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Affirmative Action policy and Labour Market
Structure: Evidence from Saudi Arabia

By

Abdullah Alothman

**A thesis submitted to Plymouth University In partial fulfilment for the degree of
doctor of philosophy**

School of Management

Faculty of Business

2017

ABSTRACT

Few public and social policy subjects have attracted as much attention as Affirmative Action Policy (AAP) in social sciences. AAP's main aim is to eliminate or prevent past discrimination against disadvantaged groups and to enhance their position in society. Its role has become controversial around the world. In Saudi Arabia, despite changes and improvements in laws and strategies, over past decades, to tackle the age-old issue of native unemployment, the problem is still deeply ingrained in society. This research has investigated the role, effectiveness and consequences of AAP on Saudi labour market structure. The research has employed a pragmatic methodology over three phases of analysis.

The first phase has been based on an interpretive paradigm, and been conducted through semi-structured interviews with labour market experts, to identify and understand the policy. The interviews have been analysed using a thematic analysis technique. The findings of this phase contributed significantly to the understanding of AAP's legislative nature and role. Two different historical versions of AAP (pre- and post-2011) have been identified. The earlier version (pre-2011) was found to be a non-strategic and vague policy that made no real impact on natives' employment, while the new version (post-2011) has been positive in increasing native employment (relatively), but it has been associated with serious unintended consequences due to its stricter enforcement.

The second phase has been based on a positivist paradigm, and been conducted through time-series analysis (2004-2014), to examine policy effects on labour market structure. The results have indicated that, in addition to the continuing issue of the high inward flow of expatriates, AAP has failed to either improve the distribution of job opportunities across the country, or enhance structural issues with some occupations in the private sector.

The third phase has also been based on a positivist paradigm, and was carried out using a survey (sent to over 1,000 participants) examining the policy's socio-psychological effects on employees. The findings have suggested that employees tend to perceive AAP negatively. Mainly, the results reveal a strong correlation between AAP and all types of discrimination, both individual and institutional, and such a negative perception of discrimination has direct and indirect effects on employees' intention to leave.

The main contribution of this research is to provide much desired information on the AAP's practice and approaches, in an interesting context. The research provides vital information about old and new AAP legislations in Saudi Arabia. Two frameworks have been developed, (with one being tested), to understand the policy effects from different perspectives. Importantly, the research shows how a strict form of AAP can have side effects on the beneficiary group and destabilise the labour market.

Dedication

To my great mother and father

*To my wonderful wife (Amani, who dedicated herself to make this research achievable),
my son (Walid, for his great patience), my family, and friends who supported me
throughout*

A special dedication to my supervisors (Dr Atul Mishra and Dr Daba Choudery)

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List of Abbreviations

Abbreviation	Full term
AAP	Affirmative Action Policy
EE	Equity Employment
EEO	Equal Employment Opportunities
UAE	United Arab Emirates
MOL	Ministry of Labour
SAMA	Saudi Arabia Monetary Agency
MOE	Ministry of Education
HRDF	Human Resources Development Fund
UNDP	United Nations Development Report
USA	United States of America
WTO	World Trade Organisation
KSA	Kingdom of Saudi Arabia
IMF	International Monetary Fund
ARAMCO	Arabian American Oil Company
HRM	Human Resource Management
SEM	Structural Equation Modelling
CDSI	Central Department for Statistics and Information
CIA	Central Intelligence Agency (USA)
ILO	International Labour Organisation
OC	Organisational Commitment
IL	Intention to Leave
G&R	Gender and Religion

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“Who doesn’t thank others will not thank his god” (Prophet Muhammad)

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Author's Declaration

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Publications:

Conference paper:

Saudisation impact on women employment in the private sector: The case of Saudi Arabia.

Journal articles:

Does Affirmative Action Policy affect intention to leave? The role of discrimination's perception by beneficiary group (Under Review) (*International Journal of Human Resources Management* 3*)

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The 7th Saudi Students Conference (2014) Edinburgh UK

The 4th PhD Symposium for Applied Sciences (2014) Munich Germany

The LES Conference (2014) London UK

The Doctoral Experience Conference (2014) Hull UK

The International Conference for Business, Technology and Innovation (2014) Tirana Albania

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1 Chapter One: Introduction

1.1 Introduction

Saudi Arabia is one of the fastest developing countries in the world (Bowen, 2014). It has transformed from being one of the world's poorest states, reliant on its limited agriculture and pilgrimage revenues, to one of its most modern states, following the discovery of oil in the 1930s (Vassiliev, 2013). Saudi Arabia's development began humbly in the period between the 1930s and the 1960s (Fakeeh, 2009). However, oil revenues boomed in the 1970s, making the country one of the largest oil exporters in the world (Gause, 2014). As a result, Saudi Arabia instigated fast-track development, transforming its very basic infrastructure of few miles of paved roads into a modern road network covering thousands of miles, linking almost all of the Kingdom's cities and towns (Al-Rasheed, 2010; Jang, 2005). Railroad tracks were laid and the government created one of the largest national airlines in the Middle East (Saudi Airlines). In addition, telecommunication lines have been provided, and housing projects have boomed all over the country. In fact, present-day Saudi Arabia is unrecognisable from what it was a few decades ago, such has been the rapid and massive development and growth that has taken place countrywide (Bowen, 2014).

Furthermore, the government has embarked on strategies of privatisation and diversification of the economy, supported by lucrative financial incentives such as interest-free loans and other incentives to involve the private sector (Rajhi, Salamah, Malik & Wilson, 2012; Mohamed Ramady, 2010). Such strategies have resulted in huge expansion of the economy. Consequently, the workforce has expanded five-fold, rising from a few hundred thousand workers in the 1970s, to millions of workers, in a very short period of time (Baldwin-Edwards, 2011). Such a huge increase in labour force was triggered by a number of factors, but it was mainly due to the government's development plans, which involved an open door recruitment policy to cope with such a fast expansion (Mashood, 2009). In fact, employers and individuals were allowed to engage in an unrestricted recruitment of expatriates, to speed up the development of a modern infrastructure (Fakeeh, 2009).

Additionally, throughout that period, when nation building was at a peak, the government had recognised the importance of developing a public sector with a native workforce (Bowen, 2014). Many strategies had been used to attract citizens to governmental jobs, including higher salaries and greater job security (Al-Shammari, 2009). At the same time, the open door policy of recruitment was at a peak, making the private sector almost entirely reliant on expatriates (Abdel Rahman, 2012). Such strategies were later translated into long-lasting practices in the labour market. Two distinctive and enduring characteristics for the public and private sectors were shaped. On one hand, native employees have developed a strong preference to work in the government sector, which has resulted in over-staffed government offices and a subsequent inability to create sufficient job opportunities to cope with such a high demand (Looney, 2004a; Torofdar, 2011). On the other hand, the private sector has become more reliant on foreign workers. These trends have tended to give natives two main choices: either secure a government job or stay unemployed. This has gradually become a serious issue, and has imposed enormous pressure on the government to find an immediate solution to such a serious issue (Ageli, 2013).

Subsequently, the Saudi Arabian government has become increasingly aware and concerned about both the continued reliance on foreign labour, and rising unemployment levels among its citizens, which have become increasingly politically destabilising (Al-Dosary & Rahman, 2009; Rajhi et al., 2012). Policies to reform and balance the labour market were crucial, and so the Saudi Arabian government has introduced its own version of Affirmative Action Policy (AAP) as a radical solution to such problems (Al-Dosary, 2004; Randeree, 2012). Like many other countries, Saudi Arabia has used quota-based AAP to favour members of under-represented groups (its citizens) to access jobs. The AAP (locally known as Saudisation) has been the main strategy to both raise national employment levels, and reduce dependency on foreigners (Ramady, 2013). However, until recently, many critics have suggested that Saudi Arabia's AAP has been rather narrow in scope and is still failing to achieve its objectives (Almami, 2014; Mohamed Ramady, 2013; Randeree, 2012). From its introduction in 1985, to 2010, it had only had limited success, mainly in the oil, gas and financial industries (Alanezi, 2012).

However, in 2011, a new era of the policy began. The Ministry of Labour (MOL) incorporated a new and strict version of AAP. The major update to the policy, (known as the Nitaqat programme), has put massive pressure on firms to achieve better and quick nationalisation figures (Sadi, 2013). The Nitaqat programme has introduced a new quota system, mainly based on an organisation's industry and size (Air, 2015). It imposes heavy restrictions on the expatriate workforce, and treats firms based on their performance relative to the policy's goals of nationalisation (Peck, 2014). In fact, non-compliant firms are subject to heavy costs and to restrictions on both their operations and their ability to employ and control foreign workers. Compliant firms are awarded various benefits, including advanced access to the Ministry's services and considerable control over their foreign workers (Alshanbri, Khalfan & Maqsood, 2014). The new AAP legislation has been enforced exceptionally severely and rigorously, involving close monitoring and extensive coverage (Alshanbri, Khalfan & Maqsood, 2015; Kattan, 2015).

1.2 Research Problem

Despite changes and improvements in laws and strategies over the past decades, to tackle the age-old issue of native unemployment in Saudi Arabia, the problem remains deeply ingrained in society (Alanezi, 2012; Hussain, 2015; Ramady, 2013). Saudi nationals' increased participation in the workforce is crucial to the country's stable growth. There have been many concerns and criticisms of the main AAP that has been designed to remedy the issue. For instance, such criticisms have focused on the trade-offs that such a policy imposes between the benefits to the target groups (beneficiaries), costs to other workers (non-beneficiaries) and the general effects on organisations and the labour market (Peck, 2014). Moreover, as AAP in Saudi Arabia has incorporated one of the strictest forms of AAP (quotas), some claim that it has imposed an excessive and undue load on an already-fragile private sector (Alshanbri et al., 2014; Ramady, 2013). AAP is increasingly becoming a controversial and heated issue that triggers huge political and social attention (Cahn, 2013; Leslie, Mayer, & Kravitz, 2014). The debate over its successes and failures to achieve its main declared objectives raises many questions as to whether the necessity arises for revising or creating new policies to

tackle the on-going serious issues of natives' unemployment on one hand and reliance on expatriate workers on the other.

1.3 Research Gap and Motivation

Available empirical research on AAP, (to the author's knowledge), (e.g. Hinrichs, 2012; Jain, Sloane & Horwitz, 2003; Kurtulus, 2013; Miller & Segal, 2012; Niederle, Segal & Vesterlund, 2013), has produced different and contradictory frameworks in relation to the impacts of such policies. This suggests that the effects of the policy vary and are dependent on both the aim of the policy being implemented, and the labour market context (Cahn, 2013; Peck, 2014). Mainly, prior research has mostly targeted the western world (e.g. USA) that associated with more individualism rather than collectivism (Clark, Eckhardt, & Hofstede, 2003), while less AAP research has been carried out in developing countries. Research on the developing world, particularly the Gulf Cooperation Council (GCC) countries, is still crucial for both academic knowledge and management practices. In fact, within the GCC, the Saudi context is unique and is a good example of the collectivist culture (Al-Gahtani, Hubona & Wang, 2007), and of AAP in the labour market (Tayeh & Mustafa, 2011).

There have been a limited number of studies on AAP in the Saudi Arabian setting. Most of this research has been limited in scope, including studies focusing on a single sector (Al-Mahmoud, 2012; Almami, 2014; Hamid, 2013; Sadi, Al-Buraey & Mustafa, 2013) or on a single issue of the policy (Al-Shammari, 2009; Sadi, 2013). Investigating AAP broadly within the Saudi Arabian context is a vital and unique contribution to existing knowledge, as this demonstrates how AAP, in the developing world, can affect the labour market's structure, from different perspectives. Thus, this research is the first, (to the best of the author's knowledge), to investigate AAP (quota based) in the setting of the developing world, from various perspectives.

AAP in the Saudi Arabian context is an appealing and attractive case to study, for several reasons. Mainly, the policy has been applied to all private sector firms (which have ten employees or more), which makes it one of the world's most widely applied quota-based policies. In addition, as the policy has been strictly and rigorously

implemented across the whole private sector, with tough sanctions for non-compliant firms, it is interesting and vital to understand and investigate how such strictness can limit and/or restrict the growth of employment and destabilise the labour market's structure.

1.4 Research Question and Aim

Based on the knowledge gap described above, this research addresses the following research question:

How does Affirmative Action Policy affect labour market structure?

To answer this research question, this investigation aims to:

Investigate the role, effectiveness and consequences of AAP on the structure of the labour market.

1.5 Research Objectives

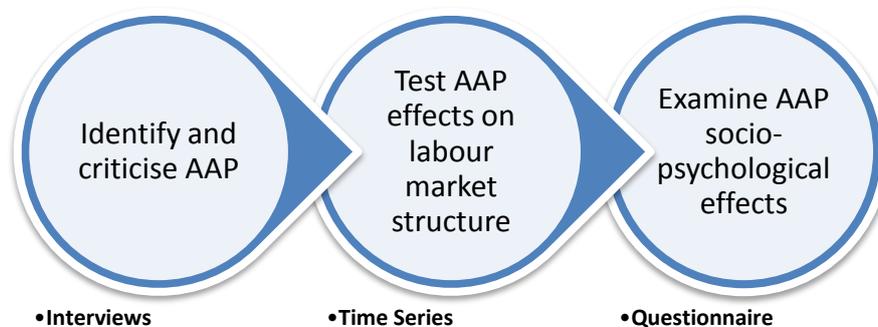
To achieve the research aim and to investigate the policy from different perspectives, the research developed the following objectives:

- To understand and criticise the Saudi Affirmative Action Policy→(Chapter Five).
- To test the impact of Affirmative Action Policy on labour market structure→(Chapter Six).
- To test the effects of Affirmative Action Policy on labour market structure from a socio-psychological perspective→(Chapter Seven).

1.6 Research Methodology

As the research objectives were developed to investigate the policy from different dimensions, this demanded a tailored methodology to assist in fulfilling them. This study employed a mixed method research methodology, which allowed more flexible data collection and analysis. In this research, a philosophy of pragmatism was adopted in order to emphasise the functions and activities related to the local AAP. As illustrated in Figure 1-1, the investigation of the research issue has been carried out over three phases of data collection and analysis. Initially, an interpretive (qualitative) research approach was adopted, in order to identify and criticise the policy. Subsequently, a positive (quantitative) research approach was followed, to examine policy effects on the labour market's structure by testing diverse employment data from different dimensions. Finally, further positive research was undertaken, which tested the socio-psychological effects of the policy. A number of hypotheses were developed within a framework, to give explanations and shed more light on the issue being investigated.

Figure 0-1: Research method map



The research was designed to be sequential; exploratory, as well as explanatory. Interpretive research analysis was first conducted and analysed, followed by a set of positive analyses. The first phase (interpretive) was based on interviews carried out with a number of experts in labour law, with different specialities and from different industries. The second phase (positivist) was based on secondary data from

governmental sources, and was analysed using time series analysis. The third and final phase (positivist) was based on primary data collected by means of a questionnaire with a random and valid sample of 440 employees representing different industries in the private sector. The data were analysed by means of structural equation modelling (SEM).

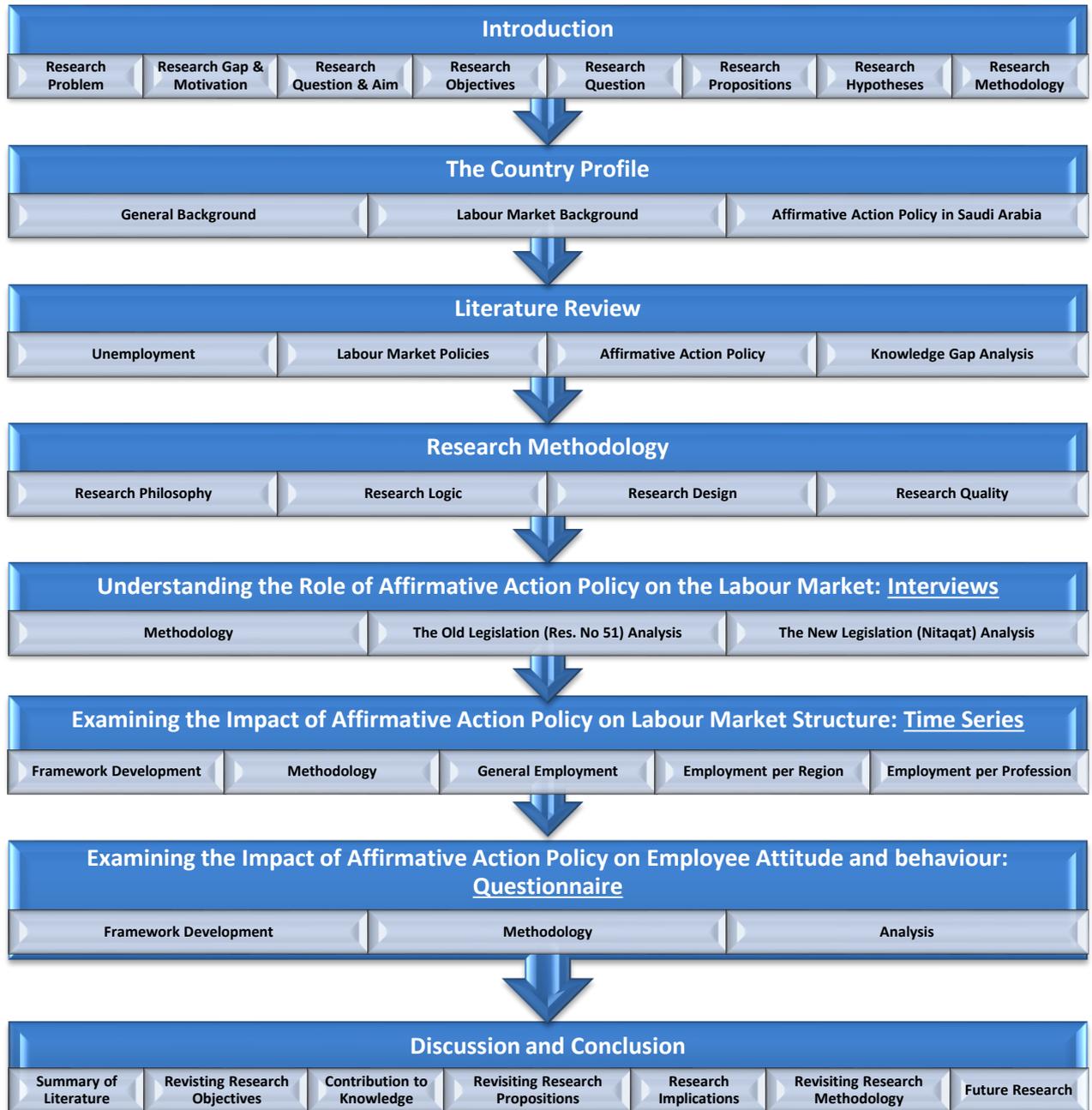
1.7 Thesis Structure

This thesis is structured into eight chapters, as illustrated in Figure 0-2. *Chapter one* has introduced the research by briefly outlining the research problem, the research gap, the aims & objectives, the research question, propositions and hypotheses, and has reviewed the research methodology. *Chapter two* gives essential background information on Saudi Arabia, its labour market and the local AAP. *Chapter three* reviews the key literature on the subject, which mainly covers unemployment, the labour market and AAP, and concludes with an analysis of the knowledge gap. *Chapter four* outlines the research methodology adopted for answering the research question and fulfilling the objectives. This chapter also covers the research philosophy, its logic, design and quality, followed by a brief discussion of research ethics.

Chapter five then initiates the investigation, beginning with the first stage of the analysis (interviews). Generally, the analysis is divided into two key themes: the old phase policy (Res. No 50) and the new phase policy (Nitaqat). *Chapter six* investigates the AAP's effects on labour market structure. Initially, a theoretical framework is described, followed by three propositions that have been tested using employment data and a time series analysis, which covered three different dimensions: general employment figures, employment figures by region and employment figures by profession. *Chapter seven* examines the socio-psychological effects of AAP. A theoretical framework was also developed, which generated a number of hypotheses that were subsequently tested by the results of a questionnaire survey. Different constructs were tested in the analysis, including discrimination, organisational commitment and intention to leave. Finally, *Chapter eight* discusses and draws conclusions from the entire research. Mainly, it involves a summary of the literature,

revisits the research objectives, summarises the contribution to knowledge of the research, reviews the research implications (both academic and practical), re-examines the research methodology and concludes with some suggestions for future research.

Figure 0-2: Thesis structure

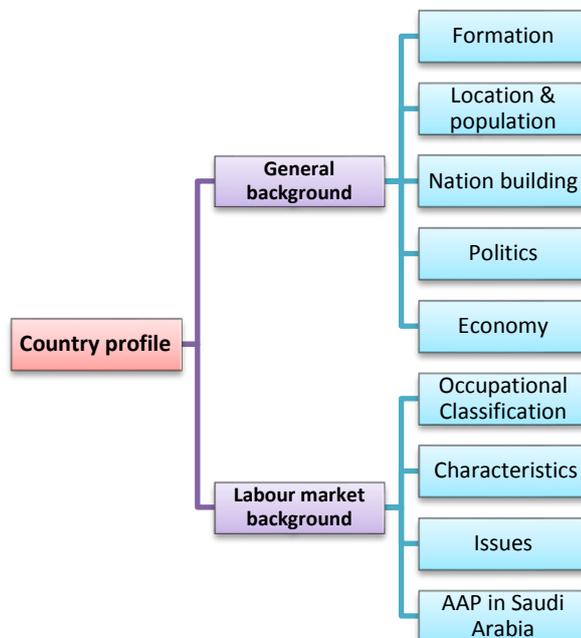


2 Chapter Two: Country Profile

1.1 Introduction

This chapter aims to identify important areas in the profile of Saudi Arabia, in order to enable the reader to better understand the later chapters of this thesis. It will give some background to the country, particularly with regard to the factors that have shaped the modern Kingdom of Saudi Arabia historically, politically, socially and economically.

Figure 2-1: The chapter structure



2.1 General Background

2.1.1 Formation

Saudi Arabia is located within the Arabian Peninsula, significant for being at the crossroads of the ancient world, as well as the birthplace of Islam (Al-Rasheed, 2010). As a result, it holds a special position of respect, which is reflected in the two holy mosques at Makkah and Madinah. Over a billion Muslims, from different races and

from all over the world, face Makkah when praying and are expected to visit once in a lifetime (Vassiliev, 2013).

The history and development of the Arabian Peninsula, particularly Saudi Arabia, has been greatly influenced by the religion of Islam (Cordesman & Burke, 2002). During the sixth, seventh and eighth centuries, Islam unified and neutralised conflicting loyalties, not only among different parts of the Peninsula, but also throughout the parts of the world into which it has expanded, from central Asia to the Atlantic Ocean (Cleveland & Bunton, 2004).

As the main focus of this research, Saudi Arabian history goes back to 1744, in the centre of the Arabian Peninsula, beginning in Ad-Dir'iyah. It was reformed by a local ruler, Muhammad bin Saud, in alliance with the forces of the Islamic reformer Muhammad bin Abdal-Wahhab. Jointly, they created a powerful political entity that occupied most of the Peninsula (Bowen, 2014). Their agreement was to unite the Arabs of the peninsula by introducing and purifying the true faith of Islam (Anderson & Anderson, 1993). Their mission started from Najd, in the centre of the Peninsula, and expanded across the other parts of the Peninsula. However, some years of weakness in the Al-Saud family rule allowed conflict between the British and the Ottomans to destabilise the area, and ultimately forced the Al-Saudi family to surrender and move to Kuwait (Al-Rasheed, 2010).

The retreat of the Al-Saud family was temporary, as a member of their family, 'Abdul-Aziz', was determined to return and reclaim his family's land from the Al-Rashid family, (a family appointed by the Ottomans). Al-Rashid occupied Riyadh, and made it their centre of state (Cleveland & Bunton, 2004). By 1902, King Abdul-Aziz had built up his army through alliances with local leaders, (Zuama'a Qaba'el), with the support of some Bedouins (Al-Ikhwan). He planned a daring night march into Riyadh, to reclaim the city garrison, (known as the Massmak Fortress) (Fandy, 2001). This legendary gain marks the beginning of the formation of the modern Saudi state. After establishing Riyadh as a headquarters, King Abdul-Aziz captured all of the other key parts, including Al-Hijaz, (Makkah and Madinah), followed by the other regions (Al-Rasheed, 2010). On September 23, 1932, the country was named the Kingdom of Saudi Arabia,

an Islamic state with Arabic as its national language and the Holy Qur'an as its constitution (Al-Rasheed, 2010; Bowen, 2014; Vassiliev, 2013).

2.1.2 Location and population

The Kingdom of Saudi Arabia is strategically situated in the south-western part of Asia, as illustrated in Figure 2-2: It shares a border with other Arab countries, such as Jordan, Iraq and Yemen, and is surrounded by the Gulf Countries: Kuwait, Bahrain, Qatar, the Emirates and Oman. The Red Sea borders it to the west, with the Arabian Gulf to the east. It covers almost four-fifths of the Arabian Peninsula, and is over 2,149,690 square kilometres in size (Central Department for Statistics and Information, 2014).

Figure 2-2: Location of Saudi Arabia



Source: CDSI, 2014

The Kingdom of Saudi Arabia is divided into thirteen administrative regions. Riyadh is both the largest, and the capital, city, and home to more than 4.87 million people. Nationally, the population is distributed across the following regions: Riyadh, Makkah,

Madinah, Qassim, Eastern Province, Asir, Tabouk, Hail, Northern Border, Jizan, Najran, Al-Baha and Al-Jouf (CDSI, 2014).

According to a recent Demographic Survey (2014) conducted by the CDSI, the total population of Saudi Arabia is 30,770,375. However, Saudi citizens number only 20,702,536, whereas non-Saudis number 10,067,839, representing approximately 29% of the total population. As shown in Table 2—1: there was a significant increase in the number of foreigners, from 6,119,099 in 2004 to 10,067,839 in 2014. Furthermore, statistics also indicate that more than half of the total Saudi population was under the age of 20 (Ministry of Planning, 2013). In addition, a notable rapid population growth of between 4% and 5% during the last six years of this period was observed (CDSI, 2014). These two factors have an influence on the Saudi economy and labour force, and will be discussed further as one of the key debates in this thesis

Table 2—1: Saudi Arabia: total population

YEAR	SAUDI			NON-SAUDI			TOTAL		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
2004	8,245,575	8,198,412	16,443,987	4,248,335	1,871,564	6,119,899	12,493,910	10,069,976	22,563,886
2005	8,453,097	8,401,060	16,854,157	4,506,528	1,968,899	6,475,427	12,959,625	10,369,959	23,329,584
2006	8,663,597	8,606,584	17,270,181	4,780,413	2,071,296	6,851,709	13,444,010	10,677,880	24,121,890
2007	8,876,666	8,814,670	17,691,336	5,070,944	2,179,018	7,249,962	13,947,610	10,993,688	24,941,298
2008	9,091,249	9,024,301	18,115,550	5,379,132	2,292,343	7,671,475	14,470,381	11,316,644	25,787,025
2009	9,307,550	9,235,696	18,543,246	5,706,050	2,411,561	8,117,611	15,013,600	11,647,257	26,660,857
2010	9,525,178	9,448,437	18,973,615	6,052,837	2,536,980	8,589,817	15,578,015	11,985,417	27,563,432
2011	9,743,626	9,662,059	19,405,685	6,297,735	2,672,935	8,970,670	16,041,361	12,334,994	28,376,355
2012	9,962,397	9,876,051	19,838,448	6,581,439	2,776,008	9,357,447	16,543,836	12,652,059	29,195,895
2013	10,181,018	10,090,040	20,271,058	6,643,278	3,079,936	9,723,214	16,824,296	13,169,976	29,994,272
2014	10,398,993	10,303,543	20,702,536	6,867,332	3,200,507	10,067,839	17,266,325	13,504,050	30,770,375

Source: CDSI, 2014

2.1.3 Nation building

Saudi Arabia has a unique characteristic, being “a nation bound by one language, one ideology and one rule of law; and yet we are extremely diverse as a people, with varied cultures and coming from even more varied geographic landscapes” (Cordesman & Burke, 2002). In order to understand the country, it is important to appreciate its background and the different processes of social and historical development that have

occurred in certain periods. According to Fakeeh (2009), the results of both the people's and the government's efforts have been jointly significant in building the nation, and religion, too, has played a major role. All these factors will be discussed further later on in this section, particularly the key period of nation building from the 1960s to the 1990s, which saw key historical events during the rules of King Saud (1953–64) and King Faisal (1964–1975), followed by the period under King Khalid (1975–82) up until the early years of King Fahad's rule (1982–2005). The latter period represents the final important stage in the construction of Saudi Arabia's nationhood.

A traditional relationship between the ruler and the ruled was established in the early days of the Kingdom. The King remained the tribal head and the mediation centre, and, most importantly, a source of hand-outs, patronage and gifts that influenced the building of the nation very significantly (Al-Rasheed, 2010). This type of rule was based on the distribution of state patronage, either by influence over jobs in the public sector or in state welfare schemes (Champion, 2003). The rulers have maintained the pattern established by the founder, King Abdul-Aziz, of making the state a source providing welfare in an attempt to attract faster development, even with such a high population growth. According to the United Nations' Human Development Report (2001), in the period between 1950 and the early 1970s, the population grew by 3.32% per annum. Due to this high population growth, coinciding with a lack of proper strategies, the Kingdom was on the verge of bankruptcy and economic failure (Walsh, 2003). However, the oil boom of the 1970s saved it from a crash. As a result, the country's GDP rose massively, from only 10 billion to more than 163 billion, in the late 1970s (Jang, 2005). In addition, in the 1970s, King Faisal, in an attempt to secure the economy and contribute to stable development, initiated the country's written strategy, which was known as the Five Year Development Plan (Cordesman & Burke, 2002).

The rapid increase in GDP was reinvested in vital improvements in defence, transportation and utilities, as well as in education. There was more spending on the development of the basic infrastructure, particularly transportation and services, establishing a fairer distribution of electricity and water. In addition, the construction of roads and ports was prioritised (Fandy, 2001). Educational expansion was at its peak, and even reached the majority of villages and towns across the Kingdom. Most

importantly, in the mid-1960s, education for girls was introduced by the King's order and protection, despite the resistance of some religious leaders and conservative people who opposed women's education (Al-Rasheed, 2010).

Furthermore, higher education was boosted by the establishment of four new universities, in addition to the existing King Saud University, producing the first generation of highly educated citizens (Prokop, 2003). Afterwards, vocational training institutions were introduced, aiming to diversify qualifications in order to fit with different types of work, and so support the private sector's needs (Al-Shammari, 2009). Due to the high demand for education, in 1975, King Faisal created the Ministry of Higher Education as a specialist agency equipped to take pressure off the Ministry of Education. However, in 2015, the two ministries (MOHE and MOE) were integrated into one ministry (Ministry of Education), overseeing all education affairs (MOE, 2015).

The radical and rapid expansion of education and the introduction of vocational training centres were accompanied by the opening up of new higher education subjects such as engineering and law for women, which were not previously allowed (Calvert & Al-Shetaiwi, 2002). Such developments called for experience in managing new systems of education, and overseas systems and foreign teachers were brought into the country to cope with such a highly demanding sector (Al-Dosary & Rahman, 2005). As was the case with other industries, the education sector became profoundly reliant on foreign workers. This situation of an increasing number of foreign labourers will be discussed further later in this chapter, as well as in subsequent chapters, to examine its influence on the economy in general, and on labour market in particular.

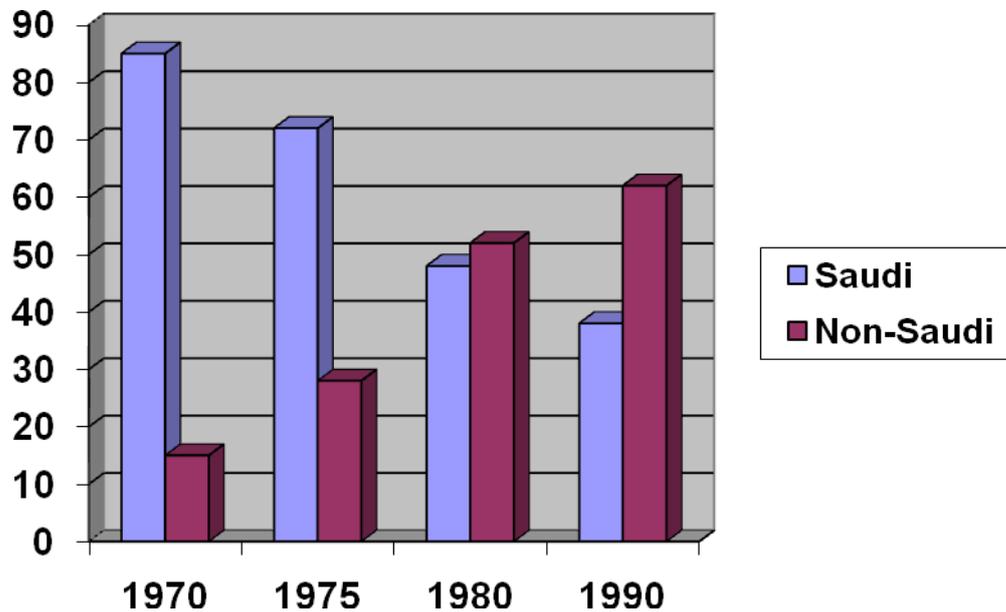
Such a high increase in GDP meant that the government was able to generously offer free education and healthcare services, expand infrastructure and improve the supply of water and electricity. In addition, generous grants were given to support the development of the private sector, in vital areas such as agriculture and industry, and there were also subsidies for petrol and food (Hartmann, Khalil, Bernet, Ruhland & Ghamdi, 2012). Moreover, there was extensive governmental support for a high standard of living being the norm for the average Saudi citizen. The World Bank records show that, as far back as the 1970s, GDP per capita reached \$16,000, which was

very high comparatively (World Bank, 2009). Additionally, the continued norm of largesse, including many types of interest-free loan to private businesses and individuals who could help develop and improve the nation's services, made the state a profound source of welfare for citizens (Fakeeh, 2009). Such generous policies impacted on nation building significantly, and the labour market was no exception, with its structure being profoundly influenced (Al-Khouli, 2007). For instance, citizens preferred, and still prefer, public sector jobs to those in the private sector.

What is more, the government's generosity had assisted the rapid expansion and development of the private sector as a whole. The relinquishing of government restrictions gave the private sector more control, but later proved to be a short term solution (Al-Dosary & Rahman, 2009). In fact, it has created a dilemma that has lasted to the present day, since the private sector has been encouraged to import more and more labour and has become reliant on expatriates (Da-Ghstani, 2000). This may explain the later resistance of the private sector to government intervention on labour control and to the enforcement of labour market policies (e.g. Saudisation).

In fact, as mentioned earlier, during the period of nation development, Saudi Arabia rapidly became more and more reliant on oil as a single source of income on the one hand, and on foreign labour on the other hand (Al-Rasheed, 2010). As shown in Figure 2-3: the imbalance in the labour force from the 1970s up until the 1990s reflects the decline in national labour at the same time as a rise in the number of expatriates. As a result, Saudi Arabia developed an unhealthy economy, with profound economic, political and social consequences, which persist to the present day (Al-Asmari, 2008).

Figure 2-3: Local labour verses foreign labour



Source: CDSI, 2010 (Labour force statistics)

Furthermore, areas of the economy associated with oil extraction and import, (the main income generator), were highly developed and improved. However, that development came at the cost of other vital industries, such as agriculture and the industrial sector (Bronson, 2006). This had a serious impact on the entire economy of Saudi Arabia, where just 10% of revenue was generated from non-oil sources (CIA, 2013). Nevertheless, petrochemicals and related production were relatively developed, which provided grounds for continuing to develop the oil sector (Fakeeh, 2009). Finally, extensive oil revenues encouraged the government to relax its tax system and dismiss tax as a main source of income, even though essential taxes could benefit the country significantly. For instance, the presence of the two holy mosques (Makkah and Madinah) means an influx of more than three million pilgrims in the time of the Haj alone; when combined with all year round pilgrims, this represents a potentially vast source of income that remains untapped (Al-Shammari, 2009; Ramady, 2010).

2.1.4 Political overview

Saudi Arabia is governed by a monarchy with an enduring head of government whose role only comes to an end with his death or abdication (Cleveland & Bunton, 2004). The law states that this monarchy is to be ruled by King Abdul-Aziz Al-Saud's sons and grandsons. Having established the Kingdom in 1932, King Abdul-Aziz ruled until 1953. He was followed by his son, King Saud (1953-1964), and then King Faisal (1964-1975). In 1975, King Khalid came into power, and passed away in 1982, being succeeded, in the same year, by King Fahad, who became the longest ruling monarch, remaining in power until 2005. Since then, King Abdullah, who was also the Commander of the National Guard, was head of state until January 2015, when King Salman took over, and he remains in power to the present day (Ministry of Foreign Affairs, 2013).

Since the Kingdom was formed through an Islamic alliance, it is governed by Islamic (Shari'a) law, and considers the Holy Qur'an to be its constitution (Vassiliev, 2013). Since its establishment, the country has gradually been building its political system. In 1953, the Council of Ministers was formed. Led by the King as Prime Minister, it consists of a deputy minister, cabinet ministers representing all ministries and a number of consultants (Long & Maisel, 2010; Vogel, 2000). The Council of Ministers has responsibility for most of the country's affairs, including formulating and supervising the implementation of financial, educational, medical, internal and external policies of the state (Long & Maisel, 2010).

As part of the development of the state's political structure, the National Consultative Council, known as Majlis Ash-Shura, was established, in 1921 (Vogel, 2000). Having gone through several stages of reform, it was last adapted, by King Fahad, in 2001, and is considered to be the second-highest authority in the country. The Council consists of 150 members, as well as a speaker representing public interests (Ministry of Foreign Affairs, 2013). Although the members of the Council previously held only advisory powers of review, advice and guidance on issues of public interest, their powers have now increased to include initiating proposals for new legislation and reviewing the foreign and domestic policies of the state (Majlis Ash-Shura, 2013).

Like any modern country, Saudi Arabia has paid attention to the development of its judicial system. In fact, it is purely based on Shari'a law. Such a system has three main divisions. The first division is the '*Supreme Judicial Council*' (SJC), the highest judicial authority. It has eleven members, appointed directly by the monarch and led by the Minister of Justice. This council also acts as a supervisory body to the lower courts, providing legal opinions and advice, and reviewing sensitive sentences involving stoning, amputation and the death penalty (Vogel, 2000). The second division is the '*Courts of Cassation*', (the Courts of Appeal), which consist of three main departments: criminal law, personal affairs and a third department responsible for all other cases (Al-Rasheed, 2010). The third division is the '*Courts of First Instance*', (the trial courts), which fall into two divisions: the summary courts, which deal with minor civil and criminal cases, and the general courts, which are charged with all other cases. Any appeals to a higher authority are directed to the Courts of Cassation (Vogel, 2002).

Reform of the political structure has gone through many stages. However, the most remarkable era has been under the former ruler, King Abdullah. In fact, he introduced numerous reforms, such as the first local elections, held in 2005, in 178 municipalities across the Kingdom (Bowen, 2014). In addition, he supported women, giving them more rights and protection, including the right to vote and run for election, in 2011 (MacFarquhar & Bakri, 2011). In terms of economics, King Abdullah is also credited with boosting the country's economy with various initiatives, including, the launch of four "mega economic cities" across the country (Alshahrani & Alsadiq, 2014). He also opened up and diversified the education system by launching many new universities. What is important is that he launched an unprecedented, large-scale overseas scholarship programme, giving access to worldwide education to over 180,000 Saudi students (Ministry of Higher Education, 2014).

2.1.5 Economic structure

According to the Ministry of Economy and Planning (2014), and based on the ninth development plan, the Saudi Arabian Economy divided into ten main sectors, as follows:

A. Oil and Natural Gas

B. Non-Oil Sectors

a. Production Sectors

i. Agriculture and related (i.e. fishing) sector

ii Mining and quarrying (non-oil) sector

iii Industrial sector

1. Refining of oil

2. Petrochemicals

3. Other industries

iv. Water, electricity and gas sectors

v. Construction sector

b. Service Sectors

i. Non-government services

1. Trade

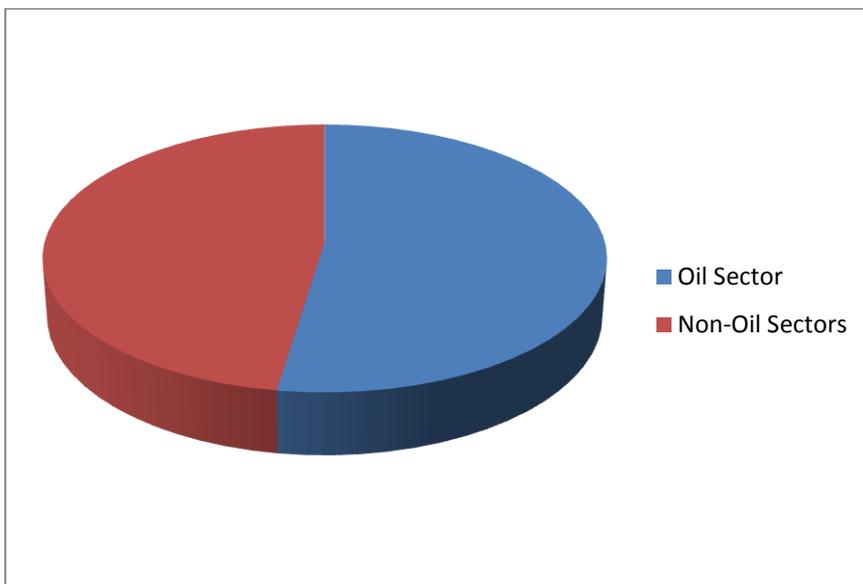
2. Telecommunications, transportation and storage

3. Real estate services and finance (banking and business)

4. Community and personal services

ii. Government services

Figure 2-4: GDP by Sector



Source: CDSI, (2014)

Through five-year Development Plans, from 1970 to 2009, the government has sought to allocate its petroleum income to develop and transform its oil-based economy into a more modern and diversified economy, whilst keeping its traditional Islamic values and customs. The seven Development Plans provide evidence of government efforts to develop infrastructure, social and health services and human resources, as well as investment in other economic development projects (Fakeeh, 2009). In fact, the economy has advanced rapidly and there has been some remarkable progress and development, such as in the growth of non-oil activities in the private sector, including the noticeable development of the banking sector. Furthermore, Saudi Arabia's economy has continued to grow rapidly, especially during 2002, when GDP maintained its growth rate at 2.8%, increasing to \$186.24 billion (CDSI, 2009). There was record growth of 3.1%, to \$116.44 billion, in the non-oil sector's GDP (Ministry of Planning, 2013).

According to SAMA's 47th Annual Report (2011), Saudi Arabia's GDP grew by 7.1% (\$381.29 billion) in 2011, and there was a growth of 4.5% in the non-oil sector's GDP (\$224.08 billion). The report has also indicated that the oil sector's GDP grew by 31.6%

in 2010, compared with 2009, constituting 52.4% of total GDP at current prices, as shown in Figure 2-4:

On the other hand, the Saudi economy, like any of the world's economies, has witnessed several international incidents, which have caused its performance to be affected. For example, the oil glut in the 1980s, caused by higher oil prices, led to reduced oil consumption globally. As result, Saudi oil production dropped sharply, from 9.5 million barrels during 1970s to 3.2 million barrels in 1985, leading to a severe drop in government revenues, from \$368 billion to \$104 billion (Khatib, 2011). In addition, the global economic slowdown of 2000 also affected the economy substantially, resulting in reduced oil demand and a fall in oil prices during 2001 (SAMA, 2004). In recent years, the economy has recovered and oil production has actually increased to more than 10 million barrels per day (Eltamaly, 2013). However, in 2015, another incident caused oil prices to plunge sharply. In fact, prices dropped from as high as \$140 a barrel to below \$40 (Arab News, 2015).

Economic Strategies

With an estimated output of over 10 million barrels per day, Saudi Arabia is considered to be one of the largest oil producers in the world (Esfahani, 2014). It is also the largest oil producer and exporter of total petroleum liquids worldwide (US Energy Information Administration, EIA, 2011). As stated previously, dependency on oil revenues has its consequences, one of which is the threat to the Saudi economy when oil prices fluctuate, or when there is a drop in price or demand, as when prices fell to below \$40 a barrel recently (Arab News, 2015). In fact, Saudi Arabia's average oil price has been influenced by observable global fluctuations. For example, as illustrated in Figure 2-5, the price per barrel was approximately \$12 in 1998, later increasing to \$17 in 1999, with a further rise noted in 2001, to \$24. The price continued its rise, to reach just over \$140 a barrel by 2008 (Khatib, 2011).

Figure 2-5: Crude oil prices



Source: Energy Information Administration, 2016

The impact of these fluctuations in oil price has influenced total GDP and Saudi per capita income during the last twenty years. For instance, in 1998, the per capita income was \$6,174, and this rose to \$7,821 in 2000 (Central Department of Statistics and Information, 2001). The dramatic increase continued during 2006, 2007 and 2008, until per capita income reached \$18,469 in 2008 (CDSI, 2009). The fluctuation of oil prices, in addition to rapid population growth and over-reliance on government expenditure, called for radical reforms.

The Saudi government has responded to some of these needs by, for instance, privatising some sectors, setting up enterprises such as the Saudi Telecommunication Company and the Saudi Electricity Company (Rajhi et al., 2012). Similarly, progressive steps have been taken to improve and boost the economy, such as the establishment of the Supreme Economic Council (SEC) in 1999, the Council for Petroleum and Mineral Affairs in 2000, and, in the same year, the Saudi Arabian General Investment Authority (SAGIA) (Ramady, 2010).

In addition, new policies were introduced to boost the economy and trade, such as allowing foreigners to own real estate and invest in mutual funds on the stock market. There has also recently been a decree to allow foreigners to own 100% of their investment, and this will soon come into effect (Arab News, 2015). Furthermore, the government is seeking to make the transition from an oil-based, to a knowledge-based, economy, and it has realised the need to increase levels of human capital level; the government has therefore increased its education budget and introduced various sources of funding for research and sciences (Ageli, 2013).

2.2 Labour Market Background

This profile of Saudi Arabia cannot be complete without an explanation of the characteristics of the labour market, as it is the core and backbone of the country's economy, as well as the core subject of this research. The labour force has been widely discussed within the literature, where there are various definitions of the labour market. For instance, it can be defined as “the number of people who are available for work in relation to the number of jobs available” (Oxford Dictionary), or it is the place where workers and employees interact with one another (Layard, Nickell, & Jackman, 2005). However, in the context of the current thesis, the labour market concept in Saudi Arabia, especially before the oil boom, was very limited. This was due to the simplicity and poverty that existed at that time (Al-Shammari, 2009). There were no clear class divisions, compared with Western societies during the same period (Fakeeh, 2009). The vast majority of people were involved in either self-employment or traditional types of employment. The country's physical environment had imposed economic and social patterns upon the majority of the population, including nomads (Al-Rasheed, 2010). At that time, there was no effective central government, no working class, no complex division of labour and no large economic establishments (Ramady, 2010).

During the early stages of planned development, (1970s-80s), the labour market began to show some structural distortions. This was due to several factors, mainly the relaxation of labour market legislation, which led to a lack of restriction on the importation of foreign labour, which encouraged individuals and companies to import

freely. As a result, the labour market became flooded with cheap and unskilled labour (Al-Khouli, 2007). In an attempt to cope with the rapid transformation of the economy, and of the labour force in particular, the government established two important organisations.

The first was the *Ministry of Labour*, which became responsible for labour relations, and the planning and development of manpower, as well as for the settlement of labour disputes and the general monitoring of all employment affairs in the private sector (Al-Rasheed, 2010).

The second was the *Ministry of Civil Service*, which became involved in labour force affairs in the government sector, with particular responsibility for supervising and regulating manpower needed in the public sector. The Ministry also focuses on the development of the civil service, improvements to the efficiency of workers and the development of rules and procedures for employment and its classifications (Bowen, 2014).

In addition, the government also introduced the Human Resource Development Fund (HRDF), which has been most beneficial in terms of rebalancing human resources in the Kingdom. It is responsible for training and preparing nationals for the labour market, and also for subsidising projects and employers to promote nationalisation of the workforce (HRDF, 2010).

