methods of triangulation: data triangulation, investigator triangulation, theoretical triangulation and methodological triangulation.

Methodological triangulation, which entails the use of more than one method in collecting the data and hence the use of more than one method of data items, was also used because of the advantages of MMR (Johnson & Onwuegbuzie, 2004). The use of triangulation in this research is important for the reasons presented above because the use of triangulation allows the elimination of bias that might be synonymous with the focus on one method of data collection and hence analysis. This means that the research will gain from the outcome of validated data that has been tested using both the methods.

The research also adopted this approach because of its ability to adopt the specific guidelines necessary to undertake research using mixed methods or triangulation as suggested by researchers in other literature (Collins et al., 2006; Curry et al., 2009; Creswell, 2010; Creswell & Plano Clark, 2011; Tashakkori & Teddlie, 2010). These frameworks include guidelines set out by Wisdom *et al.*, (2012) on the need to address the challenges of mixed methods, such as the need for research transparency, the need to demonstrate rationality in the decisions made in respect to the research process and the importance of consistency in the process adopted. A further determinant for adopting this model is based on views aired by Sandelowski et al., (2006) and Heyvaert et al., (2013) who argue that MMR offers an excellent opportunity to adopt alternative strategies and methods of data collection while complementing strengths of the models adopted and reducing the weaknesses of adopting one single approach. Wimmer & Dominick (2011:49) also argue in favour of triangulation noting

that “it helps researchers to fully understand the nature of a research problem far much better than using one single model”

5.6 Sampling

As Alf & Lohr (2007) note, a sampling strategy which is adopted in research should be based on the understanding gained regarding the key terms and fundamental principles of the area of study, the kind of sample required and the practicalities of successfully undertaking research with such a sampling strategy in terms of time, costs and accessibility, among others. This research adopted a simple random sampling technique, which is a form of probability sampling. This means that all the organisations had an equal chance of being selected for this research as long as they employed foreign staff in construction work. This research adopted the steps outlined by Yin (2009) for simple sampling which are identification and definition of the population, choice of sample size, population listing, units numbering and categorisation, random number selection and finally sample selection.

A population was defined by outlining the basic principle which was that the organisations employed foreign labour. As a fast growing economy, especially in the construction sector, a number of new companies have grown significantly in the last few years (SAMA, 2013). However, most of the top 25 companies are foreign owned and thus are more likely to hire foreign workers, especially at management level, while also depending heavily on foreign labour for the lowest positions in the construction corporate hierarchy (Al-Sedairy, 2001). It was also found that the main companies involved in the construction sector and those that have been winning the most construction contracts in Saudi Arabia, such as Saudi Oger and Saudi Binladin Group, are family owned firms (Construction Week, 2013). A further check

on the organisations was made by breaking them up into four groups depending on their size in terms of number of staff that they employ. These types of companies are as follows:

- 1-The giant companies, which have 30,000 employees and over
- 2-The large companies with between 10,000 and approximately 30,000 employees
- 3-Medium-sized companies with between 100 and 1,000 employees
- 4-Small companies with 100 employees or less. (These companies were disregarded as they did not meet the primary requirements for organisations hiring international members of staff).

The research employs SEM by AMOS to test the hypotheses. The fit model mainly related to a sample size (Brown, 2006). By reviewing the literature of SEM, this research uses the recommendation of Garson (2009) to reach the optimal sample size. He suggests that the cases/parameter ratio should be 15:1. Saunders *et al.* (2009) state that the acceptable response rate for the delivery and collection of the questionnaires by hand should be between 30-50%. To calculate the actual sample size in this research, the following formula is used (Saunders *et al.*, 2009).

Where:

$$n^a = \frac{n \times 100}{re\%}$$

n^a is the actual sample size.

n is the required sample size

$re\%$ is the estimated response rate expressed as a percentage

A questionnaire was sent out to 930 employs [= (465x100)/ 50%] in the qualifying groups categorised as giant, large and medium-sized organisations in the identified three types of companies. 479 usable questionnaires were collected, with a response rate of 51.5%. It is worth noting that the small-sized companies were ignored because they are not reflective of

the ideal labour market in Saudi Arabia. They were assumed to have limited resources and a lower demand for labour which did not require them to hire international workers. These smaller organisations are also not included in most of the research that deals with overseas workers because they have limited levels of involvement in bigger projects which require huge amounts of labour. Moreover, they are more difficult to identify and research in respect of foreign workers because they are not as effective in record keeping or staff management and have few if any visa applications for overseas workers compared to bigger companies (Saudi Aramco, 2010). Many also hire foreign workers on a part-time basis or in some cases illegally, meaning they do not sponsor them into the country, unlike the bigger companies which hire and sponsor construction workers from overseas hence making it easier to trace the entry of a foreign worker into Saudi Arabia. Since most of the analysis and research could only be effective by understanding how the staff are hired, engaged, retained and the impact of the policies and processes put in place to impact on the Saudization process, it was found unnecessary to concentrate on smaller companies and instead focus on those organisations whose operations have a bigger impact on foreign labour within the Saudi Arabian construction sector.

In addition to focusing on bigger organisations, the population sampling also focused on bigger cities as this is where the major companies are often based. Despite working in many different regions, these companies have headquarters in the big cities and to gain insightful data from the participants, the organisations with offices in the cities were targeted. To test the nature of the research plan and questionnaires, the sample was distributed to the main people within the three types of organisations selected. The distribution was also focused on seeking other information from possible respondents who are directly responsible or who

have knowledge and understanding of the foreign workers' sector and how the construction industry facilitates or hinders Saudization activities and processes. The recipients were:

- 1-The owners and directors of these organisations;
- 2-The managers in the Ministry of Labour and Workers (legislators systems);
- 3-Directors of vocational training centres;
- 4-HR managers in the Ministry of Labour and Workers

As discussed earlier, the current chapter is concerned with the impact of Saudization on Saudi Arabia's city-based construction industries. During a research trip to Saudi Arabia, a list of up-to-date construction companies listed in the Kingdom's Ministry of Labour Forces was acquired. This list of organisations is in the appendix and can be found at the International Labour Office (2010). This list outlines all the organisations that work within the building and construction sector in Saudi Arabia. To ensure the list was competitive and representative, further references and verification of the organisations was made by looking at the 2013 list of the big 25 construction companies (Construction Week, 2013). The organisations to be contacted and the heads and managers of these organisations were selected using a random sample approach as discussed earlier, in order to test the antecedents and effects of the Saudization process

5.7 Research Survey

As noted earlier, the research has adopted mixed research method. In phase one, an exploratory research method was applied in order to explore the nature and processes of Saudization in the construction industry, before attempts were made in phase two to explain how the process has succeeded or failed using an explanatory approach. The variables of this research were adopted by the knowledge gained through the literature review.

The research models were developed and hypotheses testing were carried out using semi-structured questionnaires. To ascertain the face validity and efficacy of questionnaires in terms of design and their ability to answer the research question, a small review was conducted by six academic reviewers in Saudi Arabia. These were mainly academics that have extensive research experience and were in a position to offer advice on areas needing refinement to facilitate more effective data collection and increase the prospects of valid results upon data analysis.

After revising the comments of the feedback received from the validity stage, which focused on questionnaire structure, a pilot phase was launched aimed at the research process and questionnaires using over 25 managers working in the selected construction companies within Saudi Arabia. This pilot phase entailed a number of activities that were aimed at increasing the level of response, the ability of the research subjects to effectively interact with the questionnaires and also to ensure the true data was captured as Creswell (2009) and Denzin & Lincoln (2000) recommend. These steps entailed:

1. The adoption of a translation and back-translation method was adopted in the pilot questionnaire, as recommended by Regmi et al., (2010), to enable respondents whose mother tongue is Arabic to read and understand the questions and produce valid translations. This enabled translation of the questions into Arabic and the answers back to English for the purposes of understanding conversions from English to Arabic and confirming the validity of the form. Though alternative approaches, such as collaborative and iterative translation, were considered as directed by Douglas & Craig (2007), back-translation was adopted for its ease of use and efficiency in this research.

2. I also used the translating-back translation method in order to meet the questionnaire equivalence measurement requirements. Spini (2003) suggests that researchers should ensure that equivalence measurement requirements are suitably ascertained in the questionnaire being adopted and that the translations and related changes retain their original metric equivalence.

The translation process was accomplished by requesting the translation skills of two academic lecturers at Plymouth University who are highly competent in the Arabic language and thus were able to translate the questionnaire into Arabic. In Saudi Arabia, I also sought help from other academics and researchers to ensure that meanings and terminologies retained their original sense and was applicable to both the construction industry and across the cities where the research was to be carried out. The researcher used two independent lecturers and support from other academics and practitioners to translate the Arabic questionnaire into English.

Finally, the two forms were compared and the final changes to the research questionnaire were made. It is thus worth concluding that the questionnaire was refined and made ideal for the research in terms of translation and other forms of modifications by using a translation-back translation technique and a pilot study with professional academic researchers and with the help of Arabic academic examiners in Saudi Arabia and in the UK. These approaches were necessary in preserving the quality of the questionnaire and equality of understanding. These questionnaires were used in the data collection phase of the pilot study and multi-modes of data collection were utilised through drop in and out to collect the data with follow up using phones. The Amos 20 built on SPSS software was employed to achieve the analyses.

5.7.1 The Questionnaire Development

The data collection tool that was adopted was developed from the outcome variables gained from the literature review carried out in the earlier parts of this research. The research questionnaire developed is divided into two parts: the first part describes the personal data of the managers while the second part presents the constructs of the study that are shown in Table 5.3.

These variables shown in Table 5.3 were used in the first version of the questionnaire before the pilot phase of the research was carried out. Upon completion of the pilot phase of this questionnaire, some variables, as discussed in the questionnaire piloting section, were excluded in the final work for validity purposes after running item-total correlation statistics.

The piloting results are shown in detail later in this chapter.

Table 5.3: Constructs of the Study

Constructs	References
Policy and regulations (PL1) Current Saudization policies are easy to follow (PL2) Saudization policies are clear to follow (PL3) Policies and regulations for the private sector facilitate and encourage hiring of locals in Saudization process	Allothman, 2010 ALShehry, 2009 Al-Humaid, 2003
Saudization Facilitators	
(FA1) Saudis perform well at higher level jobs compared to lower level jobs	Chowdhury, 2009
(FA2) The majority of foreigners are less qualified than Saudis for most semi-skilled jobs	Chowdhury, 2009
(FA3) Expanding and promoting quantitative and qualitative in the private sector	Chowdhury, 2009
(FA4) Granting state promotional incentives to private sector institutions that abide by the policy of Saudization	AL-Humaid, 2003
(FA5) Mandating a minimum number of Saudi workers to be adhered to by private sector institutions	AL-Humaid, 2003
Knowledge-Sharing	
(KS1) Knowledge was shared between supervisors and subordinates.	Chen & Huang, 2009
(KS2) Knowledge was shared between colleagues.	Chen & Huang, 2009
(KS3) Knowledge was shared between units.	Chen & Huang, 2009
KS4 The process of exchange of knowledge between employees is easier.	Chowdhury, 2009
Barriers to Saudization	
(SB1) Saudis lack relevant work skills and experience i.e. creativity and patience in jobs.	Albahussain, 2006
(SB2) Foreigners are willing to work for lower pay compared to Saudis	BMI, 2011
(SB3) It is not easy to fill less skilled jobs with Saudis	Alanezi, 2012

(SB4) Foreign workers are more motivated compared to Saudi workers	BMI, 2011
(SB5) Foreigners make organisations more profitable and efficient than Saudis	Alanezi, 2012
(SB6) Low salaries lead to the retention of foreign workers	BMI, 2011 Al-Humaid, 2003
(SB7) The Saudi education system is not equipping citizens with the required skills for the private sector	Torofdar, 2011
Saudization	
(SA1) I have adopted the Saudization programme in my company.	Rocaa et al., 2006)
(SA2) I strongly recommend others to adopt the Saudization programme.	Rocaa et al., 2006
(SA3) Saudi workers accept any job in order to adopt this programme.	(Alshehry, 2009
(SA4) Saudis prefer to work in a mixed work environment with other foreigners	Alothman, 2010
Saudization benefits	
(S1) Saudization gives Saudis more job security than before	Chowdhury, 2009
(S2) It overcomes the limitation of market size	Chowdhury, 2009
(S3) It improves business opportunities inside Saudi Arabia	Chowdhury, 2009
(S4) It provides useful information for the government	Chowdhury, 2009
Productivity	
(PR1)The productivity of Saudi workers is adequate for my company.	AL Shehry, 2009
(PR2) According to my experience, Saudi workers are more productive than non-Saudi workers.	AL Shehry, 2009
PR3) Saudisation reduces organisational costs thus increasing productivity.	SPRING, 2011
(PR4)Productivity of Saudi workers is adequate for private sector	AL Shehry, 2009

5.7.2 Data Collection and Communication Method Characteristics

One of the most important phases in this research is the research process. It involved going out into the field to collect data that is required for the research findings and conclusions which analyse whether the Saudization process in the construction sector has succeeded or failed in the recent past. Data was collected from existing sources to answer the questions of this research and meet its aims and objectives.

Where first-hand information is used to collect data, through participation and observation, this is termed primary data collection (Creswell, 2003). This method of data collection provides the original information that is necessary to understand the nature of the research. For example, by visiting the construction companies and construction sites and both observing and speaking to foreign workers, a better foundation upon which to build the

research was created. Primary data collection was important because it provided insight into the areas of foreign workers in construction sector, an area that has not previously been effectively evaluated. However, because this method can be prone to subjective interpretation or bias, thereby leading to skewed outcomes (Pope and Mays, 2006), this research does not depend heavily on the results of primary research. Instead, the results were used as a guideline towards population selection in order to carry out the second part of the primary research using questionnaires.

Another method of data collection that was used, in multiple levels of this research, guiding the design and implementation of the research, facilitating the development of the questionnaire, identifying the sample population and implementing the primary research, is the secondary research. Secondary research or secondary data collection is the other method of sourcing data that involves the collecting of data from existing sources (Creswell, 2003). The secondary method is especially popular where there are limited resources, there is need for quick results and it is especially useful where previous primary research has been effectively carried out, thereby creating a good library of relevant literature. It is also cheaper compared to primary data collection. Secondary data collection however, can result in analysis problems especially if the researcher has obtained a wide array of opinion from the research. In many studies, it is recommended that both methods of data collection should be involved. In so doing, the research is able to validate the outcomes of each method against the other, and this is what Denzin (1970) called, 'data triangulation'.

This research uses both primary and secondary research processes to come to its conclusions. This was achieved through basic initial research in the period before and soon after the launch of the research question and upon effective literature analysis where the questionnaire

was prepared and presented to respondents. The main data analysed in this research was collected using the primary method and secondary data helped in the development of the questionnaire, formulation of the research, its implementation and subsequent analysis of the data. The information gathered was evaluated through a setup from the survey in order to outline the arbitrary and suitable sample size. Hooper et al, (2008) had suggested that Structural Equation Modelling is appropriate for appraisal which is a reason for the researcher to use.

5.8 Questionnaire Piloting

The pilot study strategy was used in order to investigate the research relationship between the variables and to build the research hypotheses on a more realistic basis (Saunders et al., 2009). The pilot study covered 25 Saudi construction companies distributed over the Kingdom of Saudi Arabia's main cities, namely, Jeddah, Riyadh, Meccah and Medina. Questionnaires were used that had been refined from previous research and using metrics adopted and tested by other research. The pilot phase entailed sending out pilot questionnaires to 25 Saudi middle-level managers. Creswell (2009) suggests that where research entails a survey and a questionnaire, and especially if no theoretical frameworks have been adopted, it is necessary to carry out a pilot study in order to generate feedback on the quality of the research tools used.

The results of the pilot study are used for a number of reasons such as:

1. To help collect the preliminary data.
2. To help formulate and adjust the research questions.
3. To have a preliminary estimation of the validity of the data and outcome of the same.
4. To determine how much time should be allocated in each part of the research process.

5. To enhance the questionnaire while also complementing or extending the questionnaire so as to have the best possible tool for final research (Harwell, 2011).

In this research, it was necessary to conduct this study in order to have preliminary data and processes upon which to build the main research. It provided an opportunity to identify potential pitfalls and difficulties that might arise and hence to take contingency measures to deal with the same.

According to Peat *et al.* (2002), a pilot study can be conducted when carrying out both the qualitative and quantitative research. During this study, the principles that governed the way the questionnaires were administered are given below:

1. The questionnaire in the pilot should be administered in exactly the same way as in the main study.
2. Ensure that the subjects give feedback about the issues of ambiguity that might arise in the course of the research.
3. Ensure that all the questions are responded to and if not, why and how can this be resolved.
4. Ensure that all unnecessary information has been discarded.
5. Ensure that time management is controlled so that time is not wasted.

However, when conducting the pilot study, care must be taken because a pilot study might be misleading and affect the overall research outcomes especially if:

6. Data from the pilot study has been included in the main study.
7. The participants, who were used in the pilot study, are used again and new data collected from them.

5.9 Validity and Reliability

Golafshani (2003) argues that the validity and reliability of research are based on a positivist perspective and they are used in determining if the metrics and questionnaires used are suitable in answering the questions and finding the results of the research. Validity seeks to determine if the research measures what it intends to measure by ensuring that the instruments adopted are ideal for the research while reliability ascertains whether the results can be reproduced under similar circumstances (Stenbacka, 2001). Patton (2002) recommends that all research must ensure that the research tools and metrics are valid and reliable.

This research adopts previous questionnaires, metrics and pilot study as means and processes of ensuring that this research has both validity and reliability. This adoption makes the research trustworthy and the processes possible to reproduce while ensuring that the measurements adopted are relevant and suitable for the study. The use of questions shows that this research is consistent with previous research and also with future research that adopts similar metrics and tools of research (Al-Humaid, 2003; Alothman, 2010; BMI, 2011; Chowdhury, 2009). This makes the research reliable and gives it acceptable levels of rigour and quality necessary in high quality research as recommended by Creswell & Miller (2000) and Davies & Dodd (2002). Adoption of the triangulation of data from different sources and the application of a mixture of qualitative and quantitative methods in data collection, analysis and interpretation, makes this research more valid and reliable.

This research has hence adopted reliable measurement tools which are consistent, thereby facilitating the process and ensuring that the final results are generalizable and dependable and making this research valid and reliable. The adoption of previously used models also

means that there is a greater prospect of measuring what is intended to be measured, and that the metrics and tools adopted give the same results in the various types of measurements adopted by the researcher. This research has adhered to the suggestions of Morse *et al.*, (2002) that research should have verifiable strategies and tools which are applicable and adoptable in future research.

5.10 Policy and Regulation

Table 5.4 shows the reliability statistics of the first construct: policy and regulations of Saudization.

Table 5.4: Policy and Regulation Construct Reliability Statistics

Cronbach's Alpha	No. of Items
0.827	3

The Cronbach's alpha for the Policy and Regulation construct is accepted. This can be seen in the table 5.4, as it brings out the result which shows that Cronbach's Alpha value to be 0.827. This means that the respondents could differentiate the policy and Regulation Reliability Concept.

Table 5.5: Policy and Regulations Construct Item-Total Statistics

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(PL1) Current Saudization policies are easy to follow	.639	.813
(PL2) Saudization policies are clear to follow	.697	.749
(PL3) Policies and regulations for the private sector facilitate and encourage the hiring of locals in Saudization process	.727	.726

From Table 5.5 it is evident that there is no significance in item redundancy and item requests to be removed as the Inter-item correlations for the Policy and Regulation construct's items range from 0.639 to 0.727.

5.11 Productivity

Table 5.6: Productivity Construct Reliability Statistics

Cronbach's Alpha	No. of Items
0.613	4

Table 5.6 demonstrates that the Cronbach's alpha for the Productivity is 0.613. Hair *et al* claims that “Cronbach's alpha and composite reliability should be bigger than 0.7 for reliability to be considered acceptable, 0.80 to be satisfactory and 0.90 is brilliant”. (Hair *et al.* 2010)

Table 5.7: Productivity Constructs Item-Total Statistics

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(PR1) The productivity of Saudi workers is adequate for my company.	.427	.525
(PR2) According to my experience, Saudi workers are more productive than non-Saudi workers.	.642	.398
PR3) Saudization reduces organisational costs thus increasing productivity.	.590	.414
(PR4) Productivity of Saudi workers is adequate for private sector	.133	.824

The Corrected Item-Total Correlation for the item PR4 was redundant because it is 0.133 as it presents in the table above. To enhance Cronbach's alpha PR4 was removed. The results concentered the studies done by Field, Everitt and Skronal. (Field 2009, Everitt and Skronal 2010)

Table 5.8: Productivity construct reliability statistics after item removed

Cronbach's Alpha	No. of Items
0.824	3

It can be interpreted that the Productivity construct engaged in this study has sufficient reliability. This is justified from the Table 5.8 which clearly illustrates that the Cronbach's alpha for the Productivity construct is high (0.824).

Based on evidence from table 5.9 it is expressive that there is no item redundancy and no item needed to be detached. Table 5.9 points out that the Inter-item correlations for the productivity dormant variables' items range from 0.617 to 0.745.

Table 5.9: Productivity Construct Item-Total Statistics after Item Being Removed

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(PR1)The productivity of Saudi workers is adequate for my company.	.617	.821
(PR2) According to my experience, Saudi workers are more productive than non-Saudi workers.	.745	.696
(PR3) Saudization reduces organisational costs thus increasing productivity.	.684	.753

5.11.1. Saudization Benefits

Table 5.10: Saudization Benefits Construct Reliability Statistics

Cronbach's Alpha	No. of Items
0.519	4

The Cronbach's Alpha value denoted in Table 5.10 is 0.519. It demonstrates thin Cronbach's alpha as it is lower than the 0.7 threshold. It can be concluded that the value shows weak Cronbach's alpha for the Saudization benefits.

As we can see from Table 5.11, the Inter-item correlations for the item S4 was redundant and should be removed. The value of Corrected Item-Total Correlation of S4 is 0.027. The Cronbach's alpha was improved once S4 item had been uninvolved. (See Table 9).

Table 5.11: Saudization Benefits Construct Item-Total Statistics

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(S1) Saudization gives Saudis more job security than before	.524	.258
(S2) It overcomes the limitation of market size	.524	.286
(S3) It improves business opportunities inside the Saudi	.453	.340
(S4) It provides useful information for government	-.027	.813

Table 5.12: Saudization Benefits Construct Reliability Statistics after One Item Being Removed

Cronbach's Alpha	No. of Items
.813	3

It can be confirmed from Table 5.12 that the Saudization Benefits construct employed in this study has sufficient reliability. The Cronbach's alpha for the Saudization Benefits latent variable is 0.813. This value is adequate and above the 0.7 advocated thresholds for the Saudization Benefits construct.

Table 5.13: Saudization Benefits Construct Item-Total Statistics after One Item Being Removed

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(S1) Saudization gives Saudis more job security than before	.632	.780
(S2) It overcomes the limitation of market size	.654	.753
(S3) It improves business opportunities inside the Saudi	.709	.697

Based on support from table 5.13 it is expressive that there is no item redundancy and no item needed to be separated. Table 5.13 points out that the Inter-item correlations for the Saudization Benefits variables' items range from 0.632 to 0.709

5.11.2. Saudization Barriers

Table 5.14: Saudization Barriers (lack of skills) Construct Reliability Statistics

Cronbach's Alpha	No. of Items
.904	3

It can be interpreted that the Saudization Barriers (lack of skills) Construct engaged in this study has brilliant reliability. This is guaranteed from the Table 5.14 which clearly illustrates that the Cronbach's alpha for the Saudization Barriers (lack of skills) is very high (0.904).

Table 5.15: Saudization Barriers (lack of skills) Construct Item-Total Statistics

Saudis Lack of Skills	Corrected Item-Total Correlation	Cronbach's Alpha if Item Being Deleted
(SB1) Saudis lack relevant work skills and experience i.e. creativity and patience in jobs	.773	.891
(SB2) Foreigners are willing to work for lower pay compared to Saudis	.799	.870
(SB3) It is not easy to fill less skilled jobs with Saudis	.855	.821

Based on confirmation from table 5.15 it is significant that there is no item redundancy and no item needed to be isolated. Table 5.15 points out that the Inter-item correlations for the Saudization Barriers (lack of skills) Construct variables' items range from 0.773 to 0.855.

5.11.3. Saudization Barriers (Foreign Skill)

Table 5.16: Saudization Barriers (Foreigners' Skills) Reliability Statistics

Cronbach's Alpha	No. of Items
.709	4

It can be inferred that the Saudization Barriers (Foreign Skill) construct engaged in this study has sufficient reliability. This is defended from the Table 5.16 which clearly illustrates that the Cronbach's alpha for the Saudization Barriers (Foreign Skill) construct is high (0.709).

Table 5.17: Saudization Barriers (foreigners' skills) Item-Total Statistics

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(SB4) Foreign workers are more motivated compared to Saudi workers	.810	.428
(SB5) Foreigners make organisations more profitable and efficient than Saudis	.860	.396
(SB6) Low salaries lead to retention of foreign workers	.826	.430
(SB7) The Saudi education system is not equipping citizens with skills for private sector	-.177	.980

As we can see from Table 5.17, the Inter-item correlations for the item SB7 was superfluous and should be removed. (the value of Corrected Item-Total Correlation of S4 is 0.177). The Cronbach's alpha was improved once SB7 item had been removed. (See table 15)

Table 5.18: Saudization Barriers (foreigners' skills) Construct Reliability Statistics after One Item Being Removed

Cronbach's Alpha	No. of Items
.980	3

It can be interpreted that the Saudization Barriers (foreigners' skills) Construct engaged in this study has an excellent reliability. This is assured from the Table 5.18 which clearly points up that the Cronbach's alpha for the Saudization Barriers (foreigners' skills) is very high (0.980).

Table 5.19: Saudization Barriers (foreigners' skills) Item-Total Statistics after One Item Being Removed

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(SB4) Foreign workers are more motivated compared to Saudi workers	.947	.977
(SB5) Foreigners make organisations more profitable and efficient than Saudis	.973	.959
(SB6) Low salaries lead to retention of foreign workers	.950	.975

Based on the confirmation from table 5.19 above, it is considerable that there is no item redundancy and no item needed to be secluded. Table 5.19 points out that the Inter-item correlations for the Saudization Barriers (foreigners' skills) Construct variables' items range from 0.947 to 0.973.

Table 5.20: Saudization Construct Reliability Statistics

Cronbach's Alpha	No. of Items
.701	4

The Cronbach's Alpha value denoted in Table 5.20 is 0.701. It demonstrates an acceptable Cronbach's alpha, as it is higher than the 0.7 threshold.

Table 5.21: Saudization Adoption Construct Item-Total Statistics

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(SA1) I adopt the Saudization programme in my company.	.690	.525
(SA2) I strongly recommend others to adopt the Saudization programme.	.574	.586
(SA3) Saudi workers accept any job in order to adopt this programme.	.679	.528
(SA4) Saudis prefer to work in mixed work environment with other foreigners	.173	.872

From Table 5.21 it can be resolved that the Inter-item correlations for the item SA4 is 0.173 which is redundant and should be removed. The Cronbach's alpha improved after SA4 had been removed.

Table 5.22: Saudization Construct Reliability Statistics after One Item Being Removed

Cronbach's Alpha	No. of Items
.872	3

It can be interpreted that the Saudization Construct Reliability engaged after One Item Being removed in this study has an excellent reliability. This is assured from the Table 5.22 which clearly points up that the Cronbach's alpha for the Saudization Construct Reliability engaged after One Item Being removed is very high (0.980).

Table 5.23: Saudization Construct Item-Total Statistics after One Item Being Removed

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(SA1) I adopt the Saudization programme in my company.	.776	.800
(SA2) I strongly recommend that others adopt the Saudization programme.	.756	.818
(SA3) Saudi workers accept any job in order to adopt this programme.	.731	.839

The Cronbach's alpha enhanced after SA4 had been removed. From Table 5.23 it can be resolved that the Inter-item correlations for the items range from 0.731 to 0.776, indicating no item redundancy and no item needs to be isolated.

5.11.4. Knowledge-Sharing

Table 5.24: Knowledge-sharing Construct Reliability Statistics

Cronbach's Alpha	No. of Items
.596	4

The Cronbach's Alpha value denoted in Table 5.24 is 0.596. It demonstrates an unacceptable Cronbach's alpha as it is lesser than the 0.7 threshold.

Table 5.25: Knowledge-sharing Construct Item-Total Statistics

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(KS1) Knowledge was shared between supervisors and subordinates.	.520	.430
(KS2) Knowledge was shared between colleagues.	.560	.384
(KS3) Knowledge was shared between units.	.592	.363
KS4 The process of exchange knowledge between employees is easier.	-.026	-.829

The Cronbach's alpha improved after KS4 had been deleted. From Table 5.25 it can be resolute that the Inter-item correlation for the item KS4 is 0.026 which is redundant and should be removed.

Table 5.26: Knowledge-sharing Construct Reliability Statistics after One Item Being Removed

Cronbach's Alpha	No. of Items
.829	3

It is incidental that the knowledge-sharing latent variable construct engaged in this study has sufficient reliability. This is defended from the Table 5.26 which clearly illustrates that the Cronbach's alpha for the knowledge-sharing latent variable construct is high (0.829).

Table 5.27: Knowledge-sharing Construct Item-Total Statistics after One Item Being Removed

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(KS1) Knowledge was shared between supervisors and subordinates.	.653	.798
(KS2) Knowledge was shared between colleagues.	.686	.766
(KS3) Knowledge was shared between units.	.727	.724

Based on affirmation from table 5.27 it is considerable that there is no item redundancy and no item needed to be secluded. Table 5.27 points out that the Inter-item correlations for the Knowledge-sharing Construct variables' items range from 0.653 to 0.727.

5.11.5: Saudization Facilities

Table 6.28: FA Construct Reliability Statistics

Cronbach's Alpha	No. of Items
.739	5

The Cronbach's Alpha value indicated in Table 5.28 is 0.739. It demonstrates an acceptable Cronbach's alpha as it is higher than the 0.7 threshold.

Table 5.29: Saudization facilitators Construct Item-Total Statistics

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(FA1) Saudis perform well at higher level jobs compared to lower level jobs	.815	.548
(FA2) The majority of foreigners are less qualified for most semi-skilled jobs than Saudis	.867	.525
(FA3) Expanding and promoting quantitative and qualitative in the private sector	.846	.526
(FA4) Granting state promotional incentives to private sectors institutions that abide to the policy of Saudization	.001	.828
(FA5) Mandating a minimum number of Saudi workers to be abided to by the private sector institutions	.025	.815

As we can see from Table 5.29, the Inter-item correlations for the item FA4=0.001 and FA5=0.025 were redundant and should be removed. The Cronbach's alpha was improved once FA4 and FA5 items had been removed.

Table 5.30: Saudization Facilitators Reliability Statistics after Two Items Being Removed

Cronbach's Alpha	No. of Items
.953	3

It is significant that Saudization Facilitators Reliability Statistics engaged after two Items were removed has sufficient reliability. This is fortified from the Table 5.30 which clearly illustrates that the Cronbach's alpha for the Saudization Facilitators Reliability Statistics engaged after two Items were removed is high (0.953).

Table 5.31: Saudization Facilitators Construct Item-Total Statistics after Two Items Being Removed

	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
(FA1) Saudis perform well at higher level jobs compared to lower level jobs	.903	.928
(FA2) The majority of foreigners are less qualified to do most semi-skilled jobs than Saudis	.931	.909
(FA3) Expanding and promoting quantitative and qualitative in the private sector	.870	.956

Based on affirmation from table 5.31 it is considerable that the Inter-item correlations for the Saudization facilitators (FA) construct's items range from 0.870 to 0.931. Hence there is no item redundancy and no item needed to be secluded. Given the above discussion regarding the pilot study, it can be concluded that the eight constructs were reliable. The pilot study helped to recognise as many problems as possible, and to address them before the final survey was given. The pilot study helped the research to remove items as illustrated above. The questionnaire was redistributed with these four items.

5.12 Personal Interviews

This research has used face-to-face interviews with managers within the Saudi construction industry. It has used the kind of questions that adapt well to assist the questionnaire process. The interviews are designed to help and support the testing of the research hypotheses and generate the research conclusion (Saunders et al., 2009). According to Creswell (2009),

Semi-structured interviews are commonly used to simplify the themes rising from a survey or to shore up interpret quantitative conclusion. Flick (2002) concluded that, the usual aim of a semi-structured interview is often to spotlight on a particular object and its implication.

According to Creswell, qualitative validity do not recognized in the same way as in quantitative research. He added that the validity in a quantitative research refers to the application of specific trials to guarantee the truthfulness of the results. (Creswell, 2009). According to Saunders et al, (2007) argued that in order to let other researchers understand how to reprocess the data collected or to get knowledge through the study, the researcher have to have a notes about the approaches used in their studies, the plan of the research process as while as the methodology (Saunders et al 2007)

Bias from both interviewer and interviewee is an additional issue in interviews. In order to avoid some of these bias Saunders et el. (2007) recommend some methods. Hereby are some of these methods: the exercise and readiness of the interviewer, giving a copy of interview-timetable to your participants from the begging in order to enhance the reliability and the validity of the information, try to developing a good relationships, to whom been interviewed implement an equal technique of dress, have a discussion in a sociable behaviour with the interviewee before start the interview, use a clear and open questions to reduce bias, evade too many theoretical and terms, listening to the interviewee well, ensure that he understood your question and record the whole interview (Saunders et al 2007). The considerations mentioned can also help to guarantee the inner legality of the research. Incorporating the results of the interviews with other data, such as that which is composed through the questionnaire in this study, would likewise help to ensure the validity and reliability of the findings.

5.13. Data Analysis

Various statistical techniques including descriptive statistics, regression and factor analysis have been used for data analysis in various research papers, especially those that have analysed the employment of foreign workers in Saudi Arabia such as Alanezi (2012), Al-Dosary & Rahman, (2005), Fakeeh (2009) and Torofdar (2011). In this study, descriptive statistics and factor analysis methods have been adopted.

5.14 Conclusion

In this chapter, I have discussed the philosophy of the present research and the research methodology employed to achieve the aims and objectives of my research. Such objectives relate to an investigation into the antecedents and impacts of Saudization adoption in Saudi Arabian construction companies. The research methodology is important as it states the process of collecting the data items and how these will be interpreted and also any factors that should be considered during the process. As stated, this research will be based on a pragmatism paradigm where the research is seeking to examine how different variables affect others. The present research uses mixed methods by applying a semi-structured questionnaire as well as personal interviews in order to investigate research relationships. As stated, mixed research methodology was used in order to eliminate the kind of questions that often arise when single methods are used in studies. This gives the study more credibility in terms of the validity of the data and outcomes. The pilot study was completed to investigate the complex nature of the construction sector and its problems in Saudi Arabia. Finally, structured equation modelling underpinned the study in order to model the relationship between Saudization antecedents and consequences. The research will use the link between quantitative and qualitative methods in order to test the research hypotheses and increase the validity and reliability of data collected

CHAPTER 6

Data analyses (QUANTITATIVE FINDINGS)

6.1 Introduction

This chapter describes the quantitative analysis stage of my research project. The research begins with an exploration of basic descriptive statistics and then moves towards factor analysis to identify the research constructs. The chapter then goes on to examine the identified constructs' validity and reliability by conducting confirmatory factor analysis. The last part of this chapter investigates the causal relationships (research hypotheses) among the validated constructs of the study. The chapter depicts the standardised estimates of both measurement and structural model and their fit indices. This is followed by the testing of the research hypotheses as the findings of the structural model are revealed. Direct, indirect and total effects within the research constructs are also discussed.

6.2 Descriptive Statistics

This section discusses descriptive data for the main survey, including the Saudi government's policy and regulations, productivity levels and Saudization benefits, in addition to the following:

8. Saudization barriers
9. Saudization adoption, knowledge-sharing
10. Saudization facilitators and concluded by the construction companies employees' general information

6.2.1 Policy and Regulations

In terms of policy and regulations, Table 7.1 shows that respondents have opinions ranging from ‘Strongly Disagree (3.56) on ‘PL3 ‘The private sector hiring policies can be seen as an obstacle to the Saudization process’ to Strongly Agree (3.72) on ‘PL1 ‘Current Saudization policies are difficult to follow’. Table 6.1 shows the descriptive statistics of policy and regulations of Saudization.

Table 6.1: Descriptive statistics of policy and regulations

Policy and Regulation (PL)	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Mean
	F	%	F	%	F	%	F	%	F	%	
(PL1) Current Saudization policies are easy to follow	51	0.6	56	11.7	70	14.6	100	2.2	202	42.2	3.72
(PL2) Saudization policies are clear to follow	1	1.0	69	14.4	127	26.5	165	4.4	113	23.6	3.65
(PL3) Policies and regulations for private sector facilitate and encourage hiring of locals in Saudization process	12	2.5	66	13.8	139	29.0	164	34.2	89	20.5	3.56

6.2.2 Productivity

Regarding the construct of productivity, Table 6.2 shows that respondents have opinions ranging from ‘Strongly Disagree (4.19) on ‘PR3 ‘Saudi workers are more productive than non-Saudi workers’ to Strongly Agree (4.39) on ‘PR1 ‘The productivity of Saudi workers is adequate for my business’. Table 6.2 shows the descriptive statistics of productivity.

Table 6.2: Descriptive statistics of productivity

Productivity (PR)	SA		A		N		D		SD		Mean
	F	%	F	%	F	%	F	%	F	%	
(PR1) The productivity of Saudi workers is adequate for my company.	5	1.0	9	1.9	37	7.7	1172	35.9	2256	53.4	44.39
PR2) According to my experience, Saudi workers are more productive than non-Saudi workers.	4	0.8	9	0.9	34	7.1	1199	41.5	233	48.6	4.35
PR3) Saudisation reduces organisational costs thus increasing productivity	4	0.8	5	1.0	50	0.4	257	53.7	163	44.19	44.19

6.2.3 Saudization Benefits

Regarding the construct of Saudization benefits, Table 6.3 shows that respondents have opinions ranging from ‘Neutral’ (3.49) on ‘S2 ‘It overcomes the limitation of market size in locally’ to (4.39) on ‘S1 ‘Saudization gives Saudis more job security than before’. Table 6.3 shows the descriptive statistics of Saudization benefits.

Table 6.3: Descriptive Statistics of Saudization Benefits

Saudization Benefits (S)	SA		A		N		D		SD		Mean
	F	%	F	%	F	%	F	%	F	%	
S1) Saudization gives Saudis more job security than before	24	5.0	36	7.5	52	10.9	124	25.9	243	50.7	4.10
S2)It overcomes the limitation of market size in locally	19	4.0	23	4.8	206	43.0	168	35.1	63	13.2	3.49
S3)It improves business opportunities inside the Saudi	12	2.5	19	4.0	86	18	235	49.1	127	6.5	3.93

6.2.4 Saudization Barriers (1)

In relation to Saudization barriers (1) construct, Table 6.4 demonstrates that respondents have opinions **that vary** from ‘Neutral’ (2.74) on SB2 (foreigners are ready to work for lesser pay paralleled with Saudis) to (2.93) on SB1 (Saudis lack significant work skills and understanding i.e. creativity and patience in jobs). Table 6.4 give you an idea about the descriptive statistics of Saudization barriers (1).

Table 6.4: Descriptive Statistics of Saudization Barriers (1)

Saudization Benefits (S)	SA		A		N		D		SD		Mean
	F	%	F	%	F	%	F	%	F	%	
(SB1) Saudis lack relevant work skills and experience i.e. creativity and patience in jobs	89	18.6	75	15.7	153	1.9	104	21.7	58	12.1	2.93
(SB2) Foreigners are willing to work for lower pay compared with Saudis	68	14.2	116	24.2	197	41.1	69	14.4	29	6.1	2.74
(SB3) It is not easy to fill less skilled jobs with Saudis	105	21.9	90	18.8	128	26.7	54	11.3	102	21.3	2.91

6.2.5 Saudization Barriers (2)

In terms of Saudization barriers (2) construct, Table 6.5 demonstrates that respondents have opinions which range from ‘Agree (2.30) on ‘SB4 ‘Foreign workers are more driven compared to Saudi workers’ to (2.47) on ‘SB5 ‘Foreigners make companies more profitable and effective than Saudis.’

Table 6.5: Descriptive Statistics of Saudization Barriers (2)

Saudization Barriers (2) (SB)	SA		A		N		D		SD		Mean
	F	%	F	%	F	%	F	%	F	%	
(SB4) Foreign workers are more motivated compared to Saudi workers	131	27.3	160	33.4	122	25.5	47	9.8	19	4	2.30
(SB5) Foreigners make organisations more profitable and efficient than Saudis	81	16.9	181	7.8	150	31.3	43	9	24	5	2.47
(SB6) Low salaries lead to retention of foreign workers	81	16.9	198	41.3	133	27.8	44	9.2	23	4.8	2.44

6.2.6 Saudization Adoption

Table 6.6: Descriptive Statistics of Saudization Adoption

Saudization Adoption (SA)	SA		A		N		D		SD		Mean
	F	%	F	%	F	%	F	%	F	%	
(SA1) I have adopted the Saudization programme in my company	44	9.2	44	9.2	109	25.5	47	22.8	129	31.1	3.62
(SA2)I strongly recommend that others adopt the Saudization programme.	32	6.7	28	5.8	150	31.3	142	29.6	159	33.2	3.72
(SA3) Saudi workers accept any job in order to adopt this programme.	38	7.9	27	5.6	133	27.8	72	15	194	40.5	3.90

In terms of Saudization adoption (SA) construct, Table 6.6 illustrates that respondents have opinions which range from ‘Disagree (3.62) on ‘SA1 ‘I have adopted the Saudization programme in my company’ to (3.90) on ‘SA3 ‘Saudi workers accept any job in order to adopt this programme’. Table 6.6 shows the descriptive statistics of Saudization adoption.

6.2.7 Knowledge-Sharing

In terms of knowledge-sharing (KS) construct, Table 6.7 illustrates that respondents have opinions which range from ‘Disagree (3.79) on ‘KS2 ‘Knowledge was shared between colleagues’ to (3.91) on ‘KS3 ‘Knowledge was shared between units’. Table 6.7 shows the descriptive statistics of knowledge- sharing.

Table 6.7: Descriptive Statistics of Knowledge-Sharing

Knowledge Sharing (KS)	SA		A		N		D		SD		Mean
	F	%	F	%	F	%	F	%	F	%	
(KS1) Knowledge was shared between supervisors and subordinates.	9	1.9	25	5.2	138	28.8	147	30.7	160	33.4	3.89
(KS2) Knowledge was shared between colleagues.	6	1.3	10	2.1	184	38.4	159	33.2	120	25.1	3.79
(KS3) Knowledge was shared between units.	4	0.8	25	5.2	94	19.1	245	51.1	111	23.2	3.91

6.2.8 Saudization Facilitators

Table 6.8 illustrates that respondents’ opinions regarding the construct of Saudization facilitators range from ‘Neutral (2.66) on ‘FA1 ‘Saudis perform well at higher level jobs compared to lower level jobs’ to (2.71) on ‘FA3 ‘Expanding and promoting quantitative and qualitative in the private sector’. Table 6.8 shows the descriptive statistics of Saudization facilitators.

Table 6.8: Descriptive Statistics of Saudization Facilitators

Saudization Facilitators (FA)	SA		A		N		D		SD		Mean
	F	%	F	%	F	%	F	%	F	%	
(FA1) Saudis perform well at higher level jobs compared to lower level jobs	99	20.7	188	39.2	40	8.4	83	17.3	69	14.4	2.66
(FA2) The majority of foreigners are less qualified for most semi-skilled jobs than Saudis	95	19.8	199	41.5	34	7.1	70	14.6	81	16.9	2.67
(FA3) Expanding and promoting quantitative and qualitative in the private sector	104	21.7	174	36.3	43	9	72	15.0	86	18.0	2.71

6.3 Analysis of Various Descriptive Data

The descriptive data includes those areas cited in Table 6.9: 1) to show the participants' preference regarding Saudi and non-Saudi workers in terms of certain criteria. 2) The second section reports the participants' personal information including gender, age group, educational level, nationality, position, work experience and his/her languages. 3) Section three explores the participants' business operations, number of people employed in his/her company, types of company's ownership, availability of company websites availability, why, company branches, how many and where. 4) Section four begins by asking the participants about the advantages of doing business in Saudi Arabia and future plans to develop the participant's business. Finally the participants were asked if they had any knowledge of employment in the private sector in Saudi Arabia.

Table 6.9: Generic Statistics

	H1	H2	H3	H4	H5	H6	H7	H8	H9	H10	H11	H12
N Valid	479	479	479	479	479	479	479	479	479	479	479	479
Missing	0	0	0	0	0	0	0	0	0	0	0	0
Mean	1.89	.03	.06	.09	.32	.20	.33	.37	.32	.37	.41	.44
Std.Deviation	.751	.658	.619	.645	.581	.741	.649	.757	.740	.833	.737	.706
Skewness	.177	.028	.041	.089	.178	.335	.439	.736	.583	.775	.810	.857
Std. Error of Skewnes	.112	.112	.112	.112	.112	.112	.112	.112	.112	.112	.112	.112
Kurtosis	-1.208	-.678	-.394	-.609	-.622	-1.119	-.711	-.891	-.972	-1.115	-.727	-.546
Std. Error of Kurtosis	.223	.223	.223	.223	.223	.223	.223	.223	.223	.223	.223	.223

Table 6.9 is a summary of section one and reports descriptive data such as the number of valid and missing cases, skewness, kurtosis and an item's mean and standard deviation. The number of valid cases is 479 and the missing data is zero. The first question, regarding the preferences of Saudis, foreigners and both of them, is: "Not leaving work site without permission" and has mean and standard deviation of 1.89 and 0.751. Regarding the second question, "Respect and concern for work regulations", the mean and standard deviation are

2.03 and 0.658 respectively. Those of the third one “Knowledge of foreign language” are 2.06 and 0.619 and the fourth one “Acceptance of less pay” are 2.09 and 0.645. With reference to the fifth question “The workers’ readiness to accept employer’s ‘orders’ the mean and standard deviation are 2.32 and 0.581. The sixth question “Ease of hire” has mean and standard deviation of 2.20 and 0.741.

Question seven on “More productivity in work” has mean and standard deviation of 2.33 and 0.649. Question eight was about “Honesty” and has mean and standard deviation of 2.37, 0.757. While question nine “Good treatment or tact with customers” has mean and standard deviation of 2.32 and 0.740, question ten on “Good appearance” has mean and standard deviation of 2.37 and 0.833. Question eleven was about the participants’ preferences and included Saudis, non-Saudis and both concerning “High level of marketing” and has mean and standard deviation of 2.41 and 0.737. The last question in the first section is “Efficiency of work” which has mean and standard deviation of 2.44 and 0.706. The frequencies of the previous statements will be explored in the following tables.

Table 6.10: Not leaving work site without permission

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	163	34.0	34.0	34.0
Foreigners	204	42.6	42.6	76.6
Both	112	23.4	23.4	100.0
Total	479	100.0	100.0	

From the above table (Table 6.10) we could conclude that, the bulk of respondents (204, 42.6%) explicated that foreigners don't leave the work-site without authorization, though 112 participants (about 23.4%) testified that neither local workers nor foreigners depart the site without approval too.

Table 6.11: Respect and Concern for Work Regulations

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	97	20.3	20.3	20.3
Foreigners	272	56.8	56.8	77.0
Both	110	23.0	23.0	100.0
Total	479	100.0	100.0	

Table 6.11 demonstrates that slightly more than the half of participants (272, 56.8%) stated that, foreigners show respect and concern for work regulations, while less than half of 110 participants, about 23%, reported that both Saudis and foreigners showed respect and concern for work regulations.

Table 6.12: Knowledge of a Foreign Language

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	77	16.1	16.1	16.1
Foreigners	294	61.4	61.4	77.5
Both	108	22.5	22.5	100.0
Total	479	100.0	100.0	

Table 6.12 illustrates that the majority of participants (294, 61.4%) reported that foreigners have knowledge of a foreign language.

Table 6.13: Acceptance of Less Pay

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	79	16.5	16.5	16.5
Foreigners	276	57.6	57.6	74.1
Both	124	25.9	25.9	100.0
Total	479	100.0	100.0	

Table 6.13 shows that the majority of participants (276, 57.1%) reported that, foreigners are more accepting of reductions in salaries, while only 79 participants, about 16.5%, reported that citizens are less accepting of reductions in salaries.

Table 6.14: The Workers' Readiness to Accept Employer's Orders

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	29	6.1	6.1	6.1
Foreigners	270	56.4	56.4	62.4
Both	180	37.6	37.6	100.0
Total	479	100.0	100.0	

Table 6.14 demonstrates that about 270 of participants (56.4%) are more ready to accept an employer's order; while only 29 of Saudi people (6.1%) are ready to accept an employer's order.

Table 6.15: Ease of hiring

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	93	19.4	19.4	19.4
Foreigners	198	41.3	41.3	60.8
Both	188	39.2	39.2	100.0
Total	479	100.0	100.0	

Table 6.15 shows that both foreigners and Saudi citizens (188, 39.2%) are easy to hire. While only 93 (19.4%) participants feel that Saudi citizens are easy to hire.

Table 6.16: More Productivity at Work

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	48	10.0	10.0	10.0
Foreigners	227	47.4	47.4	57.4
Both	204	42.6	42.6	100.0
Total	479	100.0	100.0	

Table 6.16 shows that slightly less than half of the participants (227, 47.4%) reported that, foreigners are more productive in work, while only 48 of the participants, about 10.%, reported that Saudi citizens are more productive in work.

Table 6.17: Honesty

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	81	16.9	16.9	16.9
Foreigners	139	29.0	29.0	45.9
Both	259	54.1	54.1	100.0
Total	479	100.0	100.0	

Table 6.17 illustrates that slightly more than the half of the participants (259, 54.1%) reported that, both Saudi workers and foreigners showed honesty.

Table 6.18: Good Treatment or Tact with Costumers

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	79	16.5	16.5	16.5
Foreigners	169	35.3	35.3	51.8
Both	231	48.2	48.2	100.0
Total	479	100.0	100.0	

Table 6.18 shows that slightly less than half of the participants (231, 48.2%) reported that both Saudi workers and foreigners behave in a good manner towards customers.

Table 6.19: Good Appearance

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	110	23.0	23.0	23.0
Foreigners	83	17.3	17.3	40.3
Both	286	59.7	59.7	100.0
Total	479	100.0	100.0	

Table 6.19 shows that slightly more than half of the participants (286, 59.7%) reported that, both Saudi workers and foreigner workers have a good appearance.

Table 6.20: High Level of Marketing

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	72	15.0	15.0	15.0
Foreigners	140	29.2	29.2	44.3
Both	267	55.7	55.7	100.0
Total	479	100.0	100.0	

Table 6.20 indicates that slightly more than of the half of the participants (267, 55.7%) reported that both foreigners and Saudi people have high levels of marketing skills.

Table 6.21: Efficiency of Work

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Citizens	60	12.5	12.5	12.5
Foreigners	149	31.1	31.1	43.6
Both	270	56.4	56.4	100.0
Total	479	100.0	100.0	

Table 6.21 shows that slightly more than half of the participants (270, 56.4%) reported that both foreigners and Saudi people are efficient in their work.

Table 6.22: Generic Statistics

	Please select your gender	Age Group	Education level	What is your nationality?	Our position in this company	Work experience	English	Arabic	Others
N Valid	Valid	79	79	79	79	79	79	79	79
Missing	Missing	0	0	0	0	0	0	0	0
Mean	1.99	.59	3.28	2.96	3.15	2.83	.67	.95	.19
Std. Deviation	.102	.952	1.040	2.068	2.056	.876	471	227	394
Skewness	-9.664	-.231	.178	1.084	.390	.457	.726	3.947	.568
Std. Error of Skewness	.112	.112	.112	.112	.112	.112	.112	.112	.112
Kurtosis	91.778	-.430	-.660	.280	-1.535	.293	1.479	3.635	462
Std. Error of Kurtosis	.223	.223	.223	.223	.223	.223	.223	.223	.223

Table 6.22 summarises the descriptive data in section two including the number of valid and missing cases, skewness, kurtosis and an item's mean and standard deviation. The number of valid cases is 479 and the missing data is zero. The first question, regarding the participants' gender has mean and standard deviation of 1.99 and 0.751.