2.2.1 Occupational classification of the labour market

As stated earlier, the Saudi labour market had no clear classifications or structure during the initial stages of nation building (Al-Shammari, 2009). Many studies (e.g. Baldwin-Edwards, 2011; Da-Ghstani, 2000; Fasano-Filho & Goyal, 2004; Harry, 2007; Ramady, 2013) describe the Saudi labour market as being distorted and unsustainable. This is clearly due to some common features, such as citizens' preference to work in the public sector, which causes a great skills mismatch and wage gap between the public and private sectors (Looney, 2004b). In addition, the modern Saudi Arabian labour market is based mostly on limited governmental contracts, nominal wages and, most importantly, a vast majority of expatriates who are unskilled workers (Ramady, 2013). All of these

issues have added to the complex situation the government faces in localising the workforce in the private sector.

Government has always paid attention to the labour market's development, and classifying jobs is an essential part of this development. This is vital to understanding the labour force's occupational balances, especially in terms of new entrants, and is important for making more accurate plans to meet future skill requirements (Al-Shammari, 2009). According to the latest classification of the labour market issued by the Ministry of Labour (2014), the workforce has the following nine categories:

1. Administrative and business directors
2. Scientific, technical and human specialists
3. Scientific, technical and human technicians
4. Clerical jobs
5. Sales jobs
6. Services jobs
7. Agricultural & animal husbandry, poultry and fishing
8. Industrial and chemical processes and food industries
9. Auxiliary basic engineering jobs

2.2.2 Characteristics of the Saudi labour market

The Saudi Arabian labour market is similar to that of its neighbouring GCC states, which are foreign worker-reliant and resource-rich economies. The structural similarities are shown in Figure 2-6. The major common feature of all GCC states is the extreme segmentation between the private and public sectors in terms of issues such as pay, working hours and promotion (Baldwin-Edwards, 2011).

Figure 2-6: GCC labour market characteristics

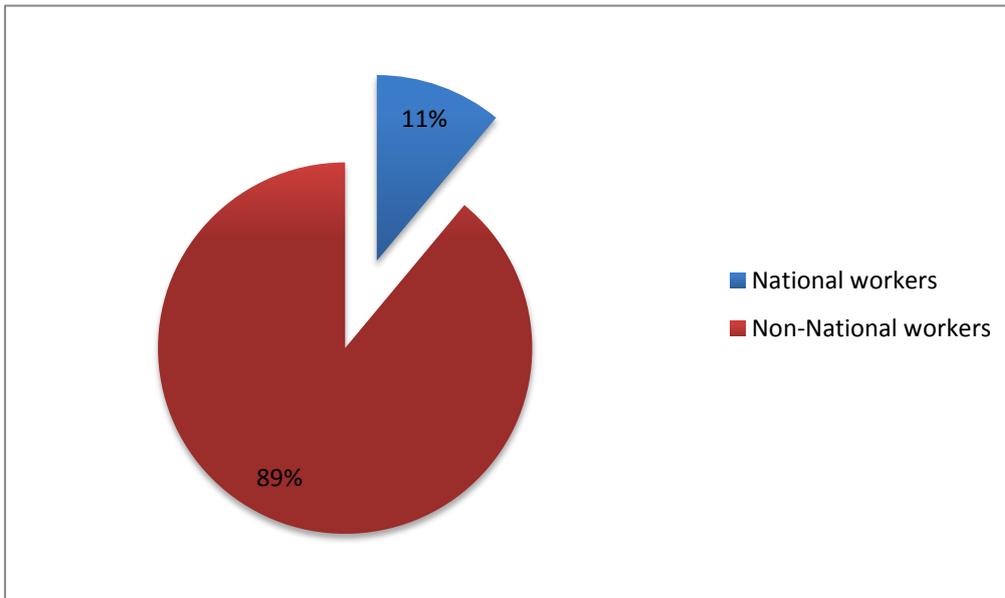


Sources: (Al-Waqfi & Forstenlechner, 2010; Harry, 2007b; Hertog, 2012; Shediac, 2010)

2.2.2.1 Private Sector

In Saudi Arabia, the private sector shares some characteristics with other developing countries, such as the important role of government as an investor. Despite the privatisation efforts seen in recent years, the government still owns large shares in some of the largest companies, such as the Saudi Telecommunication Company (STC) and the Saudi Electricity Company. The government owns more than a 50% share of both of them (Alsarhani, 2010; Kayed & Hassan, 2011). In addition, there is also a large proportion of family-owned businesses, such as the giant banking group ‘Al-rajhi bank’ (Fakeeh, 2009). Moreover, there is a predominance of basic and short-term management policies across the sector (Ramady, 2010). There is also low national participation of females in the economy (12% in 2013), and this is among the lowest worldwide; statistics show that, in 2013, participation of women in the private sector barely reached 2% of the total workforce (CDSI, 2014). Finally, there is extreme segmentation between nationals and foreigners in terms of pay, treatment and rights (AbdelRahman, 2012).

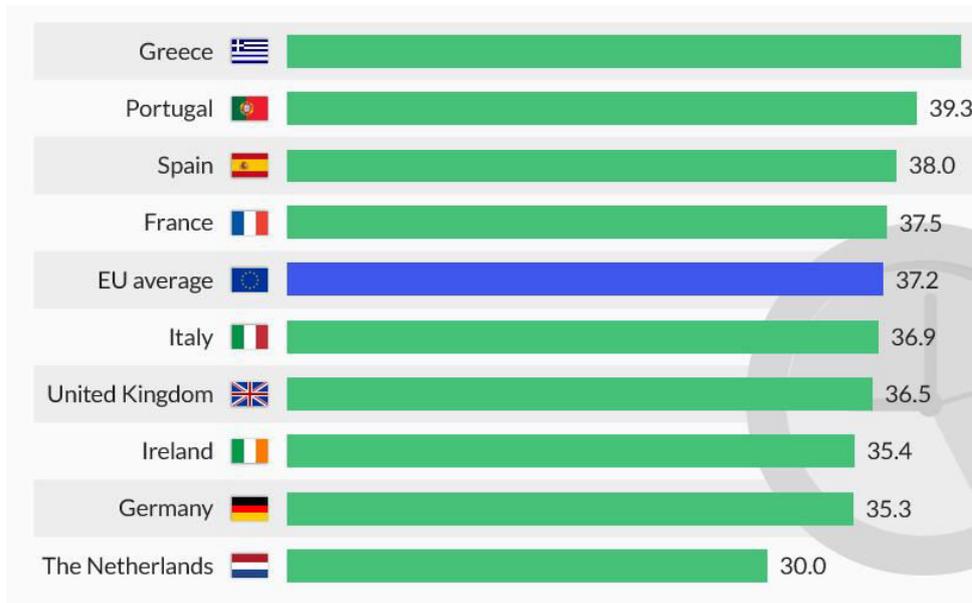
Figure 2-7: Private sector workforce, by nationality



Source: CDSI, 2013

Apparently, despite the huge efforts made by the government to promote private sector jobs, there is still a small proportion of citizens that prefer this sector (see Figure 2-7). Reasons for this include low wages, and this is believed to be the main reason for private sector jobs remaining unattractive (Sadi, 2013). According to a labour market statistic, public sector wages are three times higher than average salaries in the private sector (Al-Asfour & Khan, 2013). Working conditions are an additional factor discouraging citizens from working in the private sector (Peck, 2014). For instance, when comparing average weekly working hours to the average of some EU countries (see Figure 2-8), the figure for Saudi Arabia is higher, with Saudi employees working some 50 hours per week, on average (Al-Arabiya, 2014).

Figure 2-8: Average weekly working hours in some EU countries

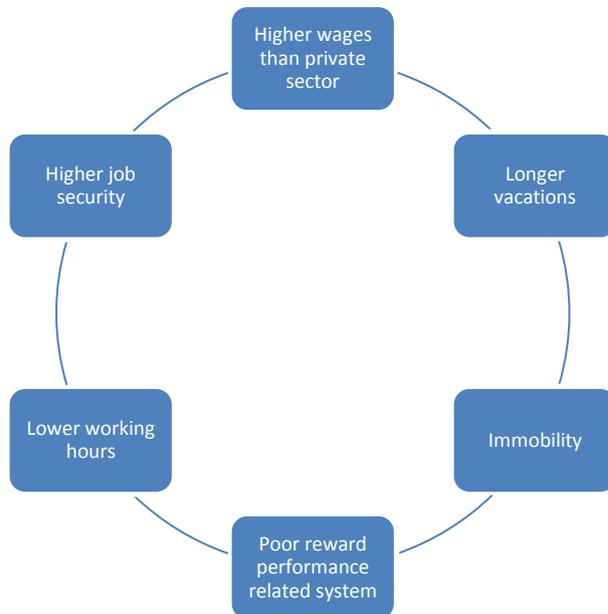


Source: OECD, 2014

2.2.2.2 Public Sector

The public sector seems to be more stable in terms of the local workforce (Alsarhani, 2005). As stated earlier, the efforts of the government to shift citizens to the public sector, by various incentives, have shaped the current characteristics of the sector (Al-Dehailan, 2007). Public sector characteristics are illustrated in Figure 2-9.

Figure 2-9: Public sector characteristics



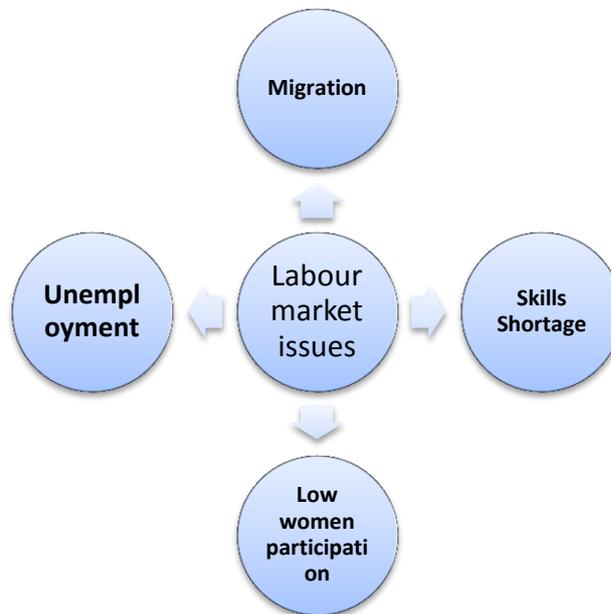
Sources: (Fakeeh, 2009; Harry, 2007a; Shediac, 2010; Wilson, 2012)

Government sector employment is considered to be very secure and well-paid (Fakeeh, 2009; Wilson, 2012). This implies that wage levels in the public sector are institutionally set, and are often subject more to political considerations than to market dynamics (Harry, 2007a). Government revenues and oil prices play a crucial role in determining the availability of jobs, as well as the level of wages in the sector (Hertog, 2012). As oil prices increase, more jobs are created. Most citizens prefer to wait their turn to be employed in the sector, rather than accept a private sector job (Al-Dosary, Rahman & Aina, 2006). Moreover, the public sector is considered to be the main employer of women; more than 95% of employed women work in the public sector (Almunajjed, 2010).

2.2.3 Issues in the Saudi labour market

In Saudi Arabia, the labour force has a number of unique aspects that distinguish it from the rest of the region, and some of these have been considered to be issues hindering long-term development (Ramady, 2013). As shown in Figure 2-10, there are four unique issues with the Saudi labour market.

Figure 2-10: Labour market common Issues



Sources: (Baldwin-Edwards, 2011; Fasano-Filho & Goyal, 2004; Hertog, 2012)

2.2.3.1 Migration

Human capital is the most significant aspect for modern and developed nations, and for human capital development. Many developed countries still give priority to strategies aimed at attracting more highly skilled immigrants (Al-Khouli, 2007). In fact, as stated before, Saudi Arabia has been an attractive destination for immigrants from all over the globe. Immigration to Saudi Arabia can be dated back to the 1940s, as oil discovery encouraged the import of many foreigners, including Arabs, Westerners and people from African and Asian countries (Vassiliev, 2013). The first generation of migrants, who came as technical, professional and administrative personnel, have helped in building the country's infrastructure and have contributed to vital developments (Fakeeh, 2009). Subsequent generations have been less skilled or unskilled immigrants, mostly from Asia and Africa, who have flooded the labour market (Al-Khouli, 2007). These less/unskilled labourers were large in quantity, and tended to occupy professions in undesirable industries, such as agriculture and domestic service. Subsequently, such immigration has turned from being essential, to being a dilemma and a threat to the local economy (Abouraia, 2014). Official statistics have revealed that immigration figures have increased to alarming levels, rising from less than a million in the 1970s, to

over 9 million by 2013 (SAMA, 2014). This means that expatriates represent the vast majority of the private sector workforce (90%), and account for over 30% of the total population (CDSI, 2014).

In fact, only 15% of foreigners in Saudi Arabia are categorised as ‘skilled labour’ (Alanezi, 2012). The majority are unskilled, working in agriculture, cleaning and domestic services (MOL, 2013). The lack of skilled labour has an impact on the economy, and has been associated with many issues, such as poor standards of development (e.g. quality of buildings and roads). Interestingly, country of origin is a significant factor determining the occupation of expatriates (Showail, Parks & Smith, 2013). This is reflected clearly in many businesses across the country, as a hierarchical structure has developed, due to the issues described here. For instance, some firms reserve certain jobs for certain nationalities (Sadi & Al-Ghazali, 2010). This issue is elaborated on in the literature review, due to its importance in explaining the situation.

2.2.3.2 Skills shortage

Saudi Arabia’s rapid growth during the oil boom, described above, led to rapid development countrywide, including the construction of roads, airports and ports, and a huge expansion of petrochemical industries, energy production, water supply, communication networks, hospitals, schools, etc., and these developments required an immense labour input (Bowen, 2014). Coupled with citizens’ preference for working in the public sector, caused a massive labour shortage locally (Looney, 2004a).

There are reasons for this lack of skills, And these are mainly due to the mismatch between education and training (Al-Dosary et al., 2006). This issue can be dated back to the period before oil discovery, when education was totally irrelevant to labour market needs (Al-Dosary & Rahman, 2005). Additionally, the segregation of women from education and the labour market had its impact (Al-Dehailan, 2007). Some improvement to the situation can be observed, in recent years, as some strategies have enhanced education and training for Saudi nationals (Alanezi, 2012; Ramady, 2013). Nonetheless, the shortage still exists in the labour market, and the unemployment rate remains high (Baqadir, Patrick & Burns, 2011).

2.2.3.3 Unemployment

One of the most troubling features of the labour market's performance over the past decade has been the increase in long-term unemployment (Fakeeh, 2009). According to the International Labour Organisation (Employment Trends Report, 2010), the Middle East and North Africa (MENA) region is considered to have the highest rates of unemployment worldwide, (9.3% being recorded in 2010). In fact, unemployment in the region is a unique and silent characteristic of the labour market. Firstly, it is the highest worldwide, especially among young people (almost 40%), and women, (e.g. Egypt has over 60% female youth unemployment). Remarkably, it is even higher among the more educated, with over 30% of individuals having had tertiary education being unemployed. What is worse is that unemployment among the most educated women exceeds 60% in some MENA countries, such as Jordan and Egypt (World Bank, 2010). The situation in Saudi Arabia is no exception, with the female unemployment rate reaching 34% in 2013 (CDSI, 2014).

The reasons behind Saudi Arabia's high unemployment rate have been discussed widely. Some have attributed it to the unattractiveness of private sector jobs for citizens (Al-Dosary et al., 2006), whereas others have highlighted the mismatch of skills (Al-Shammari, 2009; Calvert & Al-Shetaiwi, 2002; Gause, 2014). The government works hard to tackle this issue. Various policies have been introduced, including the massive strategy known as 'Saudisation', to encourage job creation for locals and to reduce dependency on expatriates. In addition, the Hafiz programme, which refers to the Arabic word meaning "promotion", has been launched. This works in a similar way to "unemployment benefit programmes" in the western world, offering benefits to those who are out of work and seriously seeking work opportunities (MOL, 2012). It pays 2,000 SR (\$533), for a maximum period of one year, to any citizen who is out of work and fulfils certain requirements (MOL, 2012). For instance, applicants must be aged between 20 and 35 years old, not be a student or an employee, and not have any registered trade activities. In addition, the applicant must keep checking and signing on to the programme website at least once a week, to seek available jobs or required training (MOL, 2012). Since its introduction, more than a million citizens have benefitted from such a programme (Arab News, 2012). Surprisingly, the vast majority of the citizens who have registered with Hafiz have been women (85%); this presents

new concerns to decision makers, demanding urgent solutions for the employment of women in the labour market. In fact, Hafiz also aimed to raise the minimum wage to 3,000 SR for citizens, (as an unemployed person receives 2,000 SR), which encourage employers to employ more native people (Ramady, 2013).

2.2.3.4 Low participation of women

Before oil discovery, women were active workers, mainly in agriculture and the domestic sector. However, post oil discovery, especially after the oil boom of the 1970s, the employment of Saudi women declined as a result of the massive wealth created by huge oil revenues, and the government's encouragement for the employment of men (Al-Rasheed, 2010). The dramatic decline in the participation of women led to them accounting for less than 5% of the total labour force in the 1980s (Al-Dehailan, 2007). However, after Saudi Arabia experienced some crises, such as the Gulf War in the 1990s, the nation's budget began to shrink, leading to a drop in per capita income (Cordesman & Burke, 2002). Many households felt the need for women to work to support them. This, coupled with the government's new strategy to encourage women into employment, which had resulted in notable progress during the previous decade, saw their participation increase from 5.4% in 1993, to 14.4% at the end of 2009 (Almunajjed, 2010). However, this level of participation is still one of the lowest in MENA countries; for instance, in the Emirates, participation of national females was 59%, in the same period, and in Malaysia, a Muslim country, the figure is 46.1% (Lee, 2012). Although some progress has been made to enhance women's situation in society and education, their participation in employment is still one of the lowest worldwide, especially in the private sector, which is considered to be less than 2% (Almunajjed, 2010).

2.3 Affirmative Action Policy in Saudi Arabia (Saudisation): a Brief Overview

As a response to the many socioeconomic issues in the labour market, Saudi Arabia has embarked on an Affirmative Action policy (AAP) known locally as Saudisation. It aims to create new job opportunities for locals, and so reduce dependency on expatriates (Al-Dosary & Rahman, 2009). The term “Saudisation” refers to the replacement of foreign workers with Saudi ones (Looney, 2004b). However, in reality, ‘Saudisation’ has a broader definition; as specified by Mashood et al. (2009; 4), it is the ‘replacement of the expatriate labour force with a trained and qualified local labour force in a planned manner that will ensure the continuity of work’. Also, it refers to an educational concept that means ‘educating, training and preparing people for work’; the policy does not merely focus on the expulsion of foreign workers (Looney, 2004b). All definitions of Saudisation stress one primary aim: targeting unemployment by preparing Saudi nationals to replace foreigners, thus, supporting and improving the national economy.

2.3.1 The institutional and legislative setting for Saudisation

Prior to 2011, Saudisation law was based on two principal sources: *Article 26 of the Labour Law*, which was endorsed by a Royal Decree (M/51) on October 2004 and came into effect in April 2006 (MOL, 2014), and *Resolution No. 50*, passed by the Council of Ministers on September 1994.

These two sources of Saudisation law were supplemented by several resolutions and circulars made by MOL, including:

- “The circular”, which was issued by MOL in August 2002.
- Resolution No. 4/3767, issued in March 2006, by MOL.

Initially, labour law requires that Saudi citizens make up at least 75% of a firm’s total employees (Al-Shammari, 2009). However, MOL has the authority to cut this percentage where necessary, i.e. where there are no available qualified Saudis (Al-Dosary & Rahman, 2005).

In fact, *Resolution No. 50* requires that all Saudi firms that employ 20 employees or more are to raise their percentage of Saudi workers by at least 5% annually (Looney, 2004b). Nevertheless, it does not specify a minimum percentage of Saudi workers for newly established firms. A supplementary circular suggests that national workers must make up 30% of the employees of any Saudi firm that has 20 employees or more. *Resolution No. 4/3767* froze this percentage (30%) and made it flexible for certain activities to have a representation below 30%. Several changes to the required percentage of citizens in the private sector had been made between the policy's introduction and 2011 (Fakeeh, 2009).

2.3.1.1 Nitaqat Programme

In 2011, a Royal Order (No. A/79) was issued, granting the MOL an additional authority on Labour Law (Arab News, 2011). As a result, the MOL announced additional legislation for the Saudisation policy, known as the 'Nitaqat Programme'. The term 'Nitaqat' is an Arabic word meaning 'ranges' (Alsharbri et al., 2014). It aims to regulate the labour market and boost the employment of Saudi citizens in the private sector in a more manageable way (Sadi, 2013). It is considered as the backbone of Saudisation strategy, replacing the old system initiated in 1994 (Peck, 2014). In fact, Nitaqat divides establishments into four main categories, based on their size and their compliance with Saudisation. As illustrated by Figure 2-11: it is considered an important factor in the implementation of Saudisation, considering the size of the organisation as well as its type (Alsharbri et al., 2014).

Figure 2-11: Nitaqat classifications

Business Size	Red	Yellow	Green	Premium
Small (10-49)	0-4%	5-9%	10-39%	40% or more
Medium (50-499)	0-5%	6-11%	12-39%	40% or more
Large (500-2,999)	0-6%	7-11%	12-39%	40% or more
Huge (3,000+)	0-6%	7-11%	12-39%	40% or more

Source: Ministry of Labour, (2011)

Nitaqat objectives vary by industry, (with 45 categories), and by workforce size, being classified as Small (10–49 workers), Medium (50–499 workers), Large (500–2999

workers) or Huge or Very Large (3,000+ workers), as shown in Figure 2-11. For example, a Saudisation percentage of 6% in a small establishment results in classification in the “Yellow” category, while the same percentage results in a “Red” classification for a larger company. Thus, the system has brought changes to Saudisation policy, enhancing its implementation. The government believes that Nitaqat is set to implement a more advanced system, making Saudisation more efficient, as follows: (MOL, 2013)

- Increasing the number of activities that establishments are divided into, to 41, for better management and forecasting of the labour market.
- Eliminating the compulsory 30% Saudisation requirement that was applicable to most establishments under the old Saudisation system.
- Introducing new Saudisation requirements in terms of percentage, based on the capability and size of the establishment.

In this way, the new system, using 41 activities and four size categories, as indicated, delivers a better understanding of the labour market’s segmentation and needs (Arab News, 2012). Based on the new scheme, businesses are categorised (for penalty or reward) within four bands, depending on their compliance with Saudisation, as shown in Table 2-2.

Table 2—2: Implications of Nitaqat classification of companies

Category	Incentives / penalty
PREMIUM	<ul style="list-style-type: none"> ➤ Complete freedom in recruiting employees ➤ Easier processing of visas. ➤ Freedom to issue new visas. ➤ Freedom to change employees’ profession. ➤ Freedom to hire employees from other low compliance firms (Red and Yellow) and to transfer their visa without approval from their sponsor. ➤
GREEN	<ul style="list-style-type: none"> ○ Freedom to apply for new visas ○ Freedom to change foreign workers’ profession. ○ Freedom to renew work permits. ○ Freedom to recruit employees from Red and Yellow zones and transfer their visa.
YELLOW	<ul style="list-style-type: none"> ▪ Allowed to issue only one visa after the departure of two expatriates. ▪ Allowed to renew work permits but only for employees below the maximum duration of stay. ▪ No freedom to transfer visas and change profession. ▪ Barred from renewing work permit (capping of stay) after workers have completed four years.

	<ul style="list-style-type: none"> ▪ Fines for redundant expatriates (\$26,700). ▪ No possibility to open files for new businesses and/ or new branches. ▪ Given Six months to improve Nitaqat record, or be closed down.
RED	<p>Has the same penalties as “Yellow”, plus,</p> <ul style="list-style-type: none"> ○ Banned from: changing profession, transferring visas, issuing new visas and opening files for new branches.

Sources: MOL, (2014); HRDF, (2013)

The scheme grants a *Premier rating* to those establishments with 40% Saudisation or more, and a ‘*Green*’ categorisation to businesses with a Saudisation score in the range 10-39%, depending on company size. Establishments in these two categories are rewarded for their compliance by being able to recruit their labour from the worldwide market, receiving a greater professional visa allowance and the option to change the profession of their workers, as well as other benefits (MOL, 2014).

The ‘*Yellow category*’ applies to those companies with a 5-11% Saudisation score. The final, and worst, categorisation is ‘*Red*’, which indicates the poorest level of compliance (5% and under). Companies in both of these categories are penalised under the new system. They are not allowed to apply for new visas or transfer current visas; what is worse is that they have no recourse if their foreign workers are recruited by higher-categorised companies (‘*Premium*’ and ‘*Green*’) without their permission (MOL, 2014). Firms remaining in the ‘*Red*’ category can ultimately be closed down (Peck, 2014). To make the system more equitable, the MOL introduced new employment calculation methods that differ from the old system as illustrated in Table 2—3.

Table 2—3: New method for calculating Saudisation

Category	Calculation method
One full-time Saudi national	One Saudi employee
One part-time Saudi national	Half a Saudi employee
Special needs employee	Four Saudi employees
Person that has been imprisoned and released	Two Saudi employees
The husband or wife of a Saudi national	One Saudi employee
An expatriate with a Saudi mother	One Saudi employee

Source: MOL, 2013

The new system allows greater flexibility to cover more categories of people, including non-citizens. For instance, a foreign husband or wife of a Saudi national, or one with a Saudi mother, is weighted as a full Saudi employees under the new system (Alshabri et al., 2014). Moreover, special needs employees have been given an even greater chance to participate in the labour market. In fact, one special needs employee has the weight of four times that of an ordinary Saudi employee (Ramady, 2013). This means that an establishment with 100 employees in total, including ten special needs employees, (10x4=40), is entitled to a '*Premium*' class rating under the new system.

2.4 Summary

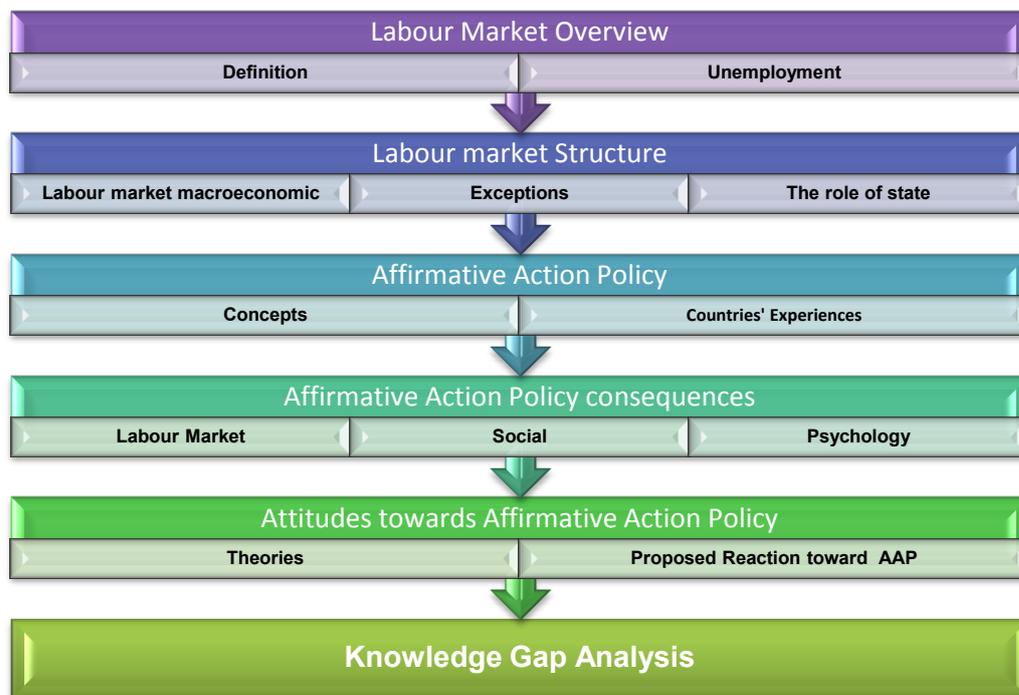
This chapter has presented essential background information on Saudi Arabia and AAP. It has provided information on the country's history, its political and economic systems. It has also provided some crucial information about the labour market and its characteristics. Importantly, AAP has been reviewed in this setting, with a summary of its aims, objectives and legislative background. Such background information is fundamental for an understanding of AAP in this specific setting, since AAP exists in different cultures across the world. The following chapter reviews the literature pertaining to different aspects of the labour market and AAP, to shed more light on the research issue.

3 Chapter Three: Literature Review

3.1 Introduction

This chapter is structured as illustrated in Figure 3-1. It presents and reviews relevant research literature pertaining to labour market structure and Affirmative Action Policy (AAP). Mainly, it covers the labour market, its foundation and regulations (section 2), and then comprehensively reviews and describes Affirmative Action (section 3), including its concepts, countries’ experience and, most importantly, its various impacts.

Figure 3-1: Structure of the chapter



3.2 Labour Market Overview

Defining the term of ‘The labour market’ is crucial to this research as to give broad understanding of the subject. Labour market can be defined as the mechanism by which labour is bought by employers and sold by workers (Cooke, 2011). Layard, Nickell & Jackman (2005) defined it as “a collection of workers and employers that interact to

allocate workers to jobs on the basis of wages and qualifications” (p.237). What is more, labour markets can also act as exchanges for pay in an economic relationship, which becomes a legal one, with a contract of employment (Seifert, 2014). In fact, managing the labour market is a crucial part of any economy, as creating policies and an environment in which young people can turn their education, skills and willingness into employment is critical, to avoid frustration and to ensure political and social stability (Malik & Awadallah, 2013). An important part of today's labour management and economics has been concern for labour market regulations and policies, and for their impact on, and interaction with, various economic and labour market outcomes. However, understanding such regulations and policies requires attention to their purposes. Therefore, a brief discussion of unemployment is necessary before explaining how the labour market and its policies work.

3.2.1 Unemployment

Unemployment has different definitions. It can refer to a person who is actively available and seeking employment (Galobardes & Shaw, 2006). McKee-Ryan & Song (2005) described unemployment as an event of life where paid employment is lost involuntarily by an individual. Kingdon & Knight (2000) suggested that ‘unemployed’ refers to an individual who is out of work and actively looking for work becoming available. It is best described by Mitchell & Muysken (2004), as the inability of a person who is willing and able to work to obtain a job. Unemployment can also be seen as an undesirable, uncontrolled and unscheduled event (Wilson, 2012).

Unemployment is a serious economic issue, as it triggers political and social challenges, such as increasing levels of poverty and crime (Powdthavee, 2007). It is also responsible for income inequality. Unemployment is usually viewed as a state of employment search, and it is measured accordingly (Hein & Stockhammer, 2011).

According to the United Nation (UN), approximately 900 million adults from various developing states earn about US\$ 2 a day/person, which keeps them under the poverty line. In addition, of 200 million people unemployed globally, half of them are young (UN, 2012). The unemployment issue is considered the main critical challenge facing governments around the world (Wilson, 2012). Unemployment is the root of many

socioeconomic problems. It has been associated with many economic, psychological, security, social and political challenges (Sayigh, 2014). When individuals are out of work, their skills are likely to be weakened, and so, the longer they are unemployed, the more difficult it is to find a job (Bambra, 2010). Besides, unemployed individuals are at high risk of physical and mental health problems, and this can affect the people around them, i.e. family and children (Al-Waqfi & Forstenlechner, 2013).

Unemployment rates vary from country to country, with developing countries encountering the highest rates. The Middle East is no exception. According to the International Labour Organisation (Employment Trends Report, 2011), the Middle East region has one of the highest rates of unemployment worldwide (9.3% recorded in 2009). Among Middle Eastern countries, Saudi Arabia has the second-highest rate in the area (after Iraq, at 10.8%), with a 5.8% unemployment rate among Saudis. What is more, many have argued, (e.g. Almunajjed, 2010), that the real percentage of Saudi Arabian unemployment is even higher than the official figure. Some have anticipated it to be 20% or more (Hardy, 2006). Moreover, if women are included in the figures, then the rate could be as high as 29.9% (Almunajjed, 2010). It is obvious to the researcher that there is a noticeable inconsistency between official government figures for unemployment and those of other international sources, e.g. the CIA. This might be explained by the fact that other sources may rely on the method of the ILO to measure unemployment, which takes no account of national or political considerations in such measurement (Fakeeh, 2009).

3.2.1.1 Type of unemployment

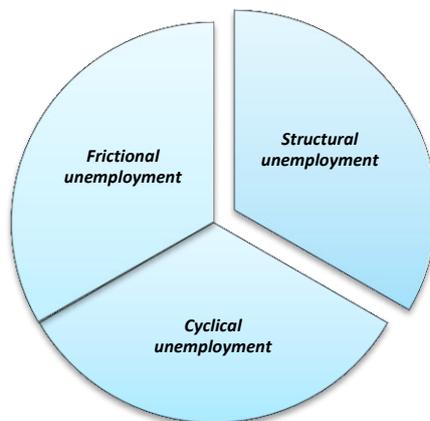
Although economists are in conflict about the classification of unemployment, there is a common division of unemployment. Defining the types of unemployment accurately can shed light on why unemployment occurs and what policies can be used to tackle the issue. In fact, unemployment has two distinct dimensions (Kreiner & Tranæs, 2005):

Voluntary unemployment is often a result of an individual's own choice by refusing a job, for various reasons, such as low wages or an unfavourable working environment and conditions (Chadi, 2010). In other words, there is a willingness of an individual to be out of work. Simply, voluntary unemployment involves an unemployed person

preferring joblessness over employment, for various reasons, including pay or security. This type of unemployment is discussed less in the literature, compared to the second dimension. For the purpose of this study, only the second dimension is going to be explored further, to provide more background and understanding, and to clarify later chapters.

Involuntary unemployment, by contrast, is where an individual is out of work unwillingly and actively seeking paid employment (Vroey, 2004). Simply, involuntary unemployment can occur when an individual is keen to find a job at the prevailing wage, yet is unable to work and remains unemployed. Thus, it is distinct from voluntary unemployment, where an individual chooses not to work, for different reasons, as stated earlier. The economic literature defines different categories for this type of unemployment, as presented below:

Figure 3-2: Types of unemployment



Sources: Mitchell & Muysken, 2004; Thirlwall, 2007; Vroey, 2004.

- *Frictional unemployment* describes short-term unemployment, normally during job changing or job seeking among new entrants (Thirlwall, 2007). This type of unemployment is obviously not related to economic problems or market failures. In fact, some suggest that frictional unemployment is beneficial for employees and employers, as well as the whole labour market system. This is because frictional unemployment contributes to improving the job-matching process (Hayes, 2006). This type of unemployment encourages employees to seek a more appropriate and suitable

job for their skills and abilities, which benefits firms by raising their workers' motivation and performance, thus enhancing profitability (Mitchell & Muysken, 2004; Sato, 2004).

- *Seasonal unemployment* happens when individuals are unemployed during a specific period of the year (Alam, Siwar, Molla & Talib, 2010). This normally occurs in industries that rely on seasonal activities, such as the Christmas season, where companies hire more staff to cope with high demand. Another example is the tourism and leisure sector in some countries, where they rely on tourism during a certain period of the year.

- *Structural unemployment* is suggested as a type of unemployment that is caused by a skills mismatch between jobs and workers (Thirlwall, 2007). Actually, this is commonly the result of changing employment duties, caused by a change in technology, for example (Michaillat, 2012). This is because individuals have to acquire, and retrain for, new skills and competences in order to find a suitable job.

- *Cyclical unemployment* is a recurring spell of unemployment, which arises at certain times of the business cycle. This is characterised by periods of development and growth, followed by slumps. A deficiency in aggregate demand is the main cause of this type of unemployment, in addition to a decline in job opportunities, within a particular industry or region, and one which persists for a limited period of time (ILO, 2011). Employees lose their job due to an economic slump, industrial failure or decline, firm bankruptcy or organisational restriction (Chadi, 2010). This is, for example, when there are vacancies in a certain firm, but the applicants applying for such jobs are greater in number. In such cases, macroeconomic factors influence the tendencies of unemployment at the micro level (Burtless, 2002).

3.3 Labour market structure

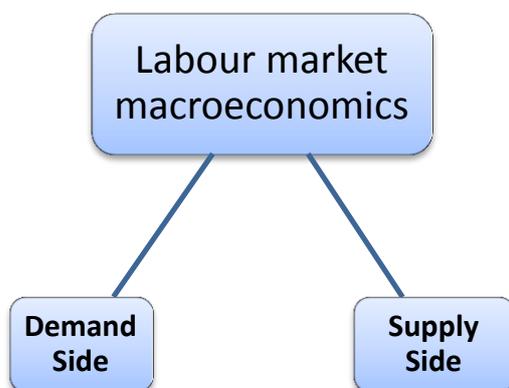
The debate about labour market structure and functions and what stimulates economic growth (real GDP) is on-going and never ending debate. In order to understand how

labour market works, discussing macroeconomic models meant to raise and stimulate economic growth levels are therefore crucial.

3.3.1 Labour market macroeconomic

As illustrated in Figure 3-3 Macroeconomic models are usually targeting aggregate supply and aggregate demand (Hein & Stockhammer, 2011). Such models become important during a recession or period of economic stagnation. Those models addressing the supply-side focus on the economically active population, and aim to decrease the structural unemployment rate (the natural rate) (Traxler, 1995; Wood, 1994), while models targeting demand-side involve employers, and intend to decrease demand-deficient unemployment (caused by recessions) (Burtless, 2002). In fact, economists continue to argue about whether supply-side or demand-side economics is best to explain how the economy works and to help to pull the economy out of recession.

Figure 3-3: Labour market macroeconomics



3.3.1.1 Demand-side economics

Demand-side economics is mostly based on the idea and belief that the principal force impacting on the general activity of the economy, causing short-term variations, is consumer demand for services and goods (Lindbeck & Snower, 1990). At times of recession and rising cyclical unemployment, (e.g. the 2007 recession), demand-side policies are viewed as being vital for raising aggregate demand (AD), and, consequently, employment levels (Wood, 1994). Demand-side policies are more related

to fiscal policies, which can be defined as “instruments that governments use to control economic development and growth” (Laframboise & Trumbic, 2003; 23).

As the world’s economies have developed over time, so economic theories have also developed in an attempt to explain changing circumstances. Many rival economic schools of thought have emerged in the last decade. Generally, there are two contrasting views on how markets and their participants operate; The Classical School and The Keynesian School have contradictory approaches to how the economy should be managed in order to avoid, or recover from, a recession (Arestis, 2011). As the focus of this research is not purely economic, only these two rival schools of thought are described in the following sections, to assist in developing an understanding of unemployment and the labour market setting.

3.3.1.2 The Classical School

The Classical School of thought was developed in the 1750s, and lasted as the mainstream economic approach until the late 1800’s (Reinert, 2012). Adam Smith’s “Wealth of Nations”, published in 1776, can be referred to as the formal start of Classical Economics (Sargent, 2009). This theory of the economy is regarded as the first school of economic thought. It is based on a laissez-faire approach, with the belief that the economy is self-regulating being fundamental to this theory. In other words, the economy needs no government intervention to achieve economic stability (Menon, 2008). Government policies in many countries, including the UK and the USA, have increasingly moved towards ‘modernisation’, and have become increasingly based on neoliberalism and the free market model (Ironside & Seifert, 2004; Seifert & Li, 2014).

The main idea of this model is that markets can automatically achieve equilibrium, which can preserve full employment without any government intervention (Hein & Stockhammer, 2011). Classical economics mainly relies on three fundamental assumptions to achieve efficiency and full employment:

- **Flexible Prices:** it is assumed, in this theory, that prices are flexible. Since prices are flexible, with no government regulations, restrictions or market control, markets are able to efficiently and quickly achieve equilibrium (Reinert, 2012). This means the market is quickly able to eliminate any shortage and excess that

exists, achieving an equilibrium between demand and supply quantities. In fact, it is significant for resource markets that such an equilibrium indicates that full employment is preserved and unemployment is not an issue (Ball & Mankiw, 1994; Layard et al., 2005).

- Say's Law is the second assumption, and most of the theory is based upon this. It is commonly referred to by the phrase "supply creates its own demand". In other words, the production of goods itself is able to create its own purchasing power (Baumol, 1999). This means that, when an economy produces a certain level of real GDP, it can generate the income needed to purchase that level of GDP. Say's Law indicates that the economy is most unlikely to encounter an aggregate production excess or shortage (Baumol, 1999; Kates, 1998). In fact, the economy should be near to full employment at all times. There should not be demand deficient unemployment. Classical economists suggest that any unemployment must be caused by pay being falsely kept over the level of equilibrium, or by other structural factors, e.g. skills shortages in certain industries (Burda & Wyplosz, 2012). Some have suggested that, in order to increase output, there should be a concentration on increasing production rather than demand (Amsden, 2010).
- Saving-Investment Equality: The last assumption of classical economics is that saving in the household sector precisely matches investment expenditure on capital goods by the business sector (Layard et al., 2005). This assumption ensures that "Say's Law holds, because any decrease in consumption demand (for output) due to saving is replaced by an equal amount of investment demand. The saving-investment equality is assured by applying the notion of flexible interest rates in the financial markets" (Hein & Stockhammer, 2011; 12).

This theory has been associated with a number of issues. For instance, during the time of the Great Depression, it had faced difficulties in explaining such a situation. Output was below the full employment level (Hein & Stockhammer, 2011). This meant that, to create more jobs, employers wanted to earn more in order to provide wages for new entrants. Therefore, the balancing of the market was far from achievable (Reinert,

2012). Moreover, as the theory suggests, the best way of dealing with and overcoming the unemployment issue is cutting the competitive wage rate. This can be problematic in the developed world where there is democracy within the labour market. This is because issues such as a low wage rate would not be tolerated and may lead to trade union action, i.e. strikes etc. (Carlin & Soskice, 2005; Seifert, 2015). Furthermore, some developing countries cannot adopt this theory, due to the fact that the supply of labour exceeds demand, and because of the existing presence of low paid workers (Espinoza, Fayad & Prasad, 2013; Hein & Stockhammer, 2011). Additionally, within the GCC region, there is the problem that lower wages already cause unemployment (Peck, 2014), and there is also the issue of high government involvement in the economy (Alshahrani & Alsadiq, 2014). Therefore, for these reasons, and others already mentioned, classical theory seems inappropriate for explaining the unemployment and labour market policies situation.

3.3.1.3 The Keynesian School

At the time of the Great Depression (1930s), Classical Theory was struggling to explain the cause of the crisis and why it kept getting worse. A British economist called John Maynard Keynes (1883–1946) began to develop revolutionary alternative ideas. He was regarded as the most influential economist of the 20th Century (Pasinetti, 2005). His thoughts have deeply affected the practice and theory of modern macroeconomics. In fact, recognising the limitations and weaknesses of classical economics was a crucial strength of Keynes in undertaking his new approach (Carlin & Soskice, 2005). Keynes revealed vital weaknesses in the classical economists' view. He did not support the most fundamental aspects of the classical view, particularly the assumption that full employment will always be preserved in the economy (Arestis, 2011). Keynes built his school of thought on significantly refined earlier work on the same issue, in the context of business cycles (Thirlwall, 2007). In opposition to classical economists, Keynes and his followers believed in active government intervention, to balance the economy and keep it stable (Heterodoxy, Microeconomics & Circuit, 2009). He argued that the economy should be based on aggregate demand as the principal factor, in order to stabilise the economy and resolve many issues, such as unemployment (Layard et al., 2005; Pasinetti, 2005). Actually, the basic equation of the Keynesian system is that aggregate income is equal to aggregate expenditure. Keynesian economists believe that

unemployment is caused by inadequate aggregate demand. In order to tackle this, the government should increase aggregate demand through flexible monetary and fiscal policies (Hein & Stockhammer, 2011). Keynesians claim that government intervention through fiscal policy is vital, especially in times of recession, when more spending is needed to encourage demand and keep the business cycle moving, and ultimately maintain good employment levels (Ljungqvist & Sargent, 2004). In other words, the government should step in and intervene to increase spending, either by increasing the money supply or by actually buying things itself.

This belief requires the government to pursue an expansionary fiscal policy, including increasing government spending and cutting taxes (Sargent, 2009). For instance, the UK government, during the 2007 crisis, cut VAT from 20% to 15%, to increase aggregate demand and so speed recovery (Layard et al., 2005). Advocates of fiscal policy believe that the intervention of the government is critical. It helps to increase consumption, and ultimately increase overall aggregate demand (Heterodoxy et al., 2009). Such an increase (to aggregate demand) is translated into real GDP. Simply, if companies produce more, they demand more labour, which consequently decreases demand-deficient unemployment (Hein & Stockhammer, 2011). In fact, Keynes suggested that real and effective demand is a key factor for economic activity. In fact, real and effective demand is related to the ability for goods and services to be paid for, within the economy. Raising the level of real or effective demand in the economy increases production levels within the corporate sector (Carlin & Soskice, 2009). This, on its own, raises levels of economic activity, through the use of workers and factors of production. In simple terms, fiscal policy is supposed to cause higher aggregate demand, which then produces strong economic growth, leading to fewer businesses going bankrupt, and ultimately fewer job losses (Thirlwall, 2007).

However, opponents of Keynesian economics have associated a number of issues with using such policies. For example, Keynesian economics encourages increasing budgets in time of recession (Arestis, 2011), and such a model triggers high interest rates. As borrowing increases, interest rates go up, as a result (Pasinetti, 2005). Simply, the more borrowing there is, the higher interest rates become. Inflation is another crucial cost of the Keynesian model (Blanchard, 2010). What is more, the budget deficit is suggested

to be one of the main weaknesses associated with this school of thought. During a recession or an economic slowdown, there will be a reduction in output as a result of reduced activity. Increased state spending to compensate for such a drop in AD is mainly financed by borrowing. This obviously raises government deficits and increases the national debt (Pasinetti, 2005; Stock & Watson, 2002). What is important is that critics have suggested that the most problematic aspect of this model is the belief about the relationship between employment and income (Galí, Smets & Wouters, 2011). This belief is that technologies, techniques and the quality and quantity of equipment, as well as wage rates and the efficiency of labour, are fixed. Therefore, such a suggestion overlooks considerations of basic significance in economic life, which only remain constant for a short period of time (Reinert, 2012).

Empirical analysis has revealed some non-significant relationships between fiscal policy and the economies of developing countries, as well as some instances where levels of economic activity have remained unexplained (Latifah, 2011). In addition, “Macroeconomics has not done well in recent years: The standard models didn't predict the Great Recession; and even said it couldn't happen. After the bubble burst, the models did not predict the full consequences” (Stiglitz, 2014; 1). Therefore, macroeconomics alone may not be very effective as an economic development moderator or instrument, and, most importantly, cannot explain unemployment and the labour market situation, especially in developing countries such as those in the GCC, where the unemployment situation and labour market structures are unique (Espinoza et al., 2013).

3.3.1.4 Supply-side economics

The supply sides are more involved with issues on a microeconomic level. Even though their core aim is to decrease the unemployment rate, boosting overall aggregate demand is not their core target (Burtless, 2002). Supply-side economics are designed to enhance the supply-side potential of an economy, and make industries and markets operate more efficiently, thereby contributing to a faster rate of growth of real national output (Burtless, 2002; Lindbeck & Snower, 1990). Supply-side models can be implemented in different forms, such as the following:

1. *Education and Training*. Providing people with new skills and knowledge, to boost their chances of finding jobs in other industries; for example, equipping workers with some I.T. skills, to maximize their potential for finding a job (Higgins, 2001). This type of supply-side policy is common, and practised widely to tackle unemployment and raise the potential of job seekers.
2. *Employment Subsidies*. Firms can be given tax breaks or subsidies for taking on people who are long-term unemployed. This encourages demand for labour and decreases unemployment (Layard et al., 2005). This type of measure is also widely practised, even in the developing world, (especially in GCC), to promote job creation and ease entry to the labour market.
3. *Improvements to Labour Market Flexibility*. Higher structural unemployment rates in some parts of the world, particularly in Europe, are believed to be the result of restrictive labour markets (Bambra, 2010), which discourage firms from employing workers in the first place. Therefore, easing labour market legislation is likely to encourage more hiring and job creation (Burtless, 2002; Teigen, 2000). In other words, if firms are faced with obstructive legislation, their willingness to hire workers, and even to operate in such an environment, will be discouraged. On the other hand, if they operate in a less restrictive labour market, it will encourage them to expand and hire more staff.
4. *Stricter Benefit Requirements*. Pro-actively making unemployment benefit more restrictive is a way for the government to encourage unemployed individuals to seek employment and not rely on a limited financial source. Some economists and labour market experts suggest that this is likely to reduce unemployment and make unemployed individuals keener to return to the labour market (Barrett & Kahanec, 2013b; Ramady, 2013). This is because continuous and easy benefits make job seekers less keen to find a paid job, preferring to receive such a benefit.
5. *Improved Geographical Mobility*. In some countries, unemployment is often concentrated in certain regions. To overcome such geographical unemployment, the government might give tax breaks to firms who open a business in an

undesirable area, where unemployment is high (Assaad & Arntz, 2005; Sayigh, 2014). Similarly, some financial assistance might be given to people to work in an area where some additional help is needed, (e.g. help with renting in an expensive city like London or New York). The situation of the concentration of jobs in certain regions is common in developing countries, especially the GCC, where small and unpopular regions are undesirable and other, large regions are more attractive for workers (Al-Shammari, 2009; Almami, 2014).