Regarding the second question, about the participants' age, has mean and standard deviation of 3.59 and 0.952. The third one was about their educational level and has mean and standard deviation of 3.28 and 1.040. The fourth question is about the participants' nationality and has mean and standard deviation of 2.95 and 2.068. With reference to the fifth question which asked about the participants' position in their company, this has mean and standard deviation of 3.51 and 2.056. The sixth question, which asked about work experience, has mean and standard deviation of 2.83 and 0.876. The seventh question asked about the participants' language: (7a) English has mean and standard deviation of 1.67 and 0.471. Question (7b) was about Arabic and has mean and standard deviation of 1.95 and 0.227. While question (7c) was about other languages and has mean and standard deviation of 1.19 and 0.394

Table 6.23: Gender of Respondents

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Female	5	1.0	1.0	1.0
Male	474	99.0	99.0	100.0
Total	479	100.0	100.0	

Table 6.23 shows that the majority of participants (474, 99%) are male, while only 5 participants (1%) are female

Table 6.24: Age Group of Respondents

Table 6.24 indicates that 169 of participants (35.3%) were between 31 and 35 years, while only 7 participants, about 1.5%, were less than 20 years

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid less than 20years	7	1.5	1.5	1.5
From 21 to 24 years	49	10.2	10.2	11.7
From 25 to 30 years	165	34.4	34.4	46.1
From 31 to 35 years	169	35.3	35.3	81.4
Above 36 years	89	18.6	18.6	100.0
Total	479	100.0	100.0	

Table 6.25: Education Level of Respondents

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Primary School	10	2.1	2.1	2.1
Secondary School	104	21.7	21.7	23.8
Higher Education	180	37.6	37.6	61.4
Postgraduate Studies	113	23.6	23.6	85.0
Doctorate	70	14.6	14.6	99.6
Others	2	.4	.4	
Total	479	100.0	100.0	100.0

Table 6.25 shows that more than a quarter of the participants (180, 37.6%) have been in higher education, while only 10 participants (about 2.1%) have only finished their primary education. In addition only 2 participants have been fallen on others level.

Table 6.26 demonstrates that the largest categories when it comes to the nationality of participants (155, 32.4%), followed by the Egyptian employees (140, 29.2%), while only 2 participants (about 0.4%) are Sudanese.

Table 6.26: Nationality of Respondents

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Sudanese	155	32.4	32.4	32.4
Palestinian	68	14.2	14.2	46.6
Egyptian	140	29.2	29.2	75.8
Syrian	25	5.2	5.2	81.0
Lebanon	12	2.5	2.5	83.5
Indian	22	4.6	4.6	88.1
Pakistani	43	9.0	9.0	97.1
Yemen	12	2.5	2.5	99.6
Sudanese	2	.4	.4	
Total	479	100.0	100.0	100.0

Table 6.27: Respondents' Position in Company

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Administrative Employee	151	31.5	31.5	31.5
Technical Department Manager	95	19.8	19.8	51.4
New Manager	60	12.5	12.5	63.9
Premier Manager	8	1.7	1.7	65.6
Temporary Employees	32	6.7	6.7	72.2
Others	133	27.8	27.8	
Total	479	100.0	100.0	100.0

Table 6.27 illustrates that the most common company position of respondents was administrative employee (151, 31.5%), followed by other positions (133, 27.8%), while only 8 participants (about 1.7%) are working as premier managers

Table 6.28: Respondents' Work Experience

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Less than one year	18	3.8	3.8	3.8
From 1 to 5 years	154	32.2	32.2	35.9
From 6 to 10 years	224	46.8	46.8	82.7
From 11 to 15 years	59	12.3	12.3	95.0
More Than 16 years	24	5.0	5.0	100.0
Total	479	100.0	100.0	

Table 6.28 shows that just under half of the participants (46.8%) had between 6 to 10 years' work experience, 32.2% had between 1 and 5 years' experience, while the smallest category (about 5%) had more than 16 years' experience.

Table 6.29: Respondents' Language Proficiency in English

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid NO	158	33.0	33.0	33.0
Yes	321	67.0	67.0	100.0
Total	479	100.0	100.0	

Table 6.29 shows that the majority of participants, about 321 (67%), reported that they speak English, while 158 participants (about 33%) reported that they could not speak English.

Table 6.30 demonstrates that the majority of participants, about 453 (94.6%), reported that they can speak Arabic, while only 26 participants (about 5.4%) reported that they could not speak Arabic

Table 6.30: Respondents' Proficiency in Arabic Language

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
No	26	5.4	5.4	5.4
Yes	453	94.6	94.6	100.0
Total	479	100.0	100.0	

Table 6.31: Respondents' Proficiency in Other Languages

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
No	387	80.8	80.8	80.8
Yes	92	19.2	19.2	100.0
Total	479	100.0	100.0	

Table 6.31 indicates that the majority of participants, about 387 (80.8%), reported that they are able to speak other languages besides Arabic and/or English, while 92 participants (about 19.2%) reported that they are not able to speak any other languages apart from Arabic and/or English.

7.3.1 Business Profile and Operations.

Table 6.32 summarises the descriptive data in section three which include the number of valid and missing cases, skewness, kurtosis and an item's mean and standard deviation. The number of valid cases is 479 and the missing data is zero. The first question is about, business operations in Saudi Arabia, and has mean and standard deviation of 3.58 and 0.958.

Table 6.32: Generic Statistics

	Business Operation in Saudi Arabia	Number of people employed	Your company's ownership	Does your company have a website?	If yes to Question 4, what does your company mainly use it for?	Does your company have any branches?	How many branches does your company have?
N Valid	479	479	479	479	479	479	479
Missing	0	0	0	0	0	0	0
Mean	3.58	3.75	3.60	1.40	4.38	1.94	3.55

Std. Deviation	.958	.698	.927	.503	1.200	.308	.897
Skewness	-2.073	-3.067	-1.738	.662	-1.602	.673	-1.763
Std. Error of Skewness	.112	.112	.112	.112	.112	.112	.112
Kurtosis	2.617	8.632	1.809	-.444	1.078	28.254	1.668
Std. Error of Kurtosis	.223	.223	.223	.223	.223	.223	.223

Regarding the second statement concerning the number of people employed in his/her company; this has mean and standard deviation of 3.75 and 0.698. The third one is the company's ownership, which has mean and standard deviation of 3.60 and 0.927. The fourth question about the availability of the company's website has mean and standard deviation of 1.40 and 0.503. With reference to the fifth question which asked about the usability of the company's website, this has mean and standard deviation of 4.38 and 1.200. The sixth question asked about the availability of the company's branches and has mean and standard deviation of 1.94 and 0.308. The last statement asked about how many branches the company has and this has mean and standard deviation of 3.55 and 0.897. The frequencies of the previous statements will be explored as follows:

Table 6.33: Business Operations in Saudi Arabia

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
From 0 to 5 Years	47	9.8	9.8	9.8
From 6 to 10 Years	20	4.2	4.2	14.0
From 11 to 15 Years	18	3.8	3.8	17.7
More Than 16 Years	394	82.3	82.3	100.0
Total	479	100.0	100.0	

Table 6.33 shows that the majority of the participants had business operations in Saudi Arabia for more than 16 years (82.3%), while only 18 (3.8%) participants reported that their business had been operating in Saudi Arabia between 11 and 15 years.

Table 6.34: Number of People Employed

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
From 1 to 50 Employees	21	4.4	4.4	4.4
From 51 to 100 Employees	9	1.9	1.9	6.3
From 101 to 200 Employees	37	7.7	7.7	14.0
More Than 200 Employees	412	86.0	86.0	100.0
Total	479	100.0	100.0	

Table 6.34 shows that the majority of the 412 participants (86%) have more than 200 employees, while only 9 participants (1.9%) reported that their company had between 51 and 100 employees.

Table 6.35: Company Ownership

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Limited Responsibility	28	5.8	5.8	5.8
A Joint Company	53	11.1	11.1	16.9
A Governmental Company	12	2.5	2.5	19.4
Private Company	375	78.3	78.3	97.7
Others	11	2.3	2.3	100.0
Total	479	100.0	100.0	

Table 6.35 illustrates that the majority of the 375 participants (78.3%) reported that their company is in private ownership, while only 12 participants (2.5%) reported that their company is a public sector company under government ownership. Moreover, 11 participants (2.3%) stated that the company's ownership was classed as 'other'.

Table 6.36: Availability of Company Website

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid NO	290	60.5	60.5	60.5
Yes	189	39.5	39.2	99.8
Total	479	100.0	100.0	

Table 6.36 indicates that more than the half of the participants (290 60.5%), reported that their company did not have a website, while 188 participants (about 39.5%) reported that their company did have a website

Table 6.37: Usage of Company Website

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Marketing	14	2.9	2.9	2.9
Exchange Ideas with Other Partner	65	13.6	13.6	16.5
Buy and Sell Goods	3	.6	.6	17.1
Speed Communication	46	9.6	9.6	26.7
All the Previous	345	72.0	72.0	98.7
Others	6	1.3	1.3	100.0
Total	479	100.0	100.0	

Table 6.37 illustrates that the majority of the 375 participants (78.3%) reported that their companies use the websites in all previous (marketing, exchanging ideas with other partners, buying and selling goods and speedy communication). Only 3 participants (0.6%) claimed that they only use their websites for buying and selling goods.

Table 6.38: Information regarding company other branches

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid NO	35	7.2	7.1	7.1
Yes	444	92.8	92.5	99.6
Total	479	100.0	100.0	

Table 6.38 indicates that the majority of the participants (444, 92.8%), reported that their companies had other branches, while only 35 participants (about 7.2%) reported that their companies did not have other branches.

Table 6.39: Number of Company Branches

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Less than 2 Branches	26	5.4	5.4	5.4
From 3 to 5 Branches	55	11.5	11.5	16.9
From 6 to 10 Branches	28	5.8	5.8	22.8
More Than 10 Branches	370	77.2	77.2	100.0
Total	479	100.0	100.0	

Table 6.39 shows that the majority of the participants worked for companies which have more than 10 branches (370, 77.2%), while only 26 participants reported that their company has less than two branches (5.4%)

6.3.2 Advantages and Future of Doing Business in Saudi Arabia

Table 7.40: Generic Statistics

	Jeddah	Riyadh	Middle-East	Mecca	Other
Valid	479	479	479	479	479
Missing	0	0	0	0	0
Mean	1.64	1.22	1.11	1.39	1.18
Std. Deviation	.507	.419	.319	.501	.417
Skewness	-.084	1.447	2.424	.701	2.858
Std. Error of Skewness	.112	.112	.112	.112	.112
Kurtosis	.090	.358	3.892	-.376	14.479
Std. Error of Kurtosis	.223	.223	.223	.223	.223

Table 6.40 summarises the descriptive data in section four which include the number of valid and missing cases, skewness, kurtosis and an item's mean and standard deviation. The number of valid cases is 479 and the missing data is zero. The question is about where a company's branches are based. For example, the city of Jeddah" has mean and standard deviation of 1.64 and 0.507.

This is followed by Riyadh which has mean and standard deviation of 1.22 and 0.419. The third one is the Middle-East of Saudi Arabia which has mean and standard deviation of 1.11 and 0.319. The fourth one is Mecca, which has mean and standard deviation of 1.39 and 0.501. The last category is "other places" which has mean and standard deviation of 1.18 and .417. The frequencies of the previous statements will be explored as follows:

Table 6.41: Company Branches in Jeddah

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid No	178	37.2	37.2	37.2
Yes	301	62.8	62.4	99.6
Total	479	100.0	100.0	

Table 6.41 shows that more than two-thirds of the participants (301, 62.8%) reported that their companies have branches in the city of Jeddah, while 178 participants (37.2%) reported that their companies did not have branches in Jeddah.

Table 6.42: Company Branches in Riyadh

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid NO	375	78.3	78.3	78.3
Yes	104	21.7	21.7	99.8
Total	479	100.0	100.0	

Table 6.42 shows that more than two thirds of the participants (375, 78.3%) reported that their companies did not have branches in the city of Riyadh, while 104 participants (21.7%) reported that their companies had branches in the city of Riyadh.

Table 6.43: Company Branches in Middle-East of Saudi Arabia

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid NO	424	88.5	88.5	88.5
Yes	55	11.5	11.5	100.0
Total	479	100.0	100.0	

Table 6.43 shows that the majority of the participants (424, 88.5%) reported that their companies did not have branches in the Middle-East of Saudi Arabia, while 55 participants (11.5%) reported that their companies had branches in the Middle-East of Saudi Arabia.

Table 6.44: Company Branches in Mecca

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid NO	294	61.4	61.4	61.4
Yes	185	38.6	38.6	99.8
Total	479	100.0	100.0	

Table 6.44 shows that about more than half of the participants (294, 61.4%) reported that their companies do not have branches in the city of Mecca, while 185 participants (38.6%) reported that their companies had branches in the city of Mecca.

Table 6.45 shows that the majority of the participants (395, 82.5%) reported that their companies did not have branches in other places, while 84 participants (17.5%) reported that their companies had branches in other places in Saudi Arabia

Table 6.45: Company Branches in Others Cities of Saudi Arabia

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid NO	395	82.5	82.5	82.5
Yes	84	17.5	17.5	99.8
Total	479	100.0	100.0	

6.3.3 Respondents' Knowledge of the employment in the private sector in Saudi Arabia

Table 6.46: Generic Statistics

	What are the advantages of doing business in here?	What is your experience of business in recent years?	What are the future plans to develop your business if any?	Do you have any knowledge of employment opportunities in the private sector?
N Valid	479	479	479	479
Missing	0	0	0	0
Mean	4.15	3.20	3.24	2.39
Std. Deviation	1.294	.759	1.310	.628
Skewness	-1.456	-.431	-.460	-.335
Std. Error of Skewness	.112	.112	.112	.112
Kurtosis	.786	-.723	-1.040	-.160
Std. Error of Kurtosis	.223	.223	.223	.223

Table 6.46 summarises the descriptive data in section four which includes the number of valid and missing cases, skewness, kurtosis and an item's mean and standard deviation. The number of valid cases is 479 and the missing data is zero. The first question is about the advantages of doing business here, which has mean and standard deviation of 4.15 and 1.294. The second question asked about the participant's experience of business in recent years which has mean and standard deviation of 3.20 and 0.759. The third question asked about the future plans to develop the business, if any, which has mean and standard deviation of 3.24 and 1.310. The last question was about the participants' knowledge of the employment opportunities in the private sector which has mean and standard deviation of 2.39 and 0.628.

Table 6.47: Advantages of Doing Business in Saudi Arabia

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid Economics and Job Skills	42	8.8	8.8	8.8
Geography	35	7.3	7.3	16.1
Governmental Support	13	2.7	2.7	18.8
Low Tax	110	23.0	23.0	41.8
Total	479	100.0	100.0	

Table 6.47 illustrates that slightly more than a half of the participants (279, 58.2%) reported that the advantages of doing business in such place is to ease communications with other cities. Followed by 110 (23%) of the participants who stated that the advantage of doing business in other places (Jeddah and Mecca for example) is to lower tax. While only 13 participants (2.7%) reported that the advantage is to get governmental support.

Table 6.48 demonstrates that slightly less than half of the participants (237, 49.5%) reported that future plans to develop the business were to improve the quality control system. Next, 98 (20.5%) of the participants stated that improving marketing strategy is one of their future plans for developing the company's business. While only four participants (8%) reported that there are other plans to develop the company's business.

Table 6.48: Future plans to develop business

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Improve Information Technology	69	14.4	14.4	14.4
Improve Marketing Strategy	98	20.5	20.5	34.9
No Future Plan	21	4.4	4.4	39.2
Improve Quality control System	237	49.5	49.5	88.7
Human Resources Development	50	10.4	10.4	99.2
Others	4	.8	.8	100.0
Total	479	100.0	100.0	

Table 6.49 shows that slightly less than half of the participants (224, 47%) reported that they had knowledge of employment opportunities in the private sector. Almost the same number

of participants (220, 45.9%) stated that they had a little knowledge of employment opportunities in the private sector

Table 6.49: Respondents' knowledge of employment opportunities in the private sector

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
I Have no knowledge	34	7.1	7.1	7.1
Yes I have a clear knowledge	224	47.0	46.8	53.9
Yes, but I have a little	220	45.9	45.9	99.8
Total	479	100.0	100.0	

6.4 Factor Analysis

Factor analysis is a technique used to identify a cluster of variables in a data set (Field, 2009). Running factor analysis in SPSS helps to define the structure of a set of variables and how it matches a pre-set structure by the researcher. After excluding the variables found that were uncorrelated to specific constructs during the questionnaire piloting, 24 items were included in the factor analysis. Checking the adequacy of sampling, Table 6.50 shows that The Kaiser-Meyer-Olkin measure revealed a value of 0.757 which is considered middling analysis and variables are valid for factor analysis. Examining the validity of initial validity of variables to proceed with factor analysis, Bartlett's test of sphericity was used, and Chi-square value is 5001.027, $df = 276$, and $p < 0.001$, meaning that initial variables are uncorrelated and reject the null hypothesis that the correlation matrix is an uniqueness matrix, consequently it is possible to proceed with the analysis.

Table 6.50: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.757
Bartlett's Test of Sphericity	Approx. Chi-Square	5001.027
	Df	276
	Sig.	.000

Moving to the communalities of variables revealed in factor analysis, Table 6.50 depicts the values of communities of all variables. Communalities refer to the amount of variance

explained by each variable. The communalities are an indicator of the variables' contribution to total variance explained. Low contribution should be excluded from analysis to avoid problematic representation of factors. The Principle Component Analysis is the extraction method used in analysis. It is clear from Table 6.50 that the lowest communality value is 0.629 for the variable 'Saudization overcomes the limitation of market size in locally'. Therefore no variables are candidates for deletion.

Looking at Table 6.51 and using the geometric technique 'Varimax' as a rotation method, the factor analysis revealed eight factors retained from the original 24 variables. Eigenvalues > 1 is the criteria used to retain the factors. The eight uncorrelated factors explain 73.86% of the information contained in the original 24 variables. The variance of each component is its Eigenvalue divided by the total number of variables

To indicate the structure of a rotated matrix of factors, Table 6.53 shows the eight retained factors and their correlated variables. Retained factors can be described statistically as follows:

$$f_1 = \alpha_{1,1} v_1 + \alpha_{1,2} v_2 + \alpha_{1,3} v_3 + \dots + \alpha_{1,i} v_i$$

Where: $\alpha_{1,1}$ V_1 is the coefficient for factor 1 on variable 1,

$\alpha_{1,2}$ V_2 is the coefficient for factor 1 on variable 2 and so on.

According to this rule, the eight retained factors in Table 7.53 can be described as follows:

Facilitators of Saudization = 0.940 the majority of foreigners are less qualified to most semi-skilled jobs than Saudis + 0.926 Saudis perform well at higher level jobs compared to lower level jobs + 0.925 expanding and promoting quantitative and qualitative in the private sector.

Policies and regulations = 0.878 current Saudization policies positively affecting its adoption + 0.867. The private sector hiring policies can be seen as helping the Saudization process + 0.843 Saudization policies are strict to support Saudization adoption.

Motivation barriers to Saudization= 0.886. It is not easy to fill less skilled jobs with Saudis + 0.855 Saudis lack relevant work skills and experience + 0.840 foreigners are willing to work for lower pay as compared to Saudis.

Knowledge-sharing= 0.827 Knowledge was shared between colleagues + 0.807) Knowledge was shared between supervisors and subordinates + 0.803 the Knowledge was shared between units

Lack of skills barriers to Saudization= 0.868 Foreign workers are more motivated compared to Saudi workers + 0.796 Foreigners make organisations more profitable and efficient than Saudis + 0.786 Low Salaries. Saudization adoption= 0.813 I strongly recommend others to adopt the Saudization programme. + 0.802 I have adopted the Saudization programme in my company + 0.775 Saudi workers accept any job in order to adopt this program.

Table 6.51: Communalities

Variables	Initial	Extraction
PL1. Current Saudization policies positively affecting its adoption	1.000	.802
PL2. Saudization policies are strict to support Saudization adoption	1.000	.762
PL3. Policies and regulations for private sector facilitate and encourage hiring of locals in Saudization process	1.000	.779
PR1. The productivity of Saudi workers is adequate for my company	1.000	.695
PR2. According to my experience, Saudi workers are more productive than non-Saudi workers	1.000	.700
PR3. Saudisation reduces organisational costs thus increasing productivity.	1.000	.659
S1. Saudization gives Saudis more job security than before.	1.000	.695
S2. It overcomes the limitation of market size in locally	1.000	.629
S3. It improves business opportunities inside the Saudi market	1.000	.744
SB1. Saudis lack relevant work skills and experience i.e. creativity and patience in jobs	1.000	.764
SB2. Foreigners are willing to work for lower pay compared to Saudis	1.000	.743
SB3. It is not easy to fill less skilled jobs with Saudis	1.000	.801
SB4. Foreign workers are more motivated compared to Saudi workers	1.000	.655
SB5. Foreigners make organisations more profitable and efficient than Saudis	1.000	.777
SB6. Low salaries lead to retention of foreign workers	1.000	.661
SA1. I have adopted the Saudization programme in my company.	1.000	.683
SA2.) I strongly recommend that others adopt the Saudization programme.	1.000	.743
SA3. Saudi workers accept any job in order to adopt this programme.	1.000	.647
KS1. Knowledge was shared between supervisors and subordinates.	1.000	.667
KS2. Knowledge was shared between colleagues	1.000	.708
KS3. Knowledge was shared between units.	1.000	.695
SF1. Saudis perform well at higher level jobs compared to lower level jobs	1.000	.905
SF2. The majority of foreigners are less qualified to do most semi-skilled jobs than Saudis i.e. plumping and mechanical jobs	1.000	.919
SF3. Expanding and promoting quantitative and qualitative in the private sector	1.000	.894

Table 6.52: Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.649	19.369	19.369	4.649	19.369	19.369	2.731	11.377	11.377
2	2.318	9.658	29.027	2.318	9.658	29.027	2.359	9.831	21.208
3	2.154	8.974	38.002	2.154	8.974	38.002	2.298	9.575	30.783
4	1.951	8.130	46.132	1.951	8.130	46.132	2.093	8.719	39.502
5	1.828	7.616	53.748	1.828	7.616	53.748	2.083	8.680	48.182
6	1.704	7.100	60.847	1.704	7.100	60.847	2.074	8.643	56.826
7	1.675	6.979	67.826	1.675	6.979	67.826	2.049	8.539	65.365
8	1.449	6.036	73.862	1.449	6.036	73.862	2.039	8.497	73.862
9	.697	2.905	76.767						
10	.625	2.604	79.371						

11	.531	2.214	81.585						
12	.529	2.204	83.789						
13	.481	2.006	85.795						
14	.454	1.890	87.685						
15	.427	1.780	89.464						
16	.378	1.577	91.041						
17	.368	1.535	92.576						
18	.341	1.421	93.997						
19	.311	1.297	95.294						
20	.300	1.251	96.545						
21	.295	1.229	97.774						
22	.271	1.128	98.902						
23	.152	.634	99.537						
24	.111	.463	100.000						

Table 6.53: Rotated component matrix

Variables	Construct	Component							
		1	2	3	4	5	6	7	8
The majority of foreigners are less qualified than Saudis to do most semi-skilled jobs i.e. plumbing jobs	Facilitators of Saudization	.940							
Saudis perform well at higher level jobs compared to lower level jobs		.926							
Expanding and promoting quantitative and qualitative in the private sector		.925							
Current Saudization policies affecting its adoption	Policies and regulations		.878						
The private sector hiring policies help Saudization			.867						
Saudization policies are strict to support Saudization			.843						
It is not easy to fill less skilled jobs with Saudis	Motivation barriers of Saudization			.886					
Saudis lack relevant work skills and experience i.e. creativity and patience in jobs				.855					
Foreigners are willing to work for lower pay compared to Saudis				.840					
Knowledge was shared between colleagues.	Knowledge-sharing				.827				
Knowledge was shared between supervisors and subordinates.					.807				
Knowledge was shared between units					.803				

Foreign workers are more motivated compared to Saudi workers	Lack of skills barriers of Saudization					.868			
Foreigners make organisations more profitable and efficient than Saudis						.796			
Low Salaries						.786			
I strongly recommend that others adopt the Saudization programme.	Saudization adoption					.813			
I have adopted the Saudization programme in my company.						.802			
Saudi workers accept any job in order to adopt this programme.						.775			
According to my experience, Saudi workers are more productive than non-Saudi workers.	Productivity							.823	
The productivity of Saudi workers is adequate for my company.								.821	
Saudisation reduces organisational costs thus increasing productivity.								.792	
It improves business opportunities in Saudi market	Benefits of Saudization								.833
Saudization gives Saudis more job security									.824
It overcomes the limitation of market size in locally									.764

Productivity= 0.823 According to my experience, Saudi workers are more productive than non-Saudi workers + 0.821. The productivity of Saudi workers is adequate for my company. + 0.792 Saudisation reduces organisational costs thus increasing productivity.

Benefits of Saudization= 0.833 it improves business opportunities in Saudi market + 0.824 Saudization gives Saudis more job security + 0.764 it overcomes the limitation of market size in locally.

6.5 The Measurement Model (Confirmatory factor analysis)

The measurement model is the step prior to the structural model. The measurement model aims to evaluate the validity and reliability of new constructs of the model (Hair et al., 2006). For the model as a whole, fit indexes are divided into absolute fit indexes and incremental fit indexes (Hooper et al., 2008). Absolute fit indexes determine how well the model fits the sample data; it includes Chi-square (χ^2) and χ^2/df , root mean square error of approximation

(RMSEA), Goodness-of-Fit Index (GFI) and Adjusted GFI (AGFI), Root Mean Square Residual (RMR), and Standardised RMR (SRMR). Incremental fit indexes compare the Chi-square value to a baseline model. These indices include the Normed Fit Index (NFI), the Comparative Fit Index (CFI), the Incremental Fit Index (IFI) and the Tucker-Lewis Index (TLI) which are recommended it is recommended should be reported in SEM results (Schreiber et al., 2006, Crowley et al., 2000). Hooper et al. (2008) recommended the reporting of Chi-square statistics, RMSEA, and SRMR where these indices are found to be the utmost insensitive to sample size, model misspecification and parameter estimates. GFI and AGFI were added to the aforementioned indices to measure the model fit in this study. Running the confirmatory factor analysis, Table 6.54 shows the revealed fit indices in the analysis using AMOS (ver. 19). It is clear that the model fit indices are satisfactory and within the target values which mean the model has reasonable fit of the data.

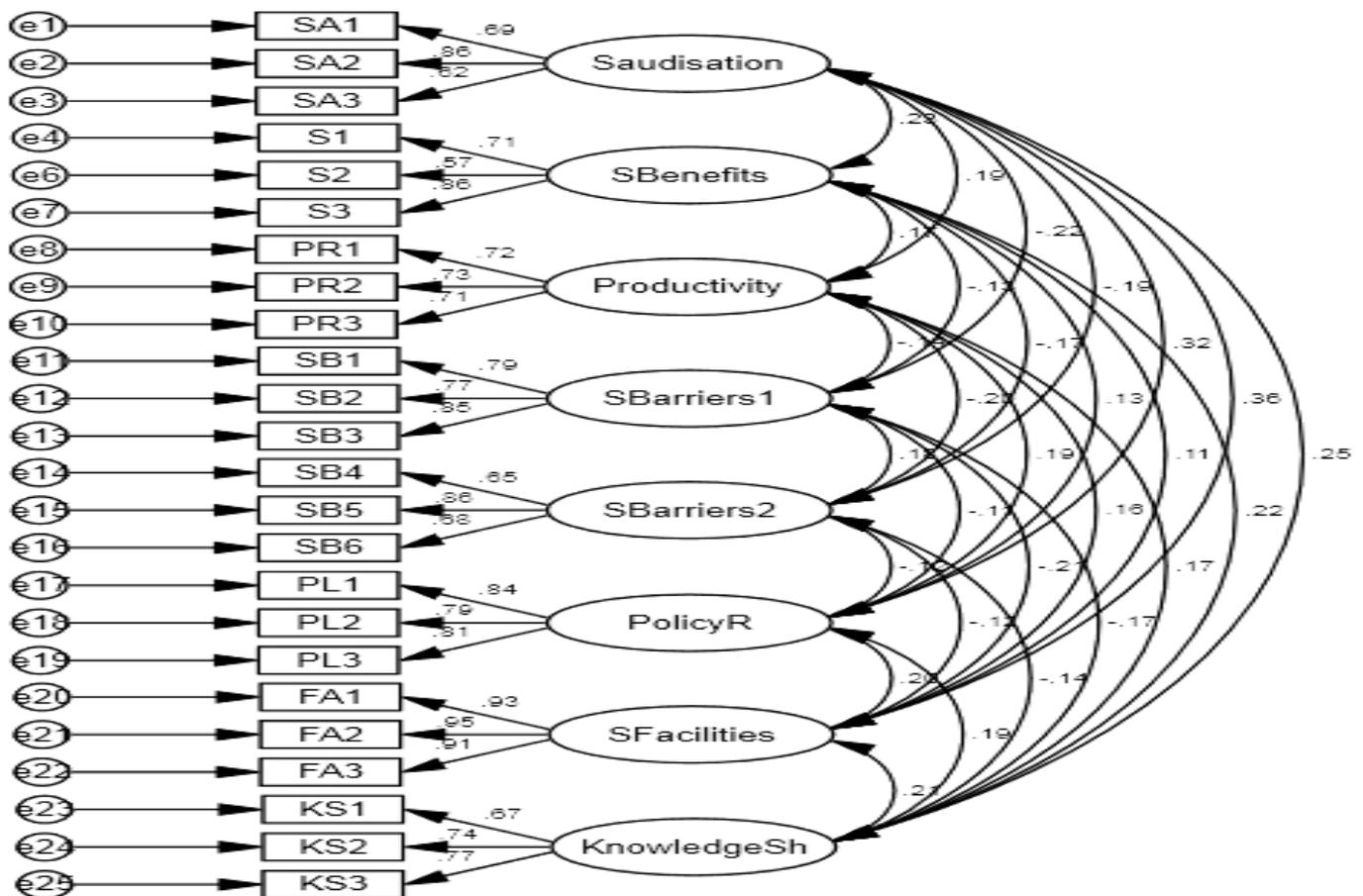
Table 6.54: Models Fit Indices

	Index	Target	Analysis results
Absolute fit indices	Chi-square (χ^2)	$p > 0.05$	$\chi^2=346.7$, $df=224$, $P < 0.001$
	CMIN/DF (χ^2/df)	< 2	1.548
	RMSEA	< 0.05	0.034
	SRMR	< 0.08	0.038
	GFI and AGFI	> 0.90	0.943 and 0.924
Incremental fit indices	CFI	> 0.90	0.975
	TLI	> 0.90	0.969
	IFI	> 0.90	0.975
	NFI	> 0.90	0.932

Note: SA1 = I adopt the Saudization programme in my company; SA2 = I strongly recommend others to adopt the Saudization programme; SA3 = Saudi workers accept any job in order to adopt this programme ; S 1= Saudization gives Saudis more job security than before; S2 = It overcomes the limitation of market size in locally; S3 = It improves business opportunities inside the Saudi market; PR1 = The productivity of Saudi workers is adequate for my company; PR2 = According to my experience, Saudi workers are more productive than non-Saudi workers; PR3 = Saudisation reduces organisational costs thus increasing productivity; SB1 = Saudis lack

the relevant work skills and experience; SB2 = Foreigners are willing to work for lower pay compared to Saudis; SB3 = It is not easy to fill less skilled jobs with Saudis; SB4 = Foreign workers are more motivated compared to Saudi workers; SB5 = Foreigners make organisations more profitable and efficient than Saudis; SB6 = Low alaries; PL1 =Current Saudization policies positively affecting its adoption; PL2 =Saudization policies are strict to support Saudization adoption; PL3 =Private sector hiring policies can be seen as helping the Saudization process; FA1 = Saudis perform well at higher level jobs compared to lower level jobs; FA2 = The majority of foreigners are less qualified to do most semi-skilled jobs than Saudis; FA3 = Expanding and promoting quantitative and qualitative in the private sector; KS1 = Knowledge was shared between supervisors and subordinates; KS2 = Knowledge was shared between colleagues; KS3 = Knowledge was shared between units.

Figure 6.1: Confirmatory factor analysis (standardized loadings)



Looking at the estimates of the measurement model, Table 7.55 illustrates the unstandardized and standardised regression weights of the model.

Table 6.55: Unstandardised regression weights

Variable		Construct	Estimate ¹	E.	C.R.	P	Estimate ²
SA3	---	Adopting Saudization	1.000				619
SA2	---	Adopting Saudization	1.337	113	11.840	***	857
SA1	---	Adopting Saudization	1.156	100	11.567	***	691
S3	---	Saudization benefits	1.000				857
S2	---	Saudization benefits	.672	065	10.273	***	568
S1	---	Saudization benefits	1.061	093	11.417	***	708
PR3	---	Productivity	1.000				709
PR2	---	Productivity	1.083	092	11.753	***	729
PR1	---	Productivity	1.111	095	11.731	***	719
SB3	---	Motivation barriers to Saudization	1.000				845
SB2	---	Motivation barriers to Saudization	.681	040	16.844	***	770
SB1	---	Motivation barriers to Saudization	.835	049	17.184	***	794
SB6	---	Lack of skills barriers to Saudization	1.000				677
SB5	---	Lack of skills barriers to Saudization	1.281	107	12.001	***	862
SB4	---	Lack of skills barriers to Saudization	1.024	086	11.893	***	653
PL3	---	Policy and regulations	1.000				814
PL2	---	Policy and regulations	.954	055	17.430	***	788
PL1	---	Policy and regulations	1.369	076	18.058	***	837
FA3	---	Saudization facilitators	1.000				908
FA2	---	Saudization facilitators	1.018	029	35.389	***	946
FA1	---	Saudization facilitators	.979	029	33.824	***	928
KS3	---	Knowledge-sharing	1.000				768
KS2	---	Knowledge-sharing	1.013	083	12.280	***	736
KS1	---	Knowledge-sharing	1.034	087	11.907	***	670

Note: Estimate¹ is unstandardized and Estimate² is standardised loadings

From Table 6.55 it is clear that the loadings between constructs and their items are highly significant. The lowest standardised loading is .568 Saudization benefits. Table 7.56 shows the covariance of the model constructs which should be statistically significant to relevant to the model. All parameter estimates were found significant at $p < 0.05$.

Table 6.56: Covariance of measurement model

			Estimate	S.E.	C.R.	P
Saudization	<-->	Saudization Benefits	.134	035	.833	**
Saudization	<-->	Productivity	.075	024	.162	002
Saudization	<-->	Motivation Barriers	-.200	053	-3.794	**

Saudization	<-->	Skills Barriers	-.100	031	3.207	001
Saudization	<-->	Policy and regulations	.201	039	5.136	**
Saudization	<-->	Saudization Facilitators	.354	059	6.049	**
Saudization	<-->	Knowledge-sharing	.121	030	4.017	**
Saudization Benefits	<-->	Productivity	.067	024	2.831	005
Saudization Benefits	<-->	Motivation Barriers	-.118	052	2.264	024
Saudization Benefits	<-->	Skills Barriers	-.093	031	-2.974	003
Saudization Benefits	<-->	Policy and regulations	.087	037	2.378	017
Saudization Benefits	<-->	Saudization Facilitators	.108	053	2.049	040
Saudization Benefits	<-->	Knowledge-sharing	.108	030	3.624	**
Productivity	<-->	Motivation Barriers	-.089	036	2.506	012
Productivity	<-->	Skills Barriers	-.070	022	-3.241	001
Productivity	<-->	Policy and regulations	.084	025	3.308	**
Productivity	<-->	Saudization Facilitators	.104	036	2.860	004
Productivity	<-->	Knowledge-sharing	.055	020	2.727	006
Motivation Barriers	<-->	Skills Barriers	.150	047	3.154	002
Motivation Barriers	<-->	Policy and regulations	-.112	055	-2.037	042
Motivation Barriers	<-->	Saudization Facilitators	-.331	081	-4.083	**
Motivation Barriers	<-->	Knowledge-sharing	-.129	044	-2.891	004
Skills Barriers	<-->	Policy and regulations	-.071	033	-2.175	030
Skills Barriers	<-->	Saudization Facilitators	-.105	047	-2.221	026
Skills Barriers	<-->	Knowledge-sharing	-.061	026	-2.333	020
Policy and Regulations	<-->	Saudization Facilitators	.218	057	3.835	**
Policy and Regulations	<-->	Knowledge-sharing	.103	031	3.273	001
Saudization Facilitators	<-->	Knowledge-sharing	.176	046	3.848	**

Table 6.56 shows the variance of the measurement model which is statistically significant.

Table 6.57: Variances of the measurement model

	Estimate	S.E.	C.R.	P
Saudization	569	085	6.716	***
Saudization Benefits	605	068	8.865	***
Productivity	264	035	7.553	***
Motivation Barriers	1.444	139	10.359	***
Skills Barriers	483	066	7.300	***
Policy and Regulations	716	072	10.002	***
Saudization Facilitators	1.662	130	12.769	***
Knowledge-sharing	414	050	8.285	***
e3	916	071	12.988	***
e2	367	066	5.532	***
e1	831	072	11.481	***
e7	219	047	4.651	***
e6	574	043	13.385	***
e4	677	067	10.055	***
e10	261	025	10.338	***
e9	273	028	9.694	***
e8	304	030	10.007	***
e13	577	072	8.064	***

e12	459	041	11.128	***
e11	591	057	10.290	***
e16	573	050	11.537	***
e15	275	056	4.899	***
e14	683	056	12.132	***
e19	365	037	9.908	***
e18	398	036	10.916	***
e17	574	064	8.906	***
e22	355	031	11.403	***
e21	200	025	7.943	***
e20	257	026	9.861	***
e25	289	034	8.586	***
e24	360	037	9.700	***
e23	543	047	11.635	***

6.6 Validity and reliability of measurement model

The validity of the measurement model includes its validity and reliability. Construct validity includes convergent and discriminant validity. Convergent validity refers to the extent to which measures of the same construct are related as they should be in reality, while discriminant validity means that the construct must be different from other related constructs (Hair *et al.*, 2010). Average variance extracted (AVE) and squared inter-construct correlation (SIC) is used to check convergent and discriminant validity respectively (Fornell and Larcker, 1981). If AVEs ≥ 0.50 , convergent validity is adequate, and if SICs $<$ AVEs, discriminant validity exists. Composite reliability and Cronbach's alpha coefficients should be greater than 0.70 to show reliable measures (Field, 2009; Hair *et al.*, 1998). Table 6.59 illustrates the validity and reliability of the measurement model, and Table 7.60 shows the standardised residual covariance.

It is clear from Table 7.58 that the estimates of AVEs are greater than 0.50 which shows adequate convergent validity. Squared inter-correlation correlations are lower than AVEs which is evidence of discriminant validity. Composite reliability and Cronbach's alpha show values greater than 0.70 validity and reliability measures show a valid measurement model, therefore, it is possible to proceed towards the structural model.

		(FA)																								
KS3	<---	Knowledge-sharing (KS)	0.768																							
KS2	<---	Knowledge-sharing (KS)	0.736	0.527	0.769	0.765	0.062	0.047	0.028	0.028	0.019	0.036	0.045	1.000												
KS1	<---	Knowledge-sharing (KS)	0.670																							

Note: CR= composite reliability; AVE=average variance extracted; Cron. α = Cronbach's alpha

Table 6.59: Standardised Residual Covariances

	K S 1	KS 2	KS 3	FA 1	FA 2	FA 3	PL 1	PL 2	PL 3	SB 4	SB 5	SB 6	SB 1	SB 2	SB 3	PR 1	PR 2	PR 3	S1	S2	S3	SA1	SA 2	SA 3	
KS1	. 0 0																								
KS2	. 2 9	.00																							
KS3	. 1 2	-.09	.00																						
FA1	. 8 4	-.51	.08	.00																					
FA2	. 1 9	.28 3	.64	.01	.00																				
FA3	. 3 8	.04 7	.03	-.04	.01 9	.00																			
PL1	. 4 0 1	1.98	-.82	-.04	-.45	-.51	.00																		
PL2	. 5 7	1.6 4	1.8 1	1.0 4	.28	.57	-.03	.00																	
PL3	. 1	-.42	-.15	.63	-.40	-.63	.08	-.08	.00																

	KS 1	KS 2	KS 3	FA 1	FA 2	FA 3	PL 1	PL 2	PL 3	SB 4	SB 5	SB 6	SB 1	SB 2	SB 3	PR 1	PR 2	PR 3	S1	S2	S3	SA1	SA 2	SA 3	
	3																								
SB4	2	.55	.12	-.11	.45	.48	-	-	-	.00															
	1						1.7	2.0	1.6																
	2						1	0	9																
SB5	1	-.77	.10	-.71	-.03	-.04	1.3	1.6	-.39	.07	.00														
	0						0	7																	
	6																								
SB6	-	1.4	-.53	.27	.60	.30	-.17	.28	1.9	-.23	.01	.00													
	6								5																
	4																								
SB1	-	-.65	.40	-.05	.05	.27	2.0	1.0	1.0	-.51	.45	.82	.00												
	1						9	3	9																
	0																								
SB2	-	-.88	1.2	-.79	-.65	-.45	-.80	1.7	1.4	-.19	-.47	.11	-.13	.00											
	3							1	4																
	9																								
SB3	-	-.06	1.0	-.10	.54	.63	.57	-.73	-.76	-.82	.10	.61	.06	.03	.00										
	3																								
	8																								
PR1	1	-.46	.76	.63	.15	.09	-.77	-.38	-.09	-.31	1.5	.79	-.20	-.60	.76	.00									
	5										3														
	6																								
PR2	-	1.8	.38	.15	-.32	-.43	.44	.31	-.05	1.6	.04	-.25	.40	-.69	.56	.14	.00								
	1									8															
	6																								
	3																								
PR3	-	.26	.84	-.02	.05	-.42	-.13	.69	.15	1.2	-.36	-.92	-.15	-.06	-.54	-.06	-.09	.00							
	1									4															
	1																								
S1	-	-.10	.02	.36	.78	.87	1.1	-.37	-.21	1.0	.69	.15	-.71	-.04	.47	.92	1.3	-.33	.00						
	1						1			6							1								
	7																								
S2	-	-.20	1.4	2.4	1.8	2.7	2.8	1.0	2.1	1.3	.34	-.75	1.0	-.16	1.1	.59	-.63	1.2	.38	.00					
	3						8	4	6	0			3		0		3								
	9																								
S3	-	.03	.36	.30	.42	.07	.14	1.5	1.0	-.25	-	-	-.40	.60	.44	-	-.15	.48	-.04	-.08	.00				

	KS 1	KS 2	KS 3	FA 1	FA 2	FA 3	PL 1	PL 2	PL 3	SB 4	SB 5	SB 6	SB 1	SB 2	SB 3	PR 1	PR 2	PR 3	S1	S2	S3	SA1	SA 2	SA 3	
								0	1		.15	1.0 2				.26									
SA1		1.1 0	-.21	-.08	1.1 9	-.70	-.22	.24	-.28	.66	.11	.42	-.14	-.25	.28	-.46	.03	.79	.08	.26	1.4 3	.00			
SA2		-.87	1.7 8	.47	-.17	.89	.19	-.22	-.32	.73	-.19	-.19	-.37	-.14	.79	.06	-.46	.20	.56	2.2 7	.28	.02	.00		
SA3		-.06	.70	.13	-.53	.90	1.3 4	1.1 2	1.1 6	2.1 0	-.14	.65	-.30	1.9 9	.05	-.18	.02	.51	1.0 8	3.7 3	-.39	.18	-.10	.00	

Covariance values are mostly within the target values which prove the validity of the measurement model.

6.7 The Structural Model

While the measurement model studies the relationships between observed variables (manifests) and unobserved variables (constructs), the structural model explores the causal relationships between the unobserved variables (Hox, 2010). This study examines the causal relationships among the factors affecting Saudization adoption and how this adoption affects productivity and realises the benefits of adoption (Figure 6.2).

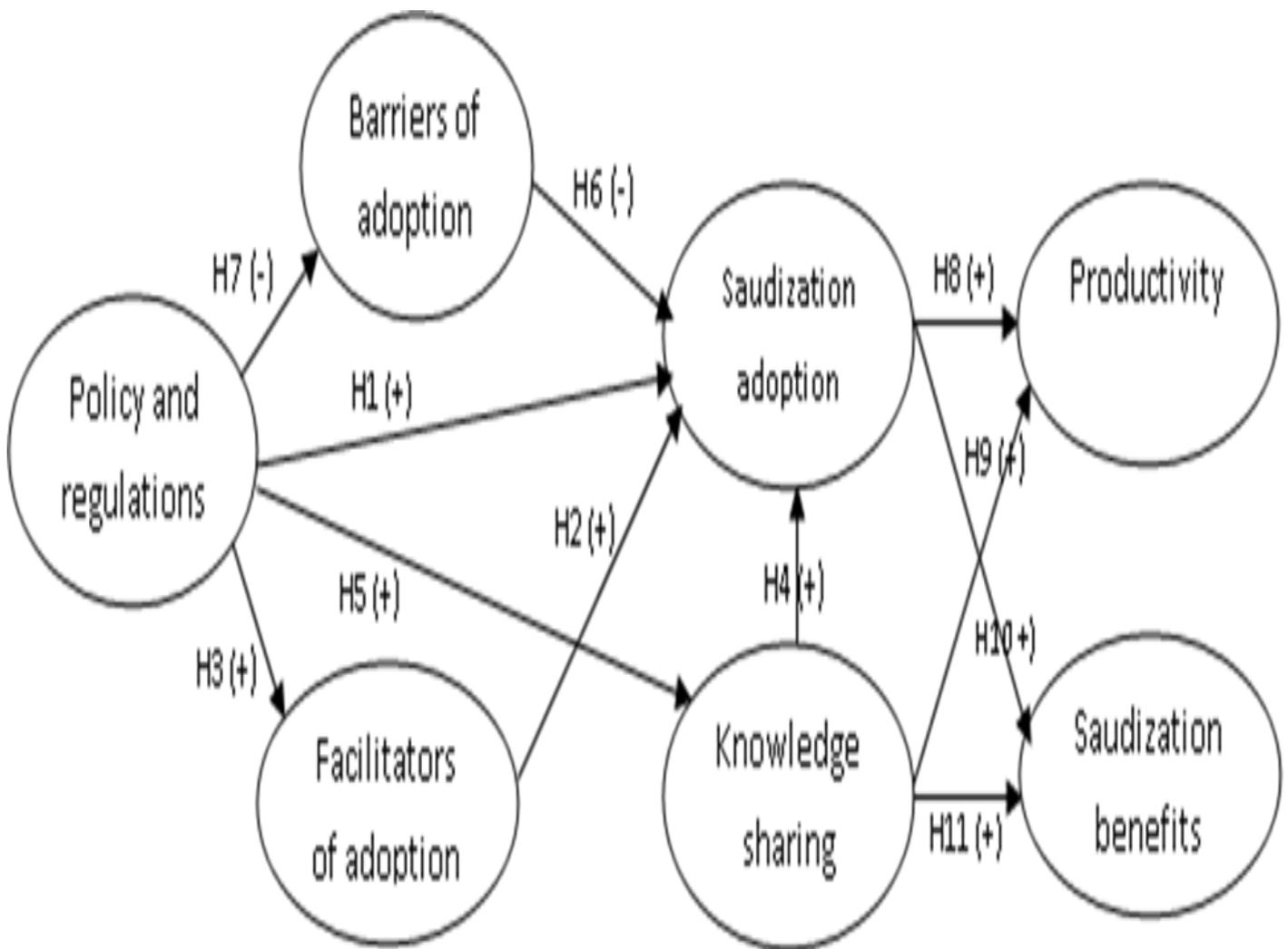


Figure 6.2: The research model with causal relationships and hypotheses

Running the structural model in AMOS, Table 6.60 shows model fit indices and Figure shows the output model with standardised estimates.

Table 6.60: Fit indices of the structural model

	Index	Target	Analysis results
Absolute fit indices	Chi-square (χ^2)	p> 0.05	$\chi^2=412.548$, df=239, P< 0.001
	CMIN/DF (χ^2/df)	<2	1.726
	RMSEA	< 0.05	0.039
	SRMR	< 0.08	0.064
	GFI and AGFI	> 0.90	0.932 and 0.915
Incremental fit indices	CFI	> 0.90	0.964
	TLI	> 0.90	0.958
	IFI	> 0.90	0.964
	NFI	> 0.90	0.919

The fit indices in Table 6.60 show good fit of the model to the data where all indices are within target values. Before looking at the causal relationships in the structural model and hypotheses testing, the study goes through estimated revealed from analysis and its significance values.

Table 6.61 shows the unstandardized regression weights of the model. The unstandardized regression weights of all causal relationships are significant where p values < 0.05. Table 6.61 indicates the unstandardized regression weights between constructs.

Figure 6.3: The Structural Model of Saudization

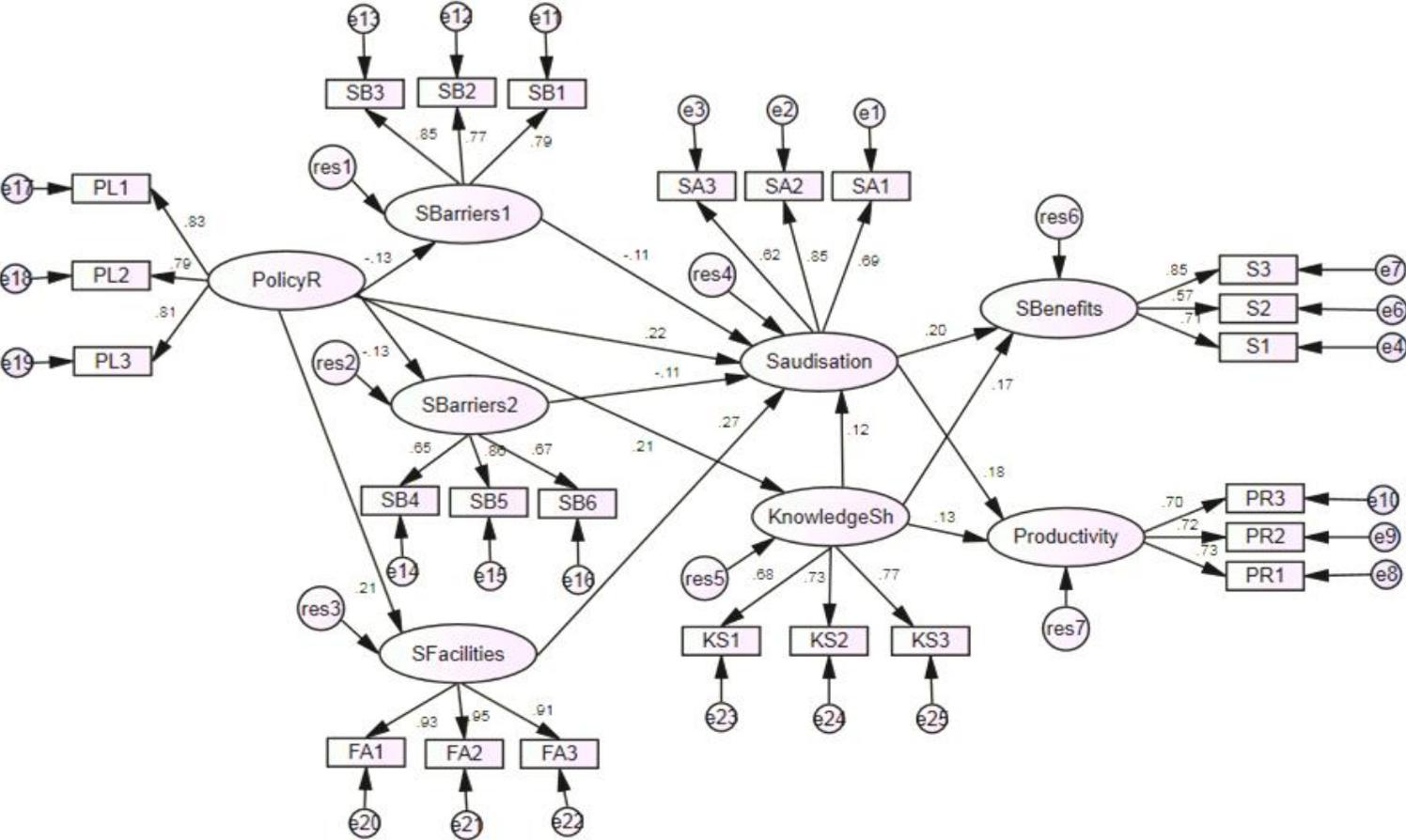


Table 6.61: Indicates the standardised regression weights between constructs

				Estimate	S.E	C.R.	P
Saudization Facilitators		<--	Policy and regulations	.320	077	4.163	***
Knowledge-Sharing		<--	Policy and regulations	.157	043	3.658	***
Motivation Barriers		<--	Policy and regulations	.179	.077	2.343	.019
Skills Barriers		<--	Policy and regulations	.106	.045	2.358	.018
Saudization		<--	Policy and regulations	.195	.050	3.884	***
Saudization		<--	Saudization Facilitators	.158	.031	5.179	***
Saudization		<--	Skills Barriers	.122	.057	2.124	.034
Saudization		<--	Motivation Barriers	.070	.032	2.185	.029
Saudization		<--	Knowledge-sharing	.138	.065	2.137	.033
Saudization Benefits		<--	Saudization	.205	.060	3.413	***
Productivity		<--	Saudization	.126	.041	3.043	.002
Saudization Benefits		<--	Knowledge-sharing	.204	.070	2.911	.004
Productivity		<--	Knowledge-sharing	.102	.048	2.130	.033
SA2		<--	Saudization	1.321	.114	11.63	***
S3		<--	Saudization Benefits	1.000			
S2		<--	Saudization Benefits	.677	.067	10.18	***
S1		<--	Saudization Benefits	1.076	.096	11.24	***
PR3		<--	Productivity	1.000			
PR2		<--	Productivity	1.084	.094	11.58	***
PR1		<--	Productivity	1.130	.098	11.59	***
SB2		<--	Motivation Barriers	.674	.040	16.70	***
SB5		<--	Skills Barriers	1.293	.111	11.65	***
PL3		<--	Policy and regulations	1.000			
PL2		<--	Policy and regulations	.955	.055	17.46	***
PL1		<--	Policy and regulations	1.360	.075	18.02	***
FA2		<--	Saudization Facilitators	1.017	.029	35.37	***
KS2		<--	Knowledge-Sharing	1.007	.083	12.13	***
SA3		<--	Saudization	1.000			
SA1		<--	Saudization	1.158	.102	11.35	***
KS1		<--	Knowledge-Sharing	1.043	.088	11.85	***
KS3		<--	Knowledge-sharing	1.000			
SB6		<--	Motivation Barriers	1.000			
SB4		<--	Skills Barriers	1.032	.087	11.85	***
FA1		<--	Saudization Facilitators	.979	.029	33.85	***
FA3		<--	Saudization Facilitators	1.000			
SB3		<--	Motivation Barriers	1.000			
SB1		<--	Motivation Barriers	.823	.048	16.98	***

Table 6.62: Depicts the variances of the structural model with $p < 0.001$ showing high significance.