In fact, supply-side models can help to reduce inflationary pressure in the long run (Burda & Wyplosz, 2012), and can help to create sustainable growth and real jobs through their positive influence on competitiveness and labour productivity (Carlin & Soskice, 2009). In addition, they are less likely to produce conflict between the main objectives of sustainable growth, prices, full employment and the balance of payments (Burtless, 2002). Simply, such models can also assist in decreasing frictional, structural and real wage unemployment, and consequently assist in reducing the natural rate of unemployment.

On the other hand, supply-side models are believed to take a long time to work and achieve their goals (Carlin & Soskice, 2005). For example, education and training, to improve the quality of the workforce, is unlikely to yield quick results (Carlin & Soskice, 2009), and such models are very costly to implement (Blanchard, 2010). The delivery of training and education is labor-intensive and very costly, especially when compared with changes in interest rates. Finally, it has been suggested that such models have also some issues of equity (Carlin & Soskice, 2005; Menon, 2008). This is because many supply-side economics have a negative impact on income distribution, at least in the short term. For instance, reduced union power, privatisation and lower tax rates have all added to the broadening gap between the poor and the rich (Burda & Wyplosz, 2012).

To sum up the above arguments about demand and supply macroeconomics and their roles, either supply or demand measures may help to explain the unemployment situation and policies in America, Europe and some parts of Asia. However, “The standard macroeconomic models have failed, by all the most important tests of scientific theory. They did not predict that the (2007) financial crisis would happen; and when it

did, they understated its effects” (Stiglitz, 2011; 1). More importantly, such measures used to explain the situation in Saudi Arabia and other GCC countries have been found to be problematic (Sherif, 2013). In fact, as the GCC region has not suffered much as a result of the global recession, explaining unemployment policies using one of the main macroeconomic models seems unworkable (Espinoza et al., 2013). There is evidence that successfully addressing the youth employment agenda within the GCC region requires more than financial support and economic growth (World Economic Forum, 2014). This means that remarkable rises in oil prices and fast economic expansion in the region during the past decades, which have enabled substantial job creation and the accumulation of considerable wealth, have not helped to achieve labour market equilibrium (Wilson, 2012). However, an important portion of these gains has been translated into extensive investment in education and infrastructure projects, as well as the diversification of the GCC economies (Shah, 2013). Yet, GCC labour market structure remain distorted, and there continues to be high native unemployment, particularly among young people, as stated earlier. Simply, despite all demand and supply measures undertaken, including massive government intervention to increase AD, and generous education projects, native workers still experience difficulties in finding a job.

Furthermore, as suggested previously, explaining the economic and labour market situation using one of the main economic theories is not enough to understand and explain the labour market structure and disparities (Fasano-Filho & Goyal, 2004). As such, there are exceptions to the main macroeconomics models, including human capital theory, market segmentation and social groups, which are crucial for providing further insight into how the labour market structure and how it works.

3.3.2 Exceptions

As stated above, economists report various exceptions to the main macroeconomics models, including human capital theory, market segmentation and social groups. State them here is important for developing deep insight into how the labour market structure works.

3.3.2.1 Human Capital Theory

This is part of a neo-classical model, where the focus is mainly on the economic aspects of labour markets. Human Capital Theory (HCT) is claimed to be the most studied theory in relation to government policies in the labour market (Al-Shammari, 2009). HCT "refers to the fact that human beings invest in themselves by means of education, training or other activities, which raises their future potential income" (Woodhall, 1987; cited in Nafukho, Hairston & Brooks, 2004; 21). HCT assumes that individuals create their own choices about job opportunities in the labour market, based on their skills and education (or their human capital). Such employment choices, where individuals have a choice, are based on their preferences, personal tastes, abilities and skills (Nafukho et al., 2004).

While modern HCT was originally developed by Schultz (1961), Becker (1964; 1993) is the main theorist, who hugely contributed to this theory (Olaniyan & Okemakinde, 2008). Becker (1993) suggested that there is a direct relationship between the level of education that an employee achieves and the amount of money paid for his or her employment. The core aspect of this theory is that improvements in education lead to increased workers' productivity, and consequently increased income (Nel, 2011). This suggests that employers are willing to recruit and raise wages for such productive and highly skilled candidates (Sweetland, 1996). In other words, when employees invest in human capital by enhancing their education and/or training, they can expect good employment and an increase in their income (Becker, 1993).

Although HCT has enjoyed huge popularity, it has also been criticised for many reasons, mainly its over-emphasis on the correlation between education/training and earnings (Nel, 2011), but also its inability to explain some labour market issues such as discrimination and inequality (Florida, Mellander & Stolarick, 2008). In addition, it has been criticised for its failure to explain the situation in some contexts, such as in some Islamic countries, where religious or cultural norms about gender-appropriate employment exist (Fakeeh, 2009). The GCC context is claimed to be the most extreme example, where females are expected to have reduced levels of interaction with males (outside of their own family). In such societies, even though females have a high level

of education (even higher than males), their participation in the workforce is still much lower than that of males (Almunajjed, 2010; Gallant & Pounder, 2008).

However, some elements of HCT are still valuable for explaining labour market policies in the GCC (Al-Shammari, 2009). For instance, in the evaluation of labour in Saudi Arabia from an HCT perspective, it can be perceived that Saudi nationals have been in low demand. Such lack of demand can be linked to low levels of qualification, or qualifications that are not desired by employers. Expatriates, on the other hand, are in high demand, for similar reasons, (more desirable or matched qualifications that are mostly needed in the labour market). Many analyses of educational participation patterns in Saudi Arabia have shown some failure of the government to develop and maintain suitable strategies to control the demands of the private sector (Espinoza et al., 2013). This means that Saudi Arabia, along with other GCC states, has more graduates every year with few or no appropriate skills that are needed in a labour market, where productivity controls salaries and wages (Alanezi, 2012). This is because the majority of natives have acquired a range of professional and technical skills that are more suited to a job in the public sector (Al-Dosary & Rahman, 2009; Fakeeh, 2009). Thus, HCT can still be used to understand and explain some of the labour market setting in Saudi Arabia. However, there are other, crucial aspects that must be taken into consideration when attempting to study such a market, particularly labour market segmentation, which is considered as one of the main limitations to this theory. Therefore, the subsequent section highlights this aspect of the labour market and how it influences the market's regulation.

3.3.2.2 Market segmentation

In recent years, diverse arguments and explanations of how labour markets work have been raised by a number of academics and economists who have been unconvinced by earlier macroeconomic theories in general, and by their assumption that the labour market is one single entity, in particular. In fact, the essential idea of these arguments is that the market should be regarded as a collection of segments or parts (Espinoza et al., 2013). The theory of Labour Market Segmentation (LMS) was a result of attempts to explain such a complex labour market (Wilkinson, 2013). It assumes that the market is not an equal entity, but a combination of many segments (Al-Khouli, 2007). In fact, the

fundamental structures and mechanisms at work regarding job security, promotion, payment, etc. vary profoundly among segments (Baldwin-Edwards, 2011). In other words, the segmentation of the labour market can be considered as a situation where employees working in some sectors or jobs feel and experience some differences in protection and earnings, and enjoy diverse opportunities compared to others with similar productivity. What is more, labour market segments (or dual labour markets) involve various groups and sub-groups, with little or no crossover capability (Wilkinson, 2013). In fact, the labour market can be divided into two main sectors: ‘the primary sector’ and ‘the secondary sector’. The primary sector refers to higher-status, higher-grade and better-paid employment, where businesses offer the best treatment. The secondary sector, on the other hand, is mostly characterised by low-skilled jobs, and mainly requires little training (Barbieri & Scherer, 2009).

What is important is that segmentation consequently translates into noticeably diverse levels of vulnerability in the labour market, which means that some people are more likely to end-up in a state of deprivation and poverty than others, particularly in developing or less developed states, due to work being the main source of income for the majority of the poor in those countries (Fields, 2006). Moreover, if segmentation increases, vulnerable and disadvantaged groups suffer more than other groups. For instance, past research has suggested that segmentation lowers participation rates, widens the earnings gap and even effects career progress for those affected (Kay, Gaucher & Peach, 2009). The segmentation of the labour market causes many issues, and is viewed as being problematic and challenging, due to the inequality and discrimination it causes (Cooke, 2011).

3.3.3 The role of the state

Governments around the globe regulate the economy, by different means, in an attempt to protect labourers, enhance markets’ efficiency and achieve more equity in the labour market. In fact, some policy-makers and economists assumed that macro-economic policy was the key to economic performance (Layard et al., 2005). Some (Monetarists) have argued that suitable monetary strategies were the appropriate solution for curbing the business cycle and price stability, while others (Keynesians) have believed in more

use of fiscal policy, to speed up economic recovery, decrease inflationary pressures and boost employment (Sherif, 2013). In fact, government role and intervention in the economy and labour market is wide and can take various measures and policies in attempt to make the economy more efficient and fairer. The state tackle economic issues, (such as segmentation, unfairness and unemployment) via diverse polices. For example, state's subsidy for businesses, which refers to a form of financial support given to economic sector or businesses (Neumark & Wascher, 2006). The government makes subsidies to distributors or producers in an industry to increase in the prices of its products encourage it to hire more labour and avoid any potential decline (Teixeira, Lo & Truelove, 2007). In addition, the state role can also refer to other strategies, such as price ceilings and price floor to control supply and demand and make economic cycle going.

Furthermore, Minimum wage law seems to be one of the most commonly used strategies, around the world, for remedying such growing economic issues. Minimum Wage Policy (MWP) was first introduced in the 19th century (Layard et al., 2005). Now, the vast majority of countries around the world (90%) have adopted such a policy (Neumark & Wascher, 2006). The minimum pay level can be adapted in various ways, which can take different forms in different states. Some countries set it on an hourly (UK) or even monthly (Saudi Arabia) basis, for some or all employees (Kazandziska & Mahnkopf-Praprotnik, 2009). In fact, when the government intervenes and imposes a minimum pay law, employers are not allowed to pay less than the figure that the government mandates. This type of law has been, and remains, the subject of heated debate as to its efficiency and its effects on the economy and labour market outcomes. Some have argued that it has remedied the pay gap and has made the labour market more efficient and fair (Kazandziska & Praprotnik, 2009), while others have suggested that MWP is bad for the labour market and the economy as whole, claiming that it discourages employment growth and restricts the hiring of skilled workers only, with unskilled workers being likely to have less chance of being employed (Holzer & Neumark, 2005).

Although policies such as MWP have meant to achieve equity in the labour market, discrimination is still a growing issue, internationally, and governments have become more serious about this problem. Policy-makers around the world have introduced direct legislation to tackle and limit discrimination that is based on gender, race, disability and other aspects (Teixeira, Lo & Truelove, 2007). Public policies intending to close or narrow gaps in labour market outcomes between different demographic groups have been the subject of a long and controversial debate. Governments usually intervene through what are commonly known as anti-discrimination laws, which refer to rules or policies which mandate that people must be treated equally, regardless of their age, gender, ethnicity, race, religion, sexual orientation or any other difference between individuals or groups (Dipboye & Colella, 2005). Some states have established such policies in the political, social and work environments. Current literature presents different evidence of the role of the state in labour market outcomes. The following section presents some arguments about this.

3.3.3.1 Effects of the state's role on the labour market

There is an extensive body of academic knowledge on governments' role and intervention via labour market legislations and their effects on labour market outcomes, and these topics are still hotly debated, worldwide. In the UK, a number of studies have examined the connection between such legislations and labour market outcomes. Some prior studies, (e.g. Baldock & North, 2012; Bennett, 2006), have argued that there is little evidence to support any relationship between labour market legislations and increasing employment levels among SMEs. Similarly, Mather & Seifert (2013) suggested that the impact of labour management policies in the UK has been negative, as they have contributed to the intensification of exploitation. They argued that such policies increase alienation through the division of labour, which gives rise to ever more precise performance management regimes. However, Tambunan (2008) found a strong positive connection between public policies and SMEs' development, in Indonesia. He suggested that such policies regulating the labour market were vital in facilitating SMEs' success, and in directly raising employment levels. Such divergence of opinion could be explained by differences in the nature of policies, and differences across countries and industries. For instance, the UK had a recent cut in its budget which tightened spending. Evidence of this has been provided by a recent survey, which

included over a thousand small businesses, across 15 sectors in the UK. It found that recent changes in government policies towards SMEs had had no positive impacts, but had been rather negative, with budget cuts threatening SMEs' existence (Schutte, 2013).

Studies in the USA have found that labour market policies have seemed to be beneficial to disadvantaged groups in terms of employment levels (Ayob, 2005; Balafoutas & Sutter, 2012). For instance, such policies have helped disadvantaged American entrepreneurs to open up businesses, and eventually hire more Americans from a disadvantaged background (Bates, 2006). Furthermore, they have also contributed to the increase in the number of women in the workforce within the private sector (Balafoutas & Sutter, 2012; Berger, Hill & Waldfogel, 2005). However, not all policies have had similar outcomes. Schönberg & Ludsteck (2007) criticised such policies in Germany, opposing the claim that government policies had promoted employment among women and other minorities. Their findings also showed that some labour market policies had merely caused delays in returning to work, which is costly in that it decreases wages and productivity.

Furthermore, in developing countries, the role and effects of labour market policies seem to be in conflict. In China, there is a heated debate about the role of government intervention in the labour market. Yu et al. (2014) examined labour market policies' impacts on the structure of Chinese pharmaceutical clusters during China's "industrial catch-up". Their findings showed some positive role of government policies in helping to stabilise and motivate the development of SMEs, using cluster dynamics. However, Dobrzanski (2013) argued that, although the Chinese government's role in the economy is crucial, it causes difficulties for some companies to grow and survive. He attributed the reason to some major challenges, such as "limited access to financing, inflation, policy instability, inefficient government bureaucracy and corruption" (p1). What is more, Morrison (2013) suggested that the Chinese government's role seems to impact the economy on a global scale. As China is considered to be the world's second-largest economy, the largest trading economy, the largest manufacturer and the largest holder of foreign exchange reserves, its role is crucial for growing businesses and increasing employment levels as a result (Morrison, 2013). In fact, such a conflict in views can be expected, especially when considering the high levels of competition within the Chinese

economy. While the role of government seems strict and bureaucratic, it still encourages more businesses to operate, which ultimately increases national employment. This explanation is supported by Cooke (2011), who claimed that the tough intervention of the Chinese government in the economy in general, and in the labour market in particular, affects employment quantitatively, but produces a vulnerable and unprotected workforce.

Malaysia might be the best example of a developing economy in which the government intervenes through severe labour market policies. Many economists (e.g. Barnett, Namasivayam & Narudin, 2010; Lee, 2012; Menon, 2008; Stoeber, 2002) have argued that Malaysian government policies have played a significant role, and that they have influenced socioeconomic structure positively, with employment being affected positively at all levels. The country has been transformed from a very humble state full of socioeconomic problems, to one of the most modern economies and most harmonised societies (Abdullah, 1997; Menon, 2008). The successful role of government policies in stabilising the country after the great riot of 1969 has boosted the economy and had a positive impact on employment (Mandla, 2006).

Policies within the GCC region appear to be rather complicated. While the role of the state in the economy and labour market is active and relatively visible (Shediak, 2010), it has also been criticised for being limited (Fakeeh, 2009). A number of studies (Al-Mahmoud, 2012; Al-Shammari, 2009; Almami, 2014; Yousef, Region & Bank, 2004) have suggested that such policies within GCC have been successful in the public sector, but that there has been very limited evidence to support their success in the private sector. Due to the problem of high unemployment and a large number of foreign workers, this is still considered to be one of the greatest challenges for the region (Harry, 2007). The debate over the role of labour market legislation and its relationship with employment continues. Although, government role and intervention in labour market is much wider than what has been presented in this argument, importantly, some policies appear to be more effective (in some respects) and direct than others. Affirmative Action Policies (AAPs) have been central to the labour market debate, as a more controversial policy (Balafoutas & Sutter, 2012; Farouk, 2012; Guan, 2005;

Mandla, 2006). The following main section presents more details about the roles and effects of AAP.

3.4 Affirmative Action Policy

As discrimination is a central issue for governments. The states' intervention via ordinary economic measures has been claimed to be inadequate to tackle such an issue (Botha, 2014). Additional and precise measures to tackle such unfairness issue were crucial for governments (Muttarak, Hamill, Heath, & McCrudden, 2012). Affirmative Action Policy (AAP), as stated earlier, is one of the main and direct policies to equalise opportunities and remedy discrimination. AAP can be generally described as “a generic term for programmes which take some kind of initiative either voluntary or under the compulsion of law, to increase, maintain, or rearrange the number or status of certain group members usually defined by race or gender, within a larger group” (Bacchi, 1996; 23). Additionally, it “refers to a broad set of social policies aimed at reversing historical trends that have located minority groups in a disadvantaged position mainly in work, education and political institutions” (Martiniello, 2001; 4). In other words, AAP can also be perceived as a set of measures implemented by governments in public and private establishments, such as educational establishments and political parties, as well as companies, to tackle a history of discrimination and exclusion of certain groups and women. AAP seeks to improve indicators of development mainly by reducing socio-economic inequality and easing the involvement of disadvantaged social groups. Thus, it can be related to both the distributive and productive aspects of development (Walker & Feild, 2007). In fact, AAPs are those with which an organisation or institution actually and actively engages in order to enhance opportunities for historically disadvantaged groups (Alexander, 2007). Essentially, such policies often focus on education and employment. In higher education institutions, this refers to policies of admission that give priority to groups who have historically been under-represented or excluded, such as minorities and women (Cahn, 2013).

AAP is mainly an outcome of the U.S 1960s Civil Rights Movement, which aimed to give equal rights and opportunities to women and minority group members in terms of employment and education (Sowell, 2004). AAP history goes back to the 1960s, where

the term was born, (in 1961), when President Kennedy used the term "affirmative action" to announce an Executive Order to engage U.S government contractors "to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, colour, or national origin". (Edley, 1998; 69). Subsequently, AAP spread across the world, to remedy similar inequalities in different settings. Not only the developed world, but also the developing world, has adopted such policies. Controversy about the concept and legality of AAP is still the subject of heated debate all over the world. Subsequent sections outline the different concept and terms of AAP, to provide a better understanding of its basis and role in different settings.

3.4.1 Concept

As the above section has provided different definitions and views of AAP, it is essential to state that the term AAP is associated with, and branches into, other terms, which vary from country to country. For instance, as shown in Table 3—1, these include ‘employment equity’ in Canada, ‘positive action’ in the UK, ‘reservation’ in India and ‘localisation’ in GCC states (Klarsfeld, 2010). Interestingly, although most AA policies across the world aim to benefit minorities, in some other countries, (as Table 3—1 illustrates), such as Malaysia and South Africa, as well as GCC states, such policies are intended to benefit the majority who are perceived to be less fortunate than the minority (Al-Mahmoud, 2012)

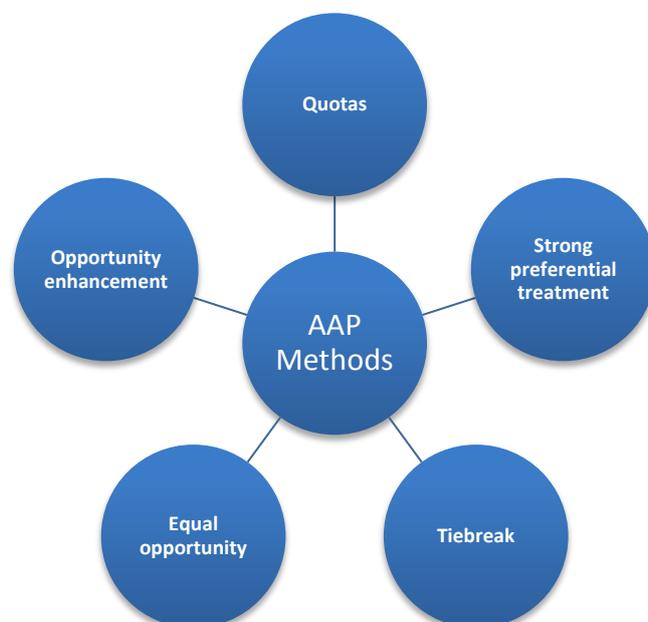
Table 3—1: Affirmative Action concepts across the world

Country	Name	Type	Target	Definition	Source
Saudi Arabia	Saudisation	Quota	Majority	Is a comprehensive policy to tackle inequality in labour market amongst the majority of citizens by reducing the substantial reliance on foreign labour and by preparing and equipping citizens with the necessary skills to take over jobs.	(Al-Dosary & Rahman, 2009; Al-Khouli, 2007; Baldwin-Edwards, 2011)
India	Reservation	Quota	Minority	Is an elaborate quota system for public jobs, places in publically funded colleges and in most elected assemblies. These must be filled by members of designated and disadvantaged groups.	(Sahoo, 2010)
USA	Affirmative Action	Preferences treatment	Minority	Was the first policy of this kind. It aims to tackle discrimination and raise the profile of disadvantaged groups and women in education and the workplace.	(Krstic, 2003)
Canada	Employment Equity	Preference treatment	Minority	Is a policy designed to increase the employment representation of four designated groups: women, disabled people, aboriginal peoples and visible minorities.	(Jain et al., 2003)
Malaysia	Bhumiputra or New Economic Policy (NEP)	Quota Hiring	Majority	Is a policy designed to help Bhumiputra (sons of the soil) people to gain jobs and educational opportunities after their isolation following Independence.	(Mandla, 2006)
South Africa	Positive discrimination / affirmative action	Preference treatment	Majority	Is a policy intended to redress the inequality issues affecting the majority black population. It is intended to help raise their representation in the education and labour markets.	(Burger & Jafta, 2010; Sowell, 2004)
United Kingdom	Positive action	Preference treatment	Minority	Is a policy designed to tackle discrimination against minorities. It takes factors such as gender, race, sexual orientation and age into consideration, in order to benefit under-represented groups.	(Sowell, 2004)

In fact, AAP is a policy designed to enhance the employment outcomes of under-represented / disadvantaged groups by offering them extra assistance in education and employment processes (Leslie, Mayer & Kravitz, 2014). In fact, AAP differs from some other forms of discrimination-orientated policies, such as equal employment opportunity (EEO) policies; even though both are designed to redress discrimination, EEO policy still mandates non-discrimination, while AAP goes further, to allow positive actions to help the target group (Kurtulus, 2013). Additionally, EEO is an identity-blind policy, which focuses on equal-treatment irrespective of group membership, while AAP is more about identity, and mainly oriented towards certain groups (Baez, 2013; Wyk, 2010). Simply, the idea of AAP should not be disordered and confused with Employment Equity. Employment equity has been used recently in preference to AAP due to the latter being very strong and politically dangerous to use (Cahn, 2013).

As AAP is implemented differently as shown in Figure 3-4, most these policies fall into one or more of the following main categories (Harrison & Kravitz, 2006; Kovach, Kravitz & Hughes, 2004).

Figure 3-4: AAP different methods



Sources: Harrison & Kravitz, 2006; Kovach et al., 2004; David Kravitz, 2008

3.4.1.1 Opportunity enhancement

AAP based on opportunity enhancement is not common, and is considered the weakest form of AAP. Beneficiaries get some assistance and support before undergoing a selection process, usually through targeted training or recruiting. However, in terms of assessment and selection decisions, demographic characteristics of the beneficiary group are given no consideration (targeted recruitment) (Kravitz, 2008). Mainly, it involves efforts to encourage qualified racial / ethnic minorities and women to apply when their qualifications and skills are equal to those of non-target groups and men.

3.4.1.1 Equal opportunity

This category of AAP is also known as ‘elimination of discrimination’. It is more common than the previous category. In selection and assessment decisions, this type of AAP prohibits employers from giving any negative weight to the target group’s demographic characteristics (Carless, 2005; Kovach et al., 2004). Principally, it prohibits discrimination in the workplace. It endeavours to ensure that all applicants from different backgrounds, religions and gender have a fair chance in the hiring process, promotions, training, professional development and all other competing aspects (Cahn, 2013).

3.4.1.3 Tie break

This type is also known as ‘weak preferential treatment’. It is a strong and common form of AAP. Under this plan, the target group is given (weak) preference over other applicants, but only if two people have the same level of qualification and skills etc. This means there is a small weight (positive) given to such demographic characteristics of the beneficiaries (Harrison & Kravitz, 2006; McCrudden, 2012). This implies that this plan goes a step further than previous plans by considering gender or race as a credit when weighing the qualifications of applicants who are essentially equally qualified.

3.4.1.2 Strong preferential treatment

This type is the strongest form of AAP, where greater consideration is given to the demographic characteristics of the beneficiaries. Even when qualifications are not equal, the members of the target group are still given preference over non-target group people (Messerli, 2010). In fact, under this plan, decisions are based mainly or solely on such demographic status. For instance, qualification merit may not be taken into consideration.

This implies that a less qualified, or even an unqualified and unskilled, beneficiary of such a policy is selected over the more qualified and skilled non-beneficiary. Some refers to this as reverse discrimination (Simon, 2004). In most cases, quotas fall into this category, where more consideration is given to a certain race or gender (Crosby, Iyer & Sincharoen, 2006; Harrison & Kravitz, 2006; Wyk, 2010).

3.4.1.3 Quotas

A quota is an absolute hiring requirement that involves a precise number or fixed percentage which must be attained if sanctions are to be avoided (Howard, Larry and Prakash, 2011). In fact, race / gender quotas in employment entail numerical requirements for employing and promoting a certain racial group or gender. Quotas are often used as a means of weakening racial discrimination and addressing disadvantaged groups (Jenkins & Moses, 2014). This type of AAP is not common in the developed world, but mostly exists in developing countries, especially in GCC (Allothman & Mishra, 2014).

To sum up, it can be argued that all types of AAP share the aim of offering more assistance to members of disadvantaged groups, so as to allow them to achieve more favourable outcomes. The different forms of AAP may be characterised on a continuum. The tiebreak and strong preferential treatment policies can be considered as “hard” approaches of AAP, while opportunity enhancement and equal employment can be seen as “soft” forms. What is important is that there are claims that such differentiations can influence the levels of support for AAP which may be anticipated from both beneficiaries and non-beneficiaries (Crosby et al., 2006). This crucial point is elaborated on more in the later discussion on relevant aspects that affect attitudes towards AAP.

3.4.2 Countries’ experience

Affirmative Action Policy (AAP) has been, and is still, implemented globally to ensure that more equality is achieved. About one quarter of nations across the world use some form of AAP to equalise opportunities and redress discrimination (Jenkins & Moses, 2014). Different countries have different experiences of AAP. The following sections review some experiences of AAP across the world.

3.4.2.1 Developed World

The U.S experience of AAP is essential, and is the best example to use to enable a better understanding of the roots, history and practicality of AAP. The USA is considered as the mother of AAP (Ricucci, 2007; Sowell, 2004). Racial disparity in the USA endures as a serious and important problem for the American society (Massingale Jr, 2011). Outcomes in the labour market for coloured minorities and blacks have continued to decline in the past few decades, compared to those for white people (Sander, 2004). The USA was the first to introduce this kind of policy to tackle its racial discrimination and fill the widening gap between whites and other racial groups. The story of the policy began with an Executive Order by President Kennedy, in 1961, as mentioned earlier. Such an order was to prohibit any kind of discrimination and promote equal employment opportunities for all citizens, irrespective of cultural background, race, religion gender or colour (Krstic, 2003).

AAP has been studied extensively in the American context, and there is some evidence to suggest that such a policy has had a positive effect on American societies (Balafoutas & Sutter, 2012). For instance, after implementing AAP in education, the number of people from minorities admitted to colleges and universities has almost been tripled (Fischer & Massey, 2007). This has made educational institutions more representative of their neighbouring community (Krstic, 2003). In addition, minority graduates who have benefited from AAP to further their education have had a better future and secured reasonable employment (Garces & Mickey-Pabello, 2015). However, other studies have suggested some negative impacts of this policy on U.S societies, such as decreased job creation (Harper & Reskin, 2005), reverse discrimination (Katznelson, 2005) and a drop in satisfaction and performance (Crosby, Iyer, Clayton & Downing, 2003).

The controversy of AAP within the U.S context can be explained. Generally, as the American experience of AAP is considered to be the longest one, and so the country is more likely to achieve positive changes in line with its targets. Some evidence (e.g. Walker & Feild, 2007) has suggested that AAP has actually made some improvement to American society and made advancements for minorities and women. However, such positive impacts began to decrease in recent years (Messerli, 2010). This may be due to the gains of minorities (beneficiaries) who have advanced in society (Cortes, 2010), so that the achievement of equity has led to a decline in the need for AAP. This can also be referred to in terms of the life-cycle of the

policy, as claimed by (Mushariwa, 2012). He suggested that AAP has its own life cycle, which is anticipated to rise and fall, depending on changes in circumstances and society. Therefore, as American AAP has achieved some positive goals and relative advancement, it seems to be approaching the end of its life. This particular claim can be supported by the fact that many American States have already abolished their AAP laws (or plan to do so) (Kurtulus, 2013).

3.4.2.2 Developing World

AAP has also expanded into developing countries, for very similar purposes (Jenkins & Moses, 2014). Mentioning the experience of developing countries is anticipated to be more relevant and beneficial to this study, in order to present a broader view of the policy.

South Africa, for instance, has similar issues of inequality, but, in contrast to the USA, the minority (Whites), who comprised only 13% of the total population, earned as much as 55% of the state's wealth (Burger & Jafta, 2010). The majority (black South Africans), who comprised over 76% of the total population, earned just under 30% of the state's income (Thomas Sowell, 2004). What is more, whites reserved for themselves a disproportionately large proportion of management positions in the country (Archibong & Adejumo, 2013). Therefore, the South African government has frequently declared the need for such a policy, to support the state's constitutional guarantees of equality. As a response to such inequality, the government has formed and enacted an AAP to solve socioeconomic issues, in which it prohibits discrimination on the basis of race, gender, ethnic or social origin, sexual orientation, disability, religion, belief, culture or language (Sowell, 2004; Wyk, 2010).

Archibong & Adejumo (2013) argued that South African AAP was created to benefit discriminated against majority blacks, and to rebalance the economy and state benefits. It aims to increase the stake of blacks and give them preference when it comes to work and investments (Botha, 2014). There is some evidence to suggest that the policy in South Africa has made some gains and had a positive impact on society and equality in the labour market (Sowell, 2004). However, it has been criticised for doing more harm than good. For instance, it has created discrimination in the first place (Archibong & Adejumo, 2013; Deegan, 2014), and has been accused of degrading workplace skills and productivity (Bowen, Edwards & Lingard, 2012). What is more, it has also destabilised the work environment and created resistance from non-benefiting groups (Wyk, 2010). Pay inequality is another cost for such a

policy (Burger & Jafta, 2010). Such an ambiguity in this context may be due to several factors. For instance, as AAP in South Africa introduced and enforced strictly (Jenkins & Moses, 2014), it is expected to cause feelings of unfairness from non-beneficiaries, which triggers resistance. Furthermore, as the beneficiary is reliant on such a policy to provide him or her with gains, then he or she might work less hard, with the consequence of a fall in skills and productivity.

Furthermore, mentioning AAP in a more relevant context would be beneficial. The Malaysian experience of AAP deserves a special mention in this regard. Malaysia and Saudi Arabia share many similarities, such as religion, the fact that the majority is the disadvantaged group and some other traditions that they have in common (Al-Shammari, 2009). Malaysia encountered a set of serious political and socioeconomic issues after gaining its independence from the British, in 1957 (Guan, 2005); the race issue was the main challenge for such a young country. Although the majority Malays, (known as 'Bumiputera', or Son of the Soil), had a political majority in government (Tahir & Ismail, 2007), they had minimal political and economic power, with a small share of the state's welfare. For example, Malays were in control of only (2%) of the Kuala Lumpur Stock Exchange (Emsley, 1996; Tahir & Ismail, 2007). A complex social structure has added to the issue. The ethnic Malays accounted for more than half of the population; the rest was approximately 35% Chinese and 10% Indian (See & Ng, 2010). These very diverse racial groups found it extremely hard to live in harmony and participate equally in development (Tahir & Ismail, 2007). The issue was that ethnic Malays were largely isolated in rural areas, with some basic and limited agricultural activities, where per capita income was the lowest and poverty the highest (Farouk, 2012). The ethnic Chinese, on the other hand, occupied the sensitive areas of the economy, such as mining, construction and the manufacturing sectors, where there was the highest per capita income (Lee, 2012). The remaining ethnic Indians were largely used as labourers in mining and estates (Ahmad, Rahim & Seman, 2013). Such a deterioration of the situation and the widening gap among different ethnic groups caused many political issues. This was mostly responsible for what is known as 'the 1969 riots', where the country went into a 'mini civil war', which resulted in chaos and the death of many people, who were mostly Chinese, and this led to a declaration of a state of national emergency (Mandla, 2006).

As a result, the government had to take tough action to stabilise the country and get to the bottom of the problem. Many measures were taken, but the main one was the announcement of the Malaysian AAP in 1971, known as the New Economic Policy (NEP), which sought to radically change the labour market and the economy as whole (Mandla, 2006). NEP is also known as the 'Bumiputra' policy, and it was meant to resolve the complications of the situation relating to the indigenous population (Mandla, 2006). The NEP aimed to accomplish national unity and tackle socioeconomic disparities. It had two main objectives: firstly, to "eliminate poverty", irrespective of race, and secondly, to "restructure society", to abolish the identification of race by economic function" (Wan-Ahmad, 2010).

Many studies (e.g. Doraisami, 2007; Tam & Tan, 2007) have indicated that Malaysian AAP has achieved its major targets. It has been associated with significant improvement in income distribution, the decline of poverty (49.3% in 1970, to 5.1% in 2002), the massive increase of Bumiputeras' ownership of enterprises (2.4% in 1970, to 30% in 1990s), as well as the vast increase of Malays' share of national wealth (Faaland, Parkinson & Saniman, 2003; Thorat, 1997). However, critics have stated that NEP was racially based, which gave greater advantages to the Bumiputeras in terms of education, employment and economic ownership (Chin, 2009). Other studies have suggested that the NEP did not give any strategic assistance to the other racial groups to achieve the other 40% target of their economic ownership (Collins, 2006; Farouk, 2012).

The Malaysian AAP was unique, and was a strong policy that critically needed to avoid any potential disaster. The scale of NEP was huge and implementation strict, to ensure precise goals were achieved within a certain timeframe. Bumiputeras had to be given a visible preference in order to extract them from devastation and isolation, and remedy the unfairness of the past. This is reflected in the economic achievements witnessed during the twenty-year NEP, as mentioned above. Furthermore, many studies (e.g. Doraisami, 2007; Guan, 2005; Tam & Tan, 2007) have provided evidence of improvements in education, employment and even the whole economy, for all racial groups, which have become closer socioeconomically than ever before.

Among developing countries, the GCC states have led on efforts to implement policies like AAP (Harry, 2007). As mentioned earlier, the influx of migrants as a result of sudden wealth across the region has created a long-lasting dilemma. As the country has become more reliant

on migrant labour, on one hand, and national unemployment has risen, on the other hand, this has put extra pressure on local governments to intervene and provide real solutions to these problems. Therefore, they have all announced their own versions of AAP, to address such issues (Fakeeh, 2009; Sadi, 2015). These policies are clearly intended to increase national employment and to reduce dependence on a foreign workforce (Baldwin-Edwards, 2011). Some scholars have regarded these strategies as being positive in tackling the growing issues, and they have been useful in creating jobs for locals, which eases labour market entry for natives (Al-Mahmoud, 2012; Almami, 2014; Tayeh & Mustafa, 2011). In fact, women have been the main target (recently), and there is some evidence that the participation of women has risen dramatically across the region (Al-Waqfi & Forstenlechner, 2013). Nevertheless, some critics have claimed that these policies have been relatively narrow in scope, and largely unenforced (Fakeeh, 2009; Randeree, 2012). Other scholars have believed that these policies in the region have merely destabilised labour markets, slowed growth, made no positive difference for local people, and, crucially, that they have not reduced reliance on expatriates (Forstenlechner & Rutledge, 2011; Mashood, 2009; Spiess, 2010).

To sum up, AAP characteristics depend on the context in which AAP is applied (Peck, 2014). There are common grounds shared by most of the contexts discussed above. For instance, there are common issues, such as the perception of reverse discrimination and destabilisation of the labour market. Generally, AAP continues to be a controversial policy in all contexts, and this, again, may be due to reasons mentioned earlier, including the gains differences among countries. This means that AAP in developing countries, seem strong and raising due to the under achievements, where inequality and discrimination visibly exist (Alshahrani & Alsadiq, 2014). Relatively it can be argued that AAP in the developed world seems to be in decline, as beneficiaries' gains have become more visible, (as in the American context). Finally, as AAP, in different contexts, is controversial, its effects on various aspects continue to be a hotly debated topic across the world. The following sections give more details of AAP's different effects, to provide a better understanding of the policy and its role.

3.5 Affirmative Action Policy consequences

The literature on AAP and its effects is massive. Philosophers have written extensively on issues at the core of the affirmative action debates. As to breakdown large debate about AAP's wider effects, the discussion below is presented in three different angles, the first is based on its general effects on labour market, the second is about its effects on sociology and the last angle is discussing its particular impacts on employees' psychology.

3.5.1 Affirmative Action Policy effects on labour market

Supporters of AAP often claim many benefits, such as remedying discrimination, reducing racial disparities and boosting the economy (Crosby et al., 2006), while opponents associate it with doing more harm than good, as it damages both the individual and society by creating social disparities between its beneficiaries and non-beneficiaries. As illustrated in Figure 3-5, there are various consequences of AAP on labour market structure. Some studies have claimed that AAP is crucially needed, to balance the economy and remedy the continued marginalisation and exclusion of certain groups (Guan, 2005; Jaffrelot, 2006). It has been claimed that AAP is crucial when inequality exists, as it contributes to a fairer state and a stable economy (Wyk, 2010).

Figure 3-5: Affirmative Action Policy consequences



Numerous studies have assessed how AAP influences the labour market by creating equal employment opportunities. An early study (Leonard, 1990) revealed that AAP in the U.S increased the share of Blacks in the workforce in the early 1970s. Kurtulus, (2011) suggested that AAP brought more positive changes to the US economy, as “long term trends indicate that minority and female shares of employment in large U.S. firms have been rising” since the commencement of the policy (Kurtulus, 2011; 1). Furthermore, when some U.S states abolished their AAP laws, negative discrimination reappeared. Mainly, the beneficiary groups’ representation in universities and colleges dropped significantly. For instance, after California abolished its AAP in 1998, the minority student admissions at Berkeley University fell by 61% (Harper & Reskin, 2005). Another example is Texas; when the State abolished its AAP in 1996, the same thing occurred. In Rice University, African-American student admissions were cut by 46% and the number of Hispanic students declined by 22% (Messerli, 2010).

Burger & Jafta (2010) believed that, even though AAP has had a limited impact on South African labour market outcomes, it has contributed to long-term improvements, in which accessing education has become easier for the target group (black Africans). Ultimately, their employability has improved in the longer term. Similarly, in Malaysia, AAP is largely claimed to be beneficial and functional. It has made a remarkable contribution to job creation and racial and gender balances. Local labour (Malays) participation in the workforce has risen dramatically, especially the number of women (Lee, 2012). Subramaniam & Ali, (2010) showed that Malaysian AAP had increased women’s workforce participation within the electrical and electronics industries from 30% in 1970, to 47.8% by 1990. In the GCC region, a large body of research has examined the impact of such policies on economies, With some studies suggesting positive effects, as employment within target groups has risen and inequality has been reduced (Air, 2015; Alanezi, 2012; Harry, 2007). For instance, Emiratisation (Emirates AAP) has contributed to the increase in the number of females in private sector employment, which rose dramatically during policy enforcement (Al-Waqfi & Forstenlechner, 2013).

However, other studies have identified negative effects of AAPs on economies, mainly skills shortages and poor productivity. Some scholars have claimed that AAP has multi-level

consequences. On the level of the individual, it causes difficulty with accessing education (for non-beneficiaries) and employment (Niederle et al., 2013). It has also been associated with many issues on the level of the firm. For instance, AAP often triggers an increase in recruitment costs for firms (Peck, 2014). For example, in Malaysia and some other countries who have adopted quota-based AAP (e.g. India and GCC), recruiting beneficiaries has often been done in a specific manner, which, in most cases, has triggered higher costs (Forstenlechner, 2010). Besides, higher wages is another cost of the policy on firms, where employers have to pay higher salaries to the recruited candidates in order to retain them (Mashood, Verhoeven & Chansarkar, 2009).

What is more, many studies (e.g. Al-Shammari, 2009; Almami, 2014; Marion, 2009; Miller & Segal, 2012) have associated poor productivity with AAP. This is because more qualified applicants (non-beneficiaries) are ignored in favour of less qualified ones (beneficiaries). Consequently, this leads to the unavoidable result of reduced productivity and reduced efficiency in the workplace (Vesterlund, 2008). For instance, some schools and work places have been affected negatively by AAP, as it “could reduce efficiency in well-functioning labour markets, if minorities or women are assigned to jobs for which they are not fully qualified” (Holzer & Neumark, 2005; 17). Moreover, there is also evidence “of weaker labour market performance among AAP beneficiaries”. For instance, some “students admitted to universities under AAP have weaker grades and higher dropout rates than their counterparts at selective schools” (Holzer & Neumark, 2005; 34).

In Saudi Arabia, evidence shows that, although AAP (Saudisation) seems to have succeeded in increasing native employment, it has had significant negative effects on firms (Peck, 2014). It has caused hundreds of thousands of firms to shut down, and made other firms struggle with severe skills shortages (Ramady, 2013; Sidani, 2015). Barnett, Malcolm & Toledo (2015) have suggested that AAP in Saudi Arabia has brought more harm than good. They have suggested that such a policy has made many companies struggle to operate, with a severe drainage of vital skills.

In fact, AAP was, and still is, one of the most controversial policies worldwide. AAP's context plays a significant role in determining its nature and influence, and there are various aspects to the policy's effects on labour market. The following sections provide crucial information about such effects.

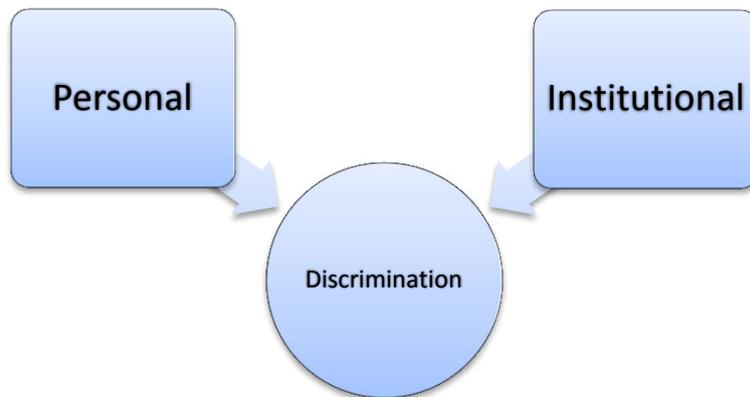
3.5.2 Affirmative Action Policy effects on employee sociology

AAP has been largely controversial in economic terms, and it has also been a hotly debated policy in terms of its social effects (Sowell, 2004). While studies on AAP identify many social issues, the majority of the existing literature shows that discrimination is considered to be the main social cost of such a policy (Simon, 2004).

3.5.2.1 Discrimination

Discrimination does not only exist in the developing world; the developed world has its share of this international phenomenon. In fact, in many countries, it has reached an extent where some claim that “the poorer you are the more likely you are to suffer all and any form of discrimination from employers, local communities, and from state institutions such as the police and social services” (Seifert, 2014; 39). The term ‘discrimination’ refers to unequal or unfair treatment of a group or individual based on certain characteristics, including age, ethnicity, gender, national origin and religion (Foley, Hang-Yue & Wong, 2005). It basically refers to any behaviour that rejects a person’s rights due to his/her belonging to a specific group (Pager & Shepherd, 2008). What is important is that discrimination can be direct or indirect, visible or invisible and can be found in all sectors and cultural settings (Aziz, 2012). In fact, initial and early understanding indicated that discrimination simply refers to individuals’ attitudes and behaviour towards others who are dissimilar in colour of skin or ethnicity. Nevertheless, sociologists have shown that the phenomenon of discrimination is more complex than this (Pager & Shepherd, 2008). Discrimination literature reports that there are different kinds and levels of discrimination. However, the framework suggested by Taylor & Wright (1990) provides a very clear and rational way to explain discrimination patterns in societies. This framework, as shown in Figure 3-6, suggests that discrimination is divided into two distinctive main forms: one relates to *individual discrimination* and the other to *institutional discrimination*.

Figure 3-6: Discrimination types



3.5.2.2 Individual discrimination versus institutional discrimination

Individual discrimination seems more common. It was first labelled by Taylor & Wright (1990), as stated earlier. It refers to a situation where an individual member of a given ethnic group or race treats another person with a dissimilar ethnic or racial background in an unfair and discriminatory manner (Pincus, 2000). Individuals can act upon their own negative attitudes toward another race or ethnicity when they come across individuals with a different background (Gee, 2002). Individual discrimination is also defined as a process which takes place through direct contact between the stigmatiser (the person who initiates discrimination) and the stigmatised (the person who receives discrimination) (Angermeyer, Matschinger, Link & Schomerus, 2014). Individual discrimination is a serious social issue, as it divides society and makes equality measures harder. Individual discrimination creates problems, although it is still primarily an issue between individuals.

Institutional discrimination, on the other hand, can be defined as the economic, social, political and educational policies or forces that operate to give preference to certain group members over others (Gee, 2002; Teixeira, Lo & Truelove, 2007). In other words, this form of discrimination refers to the deliberate or accidental tolerance or manipulation of institutional policies (e.g. admissions criteria and poll taxes) that unethically and unfairly limit the opportunities of certain groups of people. In this form, discriminatory behaviour is embedded in important social institutions. It seems far more complex, compared to individual

discrimination, due to the scale of the problem it creates (Foley et al., 2005). In all social domains - income, housing, education and employment - there are disparities in the effects of racial differences, that remain, and mostly actually grow more obvious, over time (Wiecek & Hamilton, 2012). Sociologists have described this phenomenon using a variety of phrases: structural discrimination, racialised discrimination and systemic racism. Such discrimination has been considered a serious social issue, that depends on the entire society's traditions, cultural beliefs and norms, and it is much harder to resolve, due to its complex nature (Kay, Gaucher & Peach, 2009).

3.5.2.3 Perception of discrimination

Perceived discrimination is defined as a subjective judgment, which refers to the perception of the frequency, or the level of, discriminatory treatment to which groups or individuals have been exposed (Pascoe & Richman, 2009). Perception of both Individual and Institutional forms of discrimination due to race, gender, ethnicity, nationality and religion have been broadly examined in many studies (Darity & Mason, 1998; de Beer, Rothmann & Pienaar, 2015; Ensher, Ellen, Elisa & Grant-Vallone, 2001; Rabl & Triana, 2013; Robinson & Bennett, 1995; Sanchez & Brock, 1996; Williams, 2003). As stated previously, AAP can be perceived as an unfair and racist policy (Denton & Vloeberghs, 2003; Ng & Burke, 2004). In particular, perceived discrimination in the workforce has encountered increasing attention in management literature.

As the main aim of AAP is to tackle inequality in societies (Ricucci, 2007), a large body of AAP literature (e.g. Alexander, 2007; Hinrichs, 2012; Jr, 2011; Kurtulus, 2013; Swim & Miller, 1999) has discussed discrimination and its association with such a policy. Some prior studies (e.g. Ayob, 2005; Balafoutas & Sutter, 2012) have suggested that AAP has made a crucial improvement to education and the workplace, mainly by equalising opportunities and treatment, as well as by giving minorities preference for employment and education, to ensure a fairer and more stable society (Krstic, 2003). AAP is also considered as a 'booster' for disadvantaged groups, who, due to demographics, (i.e. class, ethnicity or gender), have been left behind and have had no chance to participate in the workforce and society (Sowell, 2004; Thorat, 1997). For example, in the USA, research has indicated that AAP has resulted in a major increase in disadvantaged groups' admission to universities and colleges. Consequently, it has made these educational establishments more representative of their

neighbouring community, subsequently minimising race and gender gaps (Orfield, 2001; Sander, 2004). Moreover, in Malaysia, AAP has also contributed significantly to improvements for disadvantaged groups. It had made massive advancements to social equality among different ethnicities (Noor, Isa, Said & Jalil, 2011).

Although AAPs have gained popularity around the world in terms of addressing discrimination and increasing the representation of disadvantaged groups, such policies have increasingly become more controversial, and so have attracted strong opposition (Cahn, 2013). Challengers to AAP claim that it has brought many issues to societies, mainly in terms of dividing society along lines of ethnicity, race, nationality and gender, by forming groups whose association or membership is determined by such labels (Jr & Loury, 2005; Katznelson, 2005). A large body of research (e.g. Chang, Dell & Bock, 2006; Crosby et al., 2003; Crosby, 2004; Kurtulus, 2013; Mashood, Helen & ,Chansarkar, 2009; Peck, 2014) indicates that AAP does not improve equality but instead creates what is known as “reverse discrimination”. This sort of discrimination “implies when a person is denied an opportunity because of preferences given to a member of a protected group who may be less qualified” (Crosby, 2004; 44). In other words, this happens when members of a non-beneficiary group who are more qualified and skilled get passed over in favour of less qualified ones, (members of beneficiary groups). Thus, a sense of reverse discrimination emerges (Messerli, 2010).

To sum up, AAP has been, and is still, a highly controversial issue around the world. Debates about its efficacy, role, impacts and needs have become increasingly heated. As stated earlier, AAP has been formed differently across the world, and the need for such a policy has varied from country to country. In the developing world, (especially the GCC region), the need for such a policy appears to be high, while in the developed world its need seems to be declining, and this may be due to the advancement of disadvantaged groups in those societies. It can be argued that the more fair and equal the society, the less desirable AAP becomes (low need); and the less equal the society, the more desirable AAP becomes (high need). This could explain some of the controversies around this policy. For instance, high opposition in the USA, as stated previously, can be explained by the reduced prevalence of discrimination (comparatively). The perception that the policy is no longer needed may be triggered by claims that employment discrimination today is far less common than it used to be in the past (Harrison & Kravitz, 2006). This, in fact, can be supported by the fact that some U.S states

have already abolished their AAP laws, as stated earlier. In addition, less opposition in GCC may be due to the fact that there is less equality. Therefore, it can be claimed that the social effects of AAP vary in different settings, and such effects depend more on context, as well as on the groups to which it applies (beneficiaries versus non-beneficiaries). More on this issue will be presented in the theoretical framework.

3.5.3 Affirmative Action Policy effects on employees' psychology

Interestingly, there are claims that AAP even stigmatises its own target groups (Leslie et al., 2014). Beneficiaries of AAPs can be viewed as being less skilled and competent than those chosen without AAP (Cahn, 2013). This implies that beneficiaries of AAP are unable to compete on an equal basis. In other words, such a harmful impact of AAP can reach even its beneficiaries who have made it on the basis of policy handouts (Walker & Feild, 2007). Accordingly, AAP makes its beneficiaries hesitant about themselves, often deeply. Such beneficiaries can have less self-esteem and believe that they are not capable of being considered on their own merits and capabilities (Heilman & Alcott, 2001; Onwuachi-Willig, Houh & Campbell, 2008). Chang, Dell & Bock (2006) argue that AAP hinders reconciliation, substitutes old wrongs with new wrongs, weakens the accomplishments of beneficiaries, and inspires and encourages them to identify themselves as being disadvantaged. This often leads to reduced expectations, even about themselves.

Furthermore, “the use of affirmative action programs has produced interest in the psychological consequences of preferential selection. The results of these investigations have been disheartening: Preferential selection has been shown to adversely affect how women feel about themselves” (Heilman, Rivero & Brett, 1991. Cited in Crosby, Iyer, Clayton & Downing, 2003; 99).

In fact, reactions to AAP are emotional and psychological, and are usually based on perceptions of reality, rather than reality itself (Golden, 2001; Miller & Segal, 2012). As stated earlier, AAP is determined by its context and nature (Peck, 2014). Heilman & Alcott (2001) examined whether AAP (sex-based preferential selection) has an influence on the self-evaluation and self-perception of policy beneficiaries. Their findings revealed that women

who had been chosen on the preference basis, rather than on merit, received less credit for positive outcomes, valued their performance negatively, left leading management roles more easily and regarded their overall leadership skills as being deficient. This indicates that negative self-perception encouraged by AAP is not limited to performance alone, but can have more far reaching consequences. What is important is that this also suggests that individuals' ability to perform a job well is affected. In more basic terms, whenever an individual doubts his/her competence, regardless of whether this is warranted, AAP (preferential selection), even when it operates on non-work related criteria, can have harmful effects on self-evaluation and self-perception (Heilman & Alcott, 2001; Onwuachi-Willig et al., 2008).

Furthermore, such effects could extend to negative behaviour. Often, individuals chosen by AAP (especially preferential selection) show reduced ability, performance and self-evaluation (Fang & Moro, 2010; Wyk, 2010). However, Riccucci (2007) suggested that AAP can result in some negative self-perception for beneficiaries who originally lack self-confidence. In other words, AAP does not often create negative impacts or outcomes on benefiting individuals, as such impacts may be due to external factors other than AAP. Taylor (1994) investigated the impact of AAP on its beneficiaries, with the study's sample being African Americans and White female members of the U.S. workforce. The findings indicated that AAP seems to have no negative psychological impacts, and, perhaps, in the case of beneficiary workers, have some psychological benefits.

The above arguments in fact suggest that AAP may have positive, negative or both positive and negative consequences for recipients and non-recipients. Therefore, attitudes toward such policies are driven by various factors. The following section outlines the debate about attitudes toward AAP, and how the most relevant theories can explain variations in attitudes.

3.5.4 Attitudes toward Affirmative Action Policy

Much of the psychological literature on AAP has involved the antecedents of attitudes toward the policy, where an attitude can be defined as "a predisposition or a tendency to respond positively or negatively towards a certain idea, object, person or situation". Allport (1935) defined an attitude as "a mental and neutral state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual's response to all objects and

situations with which it is related” (cited in Harrison & Kravitz, 2006; 48). Eagly & Chaiken (1993) defined it as “a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour” (51). However, it was best defined as "evaluative judgments about particular objects, issues, persons, or any other identifiable aspects of the environment" (Baron, Graziano & Stangor, 1991; 197). It is widely claimed that understanding attitudes toward AAPs is likely to assist shifting policy-related behaviours (Harrison & Kravitz, 2006; Wilkins & Wenger, 2014).

Moreover, demographic variables such as age and education status have received wide attention in AAP research (Linton & Christiansen, 2006; Reyna, Tucker, Korfmacher & Henry, 2005; Yaghi & Aljaidi, 2014). Some studies have found that the age variable was neither a predictor of, nor correlated with attitudes toward AAP (Ramasubramanian, 2011). However, a study by (Alexander, 2007) suggested some relation between age and attitudes toward AAP, indicating that younger, white workers were likely to oppose AAP, with whites being more likely to regard younger, black workers as a risk to their job security. The same study also found that advancements in education for younger, black workers enabled them to compete for a similar level of jobs as white workers, who seem to lack priority, tenancy and job security. Moreover, some studies (e.g. Crosby, 2004; Sidanius, Levin, Laar & Sears, 2008) have found a link between education and AAP-related attitudes. Some positive attitudes toward AAP have been found to be strongly related to higher educational accomplishment. In addition, Sidanius et al. (2008), found that students (white and Asian) tended to increase their support for AAP in their institution as they advanced and progressed in education. Similarly, Crosby (2004) found that upper-level college students showed more support for AAP than lower-level students.

Research has documented other social demographics related to AAP attitudes. Mostly, literature has focused on the various effects of gender and race / ethnicity on the level of support / opposition to AAP (Harrison & Kravitz, 2006). The main stream of research indicates that ethnic / racial minorities (beneficiaries) have a tendency to support AAP more than non-beneficiaries (Awad, Cokley & Ravitch, 2005; Sidanius et al., 2008; Walker & Feild, 2007). In addition, gender has been a strong factor affecting attitudes. Some studies have shown females to be more supportive toward the policy, compared to males (Crosby et al., 2006). Other research has shown that minorities (males and females) and white females

(beneficiaries) have a significant tendency to support AAP (particularly preferential treatment), compared with white males, who were found to be more negative to such a policy (Haley & Sidanius, 2006; Steinbugler & Dias, 2006). However, white females have been found to be less supportive of AAP than minorities (Oyinlade, 2013). As white women have the advantage of high status through being whites. The less support is a way of denying the structural disadvantages that are experienced as minorities, whilst, at the same time, refusing to acknowledge the advantages that they enjoy, thus protecting the illusion that they have lawfully received all of their outcomes.

Much of the research on attitudes toward AAP has also demonstrated the significance of the structural features of such a policy. Greater support has been found for the principle of equal opportunity than for AAP (Kravitz, 2008). Evaluations (e.g. fairness, judgments and attitudes) of AAP have been strongly influenced by actual, as well as assumed, AAP structure (Harrison & Kravitz, 2006). AAPs are inversely associated with demographic status in decision making (Awad et al., 2005). Even though people tend to support diversity efforts and compensatory actions, they still prefer to limit AAP to only the elimination of discrimination (Leslie et al., 2014). There is some evidence to indicate great variance in understanding what AAP entails (Ramasubramanian, 2010).

Evaluations of AAP are suggested to be strongly influenced by the real or assumed structure of the policy (Janus, 2010; Ramasubramanian, 2011). A positive response toward selection situations often occurs where a more qualified applicant is chosen, irrespective of beneficiary / non-beneficiary status (Harrison & Kravitz, 2006; Oh, Choi & Neville, 2010). In fact, it is well documented that merit-selection evaluations are usually viewed more positively (Crosby et al., 2006; Oosthuizen & Naidoo, 2010; Wilkins & Wenger, 2014), while preferential treatment evaluations perceived less positive and often moderated by certain factors, such as gender, race and self-efficacy (Leslie et al., 2014). Some studies (Almami, 2014) have suggested that there are more negative reactions to AAP that incorporates quotas, preferences or other factors concerning demographics. For instance, Fine's (1992) survey results showed that non-beneficiaries' disagreement with AAP incorporating preferential treatment was stronger when the reason for opposition was stated as "it discriminates against the non-beneficiaries members", than when the reason was stated as "it provides the beneficiary members benefits they have not received" (cited in Haley & Sidanius, 2006; 76).

Similarly, some studies (e.g. (bdelRahman, 2012; Al-Shammari, 2009; Hertog, 2012) have found that, in GCC in general, and in Saudi Arabia in particular, beneficiaries of AAP (men and women) have tended to support the policy, while non-beneficiaries have severely opposed it. In addition, an increasing number of studies (e.g. Ramady, 2013) have supported the claim that expatriates (non-beneficiaries) in Saudi Arabia view AAP (Saudisation) as a real threat to their status. This is because the AAP (Saudisation) legislation in Saudi Arabia has the primary aim of replacing foreign workers with local ones (Al-Dosary & Rahman, 2005). This has been expressed clearly in government communications, which have formed perceptions about such a policy. What is more, in 2015, almost 300,000 expatriates were deported from Saudi Arabia in a very short period (Arab News, 2015).

Finally, the above argument indicates that AAP divides societies demographically, and influences attitudes. AAP beneficiaries are often supportive and value the role of the policy, while non-beneficiaries are often less supportive or oppose such policies. Demographics such as gender and education are considered to be crucial in influencing attitudes towards the policy. However, such influences seem to vary from country to country, as mentioned above. Most importantly, perceptions of the policy's fairness, as well as personal and collective self-interest, seem to play a role in attitude and behaviours determination. Subsequent sections present relevant theories that explain such attitude drivers.

3.5.5 Theories explaining sociopsychological impacts of AAP

AAP is one of the most debatable policies around the world. Public perceptions and attitudes toward it have become an attractive area for research. Many studies (e.g. Crosby et al., 2006; Harrison & Kravitz, 2006; Jr & Loury, 2005; Lowery & Unzueta, 2006; Richardson, 2005) have proposed some theoretical justifications to understand such attitudes. However, Kravitz (1995-2006) and his associates have contributed significantly to the understanding of such attitudes. Two theories (Justice and Self-interest) have been developed as the most relevant to explain such attitudes.

3.5.5.1 Self-interest theory

It is well understood that social actions rarely satisfy and benefit all groups equally. For this reason, many dominant and significant philosophies of social behaviour (e.g. Terry, Hogg & White, 1999; Turner, Hogg & Oakes, 1987) propose that support for social action differs

across groups, with those with the most stake and benefits being more supportive for such actions. Actually, empirical studies of the association between support and benefits from such support show a more complex relationship. One of the most influential theories to explain such variation in attitudes and behaviour when it comes to public policies is the Self-interest theory. It suggests that individuals make decisions and develop opinions based on their self-interest (Kravitz, 1995). This means that those who benefit from a certain policy can be anticipated to be more supportive, while the opposite is true for non-beneficiaries (Kovach et al., 2004). Similarly, AAP psychological research has also provided more grounds for this theory. Simply, self-interest may influence attitudes toward AAP. The group benefitting from AAP (beneficiaries) is likely to develop positive attitudes, due to beliefs that such a policy provides them with material gains. Those who do not benefit from the policy are expected to show more negative attitudes (Awad et al., 2005). A growing stream of research is building more solid ground for this theory, which, in addition to the common-sense rationale for this theory, provides supportive evidence for the link between self-interest and pro-AAP attitudes. Such research is comparatively extensive in relevant literature.

Demographics (e.g. race and gender) play a crucial role in determining attitudes toward such policies (Button, Bakker & Rienzo, 2006; Feather & Boeckmann, 2007; Harper & Reskin, 2005; Harrison & Kravitz, 2006; Riek, Mania & Gaertner, 2006). Prior research has proposed that the perceived effects of AAP on individuals' material self-interest has a substantial effect on attitudes toward such policies (Button et al., 2006; Crosby et al., 2006). Those benefitting from AAP are more likely to support it. A number of empirical studies have revealed that people who receive no benefits from AAP often oppose it (Leslie et al., 2014; Oh et al., 2010). In addition, a large number of in-field studies have found that women support AAP much more strongly than men do (Crosby et al., 2006; Feather & Boeckmann, 2007; Wilkins & Wenger, 2014). For instance, when AAP is meant to benefit women, in countries such as Canada, men have tended to view it as a more undesirable policy (Bakan & Kobayashi, 2007; Busby, 2006; Kravitz, 2008; Leslie et al., 2014). In other countries, where AAP is not entirely directed toward benefitting women, studies (Button et al., 2006; Libertella, Sora & Natale, 2007) have found women to be more negative than men about AAP, because they have fewer opportunities.

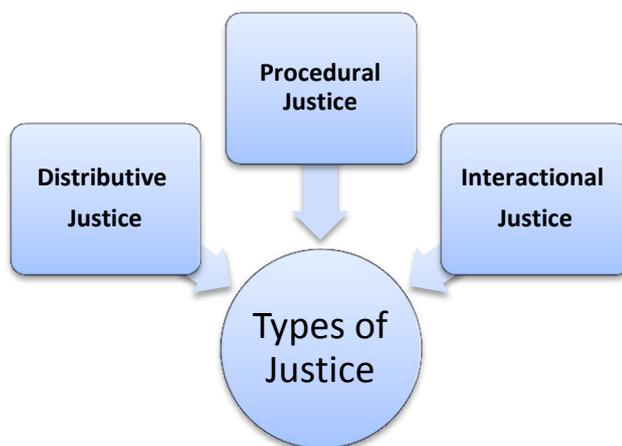
In addition, significant relationships between attitudes toward AAP and self-interest have also been confirmed in a series of studies (Aquino, Stewart & Reed, 2005; Harrison & Kravitz, 2006; Leslie et al., 2014) which have indicated that beneficiaries of AAP are often optimistic and supportive due to self-interest. Non-beneficiaries have been found to be resistant, for the same reason. All these findings support the assumption that self-interest can explain the attitudes of both beneficiaries and non-beneficiaries.

3.5.5.2 Fairness / Justice Theory

Fairness or justice perception is another theory that is used to explain perceptions / attitudes toward public policies including AAP (Aberson, 2007; Cahn, 2013; Foley et al., 2005). The study of fairness in psychology started with Adams' (1963, 1965) work on Equity Theory (Barsky & Kaplan, 2007).

As illustrated in Figure 3-7, research on organisational justice reports three main types of organisational justice, (distributive, procedural and interactional justice), that have unique (or independent) relationships with employee attitudes and behaviours.

Figure 3-7: Types of justice



Sources: Blader & Tyler, 2013; DeConinck, 2010; Elamin & Alomaim, 2011

Distributive justice

The notion of justice or fairness in organisations emerged from the literature on social psychology, mostly developed by Adams (1963, 1965) and Deutsch (1975, 1985). As

distributive justice involves the perceived fairness of outcomes, it is likely to have substantial effects in the organisational context, of which outcome distribution is a fundamental part (Parker & Kohlmeyer, 2005; Tajfel, 2010). Appreciating the potential effects of such distributive justice, and particularly Equity Theory (Adams, 1963), in the organisational context, scholars have studied justice perception in relation to organisational outcomes (e.g. promotion decisions and pay selection) and the relationship of the perception of fairness to many principal variables, such as quantity and quality of work (Aberson, 2007b; Bonache, Sanchez & Zárraga-Oberty, 2009; Vinekar & Lavelle, 2009). Due to such a focus on outcomes, distributive justice is anticipated to be more associated with affective, cognitive and behavioural reactions to certain outcomes (Choi & Chen, 2007; Parker & Kohlmeyer, 2005). Therefore, when a certain outcome is perceived to be unjust, it is likely to influence the individual's emotions, (e.g. happiness, anger or guilt), and cognitions (e.g. cognitively misrepresenting inputs and outcomes of the individual himself / herself or of others) (Janssen, Lam & Huang, 2010; Jordan, Ashkanasy & Hartel, 2002), and, eventually, individuals' behaviour (e.g. commitment and withdrawal) (Thanacoody, Newman & Fuchs, 2013).

Procedural justice

Procedural justice is defined as the justice or fairness of the process where outcomes are determined (Paré & Tremblay, 2007). It has also been defined as the perception of the fairness of procedures used to allocate such resources (Colquitt, Scott & LePine, 2007; Meshelski, 2015). Leventhal (1980) has conceptualised six rules that, when followed, are considered to promote justice and fairness: {1} *The consistency rule*, which means that procedures of allocation should be reliable and consistent across individuals and over time. {2} *The bias-suppression rule*, which means that the self-interest of decision makers should be avoided from functioning throughout the process of allocation. {3} *The accuracy rule*, which refers to the quality of the information used in the process of allocation. {4} *The correctability rule*, which refers to the existence of opportunities to change unjust or unfair decisions. {5} *The representativeness rule*, which ensures that the values, needs and attitudes of all affected groups are embodied and represented in the process of allocation; and {6} *The ethicality rule*, which refers to the allocation process being harmonious with the essential ethical and moral values of the target beneficiaries. In fact, Organisational procedure justice relates to organisations' ways of allocating their resources (Vinekar & Lavelle, 2009). This actually explains why procedural justice is anticipated to be linked to the affective, cognitive

and behavioural reactions of individuals toward their organisations (e.g. organisational commitment) (Paré & Tremblay, 2007). Consequently, when individuals perceive that a process leading to a certain outcome is unfair, their reactions are anticipated to be directed at the whole establishment, rather than at a specific outcome or task in question (Loi, Hang-Yue & Foley, 2006). This type of justice, in fact, varies from distributive justice, which stresses outcome-focused, more than organisation-focused, reactions (Elamin & Alomaim, 2011).

Interactional justice

Interactional justice is considered to be an extension of procedural justice. It relates to the human side of organisational practices and the behaviour of management (or those controlling rewards and resources) toward the recipients of justice (Loi et al., 2006). This type of justice relates to the process of communication between the recipient and the source of justice (e.g. honesty, politeness and respect) (Rupp & Ganapathi, 2006). Due to this type of justice being determined by the interpersonal behaviour of management's representatives, it is also believed to be associated with individuals' affective, cognitive and behavioural reactions toward these representatives, that is the direct source or the supervisor of justice (Aberson, 2007a; Andrews & Kacmar, 2008; Cohen-Charash & Mueller, 2007). Therefore, when individuals perceive this type of injustice (interactional), they are expected to react negatively toward their supervisor, rather than reacting toward their organisation as a whole or the specific outcome, as is anticipated by the two previously described models of justice (Loi et al., 2006). This model suggests that employees are anticipated to be dissatisfied with their direct supervisor, rather than with their organisation as a whole. Similarly, the employee is expected to be less committed and develop more negative attitudes toward his or her supervisor, while showing a dissimilar reaction to the organisation as whole (Paré & Tremblay, 2007). What is important, here, is that these expectations, based on this type of justice, are limited to the degree to which the employee believes that the source of injustice (interactional) is a person ordering and enacting a formal procedure, rather than the procedure itself (Aberson, 2007a). Some have claimed that, when interactional justice is perceived by a person as an integral part of a formal procedure, then that individual can be expected to assume procedural injustice (DeConinck, 2010).

The perception of fairness / injustice in the workplace is significant, as it is expected to affect employees' attitudes and behaviour, as stated above. Although there are different types of organisational justice reported in the literature, *procedural justice* appears to be more pertinent to the issue of AAP (Meshelski, 2015). Moreover, the correlation between perceptions of fairness or justice and opposition or acceptance of AAP is well documented in the literature (e.g. Aberson, 2007a, 2007b; Kravitz, 1995; Kravitz, 2008; Leslie et al., 2014). Even though AAP is designed to ensure macro-justice (between groups), disagreement is often based on concerns about micro-justice (among individuals) (Cahn, 2013). Typically, such an argument suggests that AAP results in some "reverse discrimination" which penalises non-beneficiaries (e.g. young, white men) who were not responsible for discrimination in the first place (Berteaux, 2005), and forces firms to "change the rules in the middle of the game" (Crosby, 2004; Dupper, 2005). Furthermore, it has been argued that the reactions of non-beneficiaries are likely to be negative if they perceive that AAP has caused them to be denied employment for which they were eligible (Oh et al., 2010). What is important is that much of the debate about the policy has focused on the issue of fairness and justice. When AAP focuses more on relevant criteria, such as job experience and qualification, it is likely to be evaluated positively; if it focuses more on irrelevant (or unfair) criteria such as ethnicity and gender, it often receives a negative evaluation and more opposition (Cahn, 2013; Harrison & Kravitz, 2006; Katznelson, 2005; Reyna et al., 2005; Tsikata, 2009). This means that evaluations of fairness and reactions to AAPs are closely correlated.

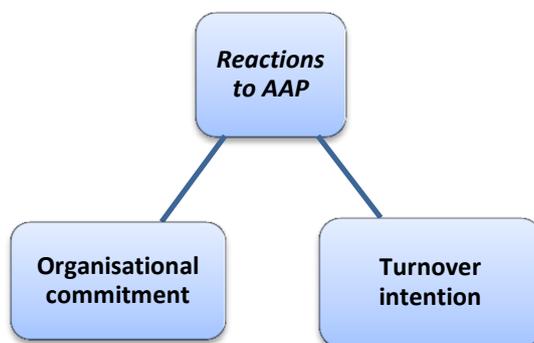
A few studies (e.g. Matheson & Warren, 2000; Oosthuizen & Naidoo, 2010; Riek et al., 2006) have found that even beneficiaries of AAP may not favour preferential treatment, even though they are protected by such a policy. This is because AAP may be observed as disrupting the individualism ideology (Rubio, 2009). Preferential treatment that is based on group membership is likely to influence individuals' perceptions about their own credibility (Lowery & Unzueta, 2006). Finally, a large quantity of literature (e.g. Harrison & Kravitz, 2006; Kravitz, 1995; Leslie et al., 2014; Meshelski, 2015) shows strong support for the theory that attitudes toward AAP are strongly influenced by people's perceptions of justice and fairness. Finally, as AAP has been formed differently in different contexts, it can be argued that it triggers different attitudes, depending on the nature of the policy. Attitudes toward AAPs that incorporate strong treatment (quotas) are expected to be influenced by fairness

issues, which are likely to be of much significance in determining the attitudes and reactions of both beneficiaries and non-beneficiaries.

3.5.6 Proposed employees' reactions towards Affirmative Action Policy

A number of theories have been developed to understand reactions toward AAP. System Justification Theory (SJT) seems to be useful in helping to explain such reactions. SJT suggests that the individual does not just believe that the status quo is fair, but is also driven to believe that that is the case (Jost & Andrews, 2011). Hence, any policy entailing that the status quo is unfair, like AAP, may be threatening and, consequently, rejected. Individuals showing resistance to equality, have also been revealed to have low support for AAP, as well as for similar policies to help the disadvantaged (Choi & Chen, 2007). In fact, the incentive to resist and oppose equality is different from the incentive to observe and perceive society as being just and fair, and probably comes from prejudice rather than system justification (Wilkins & Wenger, 2014). If resistance to AAP also stems from system justification, individuals who consider that a society is already just and fair and that opportunities are equal (i.e. system justifiers) are expected to express negative attitudes and reactions toward policies like AAP and establishments that support them (Harrison & Kravitz, 2006; Kay et al., 2009). Although reactions to AAPs are various, organisational reactions are targeted, due to organisations' close correlation with such policies. Among organisational reactions, the focus of this study (as illustrated in Figure 3-8) is on two crucial types of psychological reaction: organisational commitment and turnover intention.

Figure 3-8: The study's focus on psychological reactions toward AAP

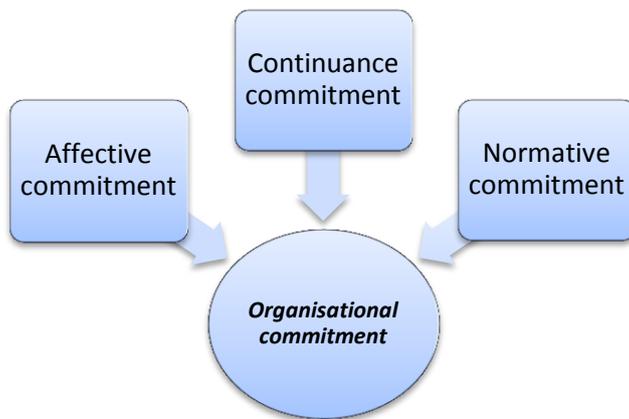


3.5.6.1 Organisational commitment

Research on the psychological and behavioural effects of AAP on organisations has become an important area of research. Many studies (e.g. Archibong & Adejumo, 2013; Leslie et al., 2014; Welle & Heilman, 2007) have claimed that some AAPs have a stigmatising influence on their beneficiaries in competitive positions. Stigmatisation in the context of AAP is defined as the perception, held by non-beneficiaries, that beneficiaries of AAP are less qualified and competent than others in non-beneficiary groups (Harrison & Kravitz, 2006). As the issue of stigmatisation leads to lower job satisfaction (Beer et al., 2015; Niemann & Dovidio, 2005), it may also affect employees' organisational commitment (Jr, 2011; Martin, 2014). The definition of organisational commitment remains the subject of continuing debate. Research on this area is focused on an individual's behaviour and attitudes toward commitment (Mowday, Steers & Porter, 1979). It has also been defined as an employee's psychological attachment to the organisation (Riketta & Dick, 2005). Organisational commitment plays a critical role in determining the willingness of an employee to stay or leave (Guchait & Cho, 2010). However, it was best defined by Porter et al. (1974), as "the relative strength of individuals' identification with, and involvement in a particular organization".

Organisational commitment entails three main components, which can be used to measure such commitment. The Three Component Model (TCM) of organisational commitment, as shown in Figure 3-9, consists of affective commitment, continuance commitment and normative commitment (Tett & Meyer, 1993).

Figure 3-9: Organisational commitment components



Affective commitment.

Affective commitment is known as the individual’s emotional attachment, which relates to belonging to an establishment (Meyer, Stanley, Herscovitch & Topolnytsky, 2002; Tett & Meyer, 1993). Affective commitment is considered as an important predictor of an individual’s organisational behaviours, such as absenteeism (Colquitt et al., 2007; Thanacoody et al., 2013). Moreover, some studies have found that the level of affective commitment that an individual has is a sign of approval and acceptance of organisational values and goals. (Meyer et al., 2002). A large body of research suggests that this type of organisational commitment is the strongest determinant of other organisational outcomes, including intention to leave (Guntur, Haerani & Hasan, 2012; Kooij & Jansen, 2010; Yao & Wang, 2006).

Continuance commitment

This component is based on the employee’s level of emotional investment in an establishment, as well as the observed number of alternatives to staying with the establishment (Allen & Meyer, 1990). This means that the less investment an employee has in his or her organisation, the greater is his or her likelihood to leave the organisation, if a viable alternative is found (Guntur et al., 2012). Similarly, the more alternatives an employee has, the more likely he or she will be to not remain committed to his or her organisation (Suliman & Al-Junaibi, 2010).

Normative commitment

This type of commitment refers to an employee's level of socialisation in the organisation, which is linked to his or her level of normative commitment to that organisation (Allen & Meyer, 1990). This implies that an employee is more likely to have a higher level of normative commitment if he or she has some close friends or family members in the organisation (Allen, Shore & Griffeth, 2003; Meyer et al., 2002). Therefore, organisations can influence their employees' level of normative commitment by adopting practices that enable socialisation into their organisation (Guntur et al., 2012; Loi et al., 2006). Normative commitment is also considered as an important type of organisational commitment, which is claimed to have an influence on an employee's level of affective commitment (Wang, Indridason & Saunders, 2010).

3.5.6.2 The role of organisational commitment

In many contexts, scholars have suggested that sustaining organisational commitment among AAP beneficiaries has become a major challenge for companies (Azeem, 2010; Farooq & Zia, 2013; Guchait & Cho, 2010; Roodt & Kotze, 2005). Some studies (e.g. Jr, 2011; Rees, Mamman & Braik, 2007) have suggested that AAPs may contribute to beneficiaries' organisational commitment, as they have been offered employment and opportunities for improvement and advancement that may increase self-esteem and satisfaction. However, many studies (Al-Shammari, 2009; Harrison & Kravitz, 2006; Heilman, Block & Stathatos, 1997; Marchon & Toledo, 2014) have indicated that AAP is likely to reduce motivation and interest, as it affects the self-perception of beneficiaries. In addition, self-doubt is one of the main issues associated with the beneficiaries of AAP, as explained earlier. Those who believe that they were employed as a result of external regulations, such as AAP, are more likely to doubt their ability and competence to do the job they offered (Leslie et al., 2014). Additionally, they are also likely to report less organisational commitment (Oh et al., 2010).

Other studies have suggested that some beneficiaries of AAP experience higher levels of demotivation and stress (Motileng, 2006). Such a perception may influence the expectations between the employee and employer, through what is known as 'psychological contract' (Maharaj, Ortlepp & Stacey, 2008). Psychological contract "refers to the unwritten set of expectations of the employment relationship as distinct from the formal, codified employment contract" (Hui, Lee & Rousseau, 2004; 316). This can also be referred to as the

unwritten relationship between employee and employer (Wöcke & Sutherland, 2008). Winkel & Selvarajan (2013) proposed that the psychological safety of employees can be negatively affected in establishments where AAP is not valued, as employees often restrict their behaviour and self-expression. For instance, in establishments where AAP is perceived to provide preferential treatment, this can negatively influence the self-perception of beneficiaries, consequently affecting their commitment and performance (Niemann & Dovidio, 2005).

To sum up this argument, most of the studies in this field suggest that perceptions of AAP are significant predictors of the behavioural outcomes of individuals. This means that, when AAP is perceived to be unfair (often 'hard AAP'), reactions are likely to be negative, while if it is considered to be fairer (often 'soft AAP'), then attitudes and reactions (even among non-beneficiaries) are expected to be more positive. In GCC, particularly Saudi Arabia, Saudisation incorporates a very strong form of AAP, and there is evidence to suggest that such AAP can be expected to have a strong influence on employees' psychological behaviour, including on job satisfaction and commitment to their employer. Such effects appear to be more related to their perceptions.

3.5.6.3 Intention to leave

Although AAP is heavily focused on facilitating employment opportunities for the people it targets, it has not been designed to address the issue of retaining those who have been employed under its regulations (Beer et al., 2015; Wöcke & Sutherland, 2008). This implies that AAP compliance does not emphasise any change to organisational policies and practices. In other words, the policy does not secure its beneficiaries; once hired, they are equal participants in the workplace, as well as having equitable career rewards and development opportunities. Thus, turnover is claimed to be one of the main micro effects of some public policies (Wöcke & Sutherland, 2008). Employee turnover has been one of the most popular research areas in organisational behaviour literature. The study of turnover is becoming more attractive for many reasons, but this is mainly due to turnover being a serious continuing issue in establishments, especially when it involves valued employees who have worked hard for the organisation, or people who have been high achievers and experienced and loyal individuals (Somaya & Williamson, 2008). Turnover means that another organisations may

gain from the knowledge of a new employee, who can become its competitive advantage (Nouri & Parker, 2013).

Turnover consists of the people who have left organisations, and the movement of employees due to the rotation of people within the labour market and between organisations, jobs and occupations, as well as between the states of employment and unemployment (Abbasi & Hollman, 2000; Griffeth, Hom & Gaertner, 2000; Thanacoody et al., 2013). There are a few commonly accepted models of turnover. However, the main classification that is widely reported in the literature on turnover is into two distinctive types: voluntary and involuntary (Burch & Holtom, 2015; Paré & Tremblay, 2007). Involuntary turnover refers to employees being forced to leave an organisation, and includes dismissal, redundancy and death, while voluntary turnover refers to employees' own decision to leave an organisation (Hur, 2013). Although both types of turnover are important, the current research only aims to examine involuntary turnover, particularly turnover intention (i.e. intention to leave). This is because management cannot control involuntary turnover, while the evolving body of knowledge on voluntary turnover has contributed to understanding the growing global issue of employee turnover (Al-Ahmadi, 2014).

Intention to leave has been defined as an employee's intention, or plans, to leave his or her current job and look for another job in the near future (Sahadev & Purani, 2008). 'Intention' refers to employees' perceptions and evaluation of job alternatives (Mowday, Porter & Steers, 2013a). The reason for focusing on this type of turnover is that much research (e.g. Guchait & Cho, 2010; Guntur et al., 2012; Loi et al., 2006; Mowday, Porter & Steers, 1982; Mowday et al., 2013a) has suggested that 'intention to leave' is one of the best predictors, and a direct sign, of actual turnover. This means that intention to leave (intentional behaviour) has a strong connection with actual turnover (actual behaviour). In fact, there is an on-going debate among scholars about whether labour market policies can cause high turnover (Barbieri & Scherer, 2009; Bassanini, 2009; Burch & Holtom, 2015; Gonzaga, Maloney & Mizala, 2003; Griffeth et al., 2000; Smith, Oczkowski & Smith, 2011; Wöcke & Sutherland, 2008; Yao & Wang, 2006). Some have claimed that labour market policies have little to no influence on the **psychological** behaviour of employees (Bassanini, 2009). However, a large amount of relevant literature indicates that labour market policies, especially strict ones, have a strong impact on employees' psychological reactions (e.g.

Harrison & Kravitz, 2006; Heath, 2014). In addition, non-beneficiaries subject to AAP legislation are likely to show more job insecurity, and less career advancement (Oh et al., 2010). Prior research has also suggested that ‘non-beneficiary employees’ continue to feel vulnerable in terms of job security, and experience discrimination in various ways due to factors such as ethnicity (Bowen et al., 2012).

The psychological reactions of employees have been widely discussed in the relevant literature. Prior research (e.g. Cahn, 2013; Beer et al., 2015; Wilkins & Wenger, 2014) has suggested that AAP is associated with serious psychological impacts. Sowell (2004) believed that AAP measures, in particular, can impact on employees in various ways. He suggested that employees are affected by AAP measures. Such policies can also be a factor in high turnover (Burger & Jafta, 2010), with AAP being a factor in encouraging employees to leave their organisation. This is because employers are forced, under AAP law, to comply with the policy by recruiting members of a certain group (beneficiaries), which triggers the strategic hunting of key employees by competitors (Al-Shammari, 2009). When employees are provided with alternatives, they are likely to intend to leave their employer (Alshabri et al., 2015; Kattan, 2015).

It has also been suggested that AAP influences the psychological contract between employee and employer (Crosby et al., 2003). Strict AAP implementation has been found to influence employees’ obligations toward their employer (Wöcke & Sutherland, 2008). The psychological contract can be defined as the “expectations held by the individual employee that specify what the individual and the organization expect to give and receive from one another in the course of their working relationship” (p.22). This is also known as “unwritten work agreements...” (Armstrong & Murlis, 1998; 895).

To sum up, the above arguments have provided some evidence that AAP has an impact on the behavioural reactions of employees. It has multiple socio-psychological effects on both beneficiaries and non-beneficiaries, and such effects depend on perceptions of such a policy. As mentioned previously, AAPs in GCC in general, and in Saudi Arabia in particular, are strict ones, which clearly aim to replace non-local workers with local ones. Such a policy is expected to affect employees’ psychological behaviour, and be tough on non-beneficiaries. Further discussion of this effect is presented in detail in the theoretical framework described in Chapter Seven.

3.6 Knowledge Gap Analysis

Available empirical studies on AAP, (to the best of the researcher's knowledge), (e.g. Hinrichs, 2012; Jain, Sloane & Horwitz, 2003; Kurtulus, 2013; Miller & Segal, 2012; Niederle, Segal & Vesterlund, 2013) have produced different frameworks concerning the impacts of such policies. Generally, the effects of AAP vary and are dependent on the type of policy being modelled and its aims, as well as on the labour market context (Cahn, 2013; Peck, 2014). Available studies have largely targeted the western world (Arcidiacono & Lovenheim, 2015; Heath, 2014; Kurtulus, 2015), which is associated with more individualism than collectivism (Clark et al., 2003; Hofstede, Hofstede, & Minkov, 1991). As the national context is an important factor and many studies (e.g. El- Kot & Leat, 2008a; Sahoo, 2010) have suggested its visible influence upon the workplace practices. Therefore, investigating AAP within a unique and developing-world context such as Saudi Arabia is desirable. The Saudi context is an exceptional example of a collectivist culture (Al-Gahtani et al., 2007) and of AAP role in the labour market (Tayeh & Mustafa, 2011).

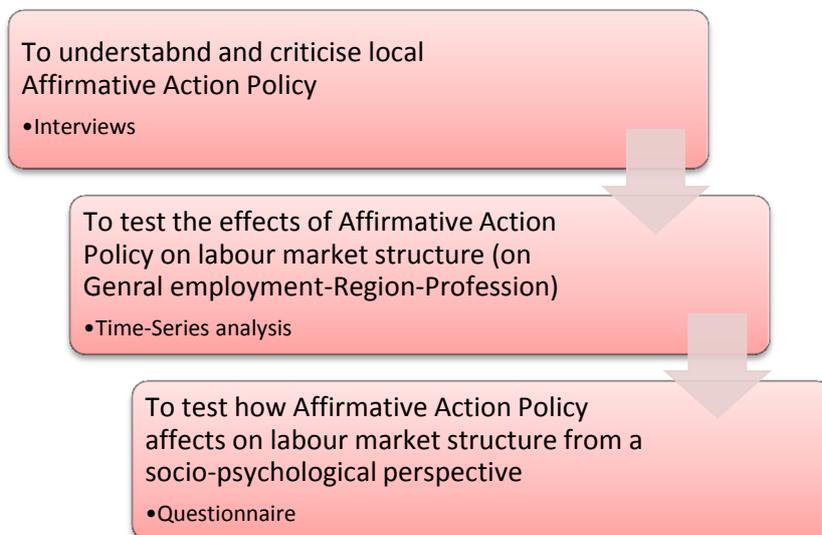
There have been few studies of AAP in the Saudi Arabian context. Mostly, these have been non-empirical (Abouraiia, 2014) or limited in scope (Al-Mahmoud, 2012; Almami, 2014; Hamid, 2013), or have investigated a single issue of the policy (Al-Shammari, 2009; Sadi, 2013). Investigating AAP broadly within the Saudi Arabian context is a vital and unique contribution to existing knowledge, and seeks to demonstrate how strict forms of AAP, within a developing-world context, can affect employees and the labour market structure as a whole. Thus, this research is the first of its kind, (to the best of the researcher's knowledge), to investigate AAP in a developing-world setting, and from various perspectives. This research examines one of the largest quota-based AAPs in the world, to investigate its effects on labour market structure and employees' socio-psychology.

3.7 Summary

The aim of this chapter was to review and criticise relevant literature. It has synthesised and criticised literature pertaining to unemployment, labour market policies, AAP and concluded

with a knowledge gap analysis. As knowledge gap identified, in order to conduct the research, answering the question and fulfilling its objectives, a unique and tailored methodology has been developed. As illustrated in Figure 3-10, the research methodology evolved over three phases of analysis. More detail about the study methodology is presented in the subsequent chapter.

Figure 3-10 The study methodology

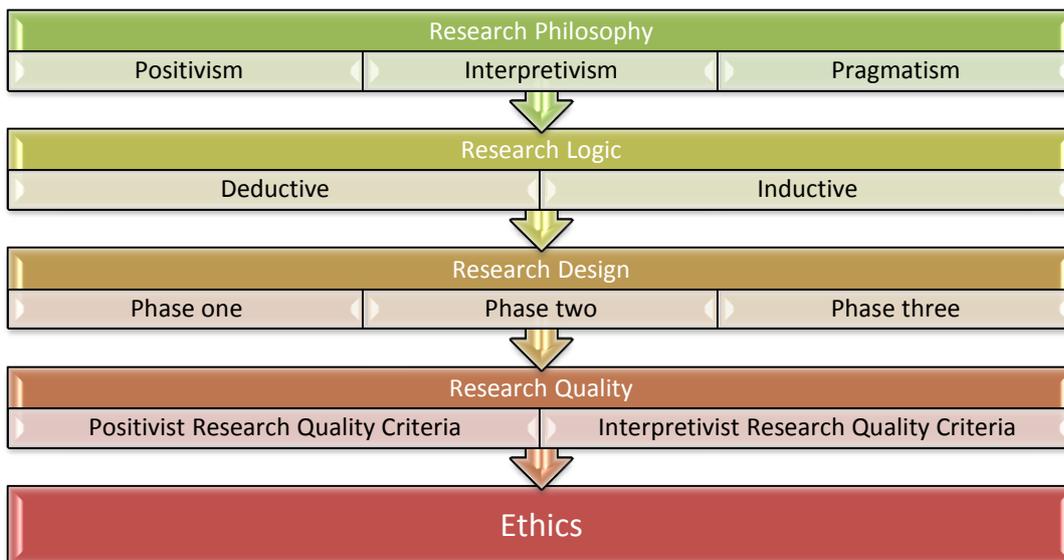


4 Chapter Four: Research Methodology

4.1 Introduction

To understand and investigate the role, effectiveness and consequences of AAP on Saudi market labour structure, a practical and tailored research methodology is needed, to reveal the actual roots of the research problem. As shown in Figure 4-1, this chapter highlights how the researcher understands the research methodology that has been employed in the study to answer the research question “*How has Affirmative Action Policy affected labour market structure ?*”, and to achieve its overall objectives. This chapter is structured as follows: the initial section (4.2) defines and describes the research philosophy, highlighting the main rival philosophies (Positivism, Interpretivism), and ends with a rationale for the philosophy used (pragmatism). The subsequent section (4.3) explains the research logic, and how this research started inductively and ended deductively. The following section (4.4) presents the research design, in which the analysis, including sampling and analysis techniques, is highlighted. A discussion of research quality is presented in the subsequent section (4.5), which considers quality criteria for both positivist and interpretive research. The final section (4.6) considers research ethics.

Figure 4-1 Methodology chapter structure



4.2 Research Philosophy

There is a variety of philosophical approaches. These approaches (research paradigms) influence research practice at different levels, from planning to interpretation (Creswell, 2009). This section explains the diverse divisions of research philosophy, specifically regarding positivism, interpretivism and pragmatism. Research philosophy refers to the common belief that the data pertaining to a certain phenomenon should be collected in a particular way (Saunders, Saunders, Lewis & Thornhill, 2011). Moreover, researchers should have a good understanding of their research by having a deeper knowledge of the philosophical worldviews and ideas that exist. This will enable them to efficiently explain and define the reasons behind the selection of their research approach (e.g. qualitative, quantitative or mixed).

4.2.1 Positivism

A positivist approach belongs to the epistemology that can be described as “the philosophy of knowing”, while methodology concerns a method toward knowing (Brannen, 2005). Positivists are concerned more with the human side of attributes and behaviours in society which can be examined and measured scientifically. Simply, the philosophy suggests that reality is a single and shared phenomenon across the world (Harwell, 2011). This implies that existing knowledge is used to develop a theoretical framework (i.e. deductive or inductive logic) to explain the research issue. Thereafter, such a framework is verified and tested in an objective way (experiment / survey), and then it can be called a research model. Science is a set of tested relationships called models (Badewi, 2016).

Moreover, this philosophy involves a scientific research method that includes collection and analysis of data, therefore assuming a more quantitative than qualitative approach to research (Creswell, 2009). Such an approach uses quantifiable data that can be transformed into statistical figures that produce meaningful results to describe social phenomena (Saunders et al., 2011). In other words, this approach is linked to common beliefs that only “factual” information and knowledge obtained through observation, including measurements, is reliable and trustworthy (Gelo, Braakmann & Benetka, 2008). Positivism limits the role of

the researcher to the collection and analysis of data using an objective method, so that the findings of the research are typically quantifiable and observable (Morgan, 2007). Moreover, positivism also involves reductionism, determinism, measurement, empirical observation and theory verification.

In addition, this approach relies on measurable and quantifiable observations, which leads to statistical analysis. In fact, “as a philosophy, positivism is in accordance with the empiricist view that knowledge stems from human experience. It has an atomistic, ontological view of the world as comprising discrete, observable elements and events that interact in an observable, determined and regular manner” (Collins, 2010; 38). What is important in positivist studies is that the researcher should be independent from the research; this implies that there is no provision for human interests within the research (Teddlie & Tashakkori, 2009). A deductive approach is usually adopted for positivist research, while an inductive approach relates more to interpretivism. In addition, positivists focus on facts, while interpretivists are more concerned about meaning and allow more provision for human interest (Creswell, 2009; Saunders et al., 2011).

What is more, positivists are usually concerned about assessing and finding out the causal effects behind correlation. For instance, experiments are reductionist in nature, due to original ideas being simplified for testing purposes, becoming the hypotheses of the research which are then tested (Teddlie & Tashakkori, 2009). Findings are then likened and compared with laws and conventional knowledge, to establish whether new understanding and knowledge have been developed and acquired. In simple terms, the positivist approach is initiated with a theory, which is followed by data gathering, analysis and findings, from which the results either prove or disprove the theories. Proponents of positivism often claim that such an approach produces more solid facts, as it provides more opportunities for repetitive testing in an endless circle, using scientific methods (Brannen, 2005). In more basic terms, “the literature review is used to develop a theoretical framework (i.e. deductive logic) for explaining the research problem. Once this framework is tested in an objective way (e.g. survey, experiment), it is called a model. Science is a set of verified relationships (called models)” (Badewi, 2016; 82).

4.2.2 Interpretivism

This research paradigm (unlike positivism) suggests that realities are multiple and that each reality is constructed in its own context (Kumar & Phrommathed, 2005). Due to this, some have called this paradigm a social construction of reality (Scandura & Williams, 2000).

Interpretivism looks at human behaviour as a product of society, and emphasises what motivates the actions and behaviour of people (Bryant & Charmaz, 2007). In fact:

“Interpretive methods of research start from the position that our knowledge of reality, including the domain of human action, is a social construction by human actors and that this applies equally to researchers. Thus, there is no objective reality which can be discovered by researchers and replicated by others, in contrast to the assumptions of positivist science”

(Walsham, 2006; 4). Mainly, interpretivists’ basic worldview and belief is based on theoretical perception, and their ontological assumption is that social reality is specifically and locally constructed “by humans through their action and interaction” (Kasper, 2015).