			Estimate	
Saudization Facilitators		<---	Policy and regulations	.210
Knowledge-sharing		<---	Policy and regulations	.207

Motivation Barriers	<---	Policy and regulations	-.125
Skills Barriers	<---	Policy and regulations	-.130
Saudization	<---	Policy and regulations	.222
Saudization	<---	Saudization Facilitators	.274
Saudization	<---	Skills Barriers	-.113
Saudization	<---	Motivation Barriers	-.113
Saudization	<---	Knowledge-Sharing	.119
Saudization Benefits	<---	Saudization	.199
Productivity	<---	Saudization	.184
Saudization Benefits	<---	Knowledge-sharing	.171
Productivity	<---	Knowledge-sharing	.129
SA2	<---	Saudization	.846
S3	<---	Saudization Benefits	.851
S2	<---	Saudization Benefits	.568
S1	<---	Saudization Benefits	.713
PR3	<---	Productivity	.704
PR2	<---	Productivity	.725
PR1	<---	Productivity	.727
SB2	<---	Motivation Barriers	.768
SB5	<---	Skills Barriers	.864
PL3	<---	Policy and regulations	.815
PL2	<---	Policy and regulations	.790
PL1	<---	Policy and regulations	.832
FA2	<---	Saudization Facilitators	.946
KS2	<---	Knowledge-Sharing	.731
SA3	<---	Saudization	.615
SA1	<---	Saudization	.689
KS1	<---	Knowledge-Sharing	.675
KS3	<---	Knowledge-Sharing	.767
SB6	<---	Skills Barriers	.673
SB4	<---	Skills Barriers	.654
FA1	<---	Saudization Facilitators	.928
FA3	<---	Saudization Facilitators	.908
SB3	<---	Motivation Barriers	.852
SB1	<---	Skills Barriers	.789

Table 6.63: Depicts the variances of the structural model

	Estimate	S.E.	C.R.	P
Policy and regulations	.718	.072	10.018	***
res5	.396	.049	8.163	***
res1	1.444	.139	10.373	***
res2	.470	.065	7.187	***
res3	1.590	.125	12.684	***
res4	.433	.066	6.523	***
res7	.245	.033	7.376	***
res6	.546	.065	8.458	***

e3	.914	.071	12.948	***
e2	.385	.065	5.886	***
e1	.824	.072	11.402	***
e7	.227	.048	4.768	***
e6	.573	.043	13.345	***
e4	.666	.068	9.764	***
e10	.264	.026	10.361	***
e9	.277	.029	9.697	***
e8	.297	.031	9.621	***
e13	.555	.073	7.600	***
e12	.462	.042	11.107	***
e11	.604	.058	10.375	***
e16	.578	.050	11.467	***
e15	.270	.059	4.588	***
e14	.681	.057	11.955	***
e19	.363	.037	9.880	***
e18	.395	.036	10.846	***
e17	.589	.065	9.134	***
e22	.354	.031	11.362	***
e21	.202	.025	7.953	***
e20	.257	.026	9.824	***
e25	.289	.034	8.490	***
e24	.366	.037	9.774	***
e23	.537	.047	11.448	***

6.8 Hypotheses Testing

The first hypothesis (H1) in this study suggests that there is a positive relationship between the current policies and regulations and the adoption of Saudization. The hypothesis is supported where $\beta=0.222$ and $p<0.001$. The policies reported in the model according to their impact were: current Saudization policies positively affect its adoption, private sector hiring policies can be seen as helping the Saudization process, and Saudization policies are strict to support Saudization adoption.

The model reveals facilitators positively affecting the adoption process of Saudization (H2) as $\beta=0.274$, $p<0.001$ and therefore the second hypothesis of the study is supported. Facilitators of Saudization are: the majority of foreigners are less qualified to do most semi-skilled jobs than Saudis i.e. plumbing and mechanical jobs, Saudis perform well at

higher level jobs compared to lower level jobs, and expanding and promoting quantitative and qualitative in the private sector. Meanwhile, policy and regulations are positively supporting the facilitators and enablers of Saudization adoption, where $\beta=0.210$ and $p<0.001$, and therefore the third hypothesis is supported. Additionally, knowledge-sharing practices have a positive impact on Saudization adoption as $\beta=0.119$ and $p<0.05$, which is evidence of the fourth hypothesis. Furthermore, policies and regulations have a positive impact on knowledge-sharing activities, where $\beta= 0.207$ and $p<0.001$ which supports H5.

On the other hand, the analysis reveals two categories of barriers which have a negative effect on the adoption of Saudization. One of them is lack of motivation among Saudis to fill low-level jobs, $\beta=-0.12.5$, $p<0.05$, and the second one is the lack of skills, $\beta=-0.13$, $p<0.05$, both are negatively affecting Saudization adoption, thus supporting the sixth hypothesis. Barriers affecting the impact of Saudization include low salaries, foreigners are willing to work for lower pay compared to Saudis, foreigners make organisations more profitable and efficient than Saudis, and foreign workers are more motivated compared to Saudi workers. In addition, the first category of barriers is decreased by the policy and regulations of the government where $\beta=-0.125$ and $p<0.05$. Additionally the policies and regulations decrease the second category of barriers; Saudis lack the skills needed for some jobs, where $\beta=-0.130$ and $p<0.05$ supporting H7.

Saudization adoption, on the other hand, positively affects productivity (H8) where $\beta=0.184$ and $p<0.01$, and the adoption of Saudization is generating benefits at the same time (H10) where $\beta=0.171$ and $p<0.001$. Therefore the eighth and tenth hypotheses are supported. Moreover, Meanwhile, knowledge-sharing practices have a positive effect on realised benefits (H9) as $\beta=0.171$, $p<0.01$, and on productivity (H11) as $\beta=0.129$,

$p < 0.05$. Therefore the ninth and eleventh hypotheses are supported. The realised benefits of Saudization adoption are: Saudization improves business opportunities inside the Saudi market; Saudization gives Saudis more job security than before and Saudization overcomes the limitation of market size in locally. Productivity factors include Saudization workers are more productive than locals; Saudization helps the speed of transferring and acquiring work information, which is significantly increased, both locally and internationally and Saudization makes it easy to get help from other construction firms

6.9 Direct, Indirect and Total Effects

Table 6.64 illustrates the direct, indirect, and total effects of causal relationships among the constructs of the study.

From Table 6.64 it is clear that policy and regulations indirectly affect Saudization productivity and benefits. This effect increases the total effect of policy and regulations on the aforementioned constructs by adding indirect effects to direct effects in the same way, knowledge-sharing. In addition to its effect on Saudization benefits and productivity, it has an indirect positive effect which adds to the direct effect. Furthermore, barriers to Saudization adoption have a negative indirect effect which adds to the direct effect on productivity and benefits. Total effects are the total of adding the direct effect to the indirect effect of one construct to another. Indirect effect is the effect which happens via a mediator or more between one construct and another (i.e. the effect of policy and regulations on Saudization via barriers or facilitators).

Table 6.64: Direct, indirect, and total effects of the structural model

Effects	Constructs	Policy & regulations	Knowledge-Sharing	Saudization Facilitators	Skills Barriers	Motivation Barriers	Saudization
Standardised direct effects	Knowledge-Sharing	.207	-	-	-	-	-
	Saudization Facilitators	.210	-	-	-	-	-
	Skills Barriers	-.130	-	-	-	-	-
	Motivation Barriers	-.125	-	-	-	-	-
	Saudization	.222	.119	.274	-.113	-.113	-
	Productivity	-	.129	-	-	-	.184
	Saudization Benefits	-	.171	-	-	-	.199
Standardised indirect effects	Knowledge-Sharing	-	-	-	-	-	-
	Saudization Facilitators	-	-	-	-	-	-
	Skills Barriers	-	-	-	-	-	-
	Motivation Barriers	-	-	-	-	-	-
	Saudization	.111	-	-	-	-	-
	Productivity	.088	.022	.050	-.021	-.021	-
	Saudization Benefits	.101	.024	.054	-.022	-.023	-
Standardised Total effects	Knowledge-Sharing	.207	-	-	-	-	-
	Saudization Facilitators	.210	-	-	-	-	-
	Skills Barriers	-.130	-	-	-	-	-
	Motivation Barriers	-.125	-	-	-	-	-
	Saudization	.333	.119	.274	-.113	-.113	-
	Productivity	.088	.151	.050	-.021	-.021	.184
	Saudization Benefits	.101	.195	.054	-.022	-.023	.199

6.10 Conclusion

This chapter is a quantitative analysis which indicates the descriptive statistics of research variables and constructs of the study through factor analysis. It has explored the measurement model and its validity concerns and investigated the causal relationships (research hypotheses) among research constructs and concluded with the model fit indices, estimates, direct, indirect and total effects of the research constructs. All these have supported the model fit and helped explain the research hypotheses.

CHAPTER 7

QUALITATIVE ANALYSIS

7.1 Introduction

The qualitative stage is the second stage of data analysis. Many researchers employ a qualitative approach before quantitative data is collected. This was not adopted here. A qualitative method is used here to help explain the results gleaned from the quantitative findings. This chapter details the qualitative findings obtained from 16 interviews with managers in Saudi Arabia. NVivo 9 software was used to analyse the data.

7.2 Analysis Procedures

The interviews were recorded during the data collection stage. To become familiar with the data, the transcripts were read several times and this helped to gain “intimate familiarity” (Saldaña, 2013) with the data. Although most of the data analysis was conducted at the end of the interviewing process, pre-analysis was undertaken while conducting the interviews. Listening to the recorded interviews and reading the transcripts marked the initial step in this analysis. Thus, data generation and analysis were done simultaneously (Sandiford and Seymour, 2007).

Using NVivo 9 software for data analysis, the next stage was to put single ideas in a node that presents different single topics within one category ‘theme’. The main themes generated through this analysis were policy and regulations of Saudization, benefits of Saudization, incentives to adopt Saudization, knowledge-sharing and how it affects Saudization adoption, Saudization risks, Saudization and how it affects productivity, and finally the barriers to the adoption of Saudization. Certain comments from interviewees were chosen to demonstrate

ideas and reflect the opinions expressed by participants (Sandiford & Seymour, 2007) and show how this fits into a particular category.

The following sections provide detailed interviews of the opinions of interviewees on Saudization, its potential, expectations to continue or not in the future, factors that affect its adoption, how the adoption of Saudization affects the economy of Saudi Arabia, how it contributes to productivity and what the risks of adoption are, as well as the preferences for Saudi and non-Saudi workers and the nature of jobs preferred by Saudi workers. Additionally, the interviewees were asked about knowledge exchange and sharing between Saudi and non-Saudi workers and how it contributes to developing and improving the adoption of Saudization.

To start with the current level of Saudization in Saudi enterprises, it is believed that Saudization is still in its infancy. The managers who were interviewed mentioned that in one company, between 10 and 15% of 1000 workers were Saudis, in another, 2% out of 800 workers are Saudis, in a third 8.7% of 12,500 workers were Saudis and in a fourth company, 12 out of 46 employees were Saudis. However, the main exception was a company, where 70% of workers were Saudis. This is not a surprise when it becomes clear that the company concerned provides training programmes to train young Saudis.

7.3 Policies and Regulations and their Effect on Saudization

Quantitative findings reveal that policies and regulations positively support the adoption of Saudization. Qualitative findings confirm this. Some interviewees believed that the policies and regulations support Saudization positively and in a way help to encourage and facilitate Saudization adoption. They thought it provided an opportunity to train and qualify Saudis to

take these positions. Some interviewees stated, *“Saudization affects positively. Even if we look over the long term, it will be positive.”* However, positivity did not negate concerns when another interviewee made the same point but had another worry, *“The way and regulations affect us positively but the rate is limited.”* Another interviewee declared, *“It has two effects. Positively, it will qualify, train and employ the Saudi youth. On other hand, they pass laws that are not studied and they force them to apply it.”*

However, some interviewees viewed that the laws which give preference to Saudis for certain jobs are not fair as this would lead to the loss of skills and experiences for some foreign workers in certain positions. Others believed that having laws to support Saudization should take place after consulting with the owners of companies. Another interviewee stated, *“I think that it would be wrong to identify jobs for Saudis workersonly because that will make us lose some experiences that we need”*

Additionally, some interviewees believed that the way these laws are applied in reality should be considered in a way that they will not harm the companies. They believed that abiding by these laws blindly and the fear of rejecting labourers recommended by relevant entities, could lead to the failure of the Saudization policy in the end, as reported in the next extract from the interviews.

“We have no time and they force us to employ persons in positions which are not their specialised fields. If you don't employ the worker sent by Labour Office or any governmental entity, they will punish you and close your immigration screen. At that time, I will employ them even in unsuitable jobs for their positions. In this case, I will damage Saudization.”

Also there are some interviewees who see that Saudization could not be applied to all sectors and industries, as some industries cannot find skilled Saudis to replace skilled foreigners.

Some interviewees stated that:

“Saudization is a new programme. We cannot modify it before applying it. For example, we bakeries are categorised as manufacturing industries. Then, the bakeries' owners refused this categorisation and we reduced the Saudization rate. In the contracting sector, we could not find some skilled workers to cover this field. We will see if it needs to raise Saudization or not.”

These aforementioned opinions suggest that regulations and laws to adopt Saudization should be carefully made, the sector of industry should be taken into account and company owners' opinions are important in the adoption process. Considering these points could strongly promote the adoption of Saudization and facilitate its processes.

7.4 Incentives for Saudization Adoption

It is revealed in the quantitative data analysis results that there are some facilitators that could help the adoption of Saudization. Asking interviewees about the incentives that may lead to the adoption of Saudization and facilitate this adoption, some respondents mentioned that the Saudi government gives big projects to some companies and this increases their profits. In return these institutions must employ Saudi workers.

“The government provides some companies with big projects which earn them enormous profits and in return they simply employ young Saudis. There is a programme that makes owners who are in green bands a special case and categorises them as VIPs (i.e. very important person).”

Other respondents cited that the government supports them and helps them to train Saudi workers who will be employed in their enterprises. Some of their opinions are as follows:

“The ministry provides distinctive services. They are qualifying Saudi workers who have experience and a desire to work.”

Additionally, other interviewees said that:

“.....The government presents a programme to provide half of the salaries of Saudis. This made us appoint Saudis. The second thing is training Saudis in a training authority.....This authority provides some crafts such as electricians and founders and this helps Saudi workers to work in these jobs, which was not common in the past.....”

Added to this, the Saudi government does its best to train Saudis, improve their education level, and encourages Saudis to work in suitable working environment. Some comments were:

“Incentives to adopt Saudization are training Saudi youth, orientation and education, and providing suitable environment. Additionally, this includes encouraging Saudis to work in contracting sector.” This training is a great investment in human capital as, *“If the worker is ready and well-trained and qualified, that will make established owners more encouraged to employ Saudis and achieve Saudization.”*

The opinions of the interviewees seem to suggest that the Saudi government supports and encourages companies to employ Saudi workers by contributing to salaries, providing training and suitable qualifications in addition to providing work projects which increase the company's profits

7.5 Knowledge-Sharing and Saudization Adoption

One of the pillars of Saudization adoption is knowledge-sharing between foreign and Saudi workers. Knowledge-sharing is related to the exchange of knowledge between non-Saudi

workers and Saudis to help the adoption of Saudization. Most interviewees agree that Saudis are happy to work with foreigners in business environments. Interviewees believed that there was a satisfactory level of knowledge-sharing between foreigners and Saudi workers. They also believed that knowledge-sharing of experience could improve the process of Saudization and benefits for companies.

“.....Yes, there is sharing. This sharing for sure rises up company's level. If you give a non-Saudi worker job security, he will share his experience with a Saudi worker. If we mix a Saudi worker with an older worker, the Saudi worker will acquire experience.....The Saudi worker may have academic experience more than non-Saudi worker. That's will rise up their level of knowledge.....”

However, some interviewees thought that for a knowledge-sharing process to take place, both foreigners and Saudi workers should have the desire to do so. They said:

“Yes there is sharing. However, there should be the desire to give experiences by foreigner workers and the desire of learning by Saudi workers to achieve the goal.”

Nevertheless the responsibility for this is shared by staff and management. Knowledge-sharing requires an effective management that oversees the process and nurtures it, as seen in the words of this manager:

“I always say that there is no a bad employee but there is a bad manager. If a good work environment is encouraged by the company, there will be good dealing amongst workers. I have worked in SABIC and I saw that there was very good dealing between workers, it depends on work's environment.”

7.6 Barriers to Saudization Adoption

One of the factors revealed in the quantitative results which were found to negatively affect Saudization adoption is barriers to adoption. In the qualitative findings, a selection of the opinions from the interviewees provided some insights about barriers to Saudization adoption. One common barrier to adoption is sometimes the alienation of Saudi workers because they do not want to learn from foreigner workers. However, this cannot be generalised. Some interviewees said:

“Yes, Saudis alienate themselves from foreigners. Sometimes the foreigners also make Saudis alienate from them. Sometimes, Saudis do not care and also hinder themselves from learning itself. However, we cannot generalise about this situation and it is based on the person himself. Additionally, Saudis begin to work with non-Saudis positively and this is opposite to what has happened in the past.”

Another barrier to adoption is the nature of jobs preferred by Saudi workers - those with salaries which require no commitment to work long hours. Interviewees stated that:

“They [Saudis] are working in administrative work, such as in the human resources department and receptions. It is believed that Saudi workers do not like to carry the responsibility of work requirements unlike the foreigner workers.”

Interviewees said that governmental and petrochemical companies provide good salaries, incentives, services, housing and housing allowance which attract Saudi workers.

One interviewee mentioned that the traditions and culture of Saudis could affect the job they want to work in:

“This returns to traditions that the Saudi should be working as a director from the beginning and the Saudi does not want to begin with ‘low’ jobs. But we must qualify them first to work in these jobs. In addition, some Saudi workers do not like non-Saudi directors. Some others believe that non-Saudi workers are the cause for low salaries and unemployment of Saudis. Some others categorise the crafts as low industry and they are not proud to work in those crafts.”

Although Saudi workers have begun to work in a variety of jobs, managers, to some extent, still prefer foreign workers. However, they could give these jobs to Saudis if they are qualified. Some managers commented:

“Foreigners are committed with their attendance until overtime unlike Saudi workers; they also take low salaries, and are easy to be managed. However, I would like to give these jobs to a Saudi worker if he has good experience, qualifications and training.”

In total most managers agreed that they would give the job to the qualified worker whether they are Saudis or non-Saudis. Therefore, it is clear that a lack of qualified Saudi workers is one main reason for replacing them with foreigners who have the skills and experience.

One mentioned another barrier to employing Saudi workers is that managers believe that there are long procedures to follow to accommodate Saudi workers in their companies. As commented by one manager, *“The major obstacles for the owners are the time needed to*

employ Saudis and register them in social insurance because the governmental systems have contradictions.”

However, this is surprising as this should not be the case. Completing the formalities for foreigners should take more time. However, this may suggest that illegal hiring of foreigners is easier and may not take up much time.

In addition to these assertions, most managers stated that Saudi workers lack the qualifications to work in their companies and they also stated that the lack of reliability of Saudi workers is another barrier to Saudization. One manager said, *“It is the instability of a Saudi worker because he always looks for the better jobs. Saudi workers are mostly looking for governmental jobs and when they find it, they leave us.”*

Another frequent barrier to adoption quoted by managers is the lack of training to qualify Saudis who have the desire to be employed in jobs other than administrative ones, and this is in addition to the low educational levels. They expressed their opinions as follows, *“There is no practical training. The enterprises do not cooperate in the training of Saudi manpower. There are no designated places for training.”* This view stresses the role of the enterprises in facilitating Saudization.

Although the government contributes to training costs to qualify Saudi workers via the Human Resources Development Fund, managers still believe that there is a lack of specific training programmes, lack of facilities and designated places of training.

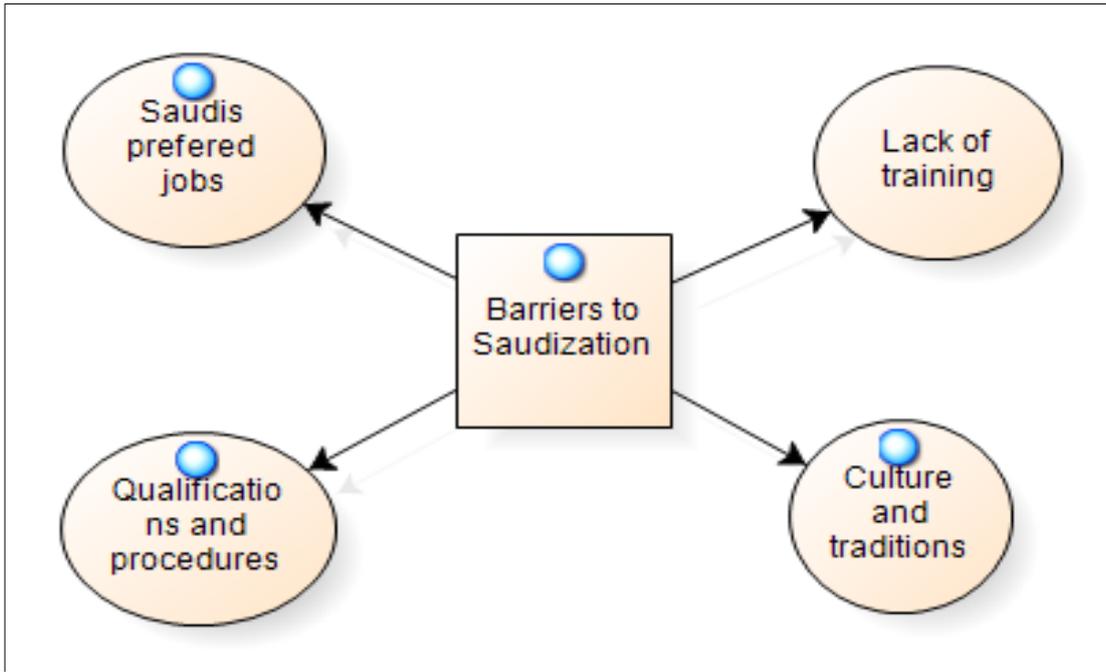


Figure 7.1: Summarises the main barriers to Saudization adoption

7.7. Benefits of Adoption of Saudization

Adopting Saudization helps to achieve a number of benefits for the country. According to the opinion of some participants, one main benefit of Saudization is to reduce unemployment among Saudis. Employing Saudi workers also reduces the use of foreign employees. This also lowers the cost of recruiting and employing foreign workers. As expressed by an interviewee, *“First, it is to reduce the foreign transfers. Secondly, it reduces the security risks that committed by some foreigners. Finally, the employment of Saudis and reduce unemployment.”*

Managers said that there are different forms of costs linked with visa, travel tickets and settling: *“You must present non-Saudi workers’ leave allowance, travel tickets, the cost of residence and a working visa. Those fees will cost the establishment money. And this is not the case for Saudi workers.”*

Overall, the adoption of Saudization supports the economy of the country, where employing non-Saudis increases the 'leakage' rate as foreign workers transfer money to their countries. Interviewees said,

“The economic sector is certainly having an impact on the economic cycle. In the end, we have money going out of the country estimated at billions and that's a huge amount of money. If we consider the limit of these amounts by employing some of the Saudi youth, yes the economy will improve...”

Some managers believe that Saudization can affect the growth of the construction sector; however this is on condition that training programmes are available and Saudi workers are encouraged to join these programmes. Managers say, *“Yes, if we apply programmes, such as authorities' programmes for training youth to improve skills, it is possible to increase growth in the construction sector.”* Other managers said, *“Yes, definitely. It will affect us for the better if there is orientation. We must improve training level with governmental support to rise up the performance level and this is reflected on a growth level.”*

However, some managers think that Saudization will not affect the growth rate of the construction sector, due to lack of qualified Saudi workers. They said:

“Until now, there is no effect on growth because the construction sector is linked with each other. If we look at their experience, we do not find Saudi engineers and architects. Until now we do not find enough experienced Saudis in the construction sector”

One more benefit of Saudization adoption is job security for Saudi workers. Managers were asked if the adoption of Saudization helps achieve job security, and they stated, *“Yes because*

workers have system that protect them, and you cannot fire them if they follow employment laws.” Some managers answered, “Yes, definitely”. Others provided a conditional answer, “Yes if workers’ rights are included in workers’ contracts.”