Myers & Newman (2007) claimed that: “social reality is based on people’s definition of it” (p. 69). In fact, it seems that interpretivists do not accept or recognise the existence of an objective world. Quite the reverse, they believe that the world is tightly restricted and bounded by a certain time and context (Teddlie & Tashakkori, 2009). In other words, the epistemological assumption of interpretive researchers is that “findings are literally created as the investigation proceeds” (Guba & Lincoln, 1994; 111). Furthermore, interpretivists clearly accept and recognise that “understanding social reality requires understanding how practices and meanings are formed and informed by the language and tacit norms shared by humans working towards some shared goal” (Orlikowski & Baroudi, 1991; 14). Walsham (2006) claimed that, in the interpretive approach to research, there are no ‘correct’ or ‘incorrect’ theories, and that all is dependent on researcher interpretation. This means that researchers attempt to derive their theories from the field by an in-depth investigation of phenomena of interest. However, it is worth noting that the attention of such an approach is not limited to generation of a new theory, but also extended to evaluate or judge, and so enhance, interpretive theories (Denzin & Lincoln, 2008). Moreover, this approach is mainly associated with participation, collaboration and engagement (Henning, Rensburg & Smit, 2004). This implies that the researcher does not stand outside or above, but, crucially, as a participant

observer, who engages in various activities and differentiates the meaning of actions as they are presented and expressed within certain social contexts.

Basically, interpretivists believe that reality is not known only by experts and professionals, but in every society. Certainly, it is acknowledged partially by the investigator, who tries to understand and complete what experts/professionals know. What experts / professionals know cooperatively, expressed as a diagram, is known as a framework. A framework is usually adopted to clarify and understand what people call reality (inductive logic), and such a framework entails a set of models constructed to clarify and understand the research problem and phenomena from various perspectives. Science entails a set of models that are concepts of reality, in a more expressive and meaningful framework, to define, describe, examine and analyse the research problem under investigation (Badewi, 2016).

4.2.3 Pragmatism

This philosophy, (also known as Critical Realism), uses a multiple “worldview” (Teddle & Tashakkori, 2009). This implies that both the positivist and interpretive worldviews are mixed within a single research effort, either consecutively or simultaneously (Creswell & Klassen, 2011). For example, reality can be viewed as being single (positivism), but data or knowledge is gathered by means of an in-depth investigation and analysis of particular cases (interpretivism), and then data can be verified and tested objectively (positivist axiology) (Badewi, 2016).

This methodological philosophy has gathered more popularity in recent decades. Such an approach has been claimed to be very beneficial in obtaining information regarding the research problem (Kumar & Phrommathed, 2005). In fact, “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; 9). Such a perspective has been adopted in this research, due to its unique justification for both types of research (positivism and interpretivism). Based on this approach, researchers are permitted to choose the research techniques, methods and procedures that work best for their research aims (Wolfenbarger & Money, 2015). Furthermore, this approach has been adopted because it uses real-world problems and permits a multi-dimensional approach to issues being discovered and analysed. Morgan (2007)

proposed that this philosophy places emphasis on finding out what works best, and finding explanations and solutions to the problems being studied. Consequently, this approach is considered to be problem-centred, rather than concentrating on methods and approaches. Many researchers (e.g. Denscombe, 2008) have suggested that pragmatism is an ideal philosophical approach for researchers who adopt mixed research methods. This is because pragmatism provides essential understanding about investigation and knowledge, which is crucial when using mixed approach methods.

Pragmatism is viewed as being the model that provides the fundamental philosophical framework for mixed-method research (Somekh & Lewin, 2005). Some mixed-method scholars associate and align themselves philosophically with such a transformative paradigm (Mackenzie & Knipe, 2006), although mixed methods can be adopted by many other paradigms. Pragmatism seems to be most suitable because it considers "the problem" to be crucial and central to the research, permitting the use of all other approaches in order to understand and achieve the research aims (Creswell, 2007, p.11). Essentially, because the research question is placed 'centrally', approaches to the collection and analysis of data are selected based on which are most likely to achieve understanding of the question, with no philosophical loyalty to any particular paradigm (Teddlie & Tashakkori, 2009). Thus, the aforementioned features of this philosophy make it the most suitable to be applied to this research, because it considers the research problem to be crucial. Furthermore, as the research question is central, it is critical that it should be addressed using a mixed method approach.

4.3 Research Logic

In research, there are two ways of developing theories. Firstly, the deductive way, which seeks to evolve a theory from broad and general evidence to a specific statement. This means that such a theory evolves from existing knowledge in the literature and is then tested using a certain population or community. Secondly, there is the inductive way, which (unlike the deductive way) seeks to evolve a theory from hard and empirical evidence (Bryman & Bell, 2015). The key weakness of the deductive method is its attempt to develop a theory based on scant evidence, that cannot be generalised to refer to other populations. The inductive method, on the other hand, works more efficiently with an interpretive approach, (i.e. the

social construction of reality). Thus, unlike the deductive approach, which begins by establishing a theoretical framework from existing knowledge, the inductive approach to research starts off with a broader approach and finishes with a framework (Teddlie & Tashakkori, 2009). Moreover, the purpose of the developed framework in an interpretive study is to map and draw the conceptual models of the professionals and experts (Driscoll, 2007). In simple terms, the approach is to map various aspects and their relationships, in order to understand reality; investigators tend to operationalise the views of professionals and experts in diagrammatic form (Aneta & Jerzy, 2013; DePoy & Gitlin, 2015). In fact, using an interpretive approach, a framework will include diverse models that are abstracted and theorised from reality in expressive and meaningful ways, with certain pertinent aspects highlighted (Driscoll, 2007). This research has initiated inquiry in an inductive way, to enrich the investigation and provide solid ground for subsequent examination of the research problem. It has then continued, and been concluded, using a deductive approach, enabling the building of a theoretical framework and the testing of findings statistically.

4.4 Research Design and Approach

Research design refers to the main strategy the researcher chooses for combining the diverse components of the intended study in a logical and coherent way, thus ensuring that the research will essentially address the problem (Kumar & Phrommathed, 2005). Also: “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, cited in Maxwell, 2012; 47). In fact, “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; 16).

Research approaches can be classified into two main types, field studies and case studies, depending on the ontological stance, where either a single reality or plural realities is assumed. Field studies most commonly consist of survey research, (but can also be drawn from interviews), which aims to generalise from a fairly large number of participants (Badewi, 2016). Case studies, on the other hand, primarily study single cases in a given

context, so as to understand and explain what is believed to be real for the people featured in the study (Driscoll, 2007). In addition, research involving case study does not only take organisations as a unit and means of analysis, but may consider individuals or countries (Yin, 2008; Stake, 1995). Nonetheless, although this study is interested in a particular culture, a single reality is still assumed.

Three approaches are used, in sequence, and are presented as three different phases of analysis, as explained in the following section.

4.4.1 Research phases

The research was conducted in three different stages, (presented in three chapters). The findings are the result of both quantitative and qualitative data, (as demonstrated in Figure 4-2). This section presents the three stages of the research and explains what is covered by each stage, including its sampling, data collection and analysis technique.

Figure 4-2 Analysis structure



4.4.1.1 Phase one: AAP in Saudi Arabia's context (Interviews)

This phase of research initiated the investigation using an interpretive paradigm. The aim of this phase was to identify AAP in the Saudi Arabian context. A comprehensive understanding of the policy, its setting and application was critical. Therefore, the research began by interviewing key people (experts), to obtain their thoughts and feedback on the policy, its

application and its implications. Moreover, due to the sensitivity of the subject, the use of interviews was adjudged to be an especially appropriate approach, as it can be readily accomplished for a relatively small number of participants. This technique also allows the “interviewer to supplement information obtained from responses with those gained from observation of nonverbal reactions” (Kumar & Phrommathed, 2005; 115). The technique of interviewing is beneficial in ensuring that there is no misunderstanding of crucial questions, as the researcher is available to clarify questions for the participants, if necessary.

Although there are different types of in-depth interview, (structured, semi-structured and unstructured), there were many reasons for conducting the semi-structured interview technique in this phase. For instance, it encourages individuals to discuss sensitive issues, such as AAP in Saudi Arabia, more openly. In addition, it provides more room for elaboration, confirmation and clarification of the answers provided (Maxwell, 2012). In addition, semi-structured interviews require less skill on the part of the interviewer than unstructured ones (Kasper, 2015).

Sampling

It is important to choose the sample wisely, to represent the entire population. Therefore, the researcher took extra care when determining the sample for the study. The interviews for the research focused on AAP’s history, role, effectiveness and costs. The interview sample was selected based on a number of criteria, set by the researcher. Firstly, participants had to have extensive expertise in labour market law; (at least 15 years’ experience). Also, participants could not be a full-time employee of MOL or any other government body involved in managing and implementing AAP in the private sector. This was because of cultural and systematic barriers that could prevent such participants from freely criticising the policy. In addition, participants had to be Saudi nationals, and, again, this was due to the cultural barrier that might cause foreigners to hesitate to criticise public policy in public, (especially given that AAP targets them). Furthermore, because it was difficult to gain access to experts, the snowball sampling technique was used, which entailed asking experts to refer other experts. Finally, all participants were verified in terms of their experience and knowledge, and in terms of being widely known in the sector for their contribution. It is vital to mention that the initial intention was to interview more labour market experts, but, for various reasons, (including the strict criteria), only nine interviews were conducted. One reason was a lack of

time, but there was also the issue of diminishing returns, at which point information is repeated, and so the data collection process was halted, in line with the advice of many research guide books on qualitative research (e.g. Henning et al., 2004).

As illustrated in Table 4—1, the researcher managed to interview nine experts in total, of which two had formerly worked with the government before retirement (and were still advising MOL). Three were specialists in labour law, and well-known trainers in this subject, and two were senior HR consultants. The remaining two interviewees had gained considerable experience in the private sector, and had their own business, (one for the recruitment of women). As previously stated, the experts were selected based on their expertise in the labour market and its law. Recruitment was achieved through multiple channels, including visits to known consultancy firms and training centres, as well as some large companies. The interviews greatly assisted in uncovering the actual role of AAP in the employment and labour market in Saudi Arabia’s private sector.

Table 4—1 Interviewees’ basic information

Respondents	Gender	Years of Experience	Nature of experience
E1	Male	25	Government/private sector
E2	Male	23	Government/private sector
E3	Male	20	Private sector
E4	Male	20	Private sector
E5	Male	19	Private Sector
E6	Male	18	Private Sector
E7	Female	17	Private Sector
E8	Male	15	Private Sector
E9	Male	15	Private Sector

Data collection and analysis

Data collection and analysis, in this phase, were taken very seriously by the researcher, due to the sensitive nature of the information needed. Semi-structured interviews were carried out in various places across Saudi Arabia. Three experts were interviewed in the capital (Riyadh), two in the Eastern province (Dammam) and the remaining four were met in Jeddah. All interviews were carried out face to face. The researcher attempted to make the interview setting convenient for the participants; therefore, some of the interviews were conducted in a

non-formal setting (e.g. in a café), and all were in the Arabic language. However, there were some issues encountered during the course of interviews. One issue was the reluctance of some experts to criticise the policy while being recorded. It was the researcher's job to convince and reassure them a number of times, before, during and after the interview, that all information would be treated as carefully as possible, and that no personal information would be released whatsoever. Another issue was the lack of time, as some of the experts gave less time than expected. The researcher did, however, try to manage interviews as efficiently as possible.

The semi-structured nature of the interviews provided more opportunity for the participants to elaborate, raise important issues and mention aspects of the policy that had not been anticipated. Moreover, all interviews were tape-recorded, transcribed and prepared for the purpose of analysis. The researcher used the "Thematic Analysis" technique to analyse the interviews. This technique refers to the "process for encoding qualitative information" (Gelo et al., 2008). It is a means of viewing data differently, and extracts additional information from seemingly unrelated aspects within a data set (Kasper, 2015). In fact, as the Thematic Analysis requires the researcher to look into the interview data more thoroughly, it provides an opportunity to look at the data from a wider perspective and from diverse points of view (Henning et al., 2004). In fact, the analysis of the data was adapted from Braun & Clarke (2006), who suggested applying Thematic Analysis by:

- Reading the script and becoming familiar with the data
- Attempting to generate initial codes
- Searching for and applying initial themes
- Reviewing the themes
- Defining, finalising and naming themes
- Producing the report.

The analysis was meant to delve deeper in interpreting findings relating to AAP in the private sector setting. While analysing the data, the researcher attempted to link different pieces of dialogue expressing participants' opinions, to derive new meanings and a new conceptual framework to assist in understanding the policy and its related issues.

4.4.1.2 Phase two: Effects of AAP on labour market structure (Time-series research)

This phase aimed to investigate the effects of AAP on labour market structure. It tested the effects of the policy on different employment dimensions, including nationality, gender, region and profession. This phase followed a positivist paradigm, based on secondary data, using a longitudinal analysis known as time series examination. The time series analysis technique can assist researchers to understand patterns of change over time and naturalistic processes, and can evaluate the impacts of either an unplanned or a planned intervention (Velicer & Fava, 2003). Time series analysis is a statistical methodology suitable for a specific type of longitudinal research design (Dörnyei, 2007). Such designs usually involve single research or subject units that are measured a number of times, at consistent intervals (Wisdom, 2012). However, there are some weaknesses associated with this approach, such as the issue of having many events occurring at the same time as the targeted variable. Qualitative research is often required to explain such a situation and observed fluctuations (Diggle, Heagerty, Liang & Zeger, 2013).

However, this analysis can still assist understanding the fundamental naturalistic process and the pattern of change over time, or assess the impacts of either a planned or an unplanned intervention (Ven & Huber, 1990). This approach was adopted as a means to investigate the effects of AAP on employment during the last ten years; this approach was best for this research, especially as it adopted a mixed method approach, allowing more in-depth investigation.

Sampling

The data collected for this research were obtained from official sources, (Ministry of Labour, Human Resources Development Fund, Central Department for Statistics and Information, Ministry of Planning and the Saudi Arabian Monetary Agency), to ensure the best and most reliable representation of the figures. The researcher attempted to gather employment data for the last twenty years, but, due to server limitations at official sources, only ten years of data (2004-2014) were gathered on workforce figures. These included employment by gender, nationality, region and profession. The selection of data was restricted to those from official government sources, in order to better test AAP's effects on employment in the kingdom.

Data collection and analysis

Historical data for this phase of analysis were gathered from multiple sources, as mentioned above. Initial collection was performed online, via the appropriate government websites, and relevant official documents were downloaded. After gathering the data online, the researcher encountered some clashes and errors, in data, among the different sources targeted. Therefore, to clarify the issue and ensure that only valid data were used, the researcher made a great deal of effort to validate such data, by visiting some of the sources in person and meeting some of the government officials to obtain their feedback. In addition, the data collected were shown to two senior economists, to elicit their thoughts on the data. A final version of the data set was then analysed.

Due to the relatively small size of the available data set, the use of complex software (e.g. SPSS) for the analysis was not viable, and so manual analysis using Excel and other basic software was carried out. Excel is well known to be easy to use and accurate for the analysis of numerical data. In addition, it provides the facility to create visual or graphical representations of the data. To improve the analysis using Excel, the researcher carried out the analysis of the data in a presence of a software expert, to avoid any misuse of the data. After making the first draft of data analysis, the researcher consulted one senior researcher about the presentation and validity of such a data.

4.4.1.3 Phase three: AAP socio-psychological effects on employees (survey research)

As noted previously, this research has adopted a mixed method approach. In the first phase, an exploratory approach was adopted, to explore the nature, role and effects of AAP. Phase two examined the effects of the policy on natives' employment. This phase of the analysis was meant to test the policy's effects on employees' sociopsychology, and followed a positivist paradigm. Positivist approaches are those strategies that allow researchers to generalise results and to be objective (Field, 2013). Additionally, such approaches help the researcher in testing a well-defined and justified theoretical framework developed from the literature (Singleton and Straits, 2005). In fact, among these approaches, survey research is the most common approach that meets such criteria (Bhattacharjee, 2012). A survey is designed from reading and evaluating the literature, and is operationalised to show and reflect diverse constructs. It avoids subjectivity through remote administration. This means that the investigator does not change or influence the results. Additionally, a survey provides a

relatively cheap, quick and effective way of obtaining large amounts of data from a large sample of people (Creswell, 2009; Kumar & Phrommathed, 2005). Data can be collected relatively quickly because the researcher does not need to be present when the questionnaires are completed. This is useful for studying large populations, when interviews would be unmanageable and impractical. What is more, an ontological stance regarding external reality is reproduced in the belief that participants often do not know it; so that the survey questions are directed to measure various and simple practices. Moreover, by converting constructs into measurable items, (operationalisation), reality may be captured. Again, due to the positivist belief in a single reality, the same survey was distributed and circulated throughout different sectors and management levels.

Questionnaire Design

The questionnaire used in this study was designed carefully. Constructs were broken into a set of three to six items, (operationalised). Mainly, the constructs were originally derived from the literature, (apart from two concepts), to ensure their theoretical validity. All the items used in the questionnaire had measurable answers using a five-point scale. These standardising scales were applied to avoid any adjustments, which might lead to some inaccurate results (Field, 2013). The questionnaire was conducted online, and included five variables to be tested, (Affirmative Action Policy, Gender / religion discrimination, Nationality discrimination, Organisational commitment and Intention to leave). Constructs were adopted from the literature, apart from Affirmative Action Policy and Discrimination constructs, which were developed and tested by the researcher using different validation tools, as described in chapter seven. For the purpose of obtaining more valid responses, the questionnaire was translated into Arabic, with the assistance of two competent researchers who specialise in English to Arabic translation.

Sampling

The research sample size was set so that it was appropriate for the objectives of the analysis. For instance, for a descriptive analysis, using measures such as median, mean and mode, thirty responses and more would be adequate for a standard and normal distribution curve (Field, 2013). Moreover, 100 or more is considered a realistic size. A sample size of 100 to 200 is claimed to be satisfactory and acceptable, and more than 200 is suggested as being a large sample (Kline, 2005). What is important, in the SEM case, is that the sample size is

reflected in the Comparative Fitness Index (CFI). Provided that the CFI is acceptable, the size of the sample is also acceptable, although a sample of less than 100 is certainly not acceptable (Kline, 2005). Certainly, SEM typically needs a larger sample, compared to traditional multivariate models such as regression and multiple regression. This is because SEM uses algorithms that are even more advanced (Hair et al., 2006). The current research was based on 440 responses, which is considered to be a large sample, as stated above.

This research has adopted a random sampling technique. This means that all the industries and organisations in the private sector had the same chance of being chosen for this survey, as long as they were covered by AAP law, (i.e. they had ten employees or more). The sample frame and target population for this survey were thoughtfully selected, and involved employees working in various industries and organisations in the Saudi Arabian private sector. The selection criteria targeted participants who were Saudi nationals, were employed full-time in an organisation in the private sector that was subject to AAP legislation, and had a minimum of one year of work experience. Such relaxed sampling criteria were adopted in order to maximise participation.

Data collection and analysis

Questionnaire distribution used the “snowball technique”, to reach a wider audience, in such a restrictive culture. This technique is a special non-probability approach for developing a study sample, where participants in the research recruit future participants from among their connections (Atkinson & Flint, 2001). This technique was adopted in order to maximise the number of responses, and to overcome some systematic and cultural issues, as well as being due to time limitations. The researcher contacted friends and colleagues who work in the private sector, and also used professional networking sites such as LinkedIn to assist with reaching the target audience. The researcher managed to distribute the questionnaire to over 1,000 people, which attracted over 640 responses, of which 440 were adjudged to be valid and usable for the analysis. The responses were then prepared and coded for analysis. This analysis ranged from descriptive analysis to structured equation modelling, for the purpose of testing the frameworks.

Furthermore, different types of analysis were used, including correlational analysis, which was used to discover, as well as to test, the relationships between different constructs in

sequence, and Structure Equation Modelling (SEM), (which is sometimes known as Latent Variable Analysis and Covariance Structure Analysis). SEM is a statistical methodology which uses a confirmatory approach to data analysis by the use of a structural theory (Byrne, 2013). SEM was preferred to other models, such as regression and multiple regression, for many reasons. One reason was that SEM overcomes the problem of multi-collinearity between constructs. Another reason was that SEM is more capable of symbolising both the latent (unobserved) and measured (observed) concepts in relationships. Importantly, SEM allows investigators to assess and isolate direct and indirect effects among variables (Hoyle and Smith, 1994).

4.5 Research Quality

Because positivist (quantitative) research and interpretive research entail different quality criteria, this section discusses quality in the context of each paradigm.

4.5.1 Positivist research quality criteria

There are standard methods of research quality assurance, including research design quality (validity of design) and tool quality (validity of measurements) (Onwuegbuzie & Johnson, 2006).

4.5.1.1 The quality of research design

The design quality of the study stemmed from the positivist approach, combining two dissimilar principles, specifically generalisability and objectivity, (also known as external validity) (Bhattacharjee, 2012). Research generalisability and objectivity were assured through the use of a self-administered questionnaire across various organisations and sectors, in different cities in Saudi Arabia. Additionally, in an attempt to enhance objectivity, a random sample of participants who were more aware of, and familiar with, the objectives of the study was selected. The following sections highlight the quality of the tools used, based on the validity and reliability of each tool, and also the quality and appropriateness of the analytical models used.

4.5.1.2 Quality of the tools

The research quality principle requires that any data-gathering tool should be considered to be valid and reliable, before being adopted. The researcher used different tests for the questionnaires. As summarised in Table 3-2, the tests used were Cronbach's Alpha for the construct's reliability, and Factor Analysis for its validity.

Table 4—2 Summary of the quality of tools for testing the concept

Criteria	Model used for Testing	Cut-off point
Reliability of Concept	Cronbach's Alpha	Greater than (0.7)
Validity of Concept	Factor Analysis	Factor loads more than (0.7)

Construct or concept validity in positivist research relates to items used to measure a specific concept or construct, in which they must be dissimilar, which means the assurance of the items used to measure a concept not matching or involving another concept within the same model. Two types of validity test are available for this: content validity and the validity of the construct / concept. The current research used an Exploratory Factor Analysis (EFA), by means of SPSS.

Moreover, as concepts are measured by a different set of items, such items have to be related to one another in order to ensure the reliability of the measurement (Gelo et al., 2008). Construct / concept reliability assumes that: "Measurements are reliable to the extent that they are repeatable and that any random influence which tends to make measurements different from occasion to occasion is a source of measurement error" (Nunnally, 1967, cited in Creswell, 2009). This means that a concept's reliability is known and recognised as describing the consistency between items within such a concept or construct, the dependability among them and the consistency of measurement among them; a construct measures a set of dimensions (Singh, 2007). There are different techniques for measuring constructs' reliability, among them are test-retest and internal consistency (Bhattacharjee, 2012). Test-retest measures the degree of likeness and similarity between individuals' responses, at two different points in time. The reliability test appeared to be problematic for use in this research, due to difficulties with re-sending the same survey questionnaire to respondents when distribution was based on a snowballing technique. The other method for measuring constructs' reliability is more useful and practical. For the internal consistency

method, a scale of measurements is used and applied to the cases sometime and the items of which the scale consists are very associated and correlated (Peter, 1979). In addition, for measuring internal correlation between items, Cronbach's Alpha is used. More details of the reliability and validity of the model are presented in Chapter seven.

Pilot Testing

Before distributing the main survey, it is vital to consider a pilot test (Sekaran and Bougie, 2011). The term "pilot testing" usually refers to two different methods, in social science research. Firstly, it can refer to what is known as feasibility study, which is "small scale version, or trial run, done in preparation for the major study" (Polit et al., 2001: 467). Pilot testing can also refer to the trying out or pre-testing of a certain research instrument (Baker 1994). Pilot testing can have many advantages for researchers, such as giving some advance warning for researchers about where the main study project may fail, or even whether planned instruments or methods are unsuitable or too complicated. This means that piloting can also assist in identifying and reducing potential errors and problems related to the survey's questions and instruments, which greatly assists in polishing and enhancing the final version of the questionnaire, before distribution (Kothari, 2004). Pilot testing is a vital element of good study design. It does not guarantee success in the main research, but rather boosts the validity and reliability of the main study. In the current study, to ensure that appropriate responses were received, the researcher performed a piloting exercise to contribute to the development of the questionnaire. Piloting is used to investigate the relationship between the study's variables, and to shape the hypotheses of the research on a more realistic basis (Saunders et al., 2011). The pilot study involved 30 Saudi employees, from different sectors, who were asked for their opinions on the questionnaire's design and clarity. The pilot study's results have been used to adjust and format the final version of the survey

4.5.2 Interpretive research quality criteria

The quality criteria for interpretive qualitative research are very different from those of positivist quantitative research. Quality criteria for evaluating interpretive (qualitative) research are transferability, credibility and confirmability (Patton, 2005). Moreover, unlike positivists, interpretivists consider subjectivity more, and do not claim objectivity. Certainly,

their self-reflexivity about biases, subjective values and the researcher's inclination are greatly appreciated and are viewed as being a component of "genuineness". This, in fact, is a sign of good qualitative research (Denzin & Lincoln, 2008).

The current study has highlighted a number of quotations from the experts participating in the research. In addition, the investigator has used his extensive experience in the subject area to understand and interpret the key issues raised by the experts who were interviewed. The additional subjectivity may influence the theory development process. Therefore, "confirmability" job was tracking most of the explanations of the gathered evidence, such as 'quotations'.

Furthermore, interpretivists often seek to be trustworthy and credible by opposing the literature's findings (Gelo et al., 2008). The trustworthiness of the current research is guaranteed and confirmed through repeated comparison with existing knowledge, in the analysis, discussion and conclusion chapters. Moreover, internal validity, which relates to the match between the researcher's interpretation and what participants actually meant (Venkatesh, Brown & Bala, 2013), was confirmed and ensured by sending participants excerpts from the analysis in order to obtain their feedback.

Moreover, to take extra care to produce high quality research that produces more trusted results, a "triangulated approach" was adopted to improve the validity and reliability of data collection and analysis. Triangulation means "the use of more than one approach to the investigation of a research question in order to enhance confidence in the ensuing findings" (Bryman, 2006; 1). It usually refers to the blending of quantitative and qualitative approaches, but, more recently, "triangulation" has been used to refer to the application of several tools in a single method (Teddlie & Tashakkori, 2009).

Methodological triangulation, in the form of a multiple-method approach, has been used to ensure a greater level of validity and reliability, and to understand the different versions of reality that exist (Dörnyei, 2007). What is known as "investigator triangulation" has been used; this involves a peer researcher reviewing and commenting on research interview outputs and findings, as they emerge. This was to improve the overall analysis and understanding of the issue. The use of data triangulation from different sources, and the combination of quantitative and qualitative methods of data collection, interpretation and analysis, has made this study more valid and reliable. Triangulating the findings of the

research with later research, using diverse methodologies, methods, and paradigms, has improved and enhanced the significance and value of the research (Creswell & Klassen, 2011).

4.6 Ethical considerations

Ethics are a significant part of research conduct, and researchers always have to be mindful of ethical issues, including respecting anonymity, privacy and confidentiality, which means being fully aware of the participants' rights (Kothari, 2004). Ethical considerations in research cover what is acceptable in a research study. Ethics are a set of principles that make it possible to organise the relationship between the researcher and research participants (Kumar & Phrommathed, 2005). It is advisable for the researcher to achieve a balance between what they want to discover and participants' rights. This means the researcher has to be ethically sound in order to carry out an empirical study and fieldwork.

In this research, there was a requirement to obtain ethical approval for conducting fieldwork, to ensure obedience to the requirements of the University of Plymouth's ethical protocol. Approval was granted, from Plymouth University (see Appendix D), to enable the fieldwork to be carried out more effectively and lawfully. This study has followed the guidelines of University Ethical Principles for Research Involving Human Participants, which strictly monitor processes of data collection. Mainly, ethical considerations must be obeyed to avoid any human rights violations. This also means that the researcher seriously intends to keep respondents' personal information completely confidential. In fact, the researcher should clearly explain the aim of his/her research to participants, and make them aware of all issues related to their participation. Furthermore, participants must not, in any way, be forced to take part in the research (Sekaran & Bougie, 2010).

In the current research, at the very beginning of the data collection, respondents were made fully aware of their rights, and of the research objectives and all other material aspects of the research, and were free to choose whether to be involved in the research or to withdraw.

Those who agreed to take part were also assured as to the confidentiality of their information, and of the fact that all collected data would be used exclusively for the purpose of the

identified research. Furthermore, human dignity was maintained throughout the fieldwork process. Participants were made aware, and constantly reminded, of their rights, during their period of participation. They were allowed to add, change and clarify certain points, and even to withdraw their opinions. Critically, all participants' information and data have been strictly protected.

4.7 Summary

This chapter has reviewed the philosophy and methodology employed to achieve the overall aim and objectives of this study. Generally, the current research has adopted a mixed method approach. This chapter has also reviewed the philosophy, logic, design and quality of the research. This research has been based on mixed data collection and analysis, (semi-structured interviews, a longitudinal study and a questionnaire). In line with this methodology, (as illustrated in Table 4—3), the following chapter (Chapter 5) represents an understanding phase, while chapters 6 and 7 describe the testing phases.

Table 4—3 Summary of research methodology

Phase aim	Paradigm	Approach	Methods	Analysis	Quality
To identify and criticise the Affirmative Action Policy	Interpretive	Inductive	Experts Interview	Thematic	Verification & Triangulation
To test the Affirmative Action Policy effects on labour market structure	Positive	Deductive	Historical data	Time series analysis	
To examine how the Affirmative Action Policy affects labour market structure from a socio-psychological perspective	Positive	Deductive	Survey	Structure Equation Modelling (SEM)	Factor Analysis Cronbach's Alpha

5 Chapter Five: Understanding the role of Affirmative Action Policy in the Labour Market

5.1 Introduction

In order to analyse any public policy, a comprehensive understanding of its setting, application and effectiveness is essential. Therefore, as stated earlier, the research began by interviewing key people (experts), to elicit their thoughts about the application and implications of Affirmative Action Policy, (AAP). In particular, they were asked what they know about the policy (locally known as Saudisation), its issues and what strategies are perceived to be the most effective and most ineffective. Experts were also asked for their views on the effectiveness of the current strategy. According to their narratives, the policy (from at least the mid-1990s until the present time) can be divided into two main historical phases: the old system, which is known as '*Resolution no. 50*' (mid-1990s to 2011), and the new system, '*Nitaqat*' (2011 to the present). The following sections briefly explain the chapter methodology, and highlight experts' thoughts on both phases of AAP and on which is perceived to have been the most effective, in more detail.

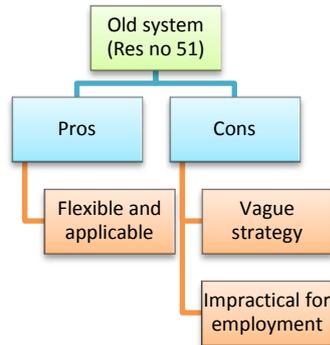
5.2 The Old Policy (Resolution no. 50):

AAP (Saudisation) before 2011 followed almost the same strategy that it had adopted when it was introduced, (in the 1980s). As explained in the country profile, that policy was mainly based on *Resolution No. 50* that was passed by the Council of Ministers in September 1994, and remained as the primary source of legislation until 2011. This source of AAP law was supplemented by several resolutions and circulars made by the Ministry of Labour, as mentioned earlier. However, its quota regulations were not as clear as the new system (*Nitaqat*). The following sections highlight experts' thoughts about this system.

Generally, there was little discussion about the old AAP (Res No 50), with little attention paid to it and little support being shown. The experts' tone was rather negative toward it, at

least in terms of native employment. The following is a presentation of what was said about the old policy in terms of its advantages and disadvantages.

Figure 5-1 Thematic analysis headings



As shown in Figure 5-1, the old system seemed to be viewed as being poor, by experts. As shown in Table 5—1, the disadvantages outnumbered the only advantage.

Table 5—1 Thematic Analysis: frequency

Theme	Sub-theme	Frequency
Advantage	Flexible and applicable	5
Disadvantage	Vague strategy	7
Disadvantage	Impractical for employment	5

5.2.1 Pros

Although the majority of experts were not passionate about the old system of Saudisation, some were, however, positive about some aspects. These positive aspects are described below.

5.2.1.1 Flexible and applicable

Flexibility for businesses was the main positive point made in regard to the pre-Nitaqat system. Such a system was perceived to be flexible and manageable, and experts were mostly positive regarding this point:

“Even though the old Saudisation system was not perfect, at least it was easy and flexible, unlike the new system”. E9

In addition, as the old system seemed to be flexible, it was applicable and very convenient for private sector growth. Many companies operated under less intense regulations, and were able to recruit skilled workers and retain them. This provided more growth opportunities, compared to the post-Nitaqat period. This is due to the strictness of enforcement associated with such a current policy, which causes disturbance in the labour market:

“Since the new system has been in place, the growth of business has slowed down, especially in the manufacturing sector, as many firms have struggled to hire native workers” E4

Although the old system was not as sophisticated, it was not perceived as a threat to economic growth. Businesses operating pre- and post-Nitaqat noticed big differences in terms of their ability to operate normally. Many began to struggle just after the commencement of Nitaqat.

*“I’m reading news every day about businesses up and down the country closing down and unable to survive with such tough regulations. **During the old system we never used to hear such news. You can see yourself, of course**” E7*

Interestingly, news about AAP pre and post-Nitaqat seems to support the point about old system flexibility. When some labour market news articles were surveyed, (from between 2000 to 2015), pre-Nitaqat news (2000 to 2010) indicated less resistance to the policy from private sector organisations. The vast majority of post-Nitaqat news articles (2011 to 2015) stressed the considerable pressure on firms, and mentioned damage to private sector organisations, in the form of skills shortage and the inability to operate (more on this later). This suggest that the new system tightened up on the old system’s flexibility and provided fewer options for private sector organisations, which left many firms either struggling to survive or out of the market.

Table 5—2 Theme’s summary of facts

Theme	Points
Flexible and applicable	Good for private sector growth
	Less resistant private sector
	Good for skills and retention
	Easily applicable

Finally, as shown in Table 5—2, the old system was mostly positive in terms of private sector advantages. Old Saudisation was better for growth in the sector, as the private sector was more accepting of, and less resistant to, such rules. In addition, the system was perceived as being more likely to help develop skills and retain employees.

5.2.2 Cons

Experts who commented on the old system were almost in agreement that the old system was not beneficial in terms of achieving its main objectives, especially in terms of raising national employment levels. The vast majority of their narrative was not in favour of the old system, (at least on this aspect). Although some experts made some positive points about the old system, on very specific aspects (e.g. flexibility), when it came to considering the policy as a whole, views were unfavourable on many levels, as shown in the following paragraphs.

5.2.2.1 Vague Policy for the private sector

Although the old system of AAP was flexible and easy on firms, it was unclear and too vague to be absorbed by them, especially small firms, which tended to have no proper access to professional lawyers to advise them on how to interpret and deal with the policy. As one expert explained, this problem is one faced by the private sector in general, but by small firms in particular:

*“All Saudisation decisions taken before 2011 were rather **problematic and not easy to follow**. The problem is exaggerated for small firms, because of their financial difficulties in affording professional advice about the policy”.* E2

The vagueness of the old policy can be attributed to the inconsistency of its wording, which made it harder to absorb. Unlike Nitaqat, the old policy was explained poorly to the public, and what made it worse was that even its primary goals changed constantly (as explained in Chapter 2) and were difficult to interpret:

*“The old system of Saudisation failed because there **was no clear direction; everyone felt lost**, and I would say it was an improper policy”.* E5

This issue can be referred to as poor awareness of the strategy during its enforcement period, when there was less awareness of the policy among stakeholders. There was no real media coverage, and no active campaigns were launched, to clarify the policy, its objectives and

compliance procedures (As Nitaqat). The policy’s key information was primarily held at the MOL’s offices, with very few announcements made in newspapers, and these were mostly contradictory:

*“Media and government were **not actively engaged to clarify the policy to raise awareness**” E2*

What made the situation even worse for some is that even MOL announced different interpretations for the same rule, which made the issue even more complicated:

*“Even MOL employees themselves seemed to have no idea sometimes, as they **gave different explanations of the same rules every time**” E5*

Such unclear management of the old system caused confusion and difficulty in understanding the rules. Such confusion might have been due to the non-strict enforcement that was associated with the old system, which gave less incentive to understand such rules, compared to Nitaqat. Another reason for this might be that the strategy was designed for public sector needs only not the private sector. What is more, the old system was implemented in the old way, where all companies under AAP rule had to deal with MOL manually, on paper, with no computerised system in place (as there is with Nitaqat). This made knowledge of the policy and its rules hard to obtain, and so it is logical that private sector firms viewed the old system as being unclear and difficult to interpret.

Table 5—3 Theme’s summary of facts

Theme	Points
Vague policy for private sector	Inconsistency of the rules
	Not well communicated
	Difficult to understand
	Designed for public sector

As shown in Table 5—3, the policy was perceived as being ambiguous. The inconsistency of rules and decisions during policy enforcement were to blame. In addition, the policy was not clearly communicated to its stakeholders, and, as a result, was difficult to follow and understand. Furthermore, its design has been associated more with the public sector than the private sector, whose characteristics are immensely different.

5.2.2.2 Impractical for native employment

The old AAP system (under res no 50) appears to have been ineffective (or at least less effective when compared to Nitaqat) in terms of raising national employment levels. As mentioned above, it was based on old legislation that had existed since the 1990s, and remained unchanged. Interestingly, not a single expert who talked about this period of AAP gave any positive sign about its effect on native employment. It was suggested that the old AAP system gave no real assistance for private sector development in terms of securing local human capital:

*“In my opinion and from what I saw during my long year employment history, I can comfortably say that **Saudisation before Nitaqat gave no visible benefits for local employment**” E2*

Natives (Saudis) did not benefit from the legislation. Despite the quotas system that was in place to increase their representation in the private sector, their employment figures remained well below expectations throughout the long enforcement period of that system:

*“Although the economy had changed significantly during the previous 15 years, Saudisation before Nitaqat was not reformed to adapt to those changes. For instance, required percentages remained almost the same for many years, which caused incompatibility issues and **did not create enough job opportunities**”*

This suggests that the old phase of AAP was out-dated, and produced no real improvement for native employment. In addition, as the policy was softly enforced, private sector organisations might be expected to have been less keen to comply, which added to the problem. In other words, as the policy was unclear, less compatible with private sector needs and softly enforced, thus, it is rational to conclude that it would be ineffective in achieving its targets, especially in relation to the dramatic raise of native employment levels. Therefore, negative attitudes toward it might have been expected.

Table 5—4 Theme’s summary of facts

Theme	Sub-theme
Impractical for native employment	Did not boost native employment
	Out-dated
	Incompatible with private sector needs
	Less serious

As illustrated in Table 5—4, the old system of AAP found to be impractical for encouraging native employment in the private sector. This was probably due to its weak rules, which were not effective in encouraging organisations to employ natives. In fact, the out-datedness of the strategy, its incompatibility with labour market needs were further serious issues that caused the policy to fail.

5.3 The New Phase Policy (Nitaqat)

As explained previously, the Nitaqat programme is the new legislative basis for the AAP (Saudisation); it was incorporated in 2011 and has received huge public attention. The government is extremely passionate about this policy. The narrative from experts has focused more on this period of the policy. Although, thoughts were diverse, experts revealed greater concerns about it (as illustrated in Figure 5-2.).

Figure 5-2 Thematic analysis headings

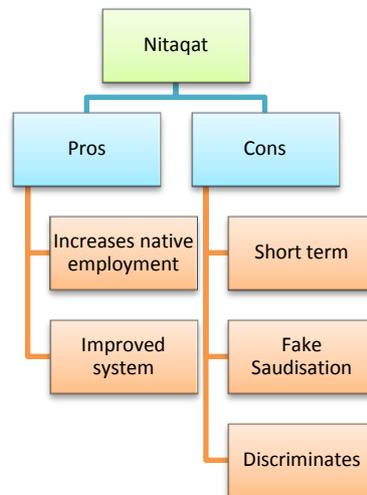


Figure 5-2 summarises the main pros and cons of Nitaqat. Although, this system dominated the interviewees’ attention (see Table 5—5), with its cons appearing to outnumber its pros, experts reported several benefits while talking about the policy. The following sections present experts’ views on the new AAP legislation (Nitaqat).

Table 5—5 Thematic Analysis: frequency

Theme	Sub-theme	Frequency
Advantage	Improved system	8
Advantage	Creates employment	6
Disadvantage	Short-term	4
Disadvantage	Disrupts labour market	6
Disadvantage	Discrimination	5

5.4.1 Pros

As explained previously, Nitaqat has received huge attention from the public and the media. The experts were more passionate about the policy change (at least regarding certain aspects). The advantages of Nitaqat are reported below, by theme.

5.3.1.1 Improved system

Nitaqat incorporates extreme reforms, and it has clearly undergone major changes. The policy was mostly viewed as being modern, frequently updated and very sophisticated. The narrative of experts seemed to be more positive about this aspect of post-Nitaqat period. As the old system was viewed as being “soft”, and as having had an un-strategic implementation and an unclear role, things have changed profoundly since the commencement of Nitaqat. New AAP (after Nitaqat) has some spirit and character. The MOL has given its granted weight to the implementation of this policy in a very sophisticated manner:

“The strategy of Nitaqat is updated very frequently according to the needs and improvements of the labour market” E1

Nitaqat seems to be more appealing and easy to follow. Unlike the old system, it has been accompanied by massive media coverage and government campaigns to raise awareness. Such raised awareness is reflected clearly in the experts’ narrative, as well as in newspapers surveyed, (those published after 2011). Almost all organisations were aware of the new rules of the policy:

*“After Nitaqat, the policy becomes more popular. As you know, now you can **get information you needed in a single click**” E3*

Nitaqat has certainly facilitated interaction among AAP stakeholders. The MOL has launched a very sophisticated portal to allow companies to manage their workforce online, including the facility to issue visas and to renew expatriate work permits without any need to visit the ministry. What is more, every single organisation has its own information about required compliance. Firms are provided with a special account on the portal to enable the monitoring of their compliance situation, and communication with the MOL.

In fact, the new system (Nitaqat) bears no resemblance to the old system in this regard. As illustrated in Table 5—6, its constant updates, as well as enhanced compatibility with private sector needs (relatively), were named as the main strengths of the system. In addition, there is more public awareness and knowledge about the policy, due to the government’s massive role in promoting the strategy through the media and other channels.

Therefore, it can be said that Nitaqat is a very advanced system that facilitates interaction with the ministry and makes the management of the workforce much easier than it used to be. However, this does not mean that it is effective in other aspects, as explained in the subsequent sections.

Table 5—6 Theme’s summary of facts

Theme	Points
Improved system	Frequently updated
	Enhanced compatibility
	High level of awareness
	Digitalised the policy

5.3.1.2 Creates employment

As experts were positive about the updated system of AAP (Nitaqat) in terms of its applicability in organisations, which facilitates the management of the workforce, as well as interaction with the MOL. Similarly, they believe that it is useful in creating more employment opportunities for natives. This system seems to be working much better than the old one. The policy, with its regular updates, seems a better strategy for improving the employment of citizens. In fact, it has been suggested that the policy has made a positive difference to the labour market:

“You can compare the results achieved during the past two years, which are definitely more than what had been achieved during the previous 20 years” E1

Furthermore, the dramatic rise in the level of national employment during the Nitaqat enforcement period has created a positive impression about the policy. Besides, the government has supplemented Nitaqat with other initiatives, such as an employment benefit programme (Hafiz) and a compulsory training programme (Taqat). These programmes have collaborated with each other, and seem to add much value to the policy. This enhances the dynamic picture of AAP, (at least for some), and increases the number of natives entering the labour market:

*”The newly launched programmes have achieved huge success; for example, **they have employed more than 400 thousand** men and women in various areas of the private sector within a very short period of time” E2*

Generally, the policy after Nitaqat appears to be practical in balancing the workforce. Even though some opposes it, it seems a useful tool when it comes to facilitating national employment. Furthermore, the policy works in different ways, to provide more and faster results. For instance, there were many decisions made to help women into employment, in particular, such as separate workplace environments for females and shops run by women only:

*“Nitaqat has brought many useful decisions that help local employment, particularly for women. Personally I like and support the decision about female staff only shops. In my **opinion the programme has facilitated labour market entry for women** in various ways, such as by regulating and improving working hours and conditions in the workplace” E7*

In fact, the new updates to the policy have made some positive changes to native employment, although the extent to which they have boosted employment levels is not entirely clear. However, there is no comparison with the old system in this regard. The old system had a poor impact on employment creation, and so it can be said that the new system (Nitaqat) is beneficial for raising native employment levels and was perceived to be effective in this regard. As shown in Table 5-8, one of the reasons behind this belief was the policy’s rapidly achieved results (quantity wise), as well as the facilitation for labour market entry for

women. In fact, many changes to labour laws have been made to enable more women to work. In addition, Nitaqat has been perceived to contribute to labour force balance, as native employment has greatly increased. Unlike the previous system, Nitaqat seems to be more practical, as it is supplemented by various programmes that collaborate to improve national employment levels.

Table 5—7 Theme’s summary of facts

Theme	Points
Creates employment	Constant results
	Facilitates labour market entry for women
	Contributes to balanced workforce

5.4.2 Cons

Although, AAP (Saudisation) after Nitaqat was perceived to be much better than the old system, it was nevertheless associated with a number of issues, including some serious ones. The disadvantages of Nitaqat are presented in terms of three main themes, as follows:

5.3.1.3 Short-term policy

While some positive differences to the labour market have been made after Nitaqat, the policy seems to have failed to achieve its primary targets again. In fact, there are some recurring issues with this strategy. Nitaqat strategy appears to pay no attention to long-term improvement. It is still unable to diversify employment for natives. It focuses on certain jobs that are already popular among Saudis and pays no serious attention to other jobs, (including the most needed ones), that are mostly done by expatriates:

“The current strategies of Nitaqat are mainly focusing on administrative jobs while paying little or no attention to vocational ones that we need most to build our economy safely and decrease our dependence on foreigners” E6

Administration jobs are among those popular with Saudis. This sector requires less attention, (at least at the current stage), whereas involving Saudis in other professions (e.g. vocational) is key to achieving a more balanced labour market. The jobs in question are the majority of those in the private sector, which need to be nationalised in order to remedy the long-term issue, according to four of the experts (E3, E5, E6 and E8). In fact, such rigidity inhibits the fair distribution of jobs across the sector. What is more, Nitaqat seems to have been less

effective in the fair creation of job opportunities across the country, and the age-old issue of absorbing jobs in the larger regions still exists:

*“Government does not consider **creating jobs in rural areas** or areas with less population; people living there are struggling to live a normal life unless they migrate to the large cities”*

E5

The current direction of Nitaqat is intended to achieve short-term goals. This implies that the current initiative pays little attention to long-term development. However, even Nitaqat’s short-term goals may not be achievable if the policy maintains its level of rigid enforcement on the unprepared private sector, which is expected to do more harm than good:

*“The value of apprenticeship and training until qualification is proven to work as a strategy to nationalise our workforce, which benefits the economy as whole. But, the **current strategy of rushing employment and turning a blind eye into its consequences will only worsen the situation**”* E4

In addition, the amount of change accompanying Nitaqat has been enormous, and some has been hard to absorb. Critics always argue that the MOL did not allow enough time for such huge change that took place in the private sector:

*“The work permit for foreign workers has been increased crazily from 100SAR to 2400SAR which has restrained many companies with low budgets and, **as a result, many businesses have been struggling to trade**”* E6

This indicates the way Nitaqat operates, which focuses more on quantity gains than on quality improvements. Harshness has been one of the main characteristics of the new system since its introduction. Even though it seems practical for raising natives’ employment levels, such creation of jobs may be unfair or unrealistic. The strategy’s positive achievements (if any) are expected to be short-lived. Therefore, it can be deduced that this policy has been designed for short-term gain, rather than being a policy with which to build a solid and stable labour market. As shown in

Table 5—8, one of the main reasons behind this belief is that there is no clear or balanced focus on growing jobs effectively across the private sector. Moreover, AAP’s practical and active role seems focused on a certain part of the country (mostly urban regions), with less attention being paid to other parts (which are in most need). Although some of the experts believe that Nitaqat seeks fast, short-run results, through its rigid implementation, others suggested that neither short- nor long-term goals had been achieved, (and nor were they expected to be achieved).

Table 5—8 Theme’s summary of facts

Theme	Points
Short-term policy	Does not diversify jobs for natives
	Unfair distribution of jobs
	Rushed and harsh implementation
	Seeks faster results

5.3.1.4 Destabilises the labour market

Radical changes to the rules have contributed to some instability in the labour market. This has left some companies fighting hard to survive. As the MOL has introduced many changes, (including some tough regulations), and implemented them at once, this has caused instability and uncertainty in the labour market. In fact, the new system has come as a shock to private sector organisations, who had not adequately prepared for such a strict law. As mentioned earlier, the old system was flexible, easy and did not require such a strict level of compliance. The real issue that has accompanied Nitaqat has been its rushed implementation, with no consideration or realisation of any economic and social costs that might occur:

*“As you might have heard, **many companies have shut down**, and other companies have had to find a temporary solution in order to survive; some of them, or I would say many of them, have had to **cheat the system by different tricks like fake Saudisation**” E5*

As the policy has been enforced strictly in a very short time over the private sector, it has triggered some bad practices in the labour market, in which to allow companies to operate for

an extended period of time. Although there have been various unhealthy practices, the main issue brought by the policy has been (what is locally known as) ‘*fake Saudisation*’, and this has become a very hot topic recently. The term refers to illegal practices adopted by some businesses, mainly registering Saudis with the social insurance scheme, (without employing them in reality), to improve a company’s ranking in the Nitaqat scheme and so avoid penalties as a result of falling below quotas.

The practice of faking the system has not been equal across all industries. Some industries, such as the service industry, have not suffered as badly as others, such as manufacturing. In the service industry, most of the jobs are administrative or office based, and local people are prepared and willing to take such jobs, as mentioned earlier, but manufacturing faces huge shortages in terms of natives who are able and willing to take on such occupations.

*“In the manufacturing sector, for example, I can confidently say that **not even a single company has not been hit hard by the new law**. All of them struggle to fulfil the required percentage of Nitaqat. In fact, as you know, **employers’ last resort is to fake the system in order to continue operating without hindrance**” E4*

Furthermore, as well as encouraging bad practices, Nitaqat seems to be causing skills shortages in the private sector, where foreign workers are laid off suddenly and replaced with natives who sometimes lack the required skills to carry out their jobs. This might, in the long term, be a very serious issue. Therefore, such a strategy seems to be affecting businesses’ existence, especially in some critical industries where it is hard to recruit Saudis. As pointed out in Table 5—9, such inflexibility and rigidity can force some businesses to seek risky alternatives, (e.g. fake Saudisation) and also can affect the entire labour market by causing skills shortages and forcing some companies to shut down.

Table 5—9 Theme’s summary of facts

Theme	Points
Destabilise the labour market	Triggers bad practices (i.e. Fake Saudisation)
	Causes skills shortage
	Leaves some industries struggling to operate
	Forces many firms to shut down

5.3.1.5 Discrimination

This particular issue was not expected to be raised during interviews, for several reasons, including the fact that the interviewees had benefitted from the policy, and so were beneficiaries. In addition, this issue is a very sensitive one to be raised in such a formal situation, where interviews are recorded, due to the strict cultural environment. However, astonishingly, five of the 9 experts mentioned this issue, (directly and indirectly).

Indeed, it was feared that skills and competences in the private sector seemed to be beginning to diminish due to Nitaqat. The rushed replacement of skilled workers with non-skilled ones was perceived to come at high cost, which included damage to productivity and the workplace environment. Noticeably, Nitaqat seems to conflict with workplace fairness and values:

“Yes I agree that Nitaqat has helped our national employment much better than the old system, but, to be honest, it was very harsh on companies and workers. I know many skilled employees have been dismissed suddenly from their work because of Nitaqat; it is really unfair” E9

Moreover, experts suggested that experienced and competent expatriates should be retained in the country for the transfer of knowledge and technology, which is still urgently needed. In fact, they are still much better qualified and skilled than locals, so dismissing them quickly will come at very high cost.

“The way that Nitaqat works is damaging private sector stability, because it forces companies to dismiss their foreign workers with no reasonable substitutes. Sadly, the sector is increasingly becoming more unhealthy and unfair for non-national workers” E6

Therefore, it can be claimed that Nitaqat is likely to cause discrimination in the workplace. As shown in Table 5—10, such discrimination is believed to negatively affect labour market productivity, as well as the morale of employees (especially foreigners). This causes workers to be disengaged from their job, due to the perception of discrimination. Ultimately, this affects vital knowledge transfer and further widens the nationality gap in the labour market.

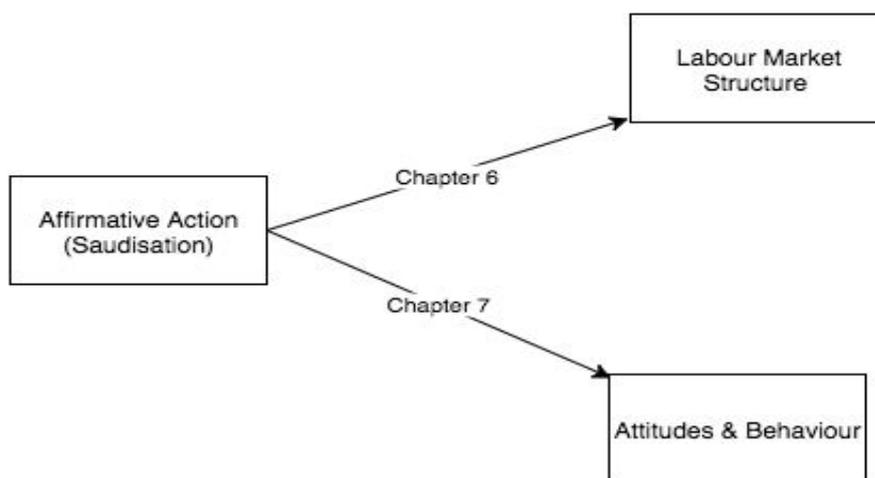
Table 5—10 Theme’s summary of facts

Theme	Points
Discrimination	Harms productivity
	Damages workplace stability
	interrupts the process of knowledge and skills transfer
	Raises the gap between natives and expatriates

5.4 Conclusion on Effectiveness

AAP has been found to have different effects, on different levels. Although AAP before 2011 was not as hard on businesses, with maintainable and acceptable levels of enforcement, it was a vague policy. In fact, it was perceived to be weak, non-strategic, out-dated and had no apparent effects on native employment in the private sector. On the other hand, the new phase of the policy post 2011 (Nitaqat) has been more appealing (relatively). Its improvements and modernisation of the policy’s system was important feature. Importantly, its contribution to the raise of native employment level in a very short period of time was its main positive point. However, the way it operates has been problematic. It has been perceived as being a short-term policy that is only effective in the short run. Its rushed implementation strategy has had serious unintended consequences for both employees and the entire labour market.

Figure 5-3 Initial framework for the study



5.5 Summary

This chapter has examined AAP interpretively, by means of a number of semi-structured interviews with labour market experts. Different effects of the policy have been observed, and, because the disadvantages of the current AAP strategy outweigh its advantages, it is believed that the policy leads to unforeseen costs. Indeed, the most prominent theme has been the unintended consequences of the policy, including its harmful effect on the labour market, perceptions of unfairness and other attitudinal problems. The many disadvantages are expected to lead to a disturbance of the labour market, as well as frustration and disappointment among employers and employees. Such remarkable findings have triggered an extended enquiry (as illustrated in Figure 5-3) to investigate the policy further. Therefore, further analysis chapters (Chapters 6 and 7) have been added for such a purpose. The following chapter is based on a positivist paradigm and uses a Time Series Analysis to test findings on more critical dimensions, namely, general employment, employment by region and employment by profession. Chapter 7 reports on the results of a questionnaire survey that was used to investigate the policy's impacts on the socio-psychology of employees.

6 Chapter Six: The Impact of Affirmative Action Policy on Labour Market structure

6.1 Introduction

This chapter has been developed based on the findings of the previous chapter. It aims to assess the impact of Affirmative Action Policy (AAP) on labour market structure. This investigation has three critical dimensions: *The first dimension* involves testing the policy on the basis of general employment figures, to explain and understand the broad context of its impacts. *The second dimension* tests the policy using employment figures by region, to investigate its effects on different regions across the country. *The third dimension* considers AAP's effects on different professions in the private sector. Such a multi-layered approach enables the research question to be addressed at different levels, which both provides better understanding, and adds further validity and reliability to the results. This chapter starts with framework development, to formulate the research propositions that are to be tested in the investigation.

6.2 Framework Development

Within the existing literature, there is a large amount of academic knowledge discussing AAP, such policies' effectiveness and their impact on natives' employment. One principal objective of AAP is to equalise opportunities and raise disadvantaged group representation across workplaces and educational institutions (Kurtulus, 2011). Krstic (2003) believed that AAP is beneficial for tackling racism and racial disparities. AAP is also necessary for balancing the systematic barriers that allow minorities and disadvantaged groups to continue pursuing their education and have fairer access to employment opportunities (Orfield, 2001). Some scholars have offered evidence that AAP is useful and effective in increasing employment and business opportunities for disadvantaged and under-represented groups (Austen-Smith & Wallerstein, 2006; Harper & Reskin, 2005; Konrad & Linnehan, 1995), while others have claimed that it has negative effects on employment, mainly focusing on the

more damaging consequences on organisations and individuals (Blanchflower & Wainwright, 2005; Desai & Kulkarni, 2008).

In the developed world, in countries such as the USA, many studies (such as Balafoutas & Sutter, 2012; Krstic, 2003; Kurtulus, 2011, 2013) have indicated that there is a strong connection between AAPs and employment. These policies have provided advantages to the economy by creating new job opportunities for disadvantaged groups. In the USA, there are positive “long term trends (to) indicate that minority and female shares of employment in large U.S. firms have been rising since the 1960s” (Kurtulus 2011; 1). Kurtulus (2013) positively supported the role of AAP. In his study, he examined the impact of eliminating AAP in some States; (California eliminated AAP in public employment in 1996, Washington did so in 1998 and some other States followed suit). Interestingly, the elimination of AAP had a direct impact on labour market participation of disadvantaged groups, his findings confirming a sharp decline in those groups’ representation after the law changes. Furthermore, Muttarak et al. (2012) discovered similar results in Northern Ireland, in a study that examined and evaluated the efficiency of AAP in promoting fair employment for both Protestants and Catholics in Northern Ireland. Their results indicated positive signs for such a policy, which was useful in raising the under-represented group’s share of employment, and was crucial in tackling the major causes of clashes between different groups. The policy was found to have contributed significantly to promoting normality and the peace process.

However, other studies suggest otherwise. Burger & Jafta (2010) observed the effect of AAP on South African labour market outcomes and employment from 1997 to 2006. The study revealed that there was no strong evidence to support the connection between AAP and employment. AAP had failed to reduce either employment or wage gaps, and discrimination still existed. Furthermore, labour market outcomes were not improved by such a policy. In addition, The study of Coetzee (2005) supports such results. After examining various South African labour market policies, (including the Employment Equality Act, the Skills Development Act and the Labour Relations Act), the findings suggested that, although some progress had been made, management structures were still under the domination of white males (non-beneficiaries), with blacks still comprising a small proportion of senior management staff.

Such an ambiguity could be due to the nature of AAP across borders. This suggestion can be supported by a report compiled by the Solidarity Research Institute (2008). The report examined the reasons behind the failure of AAP in South Africa. It concluded that AAP failed because the international climate on AAP had changed profoundly, while the policy in South Africa had not been modernised.

As AAP continues to be controversial and debatable in different contexts. Howard and Prakash (2011) examined the impact of a large-scale government employment quota policy (AAP) for disadvantaged minority groups in India. They found some positive correlations between the employment of target groups and the policy. They claimed that AAP had some positive impacts on the occupational choices of individuals within the target populations; yet, the policy impacts were not equal, as some among the minority tended to choose a highly skilled job, and others were restricted to low-skilled jobs. Furthermore, in the Malaysian context, AAP, (or what is known as the New Economic Policy (NEP)), has been broadly discussed in relation to employment. Some studies (e.g. Barnett et al., 2010; Emsley, 1996; Lee, 2012; Snodgrass, 1995; Tladi, 2001) have provided evidence that NEP has had a greater impact on the economy as whole and on employment in particular. The Bumiputeras' (Locals or Sons of Soil) share of the economy has been raised significantly. Furthermore, poverty rates have fallen sharply, from nearly 50% in 1970, to only 3.8% by 2009. In addition, the income and employment inequality between Bumiputera and other ethnic groups declined remarkably during the period of policy enforcement, and even afterwards.

Likewise, AAP in the GCC context also seems to be in heated debate. Based on a number of studies, (e.g. Al-Mahmoud, 2012; Ramady, 2013; Sadi, 2013; Torofdar, 2011; Zerovec & Bontenbal, 2011), AAPs have brought some advantages to local economies and have had a positive impact on job creation (for locals). In addition, some have proposed that AAP is crucial in tackling economic issues, (i.e. unemployment). For example, Emiratisation (Emirates' AAP) has helped in increasing the female participation rate, from less than 20% during the 1980s, to 44% in 2010 (Al-Waqfi & Forstenlechner, 2013). Furthermore, it has also been proposed that the policy, across GCC, has achieved positive results in the private sector, especially within the banking sector. For instance, in Saudi Arabia, nationals in banks account for more than 90% of the total number of workers. Within the GCC region, and based on a number of studies (Al-Mahmoud, 2012; Ramady, 2013; Sadi, 2013; Torofdar,

2011; Zerovec & Bontenbal, 2011), AAP has contributed to employment growth and opportunity enhancement.

On the other hand, other studies (Al-Shammari, 2009; Al-subaiey, 2007; Mashood, 2009; Zerovec & Bontenbal, 2011) have provided evidence that AAP damages the growth of the labour market and causes more harms. Some have pointed out that AAPs across the GCC have brought no real benefits to local economies, but have rather created complex issues in labour markets, such as skills shortages and reduced productivity (Al-Hammad, 2001; Da-Ghstani, 2000). In addition, Fakeeh (2009) has claimed that employment is not substantially influenced by AAP, as unemployment is still one of the biggest challenges in the GCC. Moreover, Alabdelkarim et al. (2014) argued that AAP in the Emirates (Emiratisation) has only made a marginal contribution to job creation, instead leading to job dissatisfaction and an interrupted work environment in some sectors. Jang (2005) reported similar findings in Saudi Arabia. He believed that AAP in Saudi Arabia (Saudisation) had not delivered tangible accomplishments on the issue of native employment, particularly within certain a sector, (i.e. manufacturing). (*Similar thoughts emerged during interviews*).

Such contradictory findings about AAP within the GCC region can be found in the literature, as well as in the interviews. While AAPs have made some progress and contributed to the economy (Ramady, 2013), such contributions are noticeable in certain sectors, such as banking, but not in others (e.g. manufacturing). Generally, the policy's contribution remains below expectations, as unemployment in all GCC countries is still alarmingly high (Shediac, 2010). Interviews have unearthed similar beliefs. Experts have suggested that there have been some benefits from the policy, but such benefits have been unequal across sectors and geographical areas. In addition, native employment figures are still below expectations, and so some criticisms of AAP, especially in the context of some sectors (e.g. manufacturing), are expected to remain.

To sum up, there is still an endless debate about the effectiveness of AAP. Based on the above arguments, as well as the primary findings presented in Chapter 5, it can be said that AAP seems a useful tool for increasing the representation of disadvantaged group (natives). At the same time, it is likely to cause disturbance in the labour market. Accordingly, the following research propositions have been developed for the study:

RP1: Affirmative Action Policy positively affects natives' employment levels in general.

RP2: Affirmative Action Policy negatively affects geographical distribution and growth of employment in the private sector.

RP3: Affirmative Action Policy negatively affects the stable growth of natives' professions in the private sector.

6.3 General Employment

The new strategy of AAP was announced in 2011 (Nitaqat), and intended to organise the labour market and increase the representation of natives by both forcing companies to employ more natives, and making the maintenance of expatriates even more difficult and costly for firms. Such a policy has been perceived as being important in terms of raising general employment levels (Literature + Interviews), numerically, at least. The government has announced that its policy has helped in employing a very large number (almost 750,000) of natives in the private sector, as at 2014. Such a claim shows that a significant increase in the native workforce has been achieved during the enforcement of the new legislation (Nitaqat). The following analysis tests such propositions using official employment figures.

6.3.1 The native workforce

This inquiry started with native employment figures in the private sector, to assess the effects of Saudisation policy, especially during Nitaqat enforcement

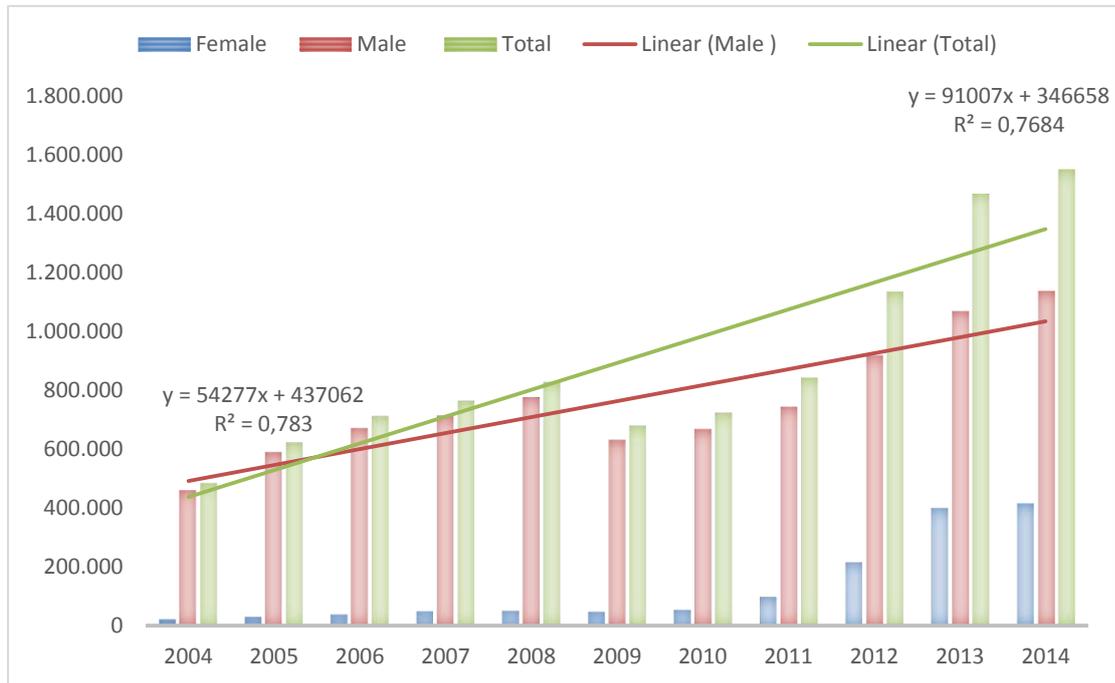
Table 6—1 Total native workforce in the private sector (2004-2014)

	Female	Male	Total
2004	23,376	462,350	485,726
2005	32,185	591,280	623,465
2006	39,921	673,038	713,751
2007	51,056	714,565	765,621
2008	51,451	777,606	829,057

2009	48,406	633,075	681,481
2010	55,618	669,037	724,655
2011	99,486	744,990	844,476
2012	215,840	918,793	1,134,633
2013	398,538	1,068,315	1,466,853
2014	413,074	1,136,902	1,549,975

According to the official sources of the labour market, (including MOL, SAMA and CDSI), the employment of natives fluctuated over the ten-years period, which may indicate some issues with the policy, or it may have been due to other, external, factors. However, based entirely on total figures for natives who joined the labour force, it appears that AAP (especially during Nitaqat enforcement) had at least some of its intended effects on national employment.

Figure 6-1 Total native workforce in the private sector, by sex (2004-2014)



Essentially, as shown in enforcement

Table 6—1 and Figure 6-1, between 2004 and 2008, there was a dramatic increase in the general level of native employment (14%), with males being responsible for the vast majority of total employment (see Figure 6-1). After the figure had increased for several years, in 2009 there was a substantial drop in number (from 829,058 to 681,481). However, such a decline did not last for long. Native employment had recovered in 2010, and recorded a reasonable increase of over 43,000 new entrants. This may have been due to the country's budget, which increased by a record 14% that year (SAMA, 2010). Such a recovery in the budget might have triggered greater employment creation.

Remarkably, as illustrated in enforcement

Table 6—1, in 2011, (*the year of Nitaqat enforcement*), there was a further increase (from 724,655 to 844,476), followed by a series of significant and dramatic rises until 2014. Although the number of women employed in the private sector was well below males, it is worth noting that women's employment had grown at a higher rate than that of their male counterparts, especially after 2011. For instance, there was more than a 100% increase in 2012, and a further 90% rise was recorded in 2013. In 2013, (see Table 6.1 and Figure 6-1), the number of male entrants to the workforce was just over 149,000, while the number of female workers increased by more than 182,000, in the same year.

In general terms, the above figures showed some improvement and recovery in the context of native employment, especially after 2011. This, in fact, may support the government's (and some experts') claim that AAP has succeeded in raising native employment levels, especially during the enforcement period of the new legislation (Nitaqat). Noticeable increases in native employment, in such a short period, were observed. In fact, some associated the fall in native employment in 2009 with the global crisis, which occurred in the same year, which led to a reduction in oil prices, (with oil being the main source of income for the country). This, in turn, caused a cut in budget for many projects across the country (Almami, 2014), which further reduced employment levels. Other news articles (e.g. Al-Arabiya, 2009) seemed to support this explanation, reporting that many companies had closed down, with some downsizing their workforce during that period. However, the picture of general employment effects will not be complete without consideration of the other dimensions of the policy. Figures for the number of foreign workers who entered the labour market in the same period

are essential for such a judgment. The following section presents figures for non-native employment.

6.3.2 The foreign workforce

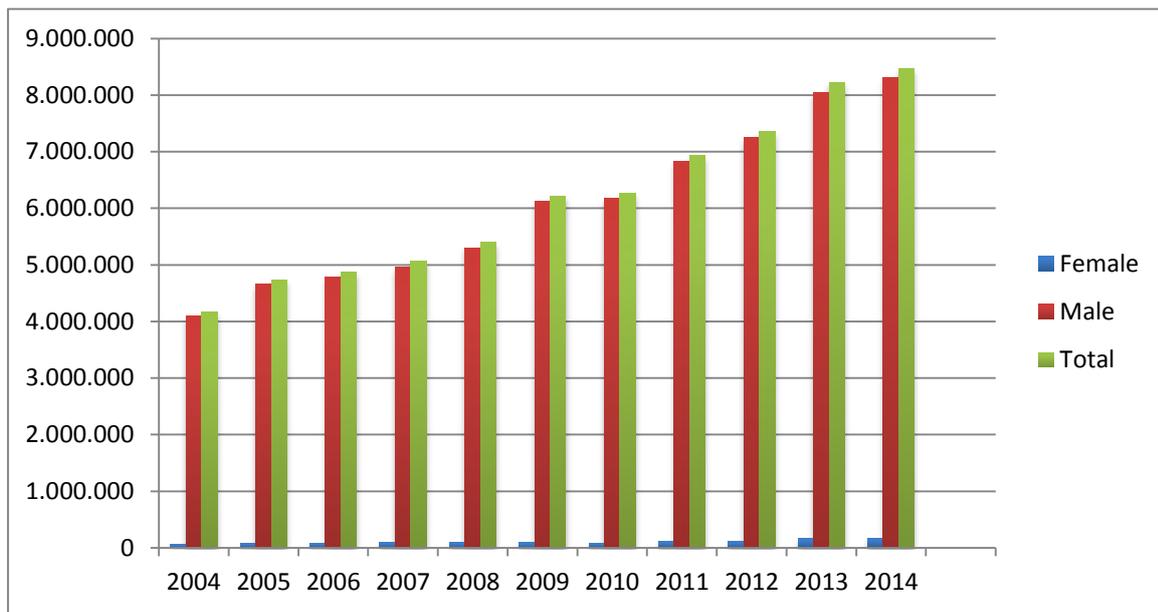
As mentioned earlier, foreign workers represent the vast majority of the workforce in the private sector, which is almost entirely dependent on non-natives. The subsequent presentation of figures sheds more light on this situation.

Table 6—2 Total non-native workforce in the private sector, by sex (2004-2014)

	Female	Male	Total
2004	64,285	4,098,519	4,162,804
2005	80,079	4,658,744	4,738,023
2006	84,955	4,782,034	4,866,989
2007	96,994	4,964,241	5,061,235
2008	91,600	5,301,290	5,392,890
2009	89,039	6,125,028	6,214,067
2010	88,415	6,178,130	6,266,545
2011	113,466	6,823,554	6,937,020
2012	108,694	7,244,206	7,352,900
2013	161,388	8,051,394	8,212,782
2014	169,812	8,301,552	8,471,364

Table 6—2 illustrates the continuing huge number of foreigners in the private sector, and even indicates some dramatic increases. In fact, more than a million new expatriates entered the labour market between 2004 and 2008, and, in 2008 alone, over 800,000 new expatriates arrived. Surprisingly, in 2009, (when the number of native workers employed dropped sharply), more than 820,000 expatriates joined the workforce. Interestingly, the following year (2010), only 52,000 joined, and this is the smallest increase in foreign workers since the 1990s (SAMA, 2011). Moreover, more than 600,000 joined in 2011 (the year of Nitaqat's commencement).

Figure 6-2 Total non-native workforce in the private sector, by sex (2004-2014)

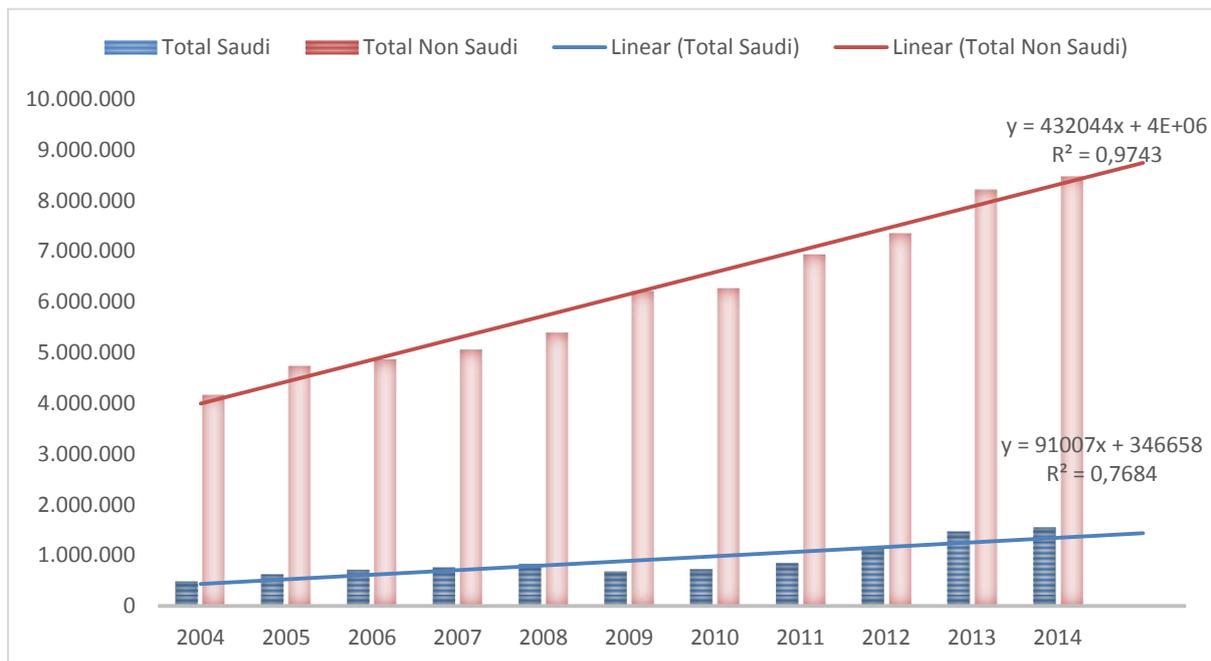


As shown in Figure 6-2, the general foreign employment figure kept on rising until 2014. In spite of the introduction of Nitaqat, which was supposed to decrease this number, over a million and a half new foreign entrants have been recorded in a short period of time.

6.3.3 Summary of the policy's effects on employment

As shown in Figure 6-3, the data generally indicate clear fluctuations in the number of both native and foreign workers. It can be claimed that AAP in general has contributed to the increase of native workers in the labour market, but seems to have been unable to slow down the large influx of foreign workers. In fact, the data show that native employment has been influenced by the foreign entrants to the labour market; for instance, the drop in the number of native workers in 2009 was accompanied by a huge increase in the number of expatriate workers in the same year. (The policy was not effective in that period). This is very interesting, as it suggests that, in times of crisis, the private sector has less propensity to comply with localisation policies, as it tends to substitute native employees with foreign ones, "to save and survive". This can confirm the aforementioned claim of a drop in native employment levels might be caused by cuts in budget.

Figure 6-3 Total workforce in the private sector, by nationality



In addition, it can be claimed that AAP (after Nitaqat) is an effective policy in terms of increasing native employment, especially among women (where huge increases were seen after 2011). However, as shown in Figure 6-3, such a policy appears to have failed to reduce the number of expatriates joining the labour market. As a large number of foreigners (*above 432,000 yearly*) has continued to join the workforce pre- and post-Nitaqat, with no actual slow-down being observed, *the policy in reality found to be ineffective in rising natives' share of employment*. The following section examines the policy in more detail, to determine its effects more precisely.

6.4 Employment Per Region

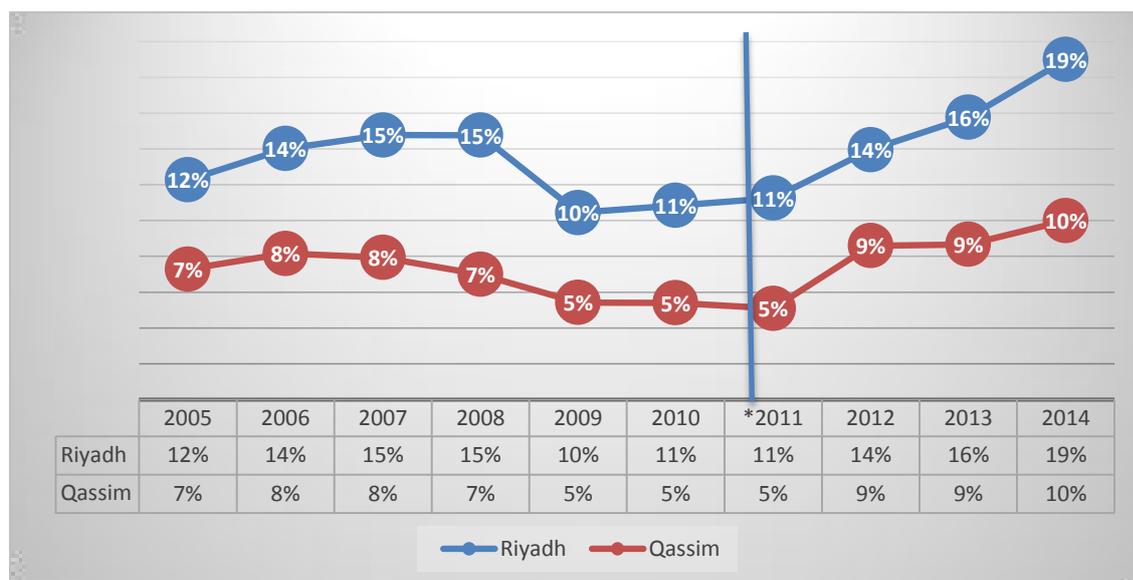
Testing the policy on this dimension is believed to be crucial, for many reasons, including the hotly debated issue of policy hindrances, such as the claim that geography plays a crucial part in the success of AAP (Ramady, 2013). Many local studies (e.g. Ramady, 2010; Sadi, 2015) have suggested that natives prefer to work in large, populated areas such as Riyadh and Jeddah. Therefore, it is important to consider the importance of testing the policy in different geographical areas, to find out the exact effects in each region, especially before and after the

commencement of the new legislation (Nitaqat). Five different geographical regions, (the middle region, the western region, the eastern region, the southern region and the northern region), were chosen, to represent the whole kingdom. Each region is believed to have different characteristics (Vassiliev, 2013).

6.4.1 The middle region

This region of Saudi Arabia is considered the most important, as it includes the country’s capital (Riyadh). It is also the largest region in the country. As explained in Chapter 2, (the country profile), this region has a large area, which includes cities and towns, as well as small villages. The city of Riyadh is the largest and most famous. It houses the central government and all related government offices. It is home to more than six million people (CDSI, 2014). The other important province in this region is considered to be Qassim, which is the largest in size after Riyadh, and includes a number of cities and towns. It is home to more than a million and a half people (CDSI, 2014). The analysis considered these two provinces to represent the whole of the middle region.

Figure 6-4 Total Saudi private sector workforce in the middle region



*The year of putting the Nitaqat policy into action.

As shown in Figure 6-4, native employment as a share of total regional workforce appears to be different in the two provinces (Riyadh and Qassim). This may be due to the massive difference in both the size and population of the two provinces, as well as the impact of the government being based in Riyadh. In fact, the drop in native employment, noticed earlier in the general employment figures, is reflected in this region, although, both provinces experienced a slight fluctuation in their Saudi national employment figures between 2005 and 2008. In 2009, both provinces encountered a significant drop in citizen employment, (Riyadh to 10% and Qassim to 5%). Remarkably, in 2011 (*the year of Nitaqat commencement*), both Riyadh and Qassim saw no change to their local workforce, but, in 2012, a significant increase in both provinces was observed. Qassim had the greatest increase, of about 80%, but later recorded no significant change in both 2013 and 2014, while Riyadh recorded a steady dramatic increase from 2012 up until 2014.

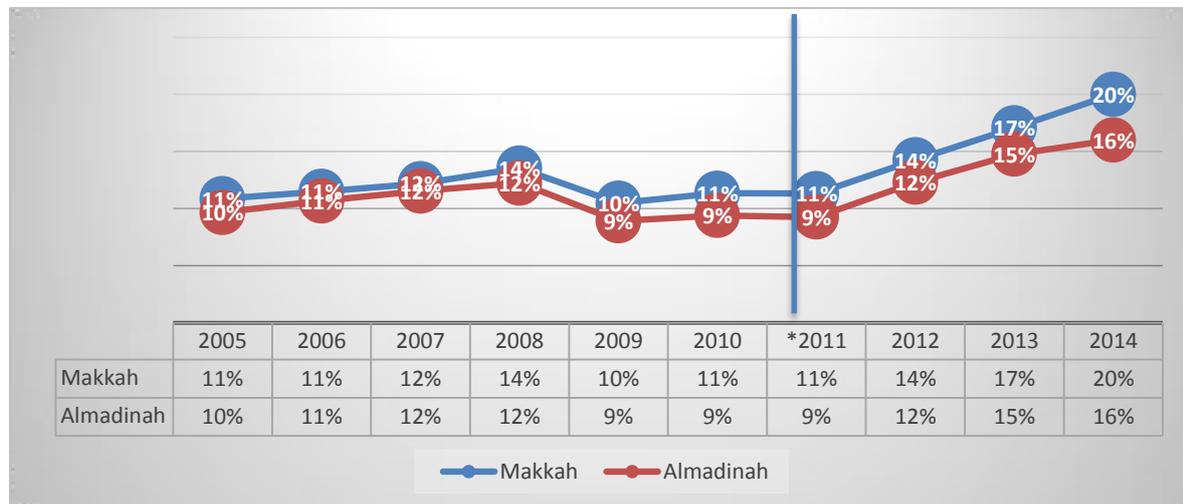
As shown in Figure 6-4, there is an interesting discovery about the policy's effectiveness within the geographical area, especially during the enforcement period of Nitaqat. Based on data from the middle region, it can be claimed that Saudisation policy has been either unfair or ineffective, as seen in the fact that the increase in native employment was dissimilar across the region. In Riyadh, Saudis' share of employment increased during the enforcement of Nitaqat, while few changes occurred in Qassim (apart from in 2012). This may indicate that such a policy is more effective in large cities than in small ones, which supports claims about the ineffectiveness of the policy in certain geographical areas.

6.4.2 The western region

The western region (or Hijaz) represents the west coast of the Kingdom. This region is not only important for the kingdom, but to the entire Islamic world, as it contains the holiest cities of Islam (Makkah and Madinah), which are visited by more than two millions in the Haj season alone. It is also important because it contains the main seaport of the kingdom, (Jeddah), which is also known as the Islamic Port of Jeddah. This region is home to more than eight million people (CDSI, 2012), and is well known for its multicultural population, most of which are settled migrants. The western culture is quite open, and different to that of

the rest of the kingdom. To a certain extent, unlike other regions, the western region's workforce is more willing to take variety of private sector jobs.

Figure 6-5 Total Saudi private sector workforce in the western region



*The year of putting the Nitaqat policy into action.

Figure 6-5 demonstrates a fairly similar pattern of employment changes to that of the Middle Region. It shows increases in both provinces (Makkah and Madinah) until 2008, although the increase was higher in Makkah. In 2009 (similar to the middle region), there was quite a sharp drop in employment. However, such a drop was dissimilar across the region, (with Makkah's figure dropping from 14% to 10%, while in Madinah it dropped from 12% to 9%). Remarkably, in 2011, (the first year of Nitaqat enforcement), both provinces recorded no increase in native employment, but, as with the middle region, in the following year (2012), there was dramatic increase up until 2014, across the region. Notably, as illustrated in Figure 6-5, the Makkah province recorded a higher increase, reaching 20%.

Based on the above figures, Nitaqat appears to have been effective in increasing native employment. Comparatively, Nitaqat-related Saudisation seems to have been more effective than the old system (pre-2011), which supports some of the evidence gained from interviews about Nitaqat boosting local employment. However, Nitaqat's effectiveness appears to have been different across the region. It has been most effective in the Makkah province, triggering dramatic and significant increases until 2014, whereas, in Madinah, it has been less effective. Accordingly, it can be reiterated that the policy's effectiveness varies by geographical area.

This also agrees with the suggestion from the literature, described earlier, that AAP works better in large cities and an urban setting. This also implies that the policy did not address citizens' mobility issues, which have been associated, in the literature, with the failure of the old generation of the policy.

6.4.3 The Eastern Region

The eastern region (Al-sharqiyah) is home to most of the oil production of Saudi Arabia. It is located in the eastern part of the Kingdom. The region's capital is the city of Dammam, which hosts the majority of the region's population and its government. It has a population of over four million (2010 census). What makes this city distinctive is the presence of the vast majority of oil companies, (including ARAMCO), with Dhahran being the headquarters of the Saudi oil industry. The other unique feature of this region is that most of its native population are indigenous and well educated (Long & Maisel, 2010).

Figure 6-6 Total Saudi workforce in the Eastern region



*The year of putting the Nitaqat policy into action.

As can be observed from Figure 6-6, the percentage of nationals employed in this region seems quite high, compared to some other regions. The data show that, from 2005 to 2007, national employment stood at 17%. However, a series of reductions was seen between 2008 and 2009, (similar to those seen in other regions). Remarkably, unlike in the middle and

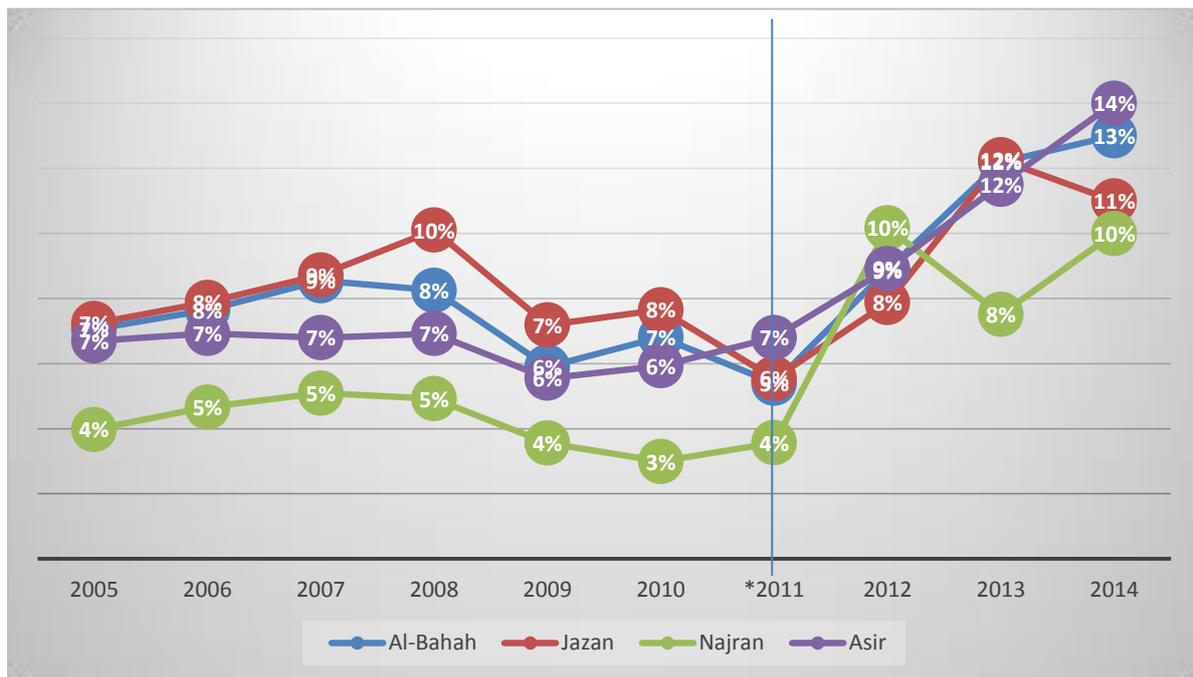
western regions, this region saw a noticeable increase in 2011 (Nitaqat's year), followed by a further major increase in 2012. However, the figure stood at 18% in both 2013 and 2014.

In fact, in this region, Saudisation, (especially before 2011), seems to have had less effect on local employment, but, from 2011 onwards, there was a remarkable improvement in native employment levels. The figure rose dramatically during Nitaqat enforcement, (from 13% in 2010, to 18% in 2013), and this marked increase can be used as evidence to support the earlier claim about Nitaqat's effectiveness in raising native employment. Again, however, as shown in the above table, the improvement did not continue, as no change was observed in 2014, which could be interpreted in favour of the other claim, from the interviews, that Nitaqat is a short-term policy.

6.4.4 The Southern Region

This region of Saudi Arabia located in the south-west of the country. It has an area of 81,000 km², and is mostly made up of mountains. Its estimated population is over two million (2010 census). It shares a short border with Yemen, and its capital is Asir (or Abha). Other towns include Al-bahah, Najran and Jazan. The region is well known for its indigenous people, who have preserve their culture and norms. Fewer migrants choose this region, due to its geographical location and lack of business activities, compared to the other main regions (middle, western and eastern). The region is also known for its agriculture and handcrafts.

Figure 6-7 Total Saudi workforce in the southern region



*The year of putting the Nitaqat policy into action.

Figure 6-7 shows a unique pattern of local employment across this region. Although it is one region, with its people mostly sharing the same characteristics, the employment figures appears to be very different within it (especially after the introduction of Nitaqat). In Al-bahah, the figure fluctuated marginally (between 7% and 9%) until 2009, when there was a similar drop to that seen in the other regions, followed by a quick recovery the subsequent year. Unexpectedly, unlike in the other regions, in 2011, (the year of Nitaqat), there was a considerable drop, but, interestingly, from 2012, a series of dramatic increases was witnessed.

In Jazan province, there was a similar scenario, to a certain extent. From 2005 to 2008, the native employment noticeably increased, (from 7% to 10%), and there was a similar fall in 2009. In 2011, there was a drop, (similar to Al-bahah), but what makes Jazan unique is that, although there were increases in 2012 and 2013, a drop was seen in 2014.

Najran's case is distinct. It recorded an increase and then a fall between 2005 and 2010, and had the lowest native employment level among the provinces in the region (reaching only 3% in 2010), but unlike in the other provinces, there was a minor increase (to 4%) in 2011 (Nitaqat's year). However, in 2012, there was a massive rise in native employment, up to

10%, although this figure dropped in the subsequent year (down to 8%), and recovered to 10% in 2014.

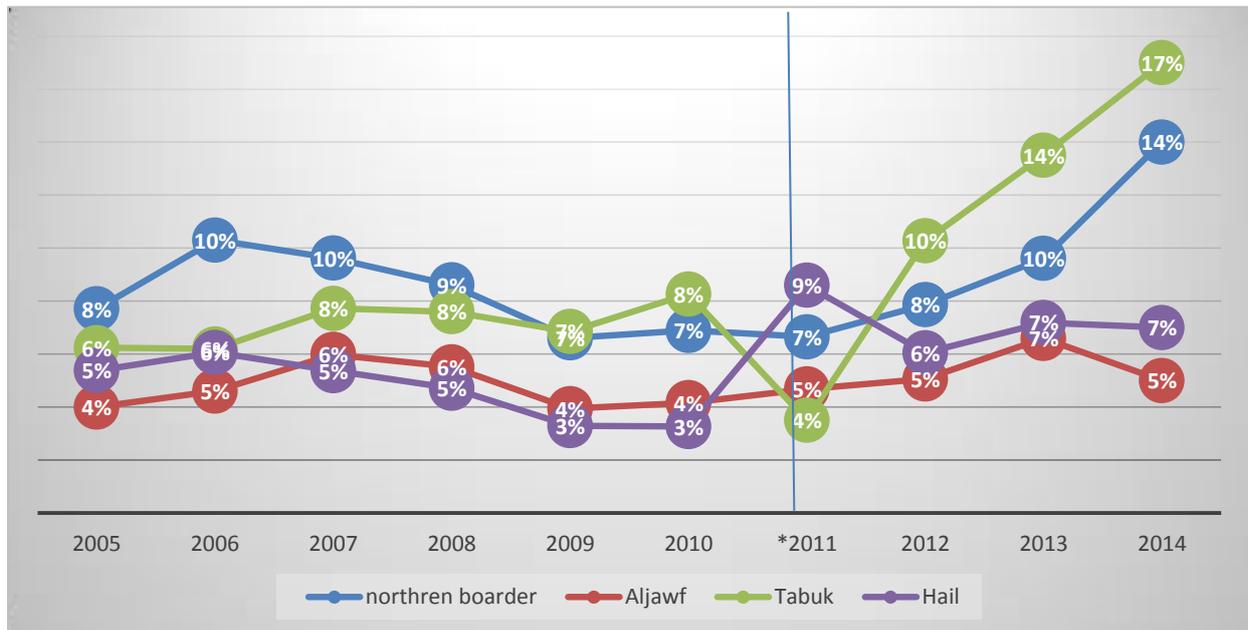
Finally, in Asir province, nationals' employment level remained at 7% from 2005 to 2008, with a minor drop in 2009 (as in other regions). Notably, in 2011 onwards, there were successive increases, giving Asir the highest native employment level in the region by 2014 (14%).

The data on this region shows something very interesting, since the policy before 2009 can be considered to have been ineffective here, as native employment figures remained almost the same across the region. Furthermore, during the enforcement year of Nitaqat (2011), the policy was still not effective across the entire region, as there was an unexpected drop in native employment in Al-bahah and Jazan. Nitaqat's effectiveness was, however, felt in other regions, especially Asir, where native employment rose significantly. Therefore, it can be claimed that Nitaqat was effective in raising the level employment of natives in the region, but its effect was neither fair nor stable, as there were regional differences and instability in employment figures within the enforcement period.

6.4.5 The northern region

This region is the least populated region of Saudi Arabia. Despite its large area, it has a population of only just above two million (2010 census). It has four main provinces: Hail, Aljawf, Tabuk and the Northern Border. It is the gateway to the outside world for the peninsula, bordering Iraq and Jordan (Long & Maisel, 2010). This region is well known for its nomadic population, who used to travel with their livestock across the land, until very recently. In addition, this region is considered to be the least developed in the country (Al-Rasheed, 2010).

Figure 6-8 Total Saudi workforce in the Northern region



*The year of putting the Nitaqat policy into action.

Figure 6-8 shows figures for the native workforce in the northern region. It shows interesting findings. In the northern border province, from 2005 to 2008, there were minor changes to the employment figures (between 8% and 10%). Notably, until 2008, the province had the highest native employment rate in the region. In 2009, (like other regions), the province experienced a drop, (from 9% to 7%). In 2011 (Nitaqat enforcement), there was no change to the native employment rate, as it remained at 7%. However, a series of increases (from 7% to 14%) was observed from 2011 until 2014.

Aljawf province has generally had the lowest native employment rate in the region. From 2005 and 2007, there was a series of minor increases (from 4% to 6%), but the figure remained at 6% in 2008, and dropped to 4% in 2009. What is interesting about this region is that, although there was a minor increase (to 5%) in 2011 (Nitaqat's year), the figure increased to 7% in 2013, but then fell sharply in 2014, to 5%.