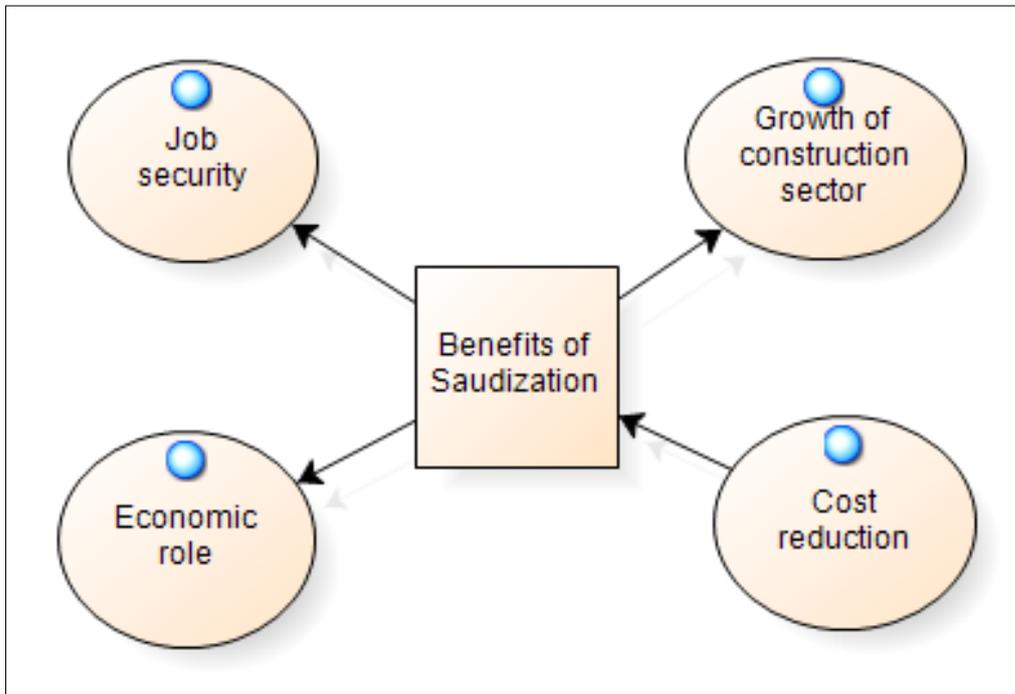


Figure 7.2: The Main Objectives of Adoption of Saudization

7.8. Saudization Adoption and Productivity

One main area supported by adopting Saudization is productivity. Quantitative findings show that adopting Saudization positively affects productivity. When managers were asked if adopting Saudization could lead to an increase in productivity, they claimed that “It is possible if there is orientation and education.” Others expressed: “Yes definitely, there are improvements in some crafts such as carpentry and ironmongery. It will improve if there are more experienced, qualified and inventive employees.”

Some others said that employing Saudi youth is an issue and that in the long run it will improve productivity.

“I think it is effective because the majority of people are young and have significant roles to support the adoption of Saudization and reduce the numbers of non-Saudi workers. They also recycle their money in the country.”

Meanwhile, some managers believed that there is a positive effect on productivity if qualified workers are employed. They said, *“Yes for sure. If you employ qualified Saudis and make them acquire experience from the non-Saudi worker.”*

Overall, by exploring and reflecting on the qualitative data results herein, it can be suggested that there is a positive perspective towards adopting Saudization and its positive effect on increasing productivity.

7.9. Risks of Saudization Adoption

This research project explores managers' view towards the risks of adopting Saudization. They claimed that there are a number of risks. One main risk was the fear of Saudi workers not being committed. Managers stated, *“It will create costs by the lack of commitment and attendance of Saudi workers.”* However it seems they are ready to face these challenges observed in *“... but we can overcome those problems.”*

Employers were also afraid of the government's obligatory employment of Saudi workers, particularly if they lack qualification and skills. They said, *“It will have risks if the government forces us to employ without qualifications...”*

More managers expressed their fears of employing unqualified Saudi workers saying: “... *they [businesses] must train the new workers but they are afraid of the workers who want to leave them after their training period because that costs money. We must also provide suitable services for the workers.*” Another claim made by managers is that the turnover of employees increases when Saudization is adopted. That is because Saudis are always looking for better jobs and salaries. They mentioned, “... *Saudi looks for a good salary and he will quit if he finds another job with a good salary.*” Such concerns as these can be understood and actually are justified, where costs associated with hiring and training may prove heavy.

Although there are a number of risks, managers were looking forward to raise Saudization. They believed that there is a progress, compared to the past. They said, “*Currently there are positive steps. In the past, we found that the presence of Saudi workers in the private sector very rare. We would like in the future to provide all our jobs for Saudis like other countries.*”

7.10 Public and Private Sectors

When managers were asked if there is a difference between the public and private sectors in terms of the adoption of Saudization, some managers believed that the private sector is better than the public because Saudis have the opportunity to develop and acquire experience. Managers said,

“I think that private sector is better than governmental sector due to the stagnation of workers. Young Saudis will have experience in the private sector more than in the governmental sector. Private sector may develop Saudization more than the other.”

On the other hand, some managers believed that the public sector is better as it provides incentives, salaries and it has better opportunities than private sector. Managers commented:

“..... the governmental sector has good incentives, good salaries and fewer working hours, unlike the private sector. They should qualify Saudi worker in order to bear the hardship of work. The majority of Saudi youth look for comfortable jobs. Others say yes for sure because the private sector's abilities are limited unlike governmental sector.....”

7.11 Future of Saudization

The majority of managers believed that Saudization will continue in the future because the Saudi government is putting a lot of effort into supporting it and this in turn creates job opportunities for Saudis and helps to solve the problem of unemployment. They said, *“Yes for sure because the government is interested in it and put programmes in place for it.”* Another had the same optimistic view, *“I expect that it will continue and Saudization will improve from year to year.”*

But this is not taken for granted, it needs certain conditions. Managers think that improving the educational system and enhancing the training programmes are some factors that support the adoption of Saudization. They said:

“In my opinion, country direction and sending the scholarship programme to the attention of the Ministry of Higher Education to coordinate with the Ministry of Labour the outcomes and the needs of the labour market, there will be a continuation and will increase of Saudization.”

7.12 Conclusion

To summarise, this chapter has explored the qualitative findings revealed from senior managers from the construction sector interviewed in Saudi Arabia. It handles the second stage of the analysis following the quantitative phase. This chapter has covered the confirmation of the quantitative results, by extending and providing in depth explanations and analysis. In total, it has shown that fully adopting Saudization is still in its early stages. This is mainly due to the traditions and beliefs of some Saudis who believe in high level, prestigious jobs with high salaries. Lack of training and qualified Saudis working in construction jobs is another factor negatively affecting Saudization adoption. However the government is doing its best to reinforce the Saudization programme by contributing to the training costs and the salaries of employed Saudis. Laws and regulations help Saudis to get jobs and replace foreign workers if they are qualified.

On the other hand, there are some benefits of Saudization, shown in the outcomes from the qualitative data, as it helps the government to solve the problem of unemployment and reduce the amount of money taken out the country by foreign workers, in addition to contributing to the economic role in the country. Another benefit is improving the productivity in Saudi enterprises. Although managers cited these benefits, they also claimed that some risks are linked to the adoption of Saudization, some of these risks are the obligation put on employers to employ Saudi workers and the fear of employing unqualified people could lead to failure of their work. In addition to this, Saudis do not like to take on the responsibility of work, as they do not like difficult and long working hours and this could lead to uncommitted employees and increasing the employee turnover.

Knowledge-sharing is one factor that all managers are sure has positive effects on the adoption of Saudization. Managers believe that sharing knowledge, skills and experiences between foreign and Saudi workers, is a typical way to improve and qualify Saudis to replace their foreign peers. Managers said that Saudis accepted working in collective teams in one work environment. However, some Saudis were alienated from learning and acquiring new experiences from non-Saudis and this was caused by some foreign workers who did not like to share their knowledge and expertise. Overall, managers still believed strongly that they could give the job to any worker, Saudi or non-Saudi, on the basis of adequate qualifications and experience.

CHAPTER 8

DISCUSSION OF FINDINGS

8.1 Introduction

This chapter discusses the findings of the quantitative and qualitative analyses. This is necessary to support the integration of both stages to better interpret the findings while linking them to previous studies presented in the literature review. The chapter handles the discussion of findings according to the objectives of the study. It also adheres to the aim of this study, which has been to investigate the antecedents and consequences of the adoption of Saudization.

This chapter describes the antecedents of Saudization adoption in terms of:

11. The policy and regulations connected to the adoption of Saudization
12. Facilitators of and incentives to adoption
13. Knowledge-sharing practices
14. Barriers to adoption in addition to the interactions among these antecedents.

Furthermore, the chapter discusses the effect of the adoption of Saudization on improving productivity, in addition to some other economic benefits. The impact of knowledge-sharing on productivity is also provided. The chapter also discusses some other insights given by the managers who were interviewed in the qualitative stage of this study, regarding the future of Saudization adoption, its continuation and the possible risks of adopting this strategy in general and in the construction sector in particular.

8.2 Antecedents of Saudization Adoption

As noted earlier, the quantitative stage in this study investigated four antecedents of Saudization adoption: the current policy and regulations of adoption; the facilitators and incentives of adoption; the knowledge-sharing practices and the barriers that exist in hindering the adoption of the Saudization process. All the antecedents, with the exception of barriers to adoption, were found to have a positive impact on the adoption of Saudization. This section discusses the antecedents of adoption in detail.

8.2.1 Policy and Regulations of Adoption

The policies and regulations of the Saudi government support the adoption of Saudization and encourage enterprises to employ Saudi workers to solve the problem of unemployment through replacing foreign workers with their Saudi peers. The structural model in the quantitative stage revealed that current policy and regulations of the Saudi government reinforce the adoption of Saudization. This finding is in line with previous research by Alothman (2010) which investigates the barriers to Saudization in the private sector in addition to the positive impact of adopting Saudization on the sector. It is also in line with Aljebrin (2012) who suggests that the current regulations of Saudization are supportive. It is obvious that the government tries to encourage the use of a Saudi labour force and put them in place to decrease the rate of unemployment. Quantitative findings revealed that laws and regulations are positively supporting the adoption of Saudization. Most of the interviews in this research suggest that laws and regulations affect Saudization adoption positively.

Furthermore, the Saudi government encourages enterprises trying to apply the Saudization policy by giving big projects to these enterprises and by helping to train their labour force. Qualitative results from interviews indicate that the government provides companies with big

projects and gives them enormous profits in return for employing young Saudis. Additionally, the interviewees said that the Ministry provides distinctive services and they are training Saudi workers who have the experience and desire to work. Moreover, another interviewee mentioned that the government offers a programme which provides half the salaries of Saudis and this made them appoint Saudis. The second thing is training Saudis in a training authority. This authority provides training for some crafts such as electricians and founders and this helps Saudi workers to work in these jobs.

Furthermore, in his study of Saudization, ALShehry (2009) indicate that legislation is sufficient to adopt Saudization and this concurs with the findings of this study. The study reveals in the quantitative stage that the hiring policies in the private sector support the adoption of Saudization and this is also in line with a previous study by Al-Humaid (2003) in his investigation of factors affecting Saudization. Overall, the Saudi government strongly supports its policy of Saudization and give incentives to enterprises choosing to adopt it and help train the Saudi labour force

8.2.2 Facilitators of Saudization

Moving to another antecedent of Saudization adoption, facilitators of Saudization adoption, these facilitators enable adoption. Examples of these facilitators are that the majority of foreigners are less qualified for most semi-skilled jobs than Saudis although Saudis perform well at higher level jobs compared to lower level jobs. These findings are in line with Allothman (2010) who states that Saudis work well at jobs at higher levels. This again is an incentive to Saudis to work in higher level jobs.

Qualitative research reveals that incentives given by the government are considered facilitators of adoption which includes training Saudi youth, orientation, education and providing suitable working environments. Additionally, this includes encouraging Saudis to work in construction sector. Overall, the Saudi government supports its Saudization policy and provides incentives to facilitate the adoption of the process to foster its success.

8.2.3 Knowledge-Sharing

Knowledge-sharing is another antecedent of Saudization adoption. Simply, sharing knowledge and skills from foreign workers to Saudi workers helps to develop the Saudi workforce and support their success in replacing the foreign labour force. The quantitative research reveals that sharing knowledge between Saudis and non-Saudis is the process that reinforces and encourages Saudis to replace foreigners and achieve the business aims. It has been found that the process of exchanging work skills is easier when adopting Saudization and this exchange of knowledge adds to the firm's overall communication success nationally in addition to the increase in the knowledge storage capacity of its workers. These findings concur with previous research by Chowdhury (2009) in his study of knowledge sharing in the Turkish textile and apparel industry. He believes that knowledge-sharing improves the efficiency of organisations and help increase the productivity.

The qualitative research has also pointed towards knowledge-sharing findings and revealed that knowledge-sharing is one of the pillars of Saudization adoption. Many interviewees agreed that Saudis could work with foreigners in a work environment. Some statements were: *'Yes, there is a knowledge-sharing. This sharing rises up company's level. If you give a non-Saudi worker job security, he will share his experience with a Saudi worker. If we mix inexperienced Saudi workers with more experienced workers, the Saudi worker will acquire*

experience. A Saudi worker may have more academic experience than a non-Saudi worker. This is what will increase their level of knowledge'. In total, knowledge-sharing is the process by which Saudization can be achieved effectively and realistically. Encouraging the strategy of knowledge-sharing by government encourages businesses to follow their Saudization policy and give priority to qualified Saudi workers.

However, it is worthwhile to note that sharing of knowledge should also be examined from the perspective of transferring knowledge. This goes back to measures, laid down by the government, which aimed to ensure that the local population had increased access to knowledge or skills. As established in the qualitative research, the Saudi Arabian government did much to create opportunities for Saudi nationals to attend universities both inside and outside Saudi Arabia. Ultimately, the government holds the key to creating opportunities which are beneficial to the local population and which directly create opportunities to secure jobs.

8.2.4 Barriers to Saudization

On the other hand, the quantitative results reveal that there are some barriers that negatively affect the adoption of Saudization. These barriers relate to the lack of motivation of Saudis and their lack of skills. The quantitative stage reveals that it is not easy to fill less skilled jobs with Saudis as they lack relevant work skills and experience, for example, with creativity and jobs that require interpersonal skills, foreigners are willing to work for lower pay than Saudis. Further barriers are that foreigners make organisations more profitable and efficient than Saudis, and foreign workers are more motivated than Saudi workers. These findings are in line with Aljebrin (2012) who states that the private sector in Saudi Arabia is struggling to

reap the benefits of Saudization, and this is a clear indication that the local workforce is not productive, nor is it ready to work and serve the country.

The qualitative research has revealed similar findings in terms of barriers to Saudization adoption. The reluctance to learn from foreign workers is one barrier. Respondents said that, Saudis do alienate themselves from foreigners. Sometimes the foreigners alienate themselves from Saudis. Sometimes, Saudis do not care and this means that are not able to learn from foreigners.. However, it is not possible to generalise and it depends on the person himself. Another barrier is the nature of jobs preferred by Saudi workers because of high salaries, and they are not committed to working long. Interviewees said that while Saudis are happy to work in administrative work, such as human resources, reception and staff affairs, it is believed that Saudi workers do not like the responsibility of work requirements unlike foreigner workers. Interviewees noted that governmental and petrochemical companies provide good salaries, incentives, services, housing and housing allowance, all of which attract Saudi workers.

Mashood et al., (2011), in their analysis of Gulf countries, concluded that the main barriers to Saudisation relate to the employers' and employees' perspectives. For example, Saudi nationals are not hired in the private sector because locals prefer government jobs which have better salaries, unlike the private sector, especially in sectors such as construction where foreign nationals are preferred to locals. The working conditions in the public sector are viewed as better by most locals hence, Saudis tend to focus on such jobs instead of those offered by the private sector (Gulf, 2007).

In addition to the aforementioned barriers, it is suggested that the traditions and culture of Saudis could affect the job they want to work in. *'This returns to traditions that the Saudi should be working as a director from the beginning and the Saudi does not want to begin with low level jobs. In addition, some Saudi workers do not like non-Saudi directors. Some others believe that non-Saudi workers are the cause for low salaries and the unemployment of Saudis. Some others categorise the crafts as low industry and they are not proud to work in those crafts'*. It was not possible to find unequivocal support of these views and ideas.

However, the research found that there is an inclination towards assumptions that culture plays a role, albeit a small one, in reducing the prospects of success of the Saudization process. Previous research, as shown in the literature review section, has demonstrated a correlation exists between barriers to Saudization and the Saudi culture where younger Saudis focus more on mid to high level jobs while ignoring lower level positions (Al-Dosary & Rahman, 2005; Ramadi, 2005).

Furthermore, managers prefer foreigner workers because of their commitment to the organisation and their regular attendance even for overtime. The interviewees suggested that, *'Foreigners are committed with attendance and are committed to doing overtime unlike Saudi workers and they also take low salaries, and are easy to be managed. However, I would like to give these jobs to a Saudi worker if he has good experience, qualifications and training'*. This, like the views of work expectations by Saudi nationals was not supported by the research as being a major barrier to Saudization. However, much of the literature analysed claims that Saudi Arabian nationals are less likely to work longer hours, for lower salaries and do overtime compared to foreigners (Alanezi, 2012; Fakeeh, 2009; Feulner, 1989; Looney, 2004; Ramadi, 2005; SAMA, 2007; SAMA, 2008; SAMA, 2013; Torofdar, 2011).

This is especially so in the construction sector where long hours at work doing overtime are the order of the day (Construction Week, 2013).

In addition to the opinions of most managers who commented that Saudi workers lack the qualifications to work in their companies, they also stated that the lack of reliability of Saudi workers is another barrier to Saudization. They said that, *‘there is instability created by Saudi workers because they are always looking for better jobs. Saudi workers are mostly looking for governmental jobs and when they find them, they leave us’*. Therefore, it is easy for Saudi workers to leave their work in search of better opportunities, particularly in the governmental sector. Moreover, it is the lack of training to qualify Saudis who have the desire to be employed in jobs other than administrative ones, in addition to their low educational level. Managers said that, *‘there is no practical training. The enterprises do not co-operate in the training of Saudi manpower. There are no designated places for training.’* The findings of this research have also suggested this, a view which is supported by the statistics which show higher numbers of Saudis working for the government than in the private sector (Bollier & Haddad, 2013; SAMA, 2013).

Table 8.1: Some issues related to Saudization in private sector

<i>Issues</i>	<i>Private Sector’s Justifications</i>
1. Labour cost	The costs of local labour are higher than foreign workers. This motivates private sector to import cheap manual labour that work in labour-intensive jobs. As a result, the profits of this sector are improved although Saudi government imposes additional expatriate costs related to visa renewals and Iqama.
2. Social and cultural perceptions	Social position affects the acceptance of Saudis labour to work in a kind of job such as working in vegetable market. Saudis see that this job may negatively impact on their social relations and marriage.
3. Control over process of production	Foreign labours have different skills to perform various works. Employers can easily control on their job comparing Saudis though short-term employment contracts. Further, Saudi Arabia employs the Kafala system that gives employers a huge control over migrant worker.

4. Lack of social integration in multi-cultural work environment	Some Saudis refuse to integrate into multi-cultural work environment because they believe that this environment may negatively affect their current positions.
5. Job tenure	Employers find some difficulties to finish the contracts of local workforce comparing with foreign manpower. This discourage private sector to employ Saudis labours. So, Saudization may be failed.
6. Mobility	Local workers prefer to stay in their current job instead of moving to a new job.

Source: Ramady, 2010

Overall, although the Saudi government strongly supports the adoption of Saudization, it is believed that there are a number of barriers to the adoption of Saudization, and this causes delays in adopting the policy efficiently and effectively. In summary, these barriers relate to the lack of motivation of Saudis to work and take responsibility in addition to the lack of qualified workers (Al-Dosary & Rahman, 2005). Furthermore, the culture and traditions of some Saudis who feel too proud to work in certain jobs and to share knowledge with foreign workers (Alanezi, 2012; Fakeeh, 2009; Feulner, 1989; Looney, 2004; Ramadi, 2005).

Lack of training programmes is another barrier to the adoption of Saudization and would produce more qualified Saudi workers to replace foreigners. This is because, despite many programmes offering training to younger people, many of the skills offered are focused on soft skills and on qualifications in middle level to high jobs and within the public sector rather than in private sector and in more manual areas such as construction (SAMA, 2013). These barriers to the adoption of Saudization need to be addressed and the government should produce some measures to overcome these barriers, by addressing the matters outlined in Table 8.1 as discussed by Ramady (2010).

The quantitative results have also investigated the interactions among the antecedents of Saudization adoption: policy and regulations, facilitators of Saudization, knowledge-sharing

and barriers to adoption. From the above mentioned discussion it is clear that the government is to decrease the barriers to the adoption of Saudization. It has been found that there is a causal relationship between policy and regulations and barriers to adoption. Meanwhile the government gives incentives to enterprises who adopt Saudization. In other words, the government puts in place actions and regulations that encourage Saudization adoption and contributes to the training of the labour force to qualify Saudi workers in order to be able to replace foreign workers (SAMA, 2013).

Additionally, the policies and regulations are positively supporting knowledge-sharing activities. Overall, the policies and regulations are the main pillar of Saudization adoption. These regulations and legislation facilitate the adoption process, and in addition, help to decrease the barriers to adoption, and support the practice of training the labour force (Shah, 2006). These interactions among the antecedents of Saudization are highlighted in the quantitative stage of this study. Highlighting the links among these constructs indicate how useful the link is between the policies and regulations of Saudization, facilitators and incentives, knowledge-sharing and barriers to adoption. These interactions illustrate the route map of raising the concept of Saudization and supporting its adoption strategies. It provides a map of actions that should be taken by the government to better encourage the Saudization strategy and improves its consequences, especially in terms of productivity. This improvement to productivity will motivate enterprises to adopt Saudization and gain its benefits.

8.3 Consequences of the Adoption of Saudization

The quantitative study has revealed two main consequences of Saudization: productivity and other benefits. The effect of knowledge-sharing on productivity and benefits was also

investigated. Statistical analysis show significant impact of Saudization adoption on productivity and other benefits. The same rule applies to knowledge-sharing. These results confirm that this adoption is a positive concept in Saudi society. Besides solving the problem of unemployment and decreasing immigrants to the country, it contributes to improving the productivity of enterprises, particularly in the construction sector which depends on a wide range of foreign workers. This section discusses the effect of the adoption of Saudization on productivity and other benefits in detail.

The positive effect of Saudization adoption on productivity revealed in this study matches the aims of the Saudization strategy. This is also in line with the research by Shenk (2008) who claims that Saudization is set up with clear objectives including reduction of unemployment, encouraging local participation in national building and ensuring that the development of the country is clearly sustained. Furthermore, this finding concurs with Aljebri (2012) and Hamdan (2005) who view that the productivity of the country will be affected in a positive way by the adoption of Saudization as it helps the speed of transferring work information both locally and internationally. This finding is supported by Chowdhury (2009) who believes that the space and time constraints in communication decrease with that adoption of Saudization. He claims that places where local manpower is highly involved, the transfer of knowledge is often quicker and hence productivity improves.

Another aspect that contributes to productivity improvement is the hiring of Saudi workers as the research data suggest that Saudis are more productive than foreigners. This finding is in line with Alothman (2010) who claims that the local population is more productive than a foreign workforce, because the local workforce realises that their future depends on how hard they work. They are ready to work and are more productive as they get more incentives from

the government and their engagement with their work denotes greater commitment and hence productivity. Added to this is the ease of getting help from other construction firms who adopt Saudization. Overall Saudization adoption is one of the positive determinants of productivity. Replacing foreign workers with Saudis is a guarantee of the commitment to the work place and hence more productivity. Workers from the same culture are made it easier to communicate and transfer knowledge among them and hence more effective knowledge-sharing practices take place. Productivity is a strong reason for the Saudi government to justify its Saudization strategy, encourage its adoption and support adoption strongly by giving incentives and encouragement to companies (Al-Dosary & Rahman, 2005).

Qualitative research revealed similar findings on productivity. Managers claimed that productivity increases by adopting Saudization, saying that

'it is possible that productivity increases if there is orientation and education.

Others said,

'yes definitely, if there is improvement in some crafts such as carpenter and blacksmith. It will improve productivity if workers are more experienced, qualified and creative.'

Managers commented that employing Saudi youth improves productivity:

'I think Saudization is effective because the majority of people are young and this has a significant role to develop Saudization and reduce the numbers of non-Saudi workers. They also help to keep money within the country'.

Furthermore, some managers believed that their productivity will increase if qualified workers are employed.

They said,

'yes for sure. If you employ qualified Saudis and make them acquire experience from the non-Saudi worker. In case of non-Saudi workers leaving the country, Saudis will be ready to take the place of the non-Saudi'.

Overall, there is agreement that the adoption of Saudization increases can help improve productivity and the qualitative findings support the quantitative ones.

In addition, there are some other benefits that can be gained from the adoption. For example, it helps improve business opportunities in the Saudi market and overcome the limitation of local market size. This finding is in line with previous research by Al-Dosary & Rahman (2005) who believe that Saudization erodes competitiveness of a business and possibly of a country. Added to this, it is believed that Saudization adoption gives Saudis more job security. This finding is similar to that of Allothman (2010) in his study of exploration the efficiency of Saudization in the private sector, where he found that the adoption is giving Saudis more job security than before, and improving business opportunities inside Saudi Arabia, as well as providing useful information for the government.

The present qualitative research also reveals that adopting Saudization gives more job security. This is confirmed by other managers who expressed that

'Yes workers are given more job security because they have a system that protects them, and you cannot fire them if they follow laws.'

Other managers said

'Yes, definitely but workers' rights should be included in workers' contracts.'

Add to this, employing Saudi workers reduces the importation of foreign employees as well as the cost of recruiting and employing them. Interviewees expressed that,

‘First, Saudization adoption reduces the foreign transfers. Secondly, it reduces the security risks that are committed by some foreigners. Finally, the employment of Saudis reduces the unemployment rate’.

As for the costs of recruiting foreign workers such as visa linked costs, travel and accommodations costs, these costs are also saved. They said,

‘Companies must offer non-Saudi workers leave allowance, travel tickets and the cost of residence and work visas. Those fees will cost the establishment a lot of money and this is not required when employing Saudi workers’.

Furthermore, managers believed that the adoption of Saudization supports the economy of the country, where employing non-Saudis increases the financial leakage rate as foreign workers transfer money to their countries. An interviewee said,

‘At the end, we have money that goes out of the country and it is estimated it is billions and this is a huge amount of money. If we are able to limit these amounts by employing some of the Saudi youth, yes it will have an effect on the economy.’

Additionally, managers believed that Saudization can affect the growth of the construction sector by applying training programmes and encouraging Saudi workers to join these programmes. They mentioned,

‘Yes, if we apply programmes such as the authorities’ programmes for training youth to improve skills, it is possible to increase the growth of the construction sector.’

Other managers agreed,

‘Yes, definitely. It will affect if there is orientation. We must raise training levels with governmental support to raise the performance level and this will be reflected in the growth’

level. This clearly shows how Saudization can positively affect the economy and the growth level of business in the Kingdom

8.4 Risks of Saudization

Although there are benefits of Saudization adoption, there are also some risks involved. In this section, qualitative research discusses the opinions of some managers in the construction sector. Some of them believed that Saudization adoption has not affected the growth rate in the construction sector till now, due to a lack of qualified Saudi workers. They said,

‘Until now, there has been no effect on the growth because the construction sector are linked with each other and there are not enough qualified people. If we look at the experiences, we do not find Saudi engineers and architects. Until now we do not find highly experienced Saudis in the construction sector.’