Tabuk province is unique in the region, and has the largest indigenous employment rate in the region. Although the rate was stable between 2005 and 2010, with the same minor rises and falls as other regions, in 2011 there was a massive drop in the local workforce, (from 8% to 4%), followed, very interestingly, by a massive increase (from 4% to 10%) in 2011. This was

followed by series of increases, until this area achieved the highest figure for Saudi employment, of 17%, in 2014.

Hail province was similar to Aljawf in terms of the low native representation in its workforce. From 2005 to 2008, the native employment figures showed no significant changes, although a drop was recorded in 2009, (from 5% to 3%). What is astonishing about this province is the huge increase (from only 3%, to 9%) in 2011 (Nitaqat's year). However, the figure then dropped significantly in 2012, and remained unchanged until 2014.

This region represents another unique example of native employment in the kingdom. The primary discovery is that Saudisation has had different effects in different provinces. In addition, such effects have not been stable, with figures being variable, even during the Nitaqat period. Although, the figures and the evidence of effects are different to those of other regions, there is the similar finding: that the policy's effectiveness has been neither equal nor fair.

6.4.6 Summary of the policy's effects on regions

Based on data for all regions, collective conclusions can be drawn on the policy's effectiveness regionally: Nitaqat's effects have been dissimilar across the four regions, as well as being different between provinces within same region. To a great extent, it can be said that the policy's effects were more marked in urban and large provinces, than in small ones. This largely proves that the policy's effectiveness varies by geographical area as expected. In addition, as suggested by experts, the policy after Nitaqat found to be a short-term solution to unemployment issues, since the achievements of the policy have not lasted for long. What is more, the policy appears to be an unfair and ineffective strategy in terms of distributing employment growth evenly across all regions in the kingdom.

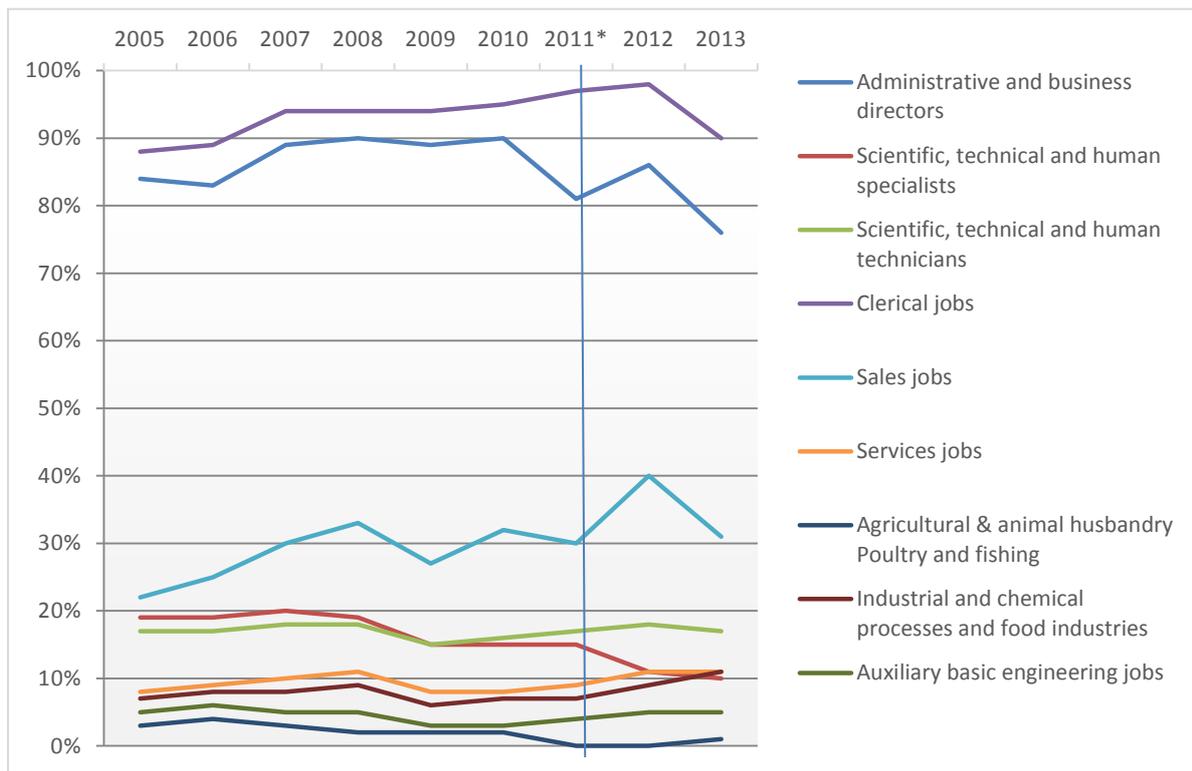
6.5 Employment By Profession

6.5.1 Introduction

Testing the total effect of the policy on this dimension is believed to be crucial, for several reasons. Many old and new studies about Saudisation (e.g. Al-Mahmoud, 2012; Al-Shammari, 2009; Fakeeh, 2009; Madhi & Barrientos, 2003; Helen. Chansarkar, 2009; Mashood, 2009) have suggested that Saudis are only interested in certain professions in the private sector, and that Saudisation seems to be failing to “localise” less popular jobs. The same notion has appeared in experts’ narratives during interviews about natives’ preference for certain jobs (i.e. administrative jobs). One of Nitaqat’s original objectives was to nationalise some jobs that were not appealing to citizens, such as manufacturing jobs (Saudi Gazette, 2013). Furthermore, the MOL has claimed to have achieved this in relation to manufacturing, even involving women in such work (Arab News, 2014). Therefore, examining this critical dimension is very important, in order to validate such claims and increase the reliability of the results.

For the purpose of the analysis, professions were divided into three categories, depending on their desirability (see Figure 6-9): the most preferred professions, the least preferred professions and other professions.

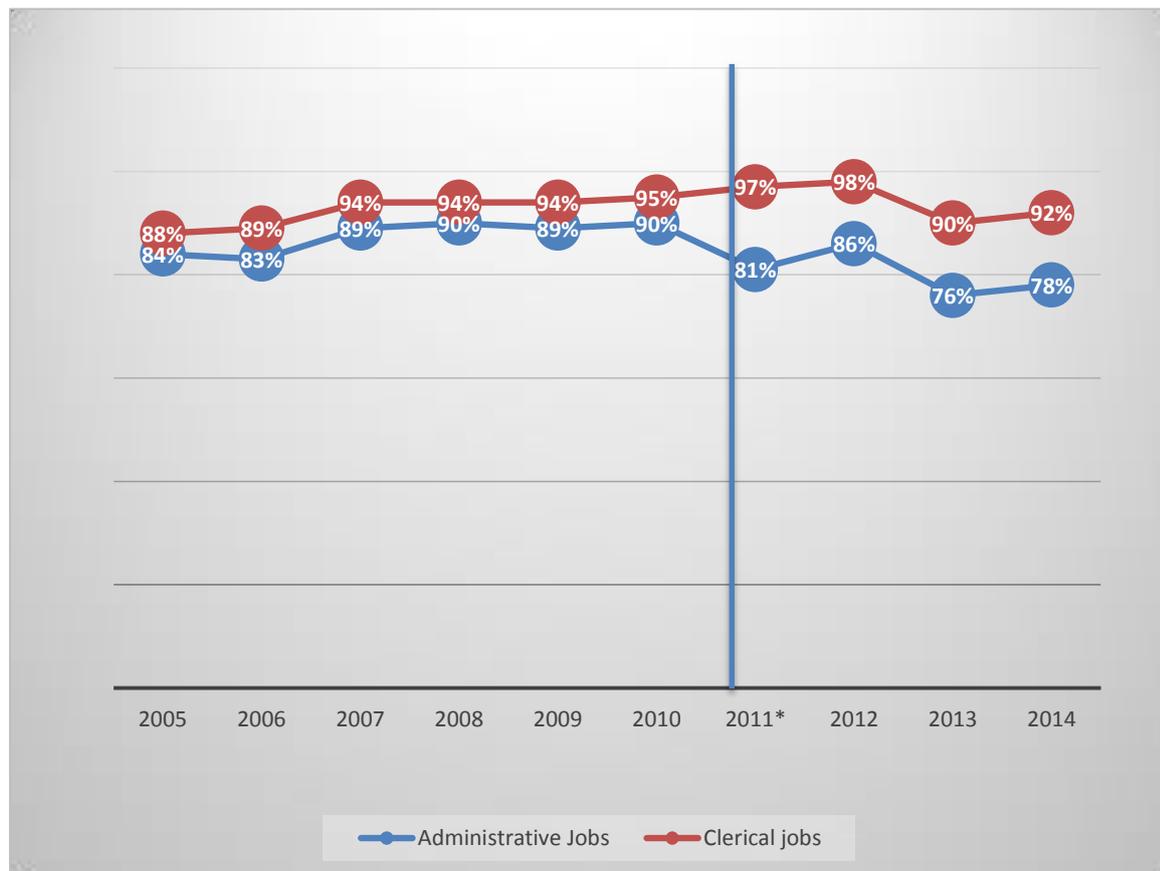
Figure 6-9 Total Saudi workforce, by profession



6.5.2 Most preferred professions

As stated in some of the Saudisation literature, native workers concentrate on certain culturally accepted professions (Al-Shammari, 2009). Saudis often prefer to work in office jobs, where no manual work is required, and this culture has been influenced by government sector jobs, which are mostly office based. There are many categories and sub-categories, but, due to limited space and time, all preferred jobs have been gathered under the two categories of ‘*Administrative jobs*’ and ‘*Clerical jobs*’. These divisions are based on official data from the Ministry of Labour (MOL).

Figure 6-10 Total Saudis in the most preferred professions



*The year of putting the Nitaqat policy into action.

As illustrated in Figure 6-10, these two sorts of jobs seem to be very popular. Interestingly, natives have almost exclusively occupied administrative and clerical jobs in the private sector. Between 2005 and 2014, the percentage of natives working in administrative jobs, as a proportion of the total workforce, ranged from 76% to 90%. There was a clear and dramatic increase from 2005 to 2009 (from 84% to 90%), but, interestingly, in 2011 (Nitaqat year), there was a massive fall (down to 81%). This was then followed by a significant rise, in 2012 (to 86%), but there was subsequently another very serious fall (down to 76%) in 2013. The following year saw a slight recovery (up to 78%).

Clerical professions, which appear to be even more popular than administrative jobs, show a remarkable pattern in Figure 6-10. Two years after 2005, there was a significant increase in the native employment level (from 86% to 94%) in this category, and this figure remained unchanged until 2009. This was followed by increases in 2011 and 2012, (up to 98%).

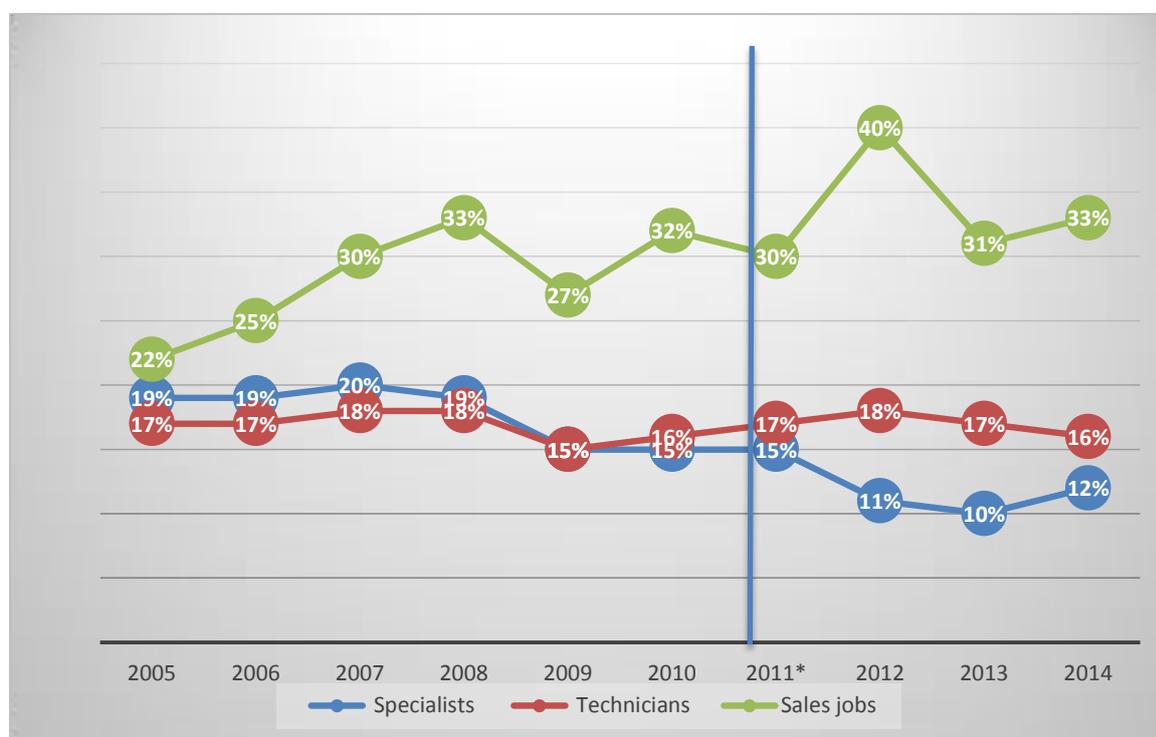
Remarkably, the upward trend did not last for long, as a major fall (down to 90%) was observed in 2013, with a slight recovery in 2014 (to 92%).

Administrative and clerical jobs seem to have been affected differently by the policy. Although these two types of profession were identical in terms of their popularity among Saudi citizens, as explained earlier, they seem to have responded differently. The percentage figure for administrative jobs declined in 2011, while the figure for clerical jobs increased in the same year. In addition, these professions fluctuated aggressively, especially administrative jobs (falling from 86% to 76% in one year). Furthermore, very interestingly, as shown in Figure 6-10, employment figures began dramatic falls and rises immediately after 2011 (Nitaqat enforcement). This suggests that Nitaqat disturbed the labour market with its strict laws, and caused disruption to native employment as a result. Accordingly, it can be said that Saudisation had a limited impact on these professions, and seems to have caused instability in the labour market, with the employment of natives having risen and fallen significantly during the enforcement period of the policy.

6.5.3 Professions of medium preference

This category includes ‘Specialist professions’, ‘Technician professions’ and ‘Sales professions’. Although this category of professions has been considered as being of medium desirability, the percentage of natives in these jobs is well below that of the first category, (administrative and clerical jobs).

Figure 6-11 Total Saudis in professions of medium preference.



*The year of putting the Nitaqat policy into action.

Data presented in Figure 6-11 reveal a noteworthy discovery about the professions in this category. Two main patterns can be identified. Sales jobs make up the highest proportion of natives' employment in this category, and seem to have been the most responsive to the localisation policy. Remarkably, from 2005 to 2008, a steady increase was observed, (from 22% to 33%), but there was a sharp decline in 2009 (33% to 27%). In 2010, the figure recovered slightly. What is remarkable is the dramatic change in the employment rate, with a sharp increase in 2012 (from 30% to 40%), followed by a sharp fall in 2013 (from 40% to 31%). In 2014, there was a minor recovery (up to 33%).

Technician professions are the second-most popular job category, after the sales jobs. What is noteworthy is that native employments in this type of job saw no significant fall or rise over the ten-year period. From 2005 to 2008, it marginally increased (from 17% to 18%), and declined to 15% in 2009. However, it recovered very slowly between 2010 and 2012 (up to 18%). This was followed by another marginal fall between 2013 and 2014, to 16%.

Generally, it can be argued that professions within this category have been negatively influenced by the policy.

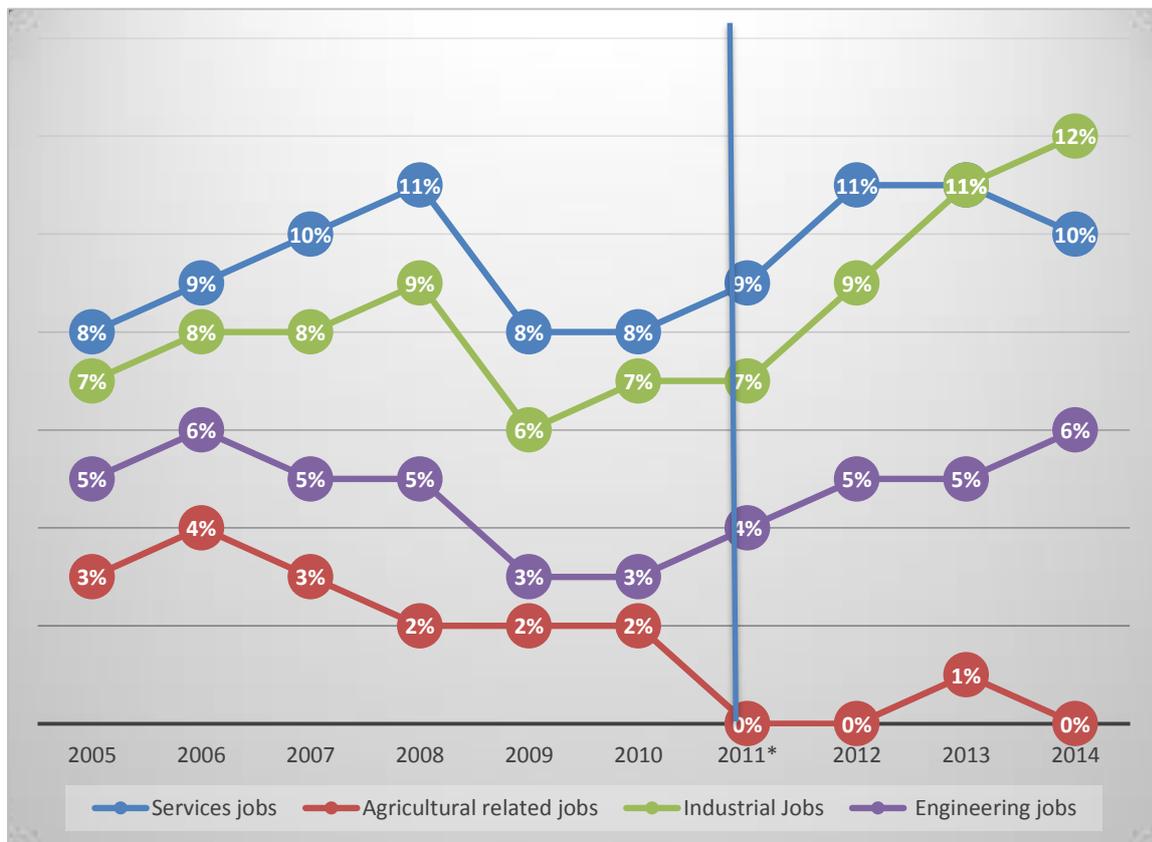
Specialist professions had the lowest proportion of native employment. Although, from 2005 to 2008, there was a slight rise (from 19% to 20%), this was followed by an immediate fall in 2009, (down to 19%). Although the figure remained unchanged during 2010 and 2011 (at 15%), in 2012 it started to decline substantially (to 10%), with a very slight recovery in 2014 (up to 12%).

Actually, this category shows very remarkable results, revealing that sales jobs were more responsive to the policy (albeit with some setbacks). While the figure for technician professions fell slightly (from 17% to 16%) during policy enforcement, the rate for specialist jobs declined significantly especially after 2011 (Nitaqat enforcement), when it fell substantially (from 19% to 12%). This, in fact, indicates that Saudisation has had different effects on these professions. It has affected sales jobs greatly, especially after 2011, with, as seen in the figure, a very significant rise followed by a very significant fall, in just two years (2012 to 2013). At the same time, the rate for other professions (technician and specialist) deteriorated, especially the specialist professions. Therefore, it can be suggested that Nitaqat, despite its contribution to native employment in sales, was harmful and unfair to other professions, and can be considered to have been an ineffective strategy for these sorts of jobs.

6.5.4 Less preferred professions

This category has the lowest percentage of native employment. It involves the least preferred professions, ('Services jobs', 'Agricultural jobs', 'Industrial jobs' and 'Engineering jobs'). The native employment rate for jobs within this category differ significantly, as illustrated in Figure 6-12.

Figure 6-12 Total Saudis in the least preferred professions



*The year of putting the Nitaqat policy into action.

As shown in Figure 6-12, services jobs are considered the more appealing jobs in this category. The native employment rate for these jobs grew from 2005 to 2008, (from 8% to 11%), but declined sharply in 2009 (to 8%). Remarkably, in 2011 (Nitaqat’s year) and the following year, substantial increases were observed (to 11%), but the rate dropped in 2014 (to 10%).

The rate for industrial jobs showed small increases between 2005 and 2008, followed by sharp drop in 2009. Interestingly, unlike that for services jobs, the rate for industrial professions showed a substantial rise from 2010 to 2014, doubling in just four years, to be the highest rate of native employment in this category, (from 6% to 12%). This indicates that this sector has greatly benefited from the policy.

The rate for engineering jobs showed a similar pattern to that for services and industrial jobs between 2005 and 2010. However, from 2011 onwards, there were significant improvements

to native employment in these jobs, the figure also doubling, in less than four years, from 3% to 6%.

Agricultural jobs are the least preferred jobs for citizens. These jobs have the lowest proportion of native employment (0%). Remarkably, there were only two increases observed between 2005 and 2014. Otherwise, these jobs were in significant decline between 2006 and 2011 (from 4% to 0%), with a marginal temporary recovery in 2013 (1%), followed by a return to 0%.

Although these jobs are considered to be the least appealing, there have been massive differences, within this category, in terms of their response to AAP. Services jobs were enhanced by Nitaqat, but not for long, as the rate encountered a drop during Nitaqat enforcement. Engineering and industrial jobs were the most responsive to the policy, especially during Nitaqat enforcement, with both showing a dramatic increase in native employment. However, agricultural jobs fared the worst among all jobs in the private sector. Instead of being enhanced during the policy's enforcement, they deteriorating, since the policy negatively affected them. Although there was some native employment in these jobs in 2006 (4%), by 2014, the native workforce had almost disappeared from such jobs. Generally, it can be proposed, again, that Nitaqat's effects have been inconsistent and unfair across these types of job. The policy has had moderate effects on services; engineering and industrial jobs have been positively impacted, but agricultural jobs badly affected.

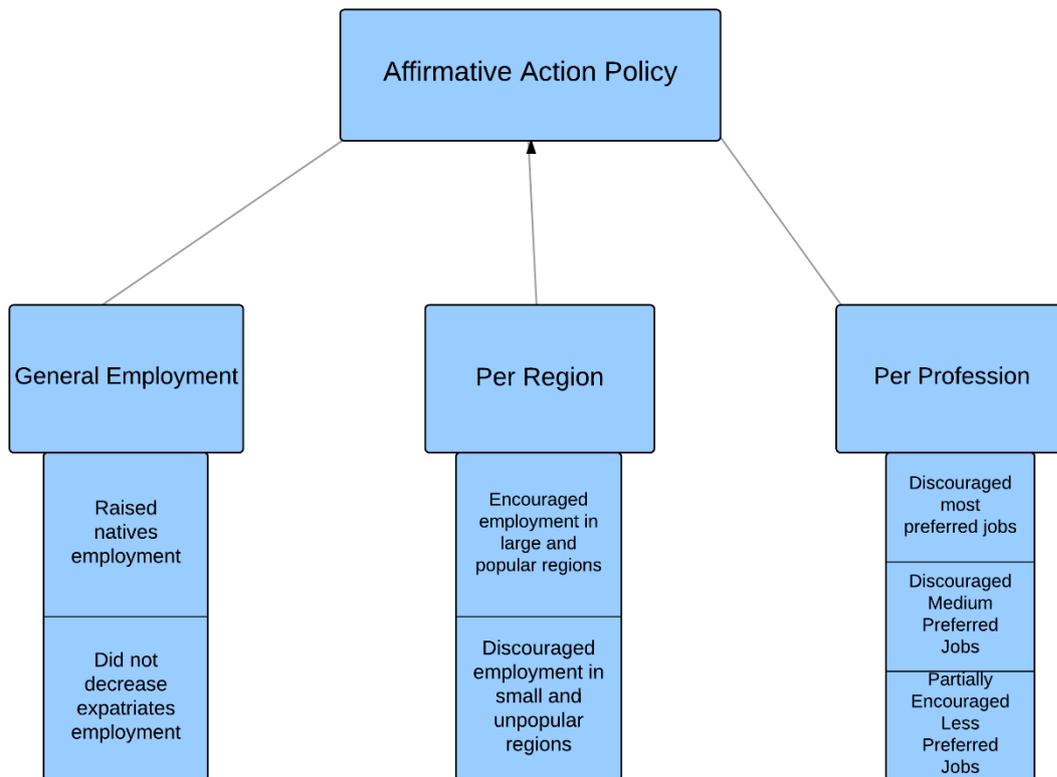
6.5.5 Summary of the policy's effects on professions

To sum up the total effects of the AAP on different professions in the private sector, several patterns have been found. Generally, AAP has been found to have different effects on professions. The most preferred professions (administrative and clerical) have not been improved (unlike what experts suggested), but have instead been negatively affected, (especially administration jobs). Jobs of medium preference, (sales, technician and specialist jobs), have been affected differently. Although the policy enhanced sales jobs initially, a significant drop was experienced thereafter. Technician and specialist professions have also had negative effects. The least preferred jobs, (services, agricultural, industrial and engineering), have also been influenced differently. While service professions showed

temporary and insignificant positive effects, engineering and industrial jobs were significantly improved. Agricultural professions were very badly affected.

Therefore, it can be proposed that AAP after Nitaqat, despite some positive contributions to increasing native employment in some professions, has been harmful and unfair for others, and can be *considered to have been an ineffective strategy for sustainable job growth in the private sector.*

Figure 6-13 Affirmative Action Policy effects on labour market structure framework



6.6 Conclusion on the policy’s effectiveness on labour market structure

AAP has been found to be unsuccessful for various reasons. The policy’s effects framework (illustrated in Figure 6-13) summarises the wider effects of the policy. Firstly, in terms of general employment, although it seems to have had a positive and substantial impact on natives’ general employment (especially women), at the same time, it has failed to address the large influx of expatriates, especially after 2011. Secondly, it has failed to address

citizens' mobility issues that have been linked with the failure of the old generations of the policy, as discussed in the literature. This was clear from the regional data, with large, urban regions continuing to attract employees, while smaller regions have been negatively affected throughout the policy enforcement period, (especially after Nitaqat). Thirdly, AAP has also failed to achieve its real targets of improving professions structure. Despite its positive contribution to increasing native employment in some professions, its impact on the other professions, (including some important ones) has been harmful and unfair, with some professions being badly damaged by the new AAP rules. Generally, the policy seems to be unfair, due to its rapid and irrational implementation, as well as its impact on the distribution of jobs, which affects actual citizens' employment growth. In fact, the policy has been found to have paid more attention to certain regions, and less to others, and has not affected the different professions evenly. All in all, the policy found to be unsuccessful in achieving its main goals. Mainly, it is more likely to create perceptions of unfairness and discrimination, which affects employment and labour market structure in various ways.

6.7 Summary

This chapter has examined the policy's effects on labour market structure. Three different contexts have been considered: general, by region and by profession. Again, different effects have been observed across different region and profession. However, the main pattern is that the policy seems, (as also suggested by experts), to be a short-term one. This implies that the policy's plans cannot affect the long-term development and nationalisation of the workforce. There are major regional differences in terms of the number of natives in the workforce, and there are no signs of real improvement in the situation. The analysis by profession showed a similar pattern, as the policy has not paid sufficient attention to the most-needed professions; instead, it has done more damage than good. To provide a clearer picture and understanding of the policy's other effects (that also suggested by experts), the subsequent chapter develops a theoretical framework, from the literature and supported by earlier findings, to help explain the policy's effects on employees' sociopsychology. For this purpose, the following chapter develops multiple hypotheses to be tested by means of a questionnaire survey.

7 Chapter Seven: The Impact of Affirmative Action Policy on Employees' Attitudes and Behaviours

7.1 Introduction

Affirmative Action Policy (AAP) in the Saudi Arabian context has been found to be generally ineffective in raising the total level of native employment and decreasing the employment of foreigners across the country. The findings of chapter five revealed some reasons behind this failure, mainly focusing on fairness and justice perceptions. In this chapter, a theoretical framework is developed from the literature, supported by the results presented in previous chapters, to formulate hypotheses on the socio-psychological effects of the policy. The hypotheses are tested using an online questionnaire survey. Investigating the policy socio-psychologically is expected to shed great light on its effectiveness, including its wider consequences that have not been investigated adequately in existing literature.

Figure 7-1 The study's initial proposed model



7.2 Developing the Framework

As illustrated in Figure 7-1, the above model has been formulated, based on previous literature and results of Chapters 5 and 6. The following sections develop hypotheses concerning the social and psychological effects of AAP on employees' attitudes and behaviours. This framework guides the research, determining what aspects are going to be measured and the statistical relationships the study will consider.

7.2.1 Affirmative Action Policy and socio-psychological effects

Although the majority of the relevant literature is focused more on the micro effects of AAPs (Abdullah, 1997; Guan, 2005; Madhi & Barrientos, 2003), increasing attention is being paid to research examining the impacts of external regulations such as AAP on individual attitudes and behaviours (Carless, 2005; Wöcke & Sutherland, 2008). This means that, although AAPs have been quite positive in raising the representation of disadvantaged employees in the workforce, the impacts of such policies on the sociopsychology of both beneficiaries and non-beneficiaries are still open to question (Crosby et al., 2006; Hinrichs, 2012; Kalev, Dobbin & Kelly, 2006).

AAP is a workplace strategy and practice that is designed to remedy historical forms of discrimination (Harrison & Kravitz, 2006; Reyna et al., 2005; Wilkins & Wenger, 2014). AAPs are associated with a number of behavioural and psychological processes at work, such as motivation, self-efficacy and perceived fairness (Cahn, 2013; Kurtulus, 2013; Niemann & Dovidio, 2005). Prior empirical studies have yielded ambiguous evidence. Policy supporters commonly believe that discrimination in the workplace on the basis of race, gender and religion is common, and that these policies are essential to eliminate, or at least reduce, such biases that preserve discriminatory practices (Ayob, 2005; Beer et al., 2015; Messarra, 2014). Moreover, prior research has examined the importance of the policy in various settings, mainly the workplace and educational institutions (Desai & Kulkarni, 2008; Wyk, 2010).

Riccucci (2007) suggested that AAP “is and will always remain an important legal tool for redressing past discrimination and achieving gender and racial balance in the workplace and educational institutions” (p. 138). In addition, Hinrichs (2012) concluded that AAP in the workplace and in schools remained a significant legal tool that was valuable for disadvantaged groups. Harper & Reskin (2005) also stated there is every reason to believe that AAP will be important for some time to come. Some studies, (e.g. Balafoutas & Sutter, 2012; Burger & Jafta, 2010), have suggested that AAP causes no discrimination, and merely fixes systemic discrimination.

Nevertheless, opposition to the policy is overwhelming. Some research has suggested that AAP is the main source of discrimination in the workplace (Myers, 2007). In other words, those who oppose the policy argue that no such discrimination exists and that AAP introduces

bias, and therefore creates discrimination (Libertella et al., 2007; Linton & Christiansen, 2006). Niederle et al., (2013) believed that AAP causes reverse discrimination, which remains a serious social issue.

Many studies have examined perception of discrimination in the workplace. This refers to an individual's perception that he/she is unfairly treated due to his/her self or group membership (Sanchez & Brock, 1996). Such a perception in the workplace includes different forms of discrimination, such as ethnicity, gender and religion (Blanchard & Crosby, 2012), although some have suggested that AAP creates no discrimination in the workplace, but enhances fairness (Muttarak et al., 2012). Some studies (e.g. Crosby, 2004; Foley, Hang-Yue & Wong, 2005; Messarra, 2014), have argued that AAP is linked to a more harmful perception of unfairness. Earlier studies (e.g. Edley, 1998; Reskin & Association, 1998), in the U.S context, have suggested that discrimination perception due to race is common. White Americans (non-beneficiaries) are more likely to experience discrimination where AAP is implemented, and they are likely to perceive AAP as unjust, often crediting positive outcomes of beneficiaries to their race (Sander, 2004). Similarly, most non-beneficiary groups view AAP as a threat to their existence in organisations (Cahn, 2013). For instance, in South Africa, many studies (e.g. Burger & Jafta, 2010; Wyk, 2010) have pointed out that AAP triggers huge opposition, especially from whites (non-beneficiary group), as they often consider the policy to be unfair and harmful to their position in society.

Furthermore, the perception of discrimination due to gender has received immense attention in AAP literature. Gender inequality persists across the world (Acker, 2006). A limited body of literature (e.g. Balafoutas & Sutter, 2012) has indicated that AAP causes no discrimination or reverse discrimination when these policies are designed to benefit women only, (e.g. Quebec policy in Canada). Other studies, however, have suggested that AAP may be discriminatory by nature: if certain women (beneficiaries) advance through such policies, reverse discrimination against other women and males (non-beneficiaries) is expected to occur (Button et al., 2006). One research study has indicated that the employment of white males (non-beneficiaries) in firms where AAP has been implemented was lowered by 15%, with jobs being reallocated mostly to white females and black males (beneficiaries) (Kravitz, 2008). This implies that AAP is anticipated to increase the employment of women, but at the same time prompt reverse discrimination against males and non-beneficiary women.

Religious discrimination has also received increased attention lately. This is due to organisations becoming more diversified in terms of ethnicity, culture and religion. Many values and beliefs are carried over to the workplace (Vickers, 2008). In the U.S context, the number of religion-related discrimination complaints has been growing faster than that for race and gender claims (Weiss, 2008). According to the Equal Employment Opportunity Commission, about 4,000 religious bias complaints were filed in 2010 alone (cited in Aziz, 2012). A few studies assessing perceptions of discrimination in the workplace against Arab Muslim Americans, (e.g. Abu-Ras & Abu-Bader, 2008; Ali, Milstein & Marzuk, 2014; Awad, 2010), have shown that Muslims have reported a sense of discrimination and of being treated unfairly by members of other religions as a result of their religion and Arab descent. In addition, religious discrimination is often believed to be worse in societies where no, or less, freedom of religion exists, or where a country's religion tends to hinder or exclude other religions. Studies in the Middle East have shown a greater deal of religious discrimination (Messarra, 2014). For instance, in some Middle East countries, public policies require non-Muslim migrant workers to hide religious symbols from public display, (such as Hindu Tilakas and Christian crosses (Vickers, 2008)). Moreover, some labour market practices in relation to job advertisements, in some Arab countries, especially GCC, tend to exclude applicants belonging to some religions (Al-Rasheed, 2013; Ghumman & Ryan, 2013).

Furthermore, although the working environment in the GCC region has massively changed in the last decade (Wilson, 2012), this region is still considered as one of the harshest areas in the world, where religious freedom is very limited (Al-Rasheed, 2013). Some studies have suggested that expatriates living and working in the region often face many cultural, social and religious challenges (Baldwin-Edwards, 2011; Shediak, 2010). This is because the social hierarchy in GCC seems to be unique and severely segmented (Showail et al., 2013). For instance, skilled westerners occupy a higher position than Arab migrants, and Arabs enjoy a much better position than Asians (Alshahrani & Alsadiq, 2014). This implies that expatriates receive different social treatment, based on their social status. Many studies have revealed that, in the GCC, Asians enjoy very little social status, compared to their counterparts from the western world (Al-Khouli, 2007). In addition, due to strict labour market regulations, migrants in GCC do not gain citizenship, and they always live on renewable work permits (Almami, 2014; Sadi, 2013). Such treatment produces a sense of uncertainty in their mind, and consequently a feeling of discrimination (Al-Rasheed, 2013). A number of studies that

have surveyed expatriates across the GCC have indicated that foreigners often report less job satisfaction and a high perception of discrimination, and mostly viewing AAPs as the most direct threat to their existence in these countries (Elamin & Alomaim, 2011; Harry, 2007a; Idris, 2007). In addition, female expatriates are believed to feel even greater job insecurity, compared to their male counterparts (Al-Dehailan, 2007). Expatriate females comprised only 29% of total migrants in GCC (Shah, 2013), highlighting the fact that expatriate women have limited opportunities in GCC.

To sum up, AAPs have been found to be controversial workplace strategies that proactively aim to remove or reduce the effect of past/on-going discrimination. Controversy arises when such policies fundamentally mandate the same social divisions that give rise to discrimination in the first place. Although debate and uncertainty about the perception of AAP is on-going, there are reasons and evidence (stated formerly) to claim that perceptions of AAP are linked to discrimination in the Saudi Arabian context. Importantly, the very strict implementation of the current version of AAP in Saudi Arabia impacts on the labour market greatly. In addition, the strict Arabian and Gulf culture, imposes substantial differences in terms of the treatment of people of different gender, and there are difficulties in adjusting for expatriate workers. The policy has also contributed to the severe labour market segmentation that has existed across the GCC region. The above arguments have motivated the following hypotheses,

***H1:** Affirmative Action Policy is correlated with the perception of discrimination in terms of gender and religion.*

***H2:** Affirmative Action Policy is correlated with the perception of discrimination in terms of nationality.*

Although a significant amount of literature has focused on the social impacts of AAP, there has been increasing attention on the psychological effects of labour market policies (Wöcke & Sutherland, 2008). In fact, some studies, (e.g. Kossek & Ozeki, 1999; Kugler, Jimeno-Serrano & Hernanz, 2003; Osterman, 1995; Selden & Moynihan, 2000), have suggested that labour market policies have an influence on individuals' attitudes and behaviour. It has been found that employment equity policies, or AAPs, have significant impacts on organisational loyalty (Wöcke & Sutherland, 2008). The meta-study by Wise & Tschirhart (2000) added

further evidence to indicate that labour market policies such as AAP play an important role in employees' satisfaction and commitment.

Walker & Feild (2007) examined the characteristics of applicants in response to organisations incorporating an AAP statement in their job advertisements. The findings revealed that the existence of AAP in recruitment material tended to attract more ethnic minorities and women (beneficiaries). On the other hand, non-targeted individuals (non-beneficiaries) were less attracted by such organisations. This may be due to the perceived unfairness of AAP, to prejudiced attitudes or to protect their own self-interest (Suliman & Al-Junaibi, 2010). Bowen, Edwards & Lingard (2013) proposed that employees continue to experience discrimination, and that such a perception can threaten their job satisfaction and security. What is more, non-beneficiaries in particular experience higher levels of job insecurity than beneficiary employees, and they are mostly aware that implications for them are due to AAP (Oosthuizen & Naidoo, 2010). Importantly, two meta-analyses, by Cheng & Chan (2008) and Kooij & Jansen (2010), have shown a strong positive relationship between job insecurity and turnover. This is due to the tendency of workers to leave insecure and stressful workplaces.

Kravitz (2008) considered AAP to be a beneficial tool for tackling turnover and increasing retention. He produced some evidence for AAP being crucial in reducing both turnover intention and actual turnover. Other studies, (e.g. Almami, 2014; Burger & Jafta, 2010), have proposed that AAPs have been found to be negative in reducing turnover rates, and that employees have perceived such policies as being unfair. In fact, the controversy here is more related to the perception of justice, as stated earlier. Perception of justice was predicted to be: "a source of both satisfaction and positive evaluations of the organization . . . [and to] make individuals more willing to subordinate their own short-term individual interests to the interests of a group or organization" (Tansky & Cohen, 2001; 894). This also suggests that the withdrawal behaviour of employees can be seen as a reaction to perceived injustice (Loi et al., 2006). Indeed, an increasing number of studies have suggested that the perception of justice has been found to be linked to turnover or turnover intention via its impact on attitudes (Newman, Thanacoody, & Hui, 2011; Paré & Tremblay, 2007). A further reason for such controversy can be referred to the type and nature of AAP (Harrison & Kravitz, 2006), as well as ethnicity and gender differences (Carless, 2005). As explained earlier, AAP mainly gives a beneficiary group an advantage relative to non-beneficiaries (Sá, 2011; Wilkins &

Wenger, 2014). Therefore, as AAP protects certain groups, it is likely to cause discrimination (or a perception of discrimination) against others (Myers, 2007). Such discrimination among employees is expected to influence individuals' perception of justice, job security and other work-related concepts (Loi et al., 2006; Parker & Kohlmeyer, 2005).

Finally, AAP within the GCC context in general, and in Saudi Arabia in particular, is associated with a stricter form of quotas (Peck, 2014), which strongly supports the employment of natives over expatriates, in a severe manner (Al-Mahmoud, 2012; Al-Waqfi & Forstenlechner, 2013). Therefore, this policy is predicted to cause disruption in the workplace, causing employees to feel insecure and unhappy, and affecting their decision to withdraw. Consequently, the following hypotheses have been developed:

H3: *Affirmative Action Policy is directly correlated with organisational commitment.*

H4: *Affirmative Action Policy is directly correlated with the intention to leave.*

7.2.2 Perceived discrimination and psychological effects

AAPs are commonly perceived as being discriminatory. Prior studies have examined the relationship between the perception of discrimination and work-related outcomes such as recruitment, organisational culture, commitment and turnover intention (Bowen et al., 2013; Din-Dzietham & Nembhard, 2004; Ensher, Grant-Vallone & Donaldson, 2001; Ghumman & Ryan, 2013; Loi et al., 2006; Mays, Coleman & Jackson, 1996; Pascoe & Richman, 2009). As mentioned earlier, discrimination has been divided into two main categories, for better presentation of the arguments and development of hypotheses.

7.2.2.1 Personal discrimination

Previous discrimination studies have extensively examined variables such as gender, ethnicity and race and their relationship to organisational behaviour outcomes and reactions (Beer et al., 2015; Dick & Christ, 2004; Suliman & Al-Junaibi, 2010; Wöcke & Heymann, 2012). Although there are some studies, (e.g. Yao & Wang, 2006), that have found no significant correlation between personal beliefs and employees' organisational behaviour,

many others have shown strong relationships between perceived discrimination in general and physiological behavioural reactions (Pascoe & Richman, 2009). Research suggests that those who perceive discrimination in the workplace often report various negative outcomes, such as poor productivity and even low levels of job satisfaction (AbdelRahman, 2012; Elamin & Alomaim, 2011; Ensher, Ellen and Elisa Grant-Vallone, 2001; Firth & Mellor, 2004; Sanchez & Brock, 1996; Yao & Wang, 2006). In addition, an early research study (Sanchez & Brock, 1996) reported a relationship between perception of discrimination and increased work tension and job turnover.

Furthermore, perceived gender discrimination has been widely associated with various work-related impacts (Foley et al., 2005), although some studies have indicated no significant relationship between gender discrimination and employees' attitudes toward their organisation (Al-Ajmi, 2006; Amdam, 2007). Much relevant literature has, however, indicated that the perception of gender discrimination exists and plays a significant role in employees' decisions to stay with or leave their organisation (Blomme, 2010; Farooq & Zia, 2013; Igbaria & Chidambaram, 1995; Knights & Richards, 2003; Puhl, Andreyeva & Brownell, 2008; Roodt & Kotze, 2005; Wöcke & Heymann, 2012). Workers who perceive strong gender bias and discriminatory policies within their organisations are frequently report less organisational commitment (Duncan & Loretto, 2004; Ensher, Ellen & Grant-Vallone, 2001; Okpara, 2005, 2006; Roodt & Kotze, 2005; Shaffer, Joplin & Bell, 2000).

Differences in people's beliefs, including their religious faith, also play a crucial role in the perception of discrimination (Jordan et al., 2002; Messarra, 2014; Peterson & Luthans, 2011; Robbins, Judge, Millett & Boyle, 2013; Vickers, 2008). Although a limited number of studies have focused on religious discrimination and related behavioral reactions within organisations, it has been suggested that workers in religiously diverse establishments might be exposed to increased misunderstandings and interpersonal conflicts, which can increase prejudice between co-workers (Ghumman & Ryan, 2013; Robbins et al., 2013). A survey conducted by Public Religion Research USA (2013) found that nearly half of non-Christian workers experienced or witnessed religious tension at work. The survey also found a connection between perceptions of discrimination, job satisfaction and intention to leave. It showed that companies who care about such an issue believe that protecting religious rights will increase their employees' morale and satisfaction, as well as creating a corporate

reputation with respect to employee recruitment and retention. What is more, many research studies conducted in the Middle East (e.g. El- Kot & Leat, 2008b; Leat & El-Kot, 2007; Salehi, 2012), have found that religious and gender differences play a significant role in the workplace.

Therefore, based on the available evidence, it can be claimed that those who perceive religious and gender discrimination in their workplace are more likely to report lower organisational commitment, and are consequently more likely to leave their job.

H5: *The perception of gender and religious discrimination is negatively correlated with organisational commitment.*

H6: *The perception of gender and religious discrimination is positively correlated with intention to leave.*

7.2.2.2 Institutional discrimination

While there is much literature on unfairness and inequality pertaining to individuals or small groups, institutional discrimination is just as important (Pager & Shepherd, 2008). Institutional or structural discrimination can refer to laws and cultural institutions that impose different rules on different groups, as defined earlier. This form of discrimination is no less serious than other forms of discrimination. As the workforce is often socially divided, previous research has shown that immigrants suffer disadvantages and discrimination in the labour market due to perceptible nationality divisions (Acker, 2006; Barrett, 2012; McGinnity & Gijsberts, 2015; Savage, Devine, Cunningham & Taylor, 2013). For instance, in countries such as Ireland and the UK, migrants from the EU receive special treatment based on their nationality. They can live and work without restrictions, and have similar rights to native people, while non-EU migrants face very different regulations and a very restricted life and work (Barrett & Kahanec, 2013b; Dustmann & Frattini, 2014). Many studies, (e.g. Barrett & Kahanec, 2013a; Kingston, 2015; Koopmans, 2010), have reported that non-EU nationals tend to report greater discrimination in the workplace, compared to EU migrants.

The GCC region is no exception. It is actually considered to be one of the world's most segmented labour markets (Baldwin-Edwards, 2011). There is consistent evidence to

suggesting that treatment based on nationality is evident in the region (Kim & Tung, 2013; Tahir & Ismail, 2007), although some research report no relationship between AAP and discrimination (Balafoutas & Sutter, 2012). AAP nature across the GCC region have been considered to have a direct influence on the existence of discrimination based on nationality (Al-Shammari, 2009). For instance, AAP quotas in the region reserve a higher percentage of jobs for native candidates. This implies that non-native candidates with higher qualifications and skills are likely to be turned down due to their nationality (Hertog, 2012). Moreover, pay differences and other work-related compensations are largely determined by nationality, with natives usually getting higher pay than expatriates (Bonache et al., 2009; Mashood, Helen & Chansarkar, 2009; Toh & Denisi, (2003). What is more, expatriates themselves receive different treatment based on their nationality, with Western expatriates often receiving several times higher pay than non-westerners (Naithani & Jha, 2009). Finally, those working in the region are more exposed to nationality divisions, and often report apparent institutional discrimination against themselves (Yaghi & Aljaidi, 2014). Furthermore, a large body of research suggests that perception of discrimination plays a crucial role in individuals' job satisfaction, organisational commitment and even job withdrawal behaviour (Foley et al., 2005; Loi et al., 2006; Pavalko, Mossakowski & Hamilton, 2003). Sanchez & Brock (1996) found a strong correlation between perceived racial discrimination and increased work tension and organisational commitment. In addition, Al-Ahmadi (2014) and Suliman & Al-Junaibi (2010) have reported a connection between demographic variables and work-related behaviours, including a correlation between nationality and organisational commitment.

In summary, institutional discrimination based on nationality is widespread and is more apparent in societies where the role of individuals is determined by nationality or culture, such as in many countries of the Middle East (specifically GCC). This is because the cultural and social characteristics of these societies differ from those of the West (Baldwin-Edwards, 2011). Saudi Arabia, in particular, is considered to be a very conservative state, where typical Arabian and Gulf cultural values, as well as Islamic teachings, are strictly followed (Moaddel, 2006). There are many studies that have suggested that discrimination according to nationality is a serious issue for those working in Saudi Arabia (Naithani & Jha, 2009). There is evidence (previously mentioned in former literature and earlier results) that such discrimination is likely to influence employees' attitudes and reactions toward their organisation, hence, the following hypotheses are proposed:

H7: *The perception of nationality discrimination is negatively correlated with organisational commitment.*

H8: *The perception of nationality discrimination is positively correlated with intention to leave.*

7.2.3 The role of organisational commitment

Organisational and psychological literature shows a great deal of research on employees' attitudes and behaviours, especially regarding organisational commitment and other behavioural reactions (Farooq & Zia, 2013; Guchait & Cho, 2010; Loi et al., 2006; Payne & Huffman, 2005; Top & Gider, 2013), although, some research shows no significant relationship between such variables (Hsu, 2009). However, most of the available literature indicates a strong connection between organisational commitment and other work-related behaviour (Kooij & Jansen, 2010; Rees et al., 2007; Yaghi & Aljaidi, 2014). Organisational commitment has received considerable attention in the research, due to its significant impact on work attitudes and behaviour, such as job satisfaction, absenteeism, performance and turnover intentions. Several studies have assessed the relationship between organisational commitment and job performance. Some studies, (e.g. Mowday et al., 1982; Porter et al., 1974; Turner & Chelladurai, 2005), have concluded that organisational commitment and job performance are positively correlated.