This means that the Saudi government needs to pay attention to the technical jobs which most Saudi do not like to work in especially with hard and long hours at work. This is because such a focus will facilitate a shift of job seekers from being focused on government jobs at the expense of working in construction within the private sector (Godwin 2006, Nelson 2004, Wilkins 2001). There is also a need for the government to actively work to help locals to gain the skills and knowledge necessary to succeed in the private sector through better skills and qualifications and by gaining the knowledge and skills required by private employers.

Other managers claimed that if Saudi workers replace the non-Saudis, there is a kind of fear among owners and managers of businesses that Saudi workers will not be committed to work and then the failure of Saudization will be inevitable. Managers mentioned,

‘Adopting Saudization is costly and there is a lack of commitment by Saudi workers in regards

to regular attendance in work.'

However, they think that they can address these problems saying,

'Yes it is possible but we can overcome those problems.'

For example, Morris (2005: p.7) noted that Saudi Arabian nationals, like those in the rest of the Gulf region,

"see themselves as natural middle class, and will generally only accept work congruent with these expectations."

They cannot be trusted with positions that they feel are not ideal for either themselves or their contemporaries. Such a situation hinders effective Saudization by the private sector because the workers may not respond positively and work as effectively as the foreign labourers do. There is also the challenge of encouraging nationals to take up technical and manual jobs especially given that the government is always willing to give them better jobs despite their limited qualifications compared to the demands of the private sector (Harry, 2007; Wilkins, 2001).

Furthermore, employers and business owners are also afraid of the government's obligation that they employ Saudi workers, particularly if they lack the qualifications and skills which will lead to less efficiency at work and less commitment to their responsibilities. The manager said,

'Saudization adoption will face risks if the government forces us to employ workers who lack qualification and skills. The government should reduce the Saudization proportion to find qualified people for working instead of foreigners.'

Then the government can raise the proportion gradually'. Expressing these fears, another manager expressed that

'we are afraid of the worker who wants to leave us after their training period because that

costs a lot of money. We must also provide a suitable service for the worker to have a qualified labour force'.

Another claim made by managers is that employee turnover increases when adopting Saudization. That is because Saudis are always looking for better jobs and salaries. They mentioned that,

'Saudis look for a good salary and they quit the work if they find another job with a good salary.'

However, managers are encouraged by Saudization comparing the present with the past. One commented that,

'Currently there are positive steps. In the past, we found that the presence of Saudi workers in the private sector was very rare. In the future, we would like to provide all our jobs for Saudis, like other countries.' Others said, *'We hope to raise Saudization and try to apply programmes that will cause the improvement.'* Other managers said, *'If the worker is ready and well-trained and qualified, that will make establishments' owners encouraged to employ Saudis and achieve Saudization'.*

Similar views and conclusions can also be observed (Al-Ali, 2006; Al-Ali, 2008; Gulf, 2007; Harry, 2007; Nelson, 2004).

8.5 The Future of Saudization and Suggestions

Most managers believed that Saudization will continue in the future because of the support of the Saudi government. One said,

'The government is interested in Saudization and puts in place programmes to encourage its adoption now and in the future. Second, the demand of Saudis who have the desire to work because there is no chance of work in the governmental sector and they look into the private

sector, is another reason for continuation. The incentives and chances also exist in private sector’.

Managers think that improving the educational system and developing the training programmes are requirements to guarantee the continuation of Saudization in the future. They said,

‘In my opinion, we need government direction and the attention of the Ministry of Higher Education to coordinate with the Ministry of Labour the outcomes and the needs of the labour market, then there will be a continuation and increase in Saudization. I expect that Saudization will continue and will improve from year to year.’

This is in line with SAMA (2008) and SAMA (2013) in their focus of ensuring Saudization is successful and effective in not only reducing unemployment of the local population but also reducing the hiring of foreign nationals.

In exploring if they find a difference between the public and private sectors in the way they adopt Saudization effectively, some managers believed that the private sector is better as the Saudis have the opportunity to develop and acquire experience better than in the public sector. One expressed,

‘We think that the private sector is better than the governmental sector due to the stagnation of workers. Young Saudis will have the opportunity to acquire experience in the private sector more than the governmental sector. The private sector may develop Saudization better than the other sectors.’

However, some of the interviewed managers believed that the public sector is better than the private sector because it provides incentives, offers high salaries and it has facilities and capabilities better than the private sector. One manager said,

'Yes, definitely, the governmental sector is better, because it has good incentives, good salaries and fewer hours work, unlike the private sector'. They should train Saudi workers in order to bear the hardships of work. The majority of Saudi youth look for comfortable jobs.'

Other managers agreed,

'yes for sure because, the governmental sector is better than the private sector. The private sector's abilities are limited unlike the governmental sector.'

Therefore, the difference in opinions among managers is because that the governmental sector is rich and can offer incentives to employers to adopt Saudization. However, the private sector is an environment in which the culture of developing Saudis and improve their knowledge and skills is improving.

8.6 Conclusion

This chapter has achieved its aims discussing the quantitative and qualitative analyses. The chapter has discussed the antecedents of the adoption of Saudization: policy and regulations of adoption, facilitators and incentives, knowledge-sharing practices and barriers involved. The chapter has integrated the quantitative and qualitative findings and previous studies in the literature review. The chapter then moved forward in its discussion on the benefits of adopting Saudization and the effect of this adoption on productivity. The same procedures of discussing the antecedents of adoption were followed with the consequences of adoption. The discussion has supported the hypotheses and the findings of the studies and the qualitative research has provided in-depth analysis through explanations and reflection. Moreover, the qualitative research has provided insights into the continuation of Saudization adoption and the risks of this adoption in general and in the construction sector. Overall, Saudization, similar to any other strategy, has benefits and risks; it also has antecedents and consequences of adoption.

CHAPTER 9

CONCLUSION AND RECOMMENDATIONS

9.1 Introduction

This chapter provides a summary of the study. It describes the aim of the study and summarises the research methods and findings. In addition, it shows the implications of the study; theoretical and practical. Also some recommendations for governmental bodies for successful and promising adoption of Saudization in the construction industry are suggested. Finally it indicates the research limitations and future research avenues.

9.2 Conclusion

The number of foreign workers has increased in all the Gulf countries and Saudi Arabia is no exception. The Saudi population has grown due to increasing number of immigrant workers who work in the oil and construction industries and serve the aims of development in the Kingdom. With the increase in foreign workers and in the same time the increase in the unemployment rate, the Saudi government started to adopt a Saudization strategy that simply means replacing the foreign workers with qualified Saudi employees to reduce the rate of unemployment and develop the economy.

The construction industry is part of the private sector and the combination of tough work for long hours and Saudis who dislike working for long hours and work in difficult jobs, as well as having a lack of skills to work in such industries, this study aimed to investigate the adoption of Saudization strategy in this sector. It has investigated the adoption antecedents and consequences. Antecedents revealed in the study are the policy and regulations of Saudization adoption, facilitators and incentives of Saudization adoption, knowledge-sharing

practices, and barriers to Saudization adoption. The consequences of Saudization adoption are improving productivity and other benefits. Eleven hypotheses were developed to investigate the direct relationships among the antecedents and consequences of Saudization and Saudization adoption. Using mixed methods (quantitative-qualitative) and employing structural equation modelling, based on pragmatism philosophy and using deductive-inductive approaches, the study has revealed that four main variables affect Saudization adoption by construction companies; policy and regulations, facilitators and incentives of adoption, knowledge-sharing practices and barriers to adoption. Saudization adoption and knowledge-sharing have revealed positive effects on productivity and other economic benefits of adoption. The study used the serial instructive analysis style starting with the quantitative stage, followed by qualitative stage to help interpret the results exposed from the study. A questionnaire form, comprised in the constructs of the study, was used to collect data from 479 forms given to construction companies. Sixteen personal interviews were directed with managers of construction corporations to help clarify and understand the quantitative data.

The structural model, testing eleven hypotheses, examining the causal relationships among the constructs of the study displays that policy and regulations, facilitators and incentives of adoption and knowledge-sharing, all have a positive effect on Saudization adoption, while barriers to adoption have a negative effect on adoption. The Saudization adoption as a mediator has a positive effect on productivity and other economic benefits of Saudization. The study has also discussed the risks of Saudization adoption and the fear of managers about employing Saudis who lack the required qualifications and suggested that the government should help to better train and qualify Saudi youth. If not, their companies will lose their market share and will be left behind their peers.

The qualitative phase adds value to the quantitative findings. It has been used to confirm, explain and expand on the quantitative results. Examples of this expansion relate to the barriers to Saudization adoption, risks of adoption and perceptions on continuation of the Saudization strategy in the future. It also confirmed the quantitative findings and added interpretations of quantitative findings especially in barriers to adoption and concerns relating to the nature, habits and traditions of Saudi workers and their interest in governmental and prestigious positions.

9.3 Study implications

The implications of the study are divided into theoretical and practical. The contribution to theory is two-fold, offering an overall understanding of the factors affecting Saudization adoption in the construction industry in addition to the methodological contribution. Identifying the factors affecting the adoption of Saudization (antecedents of adoption), help to provide a better understanding of Saudization adoption behaviour in the construction industry in Saudi Arabia. In addition to this understanding of determinants of adoption, the study has provided a clear finding on how beneficial Saudization adoption is in terms of productivity and other economic benefits. The interactions among the constructs of the study are another contribution of this study. Investigating the effect of policy and regulations on facilitators and incentives of adoption and at the same time decreasing the negative effect of barriers to adoption of Saudization is a clear route map to show what determines the adoption of the strategy of the Saudi government to improve the economy and reduce the unemployment rate. The findings help to answer the question of what affects Saudization adoption and how adoption affects productivity and economic benefits to Saudi society.

Furthermore, this study reflects the opinions of Saudization adoption in a developing rich country such as Saudi Arabia, thus offering the standpoint of a developing country. This could be used in the future to make contrasts so as to evaluate the progress of localisation adoption in further countries in the Gulf area. Moreover, the measurement model developed in this study and the procedures used to guarantee validity and reliability both quantitatively and qualitatively, could be valuable for academics and researchers conducting advance research into localisation strategies. This research also contributes to the theory by revealing a theoretical model that can be used to investigate localisation programmes in the future. The revealed model explores the mediating effects of Saudization adoption on its benefits and particularly on productivity.

Contributing to methodology, the study has included constructs that can be used in investigating any localisation programmes which involve policy and regulations to adopt the programme, incentives of adoption, knowledge-sharing, barriers, productivity and other benefits. The interrelationships of these constructs reveal a measuring model which might be accustomed forecast localisation adoption in hypotheses disclose a dimension model which can be used to forecast localisation acceptance in any sector in a developing country. The dimension model broadcast in this study could be used supplementary to examine other industries in country, using this dimension model researchers may enhance and add to the recent works.

Revolving to the inferences for practice, these contain suggestions for both the managers of construction industries and policy makers. Detecting the factors affecting Saudization adoption could authorize managers to formulate strategies to develop their business and employ Saudis instead of foreigners, while distinguishing any defects and training

requirements that presents barriers to adoption. Superiors will be capable to fix well agendas for this replacement of the labour force. The consequences of this study exposed that productivity can be improved by adopting Saudization. This could form the initial aim, which is encouraging companies to adopt Saudization.

The findings have revealed that there are other benefits brought by adopting Saudization. This should provide an incentive to construction companies to adopt Saudization and help improve their competitive position in the local market and win incentives from the government. Furthermore, this will help these companies to increase the opportunities of expansion and work in other international markets.

Additionally, the adoption of Saudization provides job security to workforces and this develops staff contentment, reassuring them to do a better job in serving clients and improving their commitment to the corporation. Managers might furthermore note that adopting Saudization can enhance knowledge-sharing practices among employees. On the other hand, the lack of skills and motivation are perceived as barriers to adopt Saudization by construction companies. Recognising these factors that affect Saudization adoption could reassure government bodies and policy makers to take action, for instance training Saudi labours and qualifying them to work in such industries and promoting the significance of adopting Saudization for both the companies and citizens. This could also formulate national policies aimed specifically at supporting the adoption Saudization. Governments could also introduce national initiatives to encourage the adoption of Saudization. They should encourage a consciousness of Saudization assistances and lessen the barriers to adoption

9.4 Recommendations for Construction Companies and Governmental Bodies

An understanding of the factors affecting Saudization adoption by managers of companies and the initiatives taken by the governmental bodies will help to adopt Saudization effectively. The recommendations in this study are addressed to construction companies and governmental bodies.

As for the managers of construction companies:

15. They should encourage Saudi workers to join their work force and put incentives in place related to their performance.
16. Analysing the training needs that these companies and relevant positions need qualified workers to occupy.
17. Designing the training programmes that can meet the training needs especially for the technical positions.
18. Conducting the training programmes and bringing in specialists to train workers.
19. Evaluating the training programmes continuously and using the feedback to restructuring the designed programmes.
20. Encouraging Saudis to attend these training programmes and evaluate their performance continuously.
21. Encouraging the knowledge-sharing practices among Saudis and non-Saudi workers to improve their skills.
22. Rewarding efficient workers and introducing them as a role model to their peers to encourage others to enhance their performance.
23. Starting step by step adoption of Saudization in the construction sector, this could start from top down, starting with managerial positions and going gradually down to technical and basic positions.

24. Promoting awareness among employees of the importance of Saudization and how effective it is in reducing the unemployment rate.
25. Have a strategy of replacing foreign workers gradually by a certain number every year to finish this in a period of 5 years.

As for governmental bodies they contribute to the progress of Saudization of adoption. They should:
26. Put initiatives in place to increase awareness of the benefits of Saudization adoption in general and among construction sector companies in particular.
27. Help financing the training programmes and providing the required facilities to support the success of the training programmes.
28. Rewarding companies that have successfully adopted Saudization and highlighting them as a role model for other companies.
29. Encouraging technical education to graduate qualified graduates who can fill the jobs taken by others.
30. Setting up a unit or an authority to follow up with graduates and provide jobs for them and audit their performance and address their challenges.
31. Communicating with the private sector and encouraging them to adopt Saudization and share their knowledge with public sector companies.
32. Re-structuring technical and higher education, and vocational programmes in Saudi Arabia to set up adequate educational systems based on the needs of the labour market.
33. Open forum among policy makers, representatives of business leaders on a national level and educators to rewrite and execute the targets of the policy.
34. Saudi Arabia must put emphasis on the importance of re-evaluating the labour market policies in the light of a new education and vocational system inviting change.

35. Also, the government must be at the forefront in providing other incentives which lead directly to job creation. As mentioned in the previous sections, employers might choose not to increase vacancies and, therefore, stretch their existing workforces. This defeats the purpose of Saudization. Therefore, there is a need to ensure that employers are given incentives. One suggestion was to give tax holidays for each new employee or such measures which would be realistic and practical

9.5 Study limitations and Future research

This research has some limitations. First, this study investigates the research model (antecedents and consequences of Saudization adoption in Kingdom Saudi Arabia. The study recommended further researches apply the model in other countries such as Oman, Kuwait and United Arab Emirates. Moreover, researchers can compare the results of the research model in Kingdom Saudi Arabia and other countries. This adds more validation for the current model. Second, this study uses cross-sectional data to test the research hypotheses. Therefore, future researches can employ a longitudinal study to discover success and failure factors of Saudization. Third, this study only collects the data from construction sector. So, the researcher recommends that next studies can develop the model in other sectors such as oil and gas sector. Hence, the results can be generalised to most of sectors in Saudi Arabia. Fourth, future researches examine knowledge management as a mediating variable in the processes of Saudization adoption. This will increase our understanding of more variables that affect Saudization adoption. Finally, future research can study the risks of Saudization adoption and also the effects of Saudization process on growth rate and job security

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Appendix A



UNIVERSITY OF PLYMOUTH BUSINESS SCHOOL

Questionnaire

INVESTIGATING THE CONSEQUENCES OF SAUDIZATION IN CONSTRUCTION SECTOR

by

Abdulah Al-Mami
University of Plymouth Business School
The United Kingdom

Supervisors:
Dr Atul Mishra

And
Dr Dababrata Chowdhury
Lecturer in Strategic Management
University of Plymouth Business School.



Questionnaire

Thank you for your time taking this survey. This research aims to evaluate the current competence of Saudisation for the construction sector/Industry so as to allow the researcher to propose suitable recommendations to improve the Saudisation initiative and suggest better solutions to private sector to reduce the current high unemployment rate among Saudi nationals. Therefore, I want to discover how important explore the impact of Saudisation on the construction sector, as well as on Saudi workers. This questionnaire is a necessary tool to complete my PhD in Business and Management from the University Plymouth, UK. Accordingly, the enclosed questionnaire is designed to benefit from your distinguished experience, and to discover your views on the currently used Saudisation processes at Construction Industry in Saudi.

All information will be treated in the strictest confidence. No data will be published which can be identified as a specific response from your firm. There is no right or wrong answers, your opinions/facts are what you already use in your firm. So, your participation is highly valuable for my current research. As a way of expressing gratitude for your co-operation in completing this survey, I will be happy to send you a copy of the survey results. If you would like to have a copy of the results, please fill in your details at the end of the questionnaire.

Finally, if you have any queries or would have further information please do not hesitate to contact me on my e-mail addresses:

abdullah.almami@plymouth.ac.uk

Or contact my Supervisor Dr. Atul Mishra on atul.mishra@plymouth.ac.uk and Dr Dababrata Chowdhury on daba.chowdhury@plymouth.ac.uk

Thank you very much for your assistance and co-operation with me in this research.

Yours Sincerely
Abdullah Al-Mami

SECTION 1

Personal Information

1) Please select your gender:

- Female Male

2) Age Group: (Please select appropriate)

- 20 or less 21-24 Years 25-30 Years 31-35 Years 36 or more

3) Education level: (Please select appropriate)

- School High School
 College education Higher/University education Postgraduate
 Doctorate No Formal Education

4) What is your nationality?

5) Your position in this company:

- Administrative Staff Technical Staff Manager
 Junior Manager Senior Manager Owner
 Temporary Staff/Supervisor Others – Please Specify

6) Work experience: (Please select appropriate)

- Less than a year 1- 5 Years 6-10 Years 11-15 Years 16 or more

7) Languages you speak and understand (Please select all that applies)

- English Arabic Others – Please Specify _____

SECTION 2)

Firm Information

1) Business Operation in Saudi

- 0-5 Years 6-10 Years
 11-15 Years More than 15 Years

2) Number of people employed

- 1-50 51-100 101-200 Above 200

3) Your company's ownership:

- Liability Ltd Company Joint Venture Company
 Private Company State-Owned Enterprise Others – Please Specify

4) Does your company have a website? (For example: www.mycompany.com)

- Yes (Please specify: _____) No

5) If yes to Question 4, what does your company mainly use it for?

- Marketing Sharing ideas with other companies
 Selling/buying goods Quick Communication
 Above all Others (Please specify: _____)

6) Does your company have any branches? (If no, skip to Section 3)

Yes No

7) How many branches does your company have?

Less than 2 3-5 6-10 More than 10

8) Where is the location of your company's Head Office?

Jeddah Riyadh Middle-East
 Mecca Other (Please specify: _____)

SECTION 3): Business Views

1) What are the advantages of doing business in here? (Please select all that applies)

Economic and Skills Labour Lower Tax Government Support
 GeoFigurey Easy Communication with others city
 Others – Please Specify _____

2) What is your experience of business in recent years?

Unsatisfactory Fair Good Excellent

3) What are the future plans to develop your business if any?

Improving Information Technology (IT) Improving Quality Control Systems
 Improving marketing strategies Human Resource Development
 No future plans Others – Please Specify _____

4 - Do you have any knowledge of employment opportunities in the private sector?

No, I do not have any knowledge
 Yes, but I know very few
 Yes, I have a clear knowledge

5- Show you preference the Saudi and non-Saudi workers in terms of the following criteria () to show your preference

Criteria of preference	I think the best for the organization is :		
	Saudi	Non- Saudi	Equal both
Not leaving work site without permissions			
Respect and concern for work regulations			
Knowledge of foreign language			
Acceptance of less pay			
The workers readiness to accept employer's order			
Easy to hire			

More productivity in work			
Honesty			
Good treatment or tact with costumers			
Good appearance			
High level of marketing			
Efficiency of work			

SECTION 4

A- Now please tick one of the box from 1 to 5 for each statement, indicating whether you agree or disagree and which reflects your opinions, please answer as accurately as possible.

(1) Strongly Disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly Agree

Policy and Regulations

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
PL1) Current Saudization policies are easy to follow	1	2	3	4	5
(PL2) Saudization policies are clear to follow	1	2	3	4	5
(PL3) Policies and regulations for private sector facilitate and encourage hiring of locals in Saudization process	1	2	3	4	5

Productivity

	Agreement Level				
(PR1)The productivity of Saudi workers is adequate for my company.	1	2	3	4	5
(PR2) According to my experience, Saudi workers are more productive than non-Saudi workers.	1	2	3	4	5
(PR3) Saudisation reduces organisational costs thus increasing productivity.	1	2	3	4	5
(PR4)Productivity of Saudi workers is adequate for private sector	1	2	3	4	5

Saudisation benefits

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
S1) Saudization gives Saudis more job security than before	1	2	3	4	5
(S2) It overcomes the limitation of market size in locally	1	2	3	4	5
(S3) It improves business opportunities inside the Saudi	1	2	3	4	5
(S4) It provides useful information for government	1	2	3	4	5

Saudisation Adoption

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
SA1) I adopt Saudization program in my company	1	2	3	4	5
(SA2) I strongly recommend others to adopt Saudization program.	1	2	3	4	5
(SA3) Saudi workers accept any job in order to adopt this program.	1	2	3	4	5
(SA4) Saudis prefer to work in mixed work environment with other foreigners	1	2	3	4	5

Saudisation Barriers

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
(SB1) Saudis lack relevant work skills and experience i.e. creativity and patience jobs	1	2	3	4	5
(SB2) Foreigners are willing to work for lower pay as compared to Saudis	1	2	3	4	5
(SB3) It is not easy to fill less skilled jobs with Saudis	1	2	3	4	5
(SB4) Foreign workers are more motivated compared to Saudi workers	1	2	3	4	5
(SB5) Foreigners make organisations more profitable and efficient than Saudis	1	2	3	4	5
(SB6) Low Salaries lead to retention of foreign workers	1	2	3	4	5
(SB7) The Saudi education system is not equipping citizens with skills for private sector	1	2	3	4	5

Saudization Facilitators

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
(FA1) Saudis perform well at higher level jobs compared to lower level jobs	1	2	3	4	5
(FA2) The majority of Foreigners are less qualified to most semi-skilled jobs than Saudis	1	2	3	4	5
(FA3) Expanding and promoting quantitative and qualitative in the private sector	1	2	3	4	5
(FA4) Granting state promotional incentives to private sectors institutions that abide to the policy of Saudization.	1	2	3	4	5
(FA5) Mandating a minimum number of Saudi workers to be abided to by the private sector institutions	1	2	3	4	5

Knowledge Sharing

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
(KS1) Knowledge was shared between supervisors and subordinates.	1	2	3	4	5
(KS2) Knowledge was shared between colleagues.	1	2	3	4	5
(KS3) Knowledge was shared between units	1	2	3	4	5
(KS4) The process of exchange knowledge between employees is easier.					

Comments and Feedback

If you have any comments that you wish to express regarding this questionnaire, please write them in the space below, (*continue on a separate sheet if necessary*).

If you would like to be informed of the results of this survey, please supply your contact details below.

Name & Address:

Email:

Appendix B



جامعة بليموث كلية إدارة الأعمال

إستبانة

تقييم نتائج السعودة بالتطبيق على قطاع المقاولات الخاص

عبدالله بن سيدالأمين المامي

abdullah.almami @ plymouth.ac.uk

جامعة بليموث كلية إدارة الأعمال

في المملكة المتحدة

المشرفين:

الدكتور أتول ميشرا والدكتور دابا شودري

محاضر رئيسي في الإدارة الاستراتيجية

جامعة بليموث كلية إدارة الاعمال

نشمن لكم وقتكم بالاطلاع على هذا البحث. يهدف هذا البحث الى تقييم الكفاءة الحالية لسعودة في قطاع البناء والتشييد / الصناعة وذلك بالسماح للباحث اقتراحاتوصيات مناسبة لتحسين مبادرة السعودة واقتراح أفضل الحلول للقطاع الخاص للحد من ارتفاع معدل البطالة الحالي بين المواطنين السعوديين لذلك، أريد أن أكتشف مدى أهمية أثر السعودة في قطاع البناء والتشييد، وكذلك على العاملين في السعودية. هذا الاستبيان هو أداة ضرورية لإكمال درجة الدكتوراه في الإدارة والأعمال من جامعة بليموث، المملكة المتحدة .

وفقا لذلك، تم تصميم الاستمارة للاستفادة من خبراتكم المتميزة، واكتشاف وجهات نظرکم بشأن عمليات السعودة المستخدمة حاليا في صناعة البناء والتشييد في السعودية .ستعامل جميع المعلومات بسرية تامة .وسوف لن يتم نشر أي بيانات و التي يمكن تصنيفها كاستجابة محددة من الشركة الخاصة بك .ليس هناك إجابات صحيحة أو خاطئة،كما أن الاراء/ الحقائق الخاصة بكم هي ما كنتم تستخدمونه بالفعل في شركتكم .لذلك، سوف تكون مشاركتكم قيمة للغاية فيما يتعلق ببحثي الحالي

باعتبارها وسيلة للتعبير عن مدى الامتنان لتعاونكم الخاص في انجاز هذه الدراسة، سوف يكون من دواعي سروري ارسال نسخة من نتائج هذا البحث لكم .إذا كنتم ممن يرغبون في الحصول على نسخة من النتائج، يرجى ملء التفاصيل الخاصة بكم في نهاية الاستبيان .أخيرا، إذا كان لديكم أي استفسارات أو كان لديكم مزيد من المعلومات يرجى عدم التردد في الاتصال بي على عناوين البريد الإلكتروني الخاص بي:

و تفضلوا بقبول فائق الاحترام

عبد الله بن سيدالامين المامي

القسم 1: المعلومات الشخصية :

1-الرجاء تحديد نوع الجنس الخاص بك
 ذكر أنثى

2-الفئة العمرية: (يرجى تحديد ذلك بدقة)

20 أو أقل 21-24 سنة 25-30 سنة 31-35 سنة 36 أو أكثر

3-مستوى التعليم:(يرجى تحديد ذلك)

مدرسة ثانوية كلية التربية العالي / التعليم الجامعي دراسات عليا دكتوراه أي تعليم رسمي

4-ما هي الجنسية؟

5-طبيعة العمل في الشركة:

الموظفين الإداريين مدير الجهاز الفني مدير جديد مدير أول المالك الموظفين المؤقتين / المشرف أخرى - من فضلك حدد

6-الخبرة العملية: (يرجى تحديد ذلك)

أقل من سنة 1-5 سنوات 6-10 سنوات 11-15 سنوات 16 أو أكثر

7-اللغات التي تجيدها (الرجاء اختيار كل ما ينطبق)

الإنجليزية العربية أخرى - من فضلك حدد

القسم 2 :معلومات عن الشركة:

1- العمليات التجارية للشركة في السعودية

0-5 سنوات 6-10 سنوات 11-15 سنة أكثر من 15 سنوات

2-عدد العاملين

1-50 51-100 101-200 أكثر من 200

3-ملكية الشركة

المسؤولية المحدودة شركة مشتركة المشروعات المملوكة للدولة شركة خاصة أخرى - الرجاء تحديد

4-هل لكم شركة لديها موقع على شبكة الانترنت؟ (على سبيل المثال: www.mycompany.com)

نعم (يرجى التحديد: _____) لا

5-إذا كانت الإجابة بنعم على السؤال (4)، ماالغرض من استخدام شبكة الانترنت ؟

التسويق تبادل الأفكار مع شركات أخرى بيع / شراء السلع الاتصال السريع كل ما سبق غيرها
(يرجى التحديد: _____)

6- هل لشركتكم أي فروع؟ (إذا لم يكن هنا فروع، انتقل إلى القسم 3)

نعم لا

7- كم عدد فروع الشركة؟

أقل من 2 3-5 6-10 أكثر من 10

8- أين موقع الموقع الرئيسي للشركة الخاصة بك؟

جدة الرياض الشرق الأوسط مكة المكرمة أخرى (يرجى التحديد: _____)

القسم 3: وجهات النظر التجارية :

1- ما هي مزايا ممارسة الأعمال التجارية في السعودية؟ (الرجاء اختيار كل ما ينطبق)

الاقتصادي ومهارات العمل قلة الضريبة الجغرافيا سهولة الاتصال مع مدينة أخرى
 دعم الحكومة أخرى - (من فضلك حدد _____)

2- ما هي تجربتك مع رجال الأعمال في السنوات الأخيرة؟

غير مرضي مقبول جيد ممتاز

3- ما هي الخطط المستقبلية لتطوير عملك؟

تحسين تكنولوجيا المعلومات (IT) تحسين أنظمة التحكم بالجودة تحسين استراتيجيات التسويق تنمية الموارد البشرية
 لا توجد خطط مستقبلية أخرى - (من فضلك حدد _____)

4- هل لديك أي معرفة في فرص العمل في القطاع الخاص؟

لا، ليس لدي أي علم نعم، لكنني أعرف القليل جدا نعم، ولدي معرفة واضحة

القسم الرابع: مقارنة بين العمالة الأجنبية الوافدة والعمالة السعودية

اعتقد أن الأفضل للمنشأة هو:			معايير المفاضلة
المتساويان	الوافد	المواطن	
			التغيب عن العمل بدون عذر مبرر.
			احترام أنظمة العمل.
			الإلمام باللغة الإنجليزية.

			القبول بالراتب المقرر من صاحب العمل.
			الإذعان في تقبل الأوامر و التوجيهات من صاحب العمل.
			سهولة إجراءات التوظيف.
			ارتفاع مستوى الإنتاجية في العمل.
			الأمانة.
			اللباقة مع العميل.
			حسن المظهر.
			القدرة على إقناع الآخرين.
			الكفاءة في العمل.

القسم 5: السعادة أهميتها , الحلول وعوائق تنفيذها

الرجاء وضع علامة () أمام كل عبارة تتوافق مع وجهة نظرك، بحيث تكون إجابتك دقيقة قدر الإمكان:

درجة التأثير					الانتاجية
أوافق بشدة	لا أوافق بشدة	لا أوافق	محايد	أوافق	
					الوافدون أقل إنتاجية من المواطنين السعوديين.
					سرعة نقل واكتساب المهارات بين العمال ازدادت بشكل ملحوظ دولياً وعالمياً
					سهلت التعاون بين الشركات في تبادل المعلومات

درجة التأثير					مشاركة المعرفة تعني:
أوافق بشدة	لا أوافق بشدة	لا أوافق	محايد	أوافق	
					أغنت تجربة الشركة وسهلت تواصلها مع الشركات الوطنية
					عملية تبادل مهارات العمال أصبحت أسهل.
					تزايد السعة التخزينية للمعرفة في المؤسسة

درجة التأثير					السياسات والقوانين
أوافق بشدة	لا أوافق بشدة	لا أوافق	محايد	أوافق	
					سياسات توظيف السعوديين الحالية تؤثر بشكل ايجابي في التنفيذ.
					سياسات السعودية واضحة التطبيق.
					السعودة تحسن سير عمل القطاع الخاص وذلك بتوظيف السعوديين.

درجة التأثير					عوائق السعودة:
أوافق بشدة	أوافق	محايد	لا أوافق	لا أوافق بشدة	
					تدنى الخبرة الفنية و العملية المطلوبة من القطاع الخاص لدى طالبي العمل السعوديين.
					الوافدون يسعون للعمل مقابل أجر أقل بالمقارنة مع السعوديين.
					لا يرغب السعوديون العمل في التخصصات المهنية المتدنية.
					العمالة الوافدة أكثر حماساً بالمقارنة بالعمالة السعودية.
					العمالة الوافدة تعمل على زيادة الربحية والكفاءة للمنظمة عنه عن العالة السعودية
					قلة الأجور تؤدي الى الاعتماد والاحتفاظ على العمالة الاجنبية

درجة التأثير					تبني السعودة:
أوافق بشدة	أوافق	محايد	لا أوافق	لا أوافق بشدة	
					السعودة تحسن سير عمل القطاع الخاص وذلك بتقليل الاعتماد على الوافدين.
					السعودة تساهم في تطوير وتنمية الموارد البشرية
					السعودة تساهم في تقديم الوظائف المناسبة للسعوديين وفقا لمهاراتهم.

درجة التأثير					العوامل المؤثرة على السعودة
أوافق بشدة	أوافق	محايد	لا أوافق	لا أوافق بشدة	
					السعوديون ينجزون عملهم بشكل أفضل في التخصصات ذات المستوى المرتفع من إنجازهم للتخصصات ذات المستوى الأدنى.
					الوافدين أقل تأهيلاً في الأعمال متوسطة المهارة من السعوديين مثل (الأعمال الميكانيكية - السباكة إلخ
					التطوير والتنمية الكمية والنوعية للقطاع الخاص

درجة التأثير					فوائد السعودة
أوافق بشدة	أوافق	محايد	لا أوافق	لا أوافق بشدة	
					السعودة تؤمن الاستقرار الوظيفي للشباب السعودي.
					تساعد السعودة في التغلب على تحديات حجم السوق محليا
					حسّنت فرص العمل داخل السعودية.

أخيرا.. إذا كان لديك أي استفسار أو لديك مزيد من المعلومات يرجى عدم التردد بالاتصال بي على البريد الإلكتروني الخاص بي

Appendix C

UNIVERSITY OF PLYMOUTH BUSINESS SCHOOL

Interviews for Government Officers

INVESTIGATING THE CONSEQUENCES OF SAUDIZATION IN CONSTRUCTION SECTOR

Researcher:

Abdhulah Al-Mami

University of Plymouth Business School

The United Kingdom

Supervisors:

Dr Atul Mishra and Dr Dababrata Chowdhury

Principal Lecturer in Strategic Management

University of Plymouth Business School.

Interviews Questions (Qualitative)

Name (If you do not mind):

Company Address:

Position:

Work experience:

1. Do you think Saudization is working at the **level of economy**?
2. What are the **aims** and **strategies** of the government towards Saudization in the long run?
3. Do you believe in the long run Saudization is **unsustainable**? (Who is going to pay the cost?) / Do you think Saudization will work in the **future**?
4. In what way do you think labour **policy** and **regulation** (frequent changes) could influence Saudization in the **private** sector in the Construction industry? What about **Public** sector?
5. Does the government give **incentive** for companies to achieve high level of Saudization? What kind of incentive helps Saudization? / Why they are not giving?
6. Do you believe Saudization is a **powerful** and **effective policy now** and in the **long run**? Why?
7. In your opinion do you think **Saudization** works **better in** some **sectors** than others? What about **construction** sector?
8. Do you believe there will be a **shortage of skilled workers** in next 10 years' time? Why? In which sector?
9. Are Saudi worker **reluctant to learn** from foreign workers?
10. Do Saudi workers **fit** welling in a **team** with foreigners?
11. Do you think Saudi's labour **ethics** and **attitude** influence Saudization?
12. In your opinion are there enough **training** opportunities for Saudi worker to acquire the skill of the foreign worker?
13. What are the most important **challenges** in linking **training outcomes** to saudisation programme in the construction private sector? What about the Technical and **Vocational Training** Corporations role? In your opinion do you think there is genuine **shortage** of **skill workers** in construction sector? Do you think current **facilities** for **training** are adequate for meeting these skills shortage?
14. Do you think Saudization influence the **growth** in labour in construction sector?
15. What are the most important **obstacles** in implementing Saudisation programme? For example commercial issues?
16. What do you think the **are factors** that attract private sector for non-Saudi labour in construction sectors?
17. Does Saudization gives Saudis more **job security** than before?
18. Do you think foreign workers **depress** Saudi wages and **take away** their jobs?
19. Do you believe that Saudization provide **suitable jobs** for Saudis according to **their skills**. If no, then Why?
20. In your opinion what is the difference in **total cost** between Saudi worker and foreign?
21. How do you **evaluate** the Saudization process in Kingdom as far?

Finally, if you have any queries or would have further information please do not hesitate to contact me on my e-mail addresses:

Abdullah.almami@plymouth.ac.uk

Or contact my Supervisor Dr Atul Mishra atul.mishra@plymouth.ac.uk

Thank you very much for your assistance and co-operation with me in this research.

Yours Sincerely

Abdullah Almami

Appendix D



جامعة بليموث كلية إدارة الأعمال

لمنسوبي الدوائر الحكومية

تقييم نتائج السعودية بالتطبيق على قطاع المقاولات الخاص

الباحث:

عبدالله بن سيدالأمين المامي

جامعة بليموث كلية إدارة الأعمال

في المملكة المتحدة

المشرفين:

الدكتور أتول ميشرا والدكتور دابا شودري

محاضر رئيسي في الإدارة الاستراتيجية

جامعة بليموث كلية إدارة الأعمال.

أسئلة مقابلات (نوعي)

الاسم (إذا كنت لا تمانع):

عنوان الشركة:

الوظيفة:

الخبرة العملية:

1. هل تظن أن السعودية فعالة على مستوى الدور الاقتصادي؟
2. ما هي أهداف واستراتيجيات الحكومة تجاه السعودية على المدى البعيد؟
3. هل تتوقع عدم استمرارية السعودية؟ و من الذي سيدفع تكاليف التدريب لرفع السعودية؟ و هل تظن أن السعودية سوف تستمر في المستقبل؟
4. من منظورك هل ترى أن قوانين السعودية تؤثر سلبياً أو إيجابياً على قطاع البناء و التشييد و القطاع الحكومي؟ لماذا؟
5. هل الحكومة تعطي حوافز للشركات لتحقيق مستوى عال من السعودية؟ أي نوع من الحوافز تساعد على السعودية؟ / لماذا أنها لا تعطي؟
6. هل تعتقد أن السعودية سياسة قوية وفعالة الآن وعلى المدى البعيد؟ لماذا؟
7. في رأيك هل تعتقد السعودية تعمل على نحو أفضل في بعض القطاعات أكثر من غيرها؟ وماذا عن قطاع البناء والتشييد؟
8. هل تعتقد انه سيكون هناك نقص في العمال المهرة في 10 سنوات القادمة؟ لماذا؟ في أي قطاع؟
9. هل العمالة السعودية تنفر من التعلم من غير السعوديين أم أنها لا تبالى؟
10. هل العمالة السعودية تتوافق مع العمالة غير السعودية في العمل الجماعي؟
11. هل تعتقد أن أخلاق و تصرفات القوة العاملة السعودية تؤثر في السعودية؟
12. براك هل هناك فرص تدريب كافية لكي يكتسب العامل السعودي المهارة من العامل الأجنبي؟
13. ما هي معوقات ربط التدريب مع النتائج المتوقعة لدعم برنامج السعودية؟ وما دور كليات التقنية و المعاهد الفنية؟ و هل يوجد نقص بالمهارات في العمالة السعودية في قطاع الإنشاء و التشييد؟ و هل تعتقد المنشآت الحالية للتدريب كافيه لسد نقص المهارات المطلوبة؟
14. هل تعتقد أن السعودية تؤثر على نمو قطاع الإنشاء و المقاولات؟
15. ما هي أهم المعوقات في تنفيذ برنامج السعودية؟ نظراً لأبعاد تجارية؟
16. ما هي المغريات التي تجعل القطاع الخاص و البناء و التشييد يتجه إلى العمالة الغير سعوديه؟
17. هل تعتقد أن برنامج السعودية يعطي السعوديين الأمان الوظيفي؟
18. هل تعتقد أن العمالة الغير سعودية هي السبب في تدني أجور السعوديين؟
19. هل تعتقد أن السعودية توفر الوظائف المناسبة للمواطنين السعوديين وفقاً لمهاراتهم. إذا كان الجواب بلا فلماذا؟
20. في رأيك ما هو الفرق في التكلفة الإجمالية بين العامل السعودي والوافد؟
21. كيف تقيم عملية السعودية الآن و على المدى البعيد؟

Appendix E



INVESTIGATING THE CONSEQUENCES OF SAUDIZATION IN CONSTRUCTION SECTOR

Interviews for Owners/Managers

by

Abdulah Al-Mami

University of Plymouth Business School

The United Kingdom

Supervisors:

Dr Atul Mishra and Dr Dababrata Chowdhury

Principal Lecturer in Strategic Management

University of Plymouth Business School.

Interviews Questions (Qualitative)

Name (If you do not mind):

Company Address:

Position:

Work experience:

Facts Data

Number of people employed in your company :

Distribution of total employees between Saudi and Non-Saudi

Break down of Non-Saudi worker according to category (can be obtain later)

Management

Supervision

Workers (electrician, plumber, painter, tile fixer,...)

Change in total employment over 5 and 10 years

Change in Non-Saudi number over 5 and 10 years

1. Do you regard that construction sector is **characterised** by **high level** of **knowledge transfer**?
2. In your opinion does **knowledge transfer** from foreign worker to Saudi worker improve Saudi labour productivity?
3. Do you **share** your business **information** with your Saudi's and Non-Saudi's workers ?
4. In what way do you think labour **policy** and **regulation** could influence Saudization in the **private** sector in the Construction industry? What about **Public** sector?
5. How do you **evaluate** the **Saudization** process in your organisation?
6. What are the **appealing factors** that attract owners and managers to hire non-Saudi labour in construction sectors?
7. What are the factors and **incentives** that help Saudization from your point of view?
8. What are the most important **obstacles** your organisation has encountered in implementing Saudisation program?
9. Do you think Saudization improves labour **productivity** in Construction sector?
10. Do you think Saudization improves the **growth** in Construction sector?
11. What are the factors that influence your decisions to invest in **training** your either existing or newly recruited Saudi employees?
12. Do you think Saudization influence **innovation** in Construction sector?
13. In your opinion is Saudization in construction sector **unique** in being **amenable** to Saudization? In what way?

14. Do you think there is a **difference** between **public** and **private** sector in construction industry? As regards Saudization.
15. In your opinion does the construction sector **enthusiastically embrace** the Saudization? Why?
16. Do you think **traditions** in Saudi Arabia which undervalue manual work influence the Saudization in construction private sector?
17. Do you think Saudi's labour **ethics and attitude** influence Saudization?
18. Do you think Saudisation is **risky** for construction in private sector? Why?
19. What are the most important **challenges** in linking **training outcomes** to saudisation programme in the construction private sector? What about the Technical and Vocational Training Corporations role?
20. In your opinion is Saudization **easier** in some **jobs** rather than others in Construction sector (electrician, plumber, architect)
21. Do you think Saudis are not prepared to take jobs involving **long working hours**?
22. What do you think about **next 10 years** for Construction Industry in SA with respect to saudization?
23. Do you believe there will be a **shortage** of workers in **next 10 years** time? Why?
24. Do you believe that Saudisation does not provide **suitable jobs** for Saudis according to **their skills**. If no, then Why?
25. Do you think **high skilled jobs** are better occupied by foreigners rather than Saudis in construction sectors?
26. Does Saudization gives Saudis more **job security** than before?
27. Overall, do you believe Saudisation is a powerful and effective policy and why?
28. Any other comments or information you would like to add?

Finally, if you have any queries or would have further information please do not hesitate to contact me on my e-mail addresses:

Abdullah.almami@plymouth.ac.uk

Or contact my Supervisor Dr Atul Mishra atul.mishra@plymouth.ac.uk

Thank you very much for your assistance and co-operation with me in this research.

Yours Sincerely

Abdullah Almami

Appendix F



جامعة بليموث كلية إدارة الأعمال

مقابلات لأصحاب الشركات و المدراء

تقديم نتائج السعودة بالتطبيق على قطاع المقاولات الخصى

الباحث:

عبدالله بن سيد الأمين المامي

جامعة بليموث كلية إدارة الأعمال

في المملكة المتحدة

المشرفين:

الدكتور أتول ميشرا والدكتور دابا شودري

محاضر رئيسي في الإدارة الاستراتيجية

جامعة بليموث كلية إدارة الاعمال

أسئلة مقابلات (نوعي)

الاسم (إذا كنت لا تمنع):

عنوان الشركة:

الوظيفة:

الخبرة العملية:

حقائق وبيانات

عدد العاملين في الشركة

توزيع إجمالي العاملين السعوديين وغير السعوديين:

تقسيم العاملين الغير سعوديين العاملين وفقا للفئة (يمكن الحصول عليها لاحقاً)

إدارة

إشراف

عمال (كهربائي، سباك ، دهان ، رسام ، بلاط ،..... إلخ)

التغيير في العمالة الكلية من 5 و 10 سنوات

التغيير في عدد غير السعوديين أكثر من 5 و 10 سنوات

1. هل تعتبر أن قطاع البناء والتشييد يتميز بمستوى عال من تبادل المعرفة؟
2. حسب رأيك هل نقل المعرفة من العمال الوافدين إلى العمال السعوديين يحسن إنتاجية القوة العاملة السعودية؟
3. هل تشارك معلوماتك التجارية مع العاملين لديك من السعوديين وغير السعوديين؟
4. بأي طريقة تظن أن الأنظمة و الإجراءات تؤثر على السعودة في القطاع الخاص و في قطاع البناء و التشييد؟ و ماذا عن القطاع الحكومي؟
5. كيف تقيمون عملية السعودة في المؤسسة الخاصة بك؟
6. ما هي العوامل التي تجذب أصحاب ومديري قطاع البناء لتوظيف العمالة غير السعودية؟
7. ما هي العوامل والحوافز التي تساعد على السعودة من وجهة نظرك؟
8. ما هي أهم العقبات التي تواجه مؤسستك في تنفيذ برنامج السعودة؟
9. هل تظن أن السعودة تحسن إنتاجية العمل في قطاع البناء؟
10. هل تظن أن السعودة تحسن النمو في قطاع البناء؟
11. ما هي العوامل التي تؤثر في قراراتكم للاستثمار في تدريب موظفيكم السعوديين الحاليين أو المعينين حديثاً؟
12. هل تظن السعودة تؤثر على الابتكار في قطاع البناء؟
13. في رأيك هل تعتقد السعودة في قطاع البناء والتشييد فريدة في كونها لها قابلية في استقطاب السعوديين؟ و لماذا؟
14. هل تظن أن هناك فرقاً بين القطاعين الحكومي والخاص في صناعة البناء والتشييد بالنسبة للسعودة؟
15. في رأيك هل قطاع التشييد والبناء متحمس للسعودة؟ لماذا؟
16. هل تعتقد أن التقاليد في المملكة العربية السعودية والتي تقلل من شأن العمل اليدوي تؤثر على السعودة في منشآت القطاع الخاص؟
17. هل تظن أن الأخلاق و تصرفات القوة العاملة السعودية تؤثر في السعودة؟
18. هل تظن أن السعودة محفوفة بالمخاطر في قطاع البناء و التشييد؟ لماذا؟
19. ما هي معوقات ربط التدريب مع النتائج المتوقعة لدعم برنامج السعودة؟ وما دور كليات التقنية و المعاهد الفنية؟ و هل يوجد نقص بالمهارات في العمالة السعودية في قطاع الإنشاء و التشييد؟ و هل تظن أن المنشآت الحالية للتدريب كافية لسد نقص المهارات المطلوبة؟

20. في رأيك هل السعودية في بعض الوظائف أسهل من غيرها في قطاع البناء و التشييد؟ (كهربائي، سباك، مهندس معماري) و ما هي الوظائف التي يقبل عليها السعوديين و ما هي التي لا يقبلون عليها ؟
21. هل تظن أن السعوديين غير مستعدين لشغل وظائف تنطوي على ساعات العمل الطويلة؟
22. ما رأيك في السعودية خلال العشر السنوات المقبلة في صناعة البناء و التشييد في المملكة العربية السعودية؟
23. هل تعتقد انه سيكون هناك نقص في العاملين ذو المهارات في العشر السنوات القادمة؟ ولماذا؟
24. هل تعتقد أن السعودية لا توفر وظائف مناسبة للمواطنين السعوديين وفقا لمهاراتهم؟ ولماذا؟
25. هل تفضل أن تعطي الوظائف التي تتطلب مهارات عالية للأجانب وليس للسعوديين في قطاعات البناء و التشييد؟
26. هل السعودية تعطي مزيدا من الأمن الوظيفي للسعوديين؟
27. بشكل عام، هل تعتقد أن السعودية هي سياسة قوية وفعالة، ولماذا؟
- (أي تعليقات أو معلومات أخرى ترغب في إضافتها)

أخيرا.. إذا كان لديك أي استفسار أو لديك مزيد من المعلومات يرجى عدم التردد في الاتصال بي على عناوين البريد الإلكتروني الخاص بي:

Abdullah.almami @ plymouth.ac.uk

أو اتصل بالمشرف الدكتور أتول ميشرا

atul.mishra @ plymouth.ac.uk

شكرا جزيلاً لمساعدتكم والتعاون معي في هذا البحث.

تفضلوا بقبول فائق الاحترام

عبد الله بن سيد الأمين المامي



التاريخ: 2012/02/29
الموافق: 1433/04/07

رقم الملف: S 9901

إفادة

السلام عليكم ورحمة الله وبركاته، وبعد،،

يُفيد المكتب الثقافي السعودي في بريطانيا بأن الطالب/ عبدالله سيد الأمين محمد العامي (سجل منني رقم 1060648019) مُتبع من قبل وزارة التعليم العالي لدراسة درجة الدكتوراه في تخصص إدارة الأعمال في جامعة بليموث و بدأ الطالب دراسته في 2010/01/21 لغاية 2013/01/05 ، ولا زال على رأس بحثه.

وحيث أن الطالب يحتاج إلى تعاونكم في إنجاز بحثه والذي هو بعنوان ** السعودية في قطاع شركات

المقاولات في المملكة العربية السعودية **

وقد مُنحت هذه الإفادة بناء على طلبه لتقديمها إلى وزارة العمل.

أمل تلتفكم بالموافقة على تقديم المساعدة للطالب وتسهيل مهمته ،،

وتقبلوا خالص التحية والتقدير،،،

الملحق الثقافي بسفارة المملكة العربية السعودية في لندن

أ. د. غازي بن عبد الواحد المكي

6SD Chiswick High Road, London W4 5RY Tel: +44 (0) 20 3249 7000 Fax: +44 (0) 20 3249 7001 E-mail: sacbuk@uksacb.org

المرفقات :

الموافق :

التاريخ :

الرقم :

Abdullah Almami
PBS PGR Student

Ref: PBS.UPC/FREAC/FREAC1112.18/clc
Date: 21 February, 2012

Dear Abdullah

Ethical Approval Application No: FREAC1112.18
Title: Saudization in Construction Sector in Saudi Arabia

The Faculty Research Ethical Approval Committee has considered the revised ethical approval form and is now fully satisfied that the project complies with the University of Plymouth's ethical standards for research involving human participants.

Approval is for the duration of the project. Should you wish to extend the project, you would need to seek further ethical approval.

We would like to wish you good luck with your research project.

Yours sincerely

(Sent as email attachment)

Dr Syamantak Bhattacharya
Chair
Faculty Research Ethics Approval Committee
Plymouth Business School

Plymouth Business School
University of Plymouth
Drake Circus
Plymouth
Devon PL4 8AA United Kingdom

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W www.plymouth.ac.uk



Plymouth Business School

University of Plymouth
Drake Circus
Plymouth
Devon PL4 8AA
United Kingdom

To Whom It May Concern

Ref: PBS/FRA/10263714/AM
Date: 5 March 2012

Dear Sir/Madam

Re: Abdullah Almami
Ref No: 10263714

Abdullah Almami is a full time PhD student at Plymouth University Business School. He has successfully transferred from the MPhil to PhD stage and is now collecting data for his thesis.

As his Director of Studies I would like to request you to extend all possible help in collecting data. The topic of his research is "Saudization in the Construction Sector".

Yours faithfully

Dr Atul Mishra
Lecturer in Strategy
Plymouth Business School



وزارة العمل
المملكة العربية السعودية

إلى من يهمه الأمر.

اسم الطالب: عبدالله سيد الامين المامي

التاريخ: ٢٠١٢/٦/٢٩

تفيد (وزارة العمل) أن الطالب المدون اسمه أعلاه قام بدارسة ميدانية في مقر الوزارة في مدينة الرياض، وتعلق بمجال بحثه في مجال

(السعودة في قطاع المقاولات في المملكة العربية السعودية) لمرحلة الدكتوراه بجامعة بليموث كلية إدارة الأعمال - بريطانيا

خلال الفترة من ٢٠ - ١ - ٢٠١٢ إلى ٢٠ - ٤ - ٢٠١٢ هذا وقد تم إصدار هذا الخطاب بناء على طلبه .

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٢٠١٢

مدير عام الإدارة العامة للموارد البشرية

مدير عام شؤون الموظفين المكلف

لتمه /
م. ماجد بن علي باشا

ماجد بن علي باشا