Furthermore, a great many studies have considered organisational commitment to be a crucial and strong predictor of turnover intention (Loi et al., 2006; Mowday, Porter & Steers, 1982; Suliman & Al-Junaibi, 2010). Most who have examined the relationship between organisational commitment and intention to leave have found a negative correlation (Arthur, 1994; Blomme, 2010; Beer et al., 2015; Lok & Crawford, 2004; Suliman & Al-Junaibi, 2010; Thanacoody et al., 2013). Employees who are more committed to their organisation are often less likely to leave (Guchait & Cho, 2010; Loi et al., 2006; Paré & Tremblay, 2007). Two meta-analyses, (Griffeth et al., 2000; Meyer et al., 2002), have strongly associated organisational commitment with intention to leave.

What is more, even Middle Eastern studies have made similar findings relating to organisational commitment and its relation to intention to leave. Mosadeghrad (2008) studied hospital employees in Iran, Azeem (2010) explored service organisations in Oman and Al-

Ahmadi (2014) examined such variables in the context of nurses in Saudi Arabia. All of these studies found a positive connection between the two dimensions. Furthermore, Meyer et al. (2002) found that all forms of commitment were negatively related to turnover intention, with affective commitment being the strongest. This has been supported by recent studies such as that of Guntur et al. (2012), who found that affective commitment had the greatest effect on employees' intention to leave. Finally, a vast number of studies (some formerly mentioned) have validated organisational commitment as being a strong mediator. We therefore propose the following hypotheses:

H9: *Organisational commitment mediates the relationship between national discrimination and intention to leave.*

H10: *Organisational commitment mediates the relationship between gender and religion discrimination and intention to leave.*

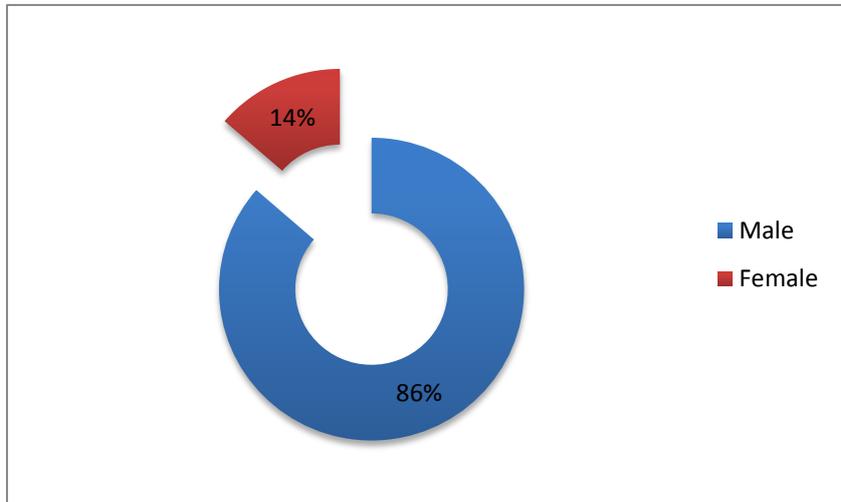
7.3 Analysis

This chapter follows a positivist paradigm, and uses a questionnaire survey to test the socio-psychological impacts of Affirmative Action Policy (AAP). The sample frame and target population for this study involved employees working across various industries and organisations in the Saudi Arabian private sector. Different management levels were targeted, including supervisors, managers, teachers/lecturers and ordinary employees. An online questionnaire survey was distributed to over 1,000 participants. Over a span of four months, a total of 664 employees participated, 440 responses being valid for analysis. The research combined a number of statistical analyses to determine the policy's effects on employees' socio-psychology. This began by highlighting the sample demographics and the study measures, then a descriptive analysis, followed by correlational analysis, and finally a direct and indirect analysis.

7.3.1 Sampling description

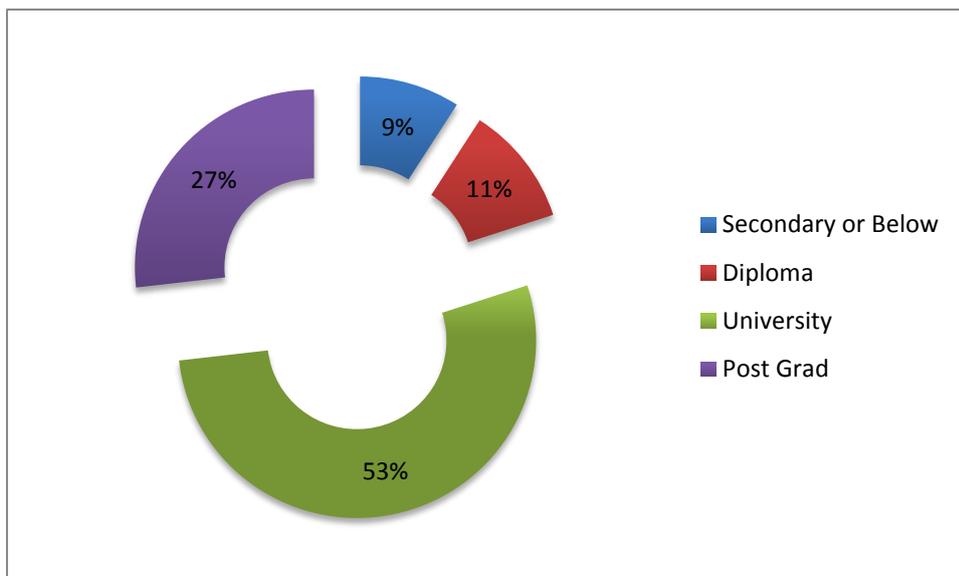
This section presents and discusses demographic data for the main survey. It covers respondents' gender, level of education, type of profession and years of experience.

Figure 7-2 Respondents' gender



An attempt was made to achieve gender equality in the response rate. However, as illustrated in Figure 7-2, males' response rate was much higher than that of females. A total of 380 (86%) males participated in this study, compared to only 60 females (14%). However, such a situation is expected in a male-dominated country like Saudi Arabia, where females are a hard-to-reach group.

Figure 7-3 Respondents' level of education



In terms of respondents' level of education, Figure 7-3 shows that respondents had had

various level of education. There were 40 respondents (9%) who had been educated to a secondary level or below, which was the lowest qualification considered in this survey. There were slightly more diploma holders among the respondents, (48, or 11%). Interestingly, respondents with a university degree represented the largest proportion in the sample, (234, or 53%). Postgraduate qualification holders constituted the second-largest group of respondents, (118, or 27%). This indicates that natives are increasingly becoming highly educated.

Figure 7-4 Respondents' profession

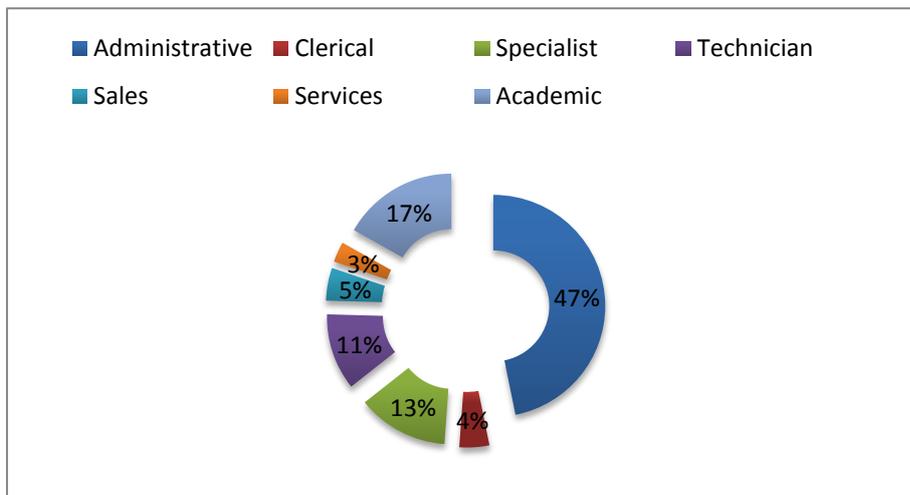


Figure 7-4 shows the profession of respondents. Administrative jobs accounted for the most respondents, (206 of the 440 respondents, or 47%). Academic professions constituted the second-highest category of profession, (74 participants, or 17%), Specialists was third-highest (58) and Technicians was next-highest (49, or 11%). The Sales profession was represented by only 21 participants (5%), 19 (4%) worked in a Clerical profession and 13 participants worked in a Services job.

Figure 7-5 Respondents' years of experience

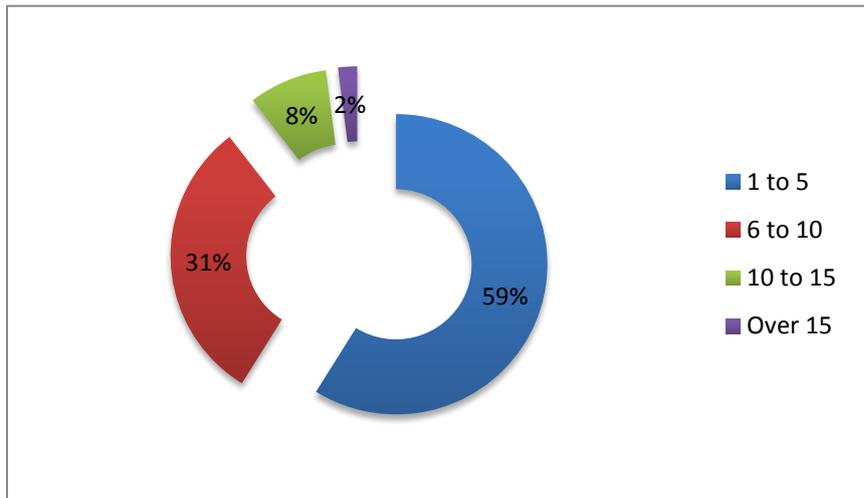


Figure 7-5 illustrates respondents' years of experience. According to this figure, most of the respondents (59%) had a low level of experience, ranging from between one to five years; 135 participants (31%) had six to ten years of experience, 37 (8%) had ten to fifteen years of experience, and only nine respondents (2%) had nine years of experience or more. These figures indicate that the majority of employees did not have many years of experience in their job, which could be an indication of the instability of jobs in the private sector.

7.3.2 Measures

The study's theoretical framework to test the socio-psychological aspects of the study consisted of five concepts: Perception of AAP, Nationality discrimination, Religious & Gender (R&G) discrimination, Organisational commitment and Intention to leave. All of these constructs were valid and reliable, as illustrated by Factor Analysis and Cronbach's Alpha (Table 7—1).

Table 7—1: Validity (Factor Analysis) and reliability (Cronbach's alpha) analysis

Rotated Component Matrix ^a					
	Component				
	1	2	3	4	5
Cronbach's Alpha	.858	.910	0.892	.757	.740
OC_1				.613	

OC_2				.877	
OC_3				.885	
IL_1	.846				
IL_2	.838				
IL_3	.630				
IL_4	.714				
IL_5	.741				
IL_6	.697				
AAP_1					.613
AAP_2					.893
AAP_3					.873
N Discrimination 1			.729		
N Discrimination 2			.821		
N Discrimination 3			.683		
N Discrimination 4			.780		
G&R Discrimination 1		.845			
G&R Discrimination 2		.798			
G&R Discrimination 3		.840			
G&R Discrimination 4		.796			
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalisation.					
a. Rotation converged in 6 iterations.					

N= Nationality

7.3.2.1 Affirmative Action Policy

Although AAP is used in the literature in different ways (Leslie et al., 2014), this research is interested in highlighting its negative effects on its beneficiaries. Therefore, questions were about perceptions of AAP as a negative influence on respondent's job, or the perception that the policy leads to, or is expected to lead to, the laying off of the respondent's colleagues.

7.3.2.2 Discrimination

In this study, two scales were developed to describe the perception of discrimination. One was developed to measure nationality discrimination (institutional), while the other scale was developed to measure gender and religious discrimination (personal). Each scale related to four questions measuring the level of perceived discrimination. Both scales used the same construct, but with a different orientation (i.e. nationality, gender and religion). The four questions asked about discrimination in treatment, income distribution, managers' direct discriminatory behaviour and organisational policies that were based on race, gender or religion. The two constructs were reviewed with four academics in the field of human resources and psychology. As illustrated in Table 7—1, both scales were valid and were reliable enough to be used in the analysis.

7.3.2.3 Organisational commitment

This study used 'affective commitment' to represent organisational commitment, due to its popularity and effectiveness in reflecting such commitment. A six-item scale, originally developed by Mowday et al. (1979), and which appears in many other studies, including the famous one by Tett & Meyer (1993), was used. This scale is one of the most widely used measures for affective commitment (Suliman & Al-Junaibi, 2010; Thanacoody et al., 2013), and has also appeared frequently in the literature (e.g. Payne & Huffman, 2005; Thanacoody et al., 2013).

7.3.2.4 Intention to leave

In this research, employees' intention to leave was measured using six items adopted from Guchait & Cho (2010) and Loi et al. (2006), Such as "I'm thinking of leaving my job in the next twelve months". Similar items have been used to assess turnover intentions in a great number of recent research studies, (e.g. Blomme, 2010; Guchait & Cho, 2010). A large volume of research, (e.g. Guchait & Cho, 2010; Guntur et al., 2012; Loi et al., 2006; Mosadeghrad, 2008; Mowday, Porter & Steers, 2013b; Suliman & Al-Junaibi, 2010), has noted that Intention to leave is a suitable dependent variable, due to its strong link with actual turnover. Additionally, Nouri & Parker (2013) have recommended the use of Turnover intention over actual turnover, as actual turnover is problematic and harder to predict than intentional behaviour, because numerous external factors can affect turnover.

7.3.3 Descriptive analysis

This section presents the descriptive analysis for all constructs used in the main questionnaire. A total of 20 items, relating to the five constructs “Affirmative Action Policy”, “Nationality discrimination”, “Religion & gender discrimination”, “Organisational commitment” and “Intention to leave” are presented below, where number 1 means strongly disagree, 2 disagree, 3 neutral, 4 agree and number 5 strongly agree.

7.3.3.1 Affirmative Action Policy

Participants responded to questions differently, as shown below, some issues were emphasised, as explained below.

Table 7—2 Response rates on the Affirmative Action Policy construct

No	Question/response	1	2	3	4	5	Mean
1	Saudisation affects my workplace negatively	34.07%	29.03%	18.55%	12.10%	6.25%	2.27
2	Some of my colleagues dismissed because of Saudisation	32.06%	31.25%	19.76%	12.10%	4.84%	2.26
3	Some of my colleagues may be forced to leave their work if Saudisation continues	30.04%	33.27%	20.36%	13.10%	3.23%	2.26

As shown in Participants responded to questions differently, as shown below, some issues were emphasised, as explained below.

Table 7—2, In general, most of respondents do not perceive the AAP affecting their work environment negatively as more than 60% of the them disagree that "Saudisation affects my workplace negatively". In other words, majority of respondents do not perceive Saudisation affect the social environment in terms of dismissing their colleagues or forcing them to leave their jobs. Nevertheless, on the other hand, there is proportion of Saudis less than 20% perceive Saudisation affects their social environments negatively.

7.3.3.2 Nationality Discrimination

Discrimination in terms of nationality encouraged unique responses among the participants, indicating that there was some sense of discrimination in the workplace, as explained below.

Table 7—3 Response rates on the Nationality Discrimination construct

#	Question/response	1	2	3	4	5	Mean
1	There is discriminatory treatment based on nationality	28.02%	25.40%	16.53%	18.75%	11.29%	2.60
2	There is discrimination on pay based on nationality	20.36%	17.34%	17.14%	27.42%	17.74%	3.05
3	My manager makes some discriminatory decisions based on nationality	26.01%	27.02%	21.37%	15.32%	10.28%	2.57
4	Some of the policies and strategies applied in my workplace are discriminatory based nationality	23.79%	25.00%	18.95%	20.16%	12.10%	2.72

Table 7-3 shows that there was some feeling of discrimination in workplace. Though, three of the items show general disagreement among respondents, yet pay discrimination was apparently an issue in workplace, as significant portion (45%) of employees believe that “*There is discrimination on pay based on nationality*”. This might indicate that, although some participants did not feel any sense of general discrimination in their workplace, discriminatory practices in the workplace nevertheless existed, especially in terms of pay.

7.3.3.3 Religion and Gender Discrimination

The perception of discrimination in terms of religion and gender was less, compared to nationality-based discrimination. Participants were mostly in disagreement with the statements about such discrimination practices in their workplace, as explained below.

Table 7—4 Response rates on the Religion & Gender Discrimination construct

#	Question/response	1	2	3	4	5	Mean
1	There is discriminatory treatment based on religion and/or gender	34.12%	29.22%	12.55%	14.31%	9.80%	2.36
2	There is discrimination on pay based on religion and/or gender	33.92%	29.41%	16.27%	13.14%	7.25%	2.30
3	My manager makes some discriminatory decisions based on religion and/or gender	30.78%	30.39%	16.27%	14.12%	8.43%	2.39
4	Some of the policies and strategies applied in my workplace are discriminatory based religion and/or gender	29.22%	27.65%	15.69%	17.25%	10.20%	2.52

As Table 7-4 shows, a general and noticeable disagreement among participants that religion and gender discrimination is visibly practiced in their workplace. In fact, this construct revealed interesting and contrasting information on discrimination in the workplace. Unlike the Nationality Discrimination construct, which reveals some discrimination, strongly in terms of pay, perception of gender and religious discrimination in work environment seems not common among natives, however, around 25% still see that. This suggests that nationality discrimination (institutional discrimination) is worse than religious or gender discrimination in the workplace. This perhaps explained by the Fairness Theory, as non-natives encounter harsh institutional (nationality) discrimination (Al-Ahmadi, 2014), which creates some feeling of injustice in the workplace, which makes work environment as uncomfortable that extends to effect natives' perception about such an issue.

7.3.3.4 Organisational Commitment

The Organisational Commitment construct recorded mostly agreement among respondents, which indicates a strong sense of workplace belonging, as explained below.

Table 7—5 Response rates on the Organisational Commitment construct

	Question/response	1	2	3	4	5	Mean
1	I feel any problem faced at work like my own problem	9.72%	19.13%	19.43%	36.62%	15.10%	3.28
2	I feel I belong to my workplace	8.07%	13.15%	13.45%	40.51%	24.81%	3.61
3	I feel emotionally attached to my workplace	11.66%	15.84%	21.08%	36.02%	15.40%	3.28

In respect to the Organisational Commitment construct, (as shown in Table 7—5), unexpectedly, the vast majority of participants agreed with the statements, indicating that they are generally committed to their job and workplace, such as they are mostly agreed on “*I feel any problem faced at work like my own problem*”. In fact, such commitment and attachment to workplace and job can be due to many reasons, including organisational environment and job quality. It can be also due the policy benefiting its own beneficiary group (natives) more than the non-native groups. However, this cannot be determined until another study equally compares perceptions of both natives and non-natives

7.3.3.5 Intention to Leave

The construct of intention to leave encounter general disagreement as respondents opinions were divided on this matter, as explained below.

Table 7—6 Response rates on the Intention to Leave construct

#	Question/response	1	2	3	4	5	Mean
1	I intensively search recruitment websites	27.50%	29.45%	17.19%	18.24%	7.62%	2.49
2	I search job vacancies in newspapers and magazines	30.34%	30.94%	15.70%	17.34%	5.68%	2.37
3	I'm thinking of leaving my current job this year	36.17%	29.00%	12.11%	15.40%	7.32%	2.29
4	I'm constantly updating my CV	19.58%	21.97%	17.79%	29.45%	11.21%	2.91
5	I attend jobs fairs regularly	32.29%	33.03%	19.73%	11.06%	3.89%	2.21
6	I'm seriously thinking of finding a new job in the near future	26.46%	22.57%	13.15%	22.57%	15.25%	2.78

This concept, (as shown in the above Table 7—6), provoked a combination of attitudes towards withdrawal behaviour. Although, participants were mostly disagreed on most of the statements, still some items, like “*I'm constantly updating my CV*” recorded higher agreement (41%). This can indicate although employees do not want to reveal their real intention of leaving their work (culture restrictions), at least currently, still seem to have some intention of leaving. This can be also supported by the relatively high agreement (about 38%) on “*I'm seriously thinking of finding a new job in the near future*”. Also, the less agreement on number one and two can be expected. This is due to the local culture of seeking job is said to be more traditional and normally does not involve means such as searching on recruitment websites or magazine but usually by attending in person or referral by friends and family.

Thus, although the analysis reveals no visible intention of employee to leave their work, based on the above discussion, it appears that there was some sense of intention (indirect) to find other jobs.

7.3.4 Correlation analysis

Table 7—7: shows the results of the study’s correlation analysis. As revealed, all concepts are correlated (*at the 0.01 level of significance*) except the perception of AAP and organisational commitment.

Table 7—7: Correlation analysis

		Average	1	2	3	4	5
1	Organisational Commitment	3.47	1				
2	Intention to Leave	2.47	-.308**	1			
3	Affirmative Action Policy	2.22	-.033	.217**	1		
4	Nationality Discrimination	2.7	-.236**	.298**	.275**	1	
5	R&G Discrimination	2.36	-.204**	.304**	.216**	.695**	1
**. Correlation is significant at the 0.01 level (2-tailed).							

Mainly, as shown, the highest correlation is between the two types of discrimination (nationality and R&G). Such a strong positive correlation indicates that employees who perceive discrimination in workplace also perceive the other kinds of discrimination. This can suggest that perception of discrimination is associated with organisational nature and those organisations practise discrimination against employees seem to be discriminatory in their nature. Furthermore, the intention to leave’s lowest correlation is with the AAP, whereas its highest and negative correlation is with the organisational commitment. This can indicate the organisational commitment is a critical determinant in the intention to leave for employees as widely proposed. Indeed, the perception of AAP is not correlated with the commitment. This can indicate that the perception of AAP in itself has no significant influence on employees’ commitment. Finally, both kinds of discriminations are negatively correlated with the organisational commitment, which shows how discrimination (in its both types) can destabilise workplace and makes employees less committed to their organisations.

7.3.5 SEM model fitness

Before using Structural Equation Modelling, the reliability and validity of the model should first be examined. As summarised in

Table 7—8:, various perspectives have been used to assess the model's fitness (Hair et al., 1998). The absolute fit (overall fit) score was used to indicate whether the structural and measurement model fits the sample data. Three measures were used for measuring the fit: the Goodness-of-Fit Index (GFI), Chi-Square per Degree of Freedom (χ^2/df) and the Root Mean Square Error of Approximation (RMSEA). In the case of the current study, all fitness criteria were satisfied. Chi-Square per Degree of Freedom (χ^2/df), which scored 1.026, was lower than the cut off point of either 2.0 (Byrne, 1989) or 5.0 (Marsh & Hocevar, 1985). The GFI was 0.912, which was above the level of 0.9 that indicates the good fit of the sample data (Hair et al., 1998). In addition, the RMSEA was 0.008, with a confidence of 90% between 0.00 and 0.025. This is a respectable result, since it is acknowledged, in the literature, that a score of under 0.1 is acceptable; a score of between .08 and 0.05 is suggested, and a score below 0.05 is ideal (Browne et al., 1993). Finally, the Standardised Root Mean Square Residual (SRMR) was 0.071, which is far below the accepted cut-off point of 0.1. All of these indicators showed that the model error was accepted, and that the model could be used for analysis.

The comparison between the proposed model and the baseline model is called the Incremental Fit Measure. The Adjusted Group Fitness Index (AGFI), the Tucker-Lewis Index (TLI), the Normed Fit Index (NFI) and the Comparative Fit Index (CFI) are all measures used for assessing the incremental impact of the model, which assumes zero population covariance amongst the observed values in the baseline model. All the measures showed that this model was significantly different from the baseline model, because the TLI, NFI and CFI were above 0.9 (Hu and Bentler, 1999). Additionally, GFI and AGFI were acceptable because they were above the cut-off score of 0.8 (Greenspoon & Saklofske, 1998). All these figures showed that the findings were significantly different from the null.

Parsimony measures (model parsimony) were used to evaluate whether the model fit had been achieved by over-fitting the data with too many coefficients. Indicators were adjusted from the previous indicators, such as NFI, GFI and CFI, to consider the parsimony of the

model. All the adjusted indicators, PGFI, PCFI and PNFI, were greater than 0.5, which designates a parsimonious fit (James et al., 1982; Hu and Bentler, 1999).

Table 7—8: Structural equation modelling fitness

Measure	Criteria	Measure	Value	Cut-off point
Absolute Fit	The general fitness model relative to degrees of freedom	Model Chi-square/df	1.026	Less than 5.0 is accepted
	Overall degree of fitness: the goodness of fit of the sample data	Goodness-of-Fit Index (GFI)	0.969	More than 0.9 indicating
	Measures the error of approximation (population based index)	Steiger-Lind Root Mean Square of Approximation (RMSEA)	.008 HI90=0.025 LO90=0.00	Less than 0.1 is accepted
	Measures the mean absolute value of the covariance residuals	Standardised Root Mean Square Residual (SRMR)	0.071	Less than 0.1 is accepted
Incremental Fit	Adjusts the GFI	AGFI	0.953	Greater than 0.9 indicates a good fit
	Incremental Fit indices over the null model – assuming zero population covariance among observed values	Tucker-Lewis Index (TLI)	0.99	
		Normed Fit Index (NFI)	0.973	
		Bentler Comparative Fit Index (CFI)	0.99	
Parsimony	Diagnosing whether model fit has been achieved by over-fitting the data with too many coefficients	PGFI	0.628	Ranges from 0 to 1.0. Higher is better
		PNFI	0.696	
		PCFI	0.715	

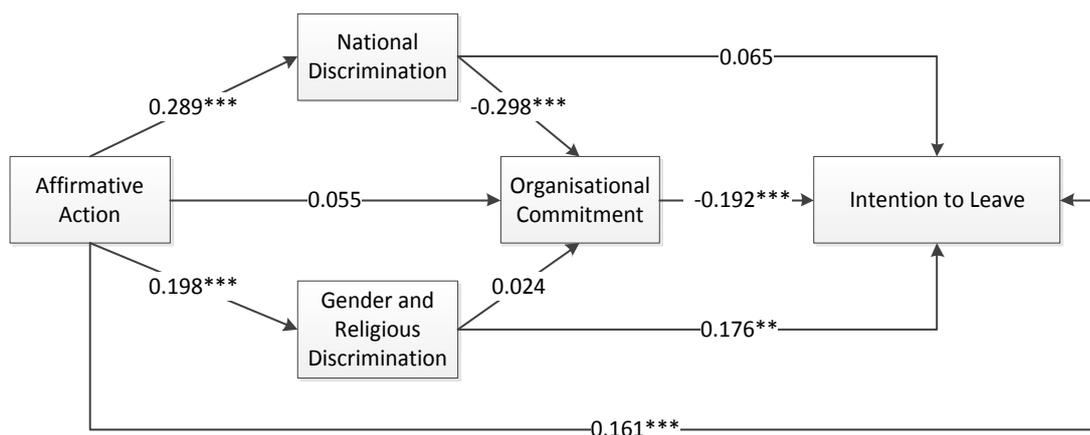
7.3.6 Direct and indirect analysis

Using Structural Equation Modelling (SEM) for direct impact analysis, perception of AAP in the workplace was found to affect perception of Nationality Discrimination significantly and Gender & Religious discrimination by 0.289 and 0.198, with $P < 0.00$. Furthermore, perception of Nationality Discrimination, but not Gender & Religious Discrimination, was found to affect the Organisational Commitment negatively by 0.298 ($P < 0.00$). However, using direct impact analysis, Gender & Religious discrimination, and not perception of Nationality Discrimination, was found to affect Intention to Leave by 0.176 ($P < 0.05$). Finally, Intention to Leave was found to be affected positively by perception of AAP by 0.161 ($P < 0.00$), negatively by Organisational Commitment by 0.192 ($P < 0.00$), and by Gender & Religious discrimination by 0.176 ($P < 0.05$).

Table 7—9 Structural equation modelling results

			Est.	S.E.	C.R.	P	H
Nationality Discrimination	←	Affirmative Action Policy	.587	.121	4.861	***	Support
G&R Discrimination	←	Affirmative Action Policy	.455	.125	3.629	***	Support
Organisational Commitment	←	National Discrimination	-.273	.083	-3.277	.001	Support
Organisational Commitment	←	G&R Discrimination	.019	.070	.273	.785	Not
Organisational Commitment	←	Affirmative Action Policy	.102	.094	1.082	.279	Not
Intention to Leave	←	Nationality Discrimination	.072	.103	.698	.485	Not
Intention to Leave	←	G&R Discrimination	.173	.085	2.041	.041	Support
Intention to Leave	←	Organisational Commitment	-.233	.063	-3.678	***	Support
Intention to Leave	←	Affirmative Action Policy	.363	.120	3.029	.002	Support

Figure 7-6 The policy’s socio-psychological effects model



After conducting mediation analysis, as illustrated in Table 7—10, the perception of AAP was found to not affect Organisational Commitment directly. However, it has a significant indirect negative impact of 0.82 with $P < 0$ on Organisational Commitment. The mediation is

mainly based on the perception of Nationality Discrimination. In other words, without perceiving discrimination based on nationality, the perception of AAPs by employees will not affect Organisational Commitment. Furthermore, based on mediation analysis, both kinds of discrimination affect Intention to Leave. Nevertheless, perception of G&R Discrimination affects Intention to leave directly, by 0.176 ($P < 0.05$), without being mediated by Organisational Commitment. In other words, once employees feel a sense of discrimination based on gender or religion (personal), they will start to find out about new jobs, regardless of their level of job commitment. However, discrimination based on nationality (institutional) does not necessary affect Intention to Leave. In other words, only if the discrimination affects the organisational commitment of employees will it affect their intention to leave their job.

Table 7—10: Mediation analysis test

Independent	Dependent	Direct Impact	Indirect Impact	Conclusion
Affirmative Action Policy	Organisational Commitment	.055	-.082***	Fully mediated by discrimination perceptions
Nationality Discrimination	Intention to Leave	.065	.057***	Fully mediated by organisational commitment
G&R Discrimination	Intention to Leave	176*	-.005	Not mediated by Organisational Commitment

7.4 Conclusion on the Policy's Socio-psychological Effects

This research has tested the policy's social and psychological dimension to determine its deep effects on labour market structure. The study has found little evidence that AAP is perceived either negatively or unfavourably by employees (beneficiaries). This may be due to various reasons; mainly the obvious benefits it gives to its own beneficiaries. However, as analysis shows, the perception of AAP found to be affecting the perception of not only gender and religious (G&R) discrimination (personal), but also nationality discrimination (institutional). Which shows that negative perception of AAP directly correlated with perception of discrimination. In addition, discrimination perception seems to influence employees' behavior in different ways. While perception of G&R discrimination (personal) can effect intention to leave directly, discrimination based on nationality (institutional) does not necessary affect Intention to Leave. In other word, once employees feel a sense of G&R discrimination (personal), they may start to seek new job opportunities, irrespective of their level of job commitment, while discrimination based on nationality (institutional) only affects

employees' intention to leave negatively through organisational commitment. This can be explained by feelings of unfairness caused by apparent discrimination (institutional). Although, these findings go with a large body of existing literature, (e.g. Haley & Sidanius, 2006; Steinbugler & Dias, 2006), that beneficiaries of AAP are supportive of such policies, still the correlation between AAP and other undesired workplace practices (i.e. discrimination) suggests some issues with the policy.

Indeed, these findings can support some of the earlier empirical studies of the impacts of AAP on race, ethnicity and gender, (e.g. Chang et al., 2006; Crosby et al., 2003; Crosby, 2004; Harrison & Kravitz, 2006; Jr & Loury, 2005; Katznelson, 2005; Kravitz, 2008; Kurtulus, 2013; Mashood, Helen & Chansarkar, 2009). This research adds to that, the rare relation between AAP and religious discrimination, which has hardly been tested empirically at this scale. These findings can support some earlier arguments in the literature that discrimination perception is related to both organisational commitment and intention to leave (e.g. Bowen et al., 2013; Feather & Boeckmann, 2007; Loi et al., 2006). However, it shows that institutional discrimination (in this context) is found to be more acceptable (or at least less resisted) than individual discrimination. This can be explained by the merits the policy gives to its beneficiary, which makes such an institutional discrimination more acceptable or at least not an issue.

Finally, it is worth noting the abnormally high correlation between the two kinds of discrimination. This can be understood in terms of employees who perceive any kind of discrimination in their organisation usually perceive other kinds of discrimination. This can indicate that organisations that practise discrimination against their employees are discriminatory in their nature. Finally, as observed from Table 7—11, most of the hypotheses developed were supported, apart from 3, 5 and 10.

Table 7—11 Hypotheses results

No	Hypothesis	Result
H1	Affirmative Action Policy is correlated with Gender & Religion Discrimination.	Supported
H2	Affirmative Action Policy is correlated with Nationality Discrimination.	Supported
H3	Affirmative Action Policy is directly correlated with Organisational Commitment.	Not supported
H4	Affirmative Action Policy is directly correlated with Intention to Leave.	Supported
H5	Gender & Religious Discrimination is negatively correlated with Organisational Commitment.	Not supported
H6	Gender & Religious Discrimination is positively correlated with Intention to Leave.	Supported

H7	Nationality Discrimination is negatively correlated with Organisational Commitment.	Supported
H8	Nationality Discrimination is positively correlated with Intention to Leave.	Supported
H9	Organisational Commitment mediates the relationship between National Discrimination and Intention to Leave.	Supported
H10	Organisational Commitment mediates the relationship between Gender & Religious Discrimination and Intention to Leave.	Not supported

7.5 Summary

This chapter has concluded the analysis. It has tested the policy effects on employees' socio-psychology. Relatively, as stated above, AAP seems to affect employees' sociopsychology in different ways. Although, AAP has not been found as problematic on its own as concept (its beneficiaries (Saudis) perceiving it positively), but its correlation with other undesirable workplace practices (discrimination and intention to leave) was an issue. Mainly, the policy's social and psychological effects on some employees were relatively apparent. Thus, this chapter can partially support the earlier phases of analysis that *AAP can cause some unintended consequences*. The following chapter discusses and concludes this research, and sums up the entire research findings.

8 Chapter Eight: Discussion & Conclusion

8.1 Introduction

Saudi Arabian Affirmative Action Policy (AAP) (known in Saudi Arabia as Saudisation Policy) started in 1985, but the private sector workforce is still made up of some 10 million (88%) expatriates (CDSI, 2015). Although the policy was essential for protecting natives from unemployment, it has had many unintended consequences. AAPs (quota-based policies) around the world have been associated with some key concerns, mainly about their effectiveness, but also about the trade-offs between their benefits to the groups they target, and the costs to other labourers. There have also been concerns for the general effects of such policies on organisations and the whole labour market (Peck, 2014).

This study has examined one of the largest quota-based AAPs in the world, with the main aim to investigate its role, effectiveness and consequences on the structure of the labour market. This particular AAP was appealing and attractive to study for several reasons, the main one being that it has been applied to all private sector firms (employing ten employees or more), which makes it one of the world's most widely applied quota-based AAPs. In addition, it has been strictly and rigorously implemented across the whole private sector, with tough sanctions for non-compliant firms. An investigation of its role, effectiveness and consequences has been fundamental and crucial, and has produced vital results for both academic and management practices.

This chapter discusses, and draws conclusions from, the results of this research. It briefly reviews key literature, revisits research objectives and describes its contribution to knowledge. It also revisits the research propositions, implications and limitations. Finally, it proposes directions for future research.

8.2 Summary of Literature and Methodology

The Middle East region has one of the highest rates of unemployment in the world, (9.3%, recorded in 2009), and, among Middle East countries, Saudi Arabia has the second-highest in

the area, (after Iraq at 10.8%), with an unemployment rate of 5.8% among Saudis (World Bank, 2012). Internationally, there are various labour market policies that are meant to tackle such an issue. However, AAP is a central policy that aims to equalise opportunities, enhance employment potential and tackle unemployment for the groups it targets (Cahn, 2013). The debates about AAP and its effects have become increasingly heated. Prior research has revealed some positive effects of such a policy on the group it targets, such as enhanced education and employment opportunities, but other research has suggested these policies are unjustified and have serious costs on other groups and on the economy as a whole. Discrimination is said to be the most negative impact for such policies. Non-beneficiary groups are exposed to institutional discrimination that excludes them from job opportunities due to their group membership. Thus, discrimination is anticipated to trigger negative perceptions about AAP. Moreover, much research has suggested that negative perceptions are likely to affect employees' attitudes and behaviours.

Furthermore, the majority of available studies have targeted the western world, where the emphasis is more on individualism than collectivism. As the effects of AAP vary and are dependent on the type of policy being modelled, as well as the labour market context (Cahn, 2013; Peck, 2014), studies on other contexts (especially non-western) are still needed. Among other contexts, the AAP setting in Saudi Arabia is rare and unique, and so this study has been crucial in considering the wider effects of such a policy on labour markets' structure. A mixed method methodology has been adopted, and a pragmatic philosophy has emphasised the functions and activities related to the AAP programme. The research issue has been investigated over three stages of analysis, as outlined in the following sections.

8.3 Revisiting the Research Objective

This research has answered one main question: "How does Affirmative Action Policy affect labour market structure?" As extrapolated from the whole analysis, **AAP has been found to be less effective and has had unintended consequences that may affect the labour market's stability and growth negatively if continues on its current form.** Answering this question was achieved through three objectives that had been formed during the enquiry. In an attempt to fulfil these objectives, three phases of analysis were established. The first phase

(Chapter 5) was carried out interpretively (semi-structured interviews), to satisfy the first objective. It was designed to understand the policy, its implications and costs from a wider perspective. The second phase of investigation (Chapter 6) was established to satisfy the second objective; it developed a theoretical framework and statistically tested the policy's effects on labour market structure in the context of a number of critical dimensions. The third phase (Chapter 7) of analysis set out to achieve the third objective, and involved the creation of an extended theoretical framework and the establishment of a survey-based enquiry for investigating the policy's socio-psychological effects on native employees. The discussion of the results is presented here in relation to the research objectives.

8.3.1 RO1: *To identify and criticise the Affirmative Action Policy.*

This research started with a general enquiry about AAP. The first objective was to carry out an enquiry based on an interpretive paradigm, to enhance understanding and knowledge about the policy's history, effectiveness and costs. It was found that AAP has different effects, on different levels. Although the policy before 2011 was maintainable and acceptable (from the private sector's viewpoint), it was a vague policy that was perceived to be weak, non-strategic and out-dated, and that had no apparent effect on native employment in the private sector. This, in fact, was in line with the suggestion of Al-Shammari (2009) and Fakeeh (2009), that the policy did not succeed in appropriately preparing natives to join the labour market.

On the contrary, the new phase of the policy (Nitaqat) was perceived to be more appealing (in some aspects). Mainly, the new system has improved and modernised the policy, making communication with the Ministry of Labour (MOL) much easier. Importantly, it has contributed to an increase in native employment, in a short period. This finding is partially in line with that of some prior studies, such as those by Alanezi (2012) and Harry (2007), that the policy is crucial for raising levels of national employment. However, contrary to the conclusions of the current study, they suggest that the way the new system (Nitaqat) operates is problematic. It has been perceived as a short-term policy that can only be effective in the short run. Its rushed and strict implementation strategy has been to blame for this, having various unintended consequences on employment growth, employers and employees. Discrimination and other attitudinal problems are the main associated problems. Such a

finding matches that of Peck (2014), that the policy, after Nitaqat, has done more harm than good to firms and the labour market.

All in all, AAP (after Nitaqat) has been perceived as being positive in some respects, but it has serious unintended consequences. Its disadvantages were expected to lead to frustration and disappointment among native employees, so damaging the long-term development of the workforce. Therefore, the first objective has been fulfilled, and general knowledge of the role and effects of the policy has been gained.

8.3.2 RO2: *To test the effects of Affirmative Action Policy on labour market structure.*

This objective has been tackled (*Chapter 6*) through a positivist paradigm, and using time series analysis to test the policy's effects on critical dimensions, (general employment, employment by region and employment by profession). Based on the statistical tests, the policy has been found to be ineffective, for various reasons. Firstly, although AAP has seemed to have positive impacts on natives' general employment levels (especially women), at the same time, it has clearly failed to reduce the large influx of expatriates, especially since 2011 (Nitaqat's commencement). Secondly, the policy has failed to enhance citizens' mobility issues, which has been considered as one of the main causes of unemployment, as argued in much prior research, (Al-Dosary & Rahman, 2005; Al-Shammari, 2009; Fakeeh, 2009). This issue has been clear, with large, urban regions continuing to attract employees, while smaller regions have been negatively affected by the policy, (especially after Nitaqat). Thirdly, the policy has failed to achieve its real targets, despite its positive contribution to increasing native employment in some professions, since its impact on other professions, (including much needed ones), has been harmful and unfair. Some professions have been badly damaged by the new rules of AAP, (e.g. agricultural jobs). Such failures may have been due to the rapid and irrational implementation of the policy. This has clearly affected stable employment growth. In general terms, the policy has paid more attention to certain regions and professions than to others.

Therefore, the policy was found to be an ineffective strategy for enabling sustainable job growth in the private sector, as it does more harm than good to labour market structure. Based on this finding, the policy contradicts the objective of stable and fair growth of natives'

participation in the labour market. Thus, this objective is believed to have been fulfilled and such effects of the policy on labour market structure have been investigated

8.3.3 RO3: *To examine the effects of Affirmative Action Policy on labour market structure from a socio-psychological perspective.*

This objective was tackled (*Chapter 7*) using a positivist paradigm, and using a survey, which investigated employees' socio-psychological reactions to AAP. The results were interesting and can be used to explain and understand AAP role and effects on the work environment and labour market. Although, this research did not (significantly) find that AAP is perceived negatively by its own beneficiaries. However, the perception of AAP found to be affecting the perception of not only gender and religious (G&R) discrimination (personal), but also nationality discrimination (institutional). In other word, employees' negative perception of AAP directly correlated with their perception of discrimination. Previous studies, (e.g. Loi et al., 2006; Parker & Kohlmeyer, 2005), have revealed that AAP can negatively influence the attitudes and behaviour of non-beneficiaries, including their intention to leave. This research adds (little evidence) to this by finding that AAP regulations may extend to cause unintended consequences to the beneficiary's group. This may due to the perception of unfairness caused by the policy's enforcement, which requires treating their co-workers (non-beneficiaries) differently. The findings can (slightly) support earlier claim that the stricter form of AAP is the one that is most associated with discrimination and unfairness.

Furthermore, discrimination's negative perception seems to influence employees' behavior in different ways. While perception of G&R discrimination (personal) can effect intention to leave directly, discrimination based on nationality (institutional) does not necessary affect Intention to Leave (only through organisational commitment). What is more, it is worth noting the abnormally high correlation between perceptions of the two kinds of discrimination. This can be understood in terms of employees who perceive any kind of discrimination in their organisation being more likely to perceive the other kinds of discrimination, which can also indicate that organisations who practice discrimination against employees are discriminatory in nature. All in all, the policy appears to be more acceptable by its own beneficiary's group, nevertheless, it seems to have some hidden and undesirable socio-psychological consequences on the workplace that can even extend to effect the policy's own beneficiary. Thus, the third and final objective has been addressed.

8.4 Contribution to Knowledge

This research has investigated AAP in a broad manner. Policy effects have been understood and examined by various means. A number of valuable contributions to knowledge have been made, as follows:

8.4.1 C1: *Understanding and identifying the characteristics of the old and new versions of Affirmative Action Policy.*

This research has identified the key advantages and disadvantages of the two key periods of AAP enforcement. *The old legislation (1985-2011)* has been attributed different consequences, on different levels. Positively, it was not as hard on businesses, and was perceived to be more maintainable and acceptable (from the private sector viewpoint). Negatively, it was a vague policy, and had no apparent effect on native employment in the private sector. *The new legislation (Nitaqat) (2011-present)* has been perceived to be more appealing in certain respects. It has improved and modernised the policy's system. Importantly, it has been perceived as being positive in raising native employment levels in a very short period. On the other hand, the way it operates has been problematic. Its rushed and strict implementation strategy has made it appear more as a short-term policy, and it has had unintended serious consequences on employees, and on the entire labour market.

8.4.2 C2: *A framework has been developed to understand the effects of the Affirmative Action Policy by geographical area and profession.*

The framework developed identify that AAP's effects have been dissimilar across the country's regions, as well as between provinces within the same region. To a great extent, it can be said that the policy's effects have been unfair. Employment rates in large, urban areas were observably high, while small regions' native participation in the labour market has been in decline. Mainly, the policy has failed to equalise employment opportunities across the country. The findings have indicated that natives have continued to migrate to the three main regions of the country, (Riyadh, Dammam and Jeddah). This contributes to a severe labour shortage in affected regions, which results in increased demand for foreign workers in order

to make up for such a shortage, and this ultimately complicates the issue even further. Thus, this model can explain the large influx of expatriates, despite the slowdown in native employment opportunities.

Furthermore, AAP has had different effects on native employment levels according to the profession in question. Labour market professions were classified into three categories, based on the citizens' preference: the most preferred, the least preferred and those of medium preference. The proportion of most preferred professions (Administrative and Clerical) was not increased by the policy, but encountered some decline instead. Proportion of medium preference jobs (Sales, Technician and Specialist jobs) also encountered no stable improvement (raise), and instead seen some declines (apart from Sales jobs). The proportion of less preferred professions (Services, Agriculture, Industry and Engineering) were influenced differently. While, service professions had encountered temporary and insignificant raise; engineering and industrial were only jobs that significantly rose after policy enforcement. However, among other professions, agricultural jobs were the worst as they dropped to 0%. All in all, this framework can reveal that, although the policy has seemed to succeed in raising general native employment levels, there is little evidence to support its role to bring stable improvement to the distorted labour market.

8.4.3 C3: A framework has been developed and tested to understand the socio-psychological effects of the Affirmative Action Policy.

The framework developed (p200) was based on social and psychological dimensions, to determine more clearly AAP's effects on labour market structure. According to the descriptive analysis, Saudi people do not see AAP is negative to their social environment. However, based on correlational analysis, those (Saudis) who perceive it as a reason for discrimination in the environment may lead them to less job commitment and potentially intending to leave. Potentially, the analysis suggests that even members of the advantaged group can (partially) oppose the policy that is set for their benefit. This may due to the perception that such a policy harms their colleagues (non-beneficiary) and force them to leave. In fact, (as shown in correlational analysis), such a perception can extend to affect beneficiary's own intention to leave, which causes some distress in workplace. In addition,

this framework has indicated relationship between AAP and perceptions of both types of discrimination, (institutional and personal). Again, it can (moderately) support some earlier claims that the stricter the form of AAP, the more it is associated with unfairness and discrimination. What is more, negative perceptions of both types of discrimination can affect intention to leave directly (personal) and indirectly (institutional). Finally, as the framework has revealed (an abnormally high correlation between the two kinds of discrimination) it can suggest that employees who perceive any kind of discrimination in their organisation usually perceive other kinds of discrimination.

8.4.4 C4: Identifying the consequences of implementing a strong form of Affirmative Action Policy in a developing nation.

This research has examined AAP within an interesting context. Saudi Arabia was a very appealing example for finding out about how the strict and harsh enforcement of AAP affects the labour market in different ways. The study has found that, although the government intended to radically improve and raise the share of national workers (Saudis) in the labour market, the situation has been found somewhat far from what was planned and announced. In reality, as this research has found, natives (beneficiaries) remain relatively unassisted by the policy. In fact, expatriates have continued to join the labour market in very large numbers. As per findings, AAP has brought little benefits (than expected) to either the target group, or in terms of the stability of the labour market. Therefore, AAP in this context can suggest that despite the raise and need to use such a policy, improvements required and lessons should be learned from other nations who had greater experience in adapting these kinds of policy.

8.5 Revisiting the Research Propositions

This research has developed three propositions (*Chapter 6*) in terms of the AAP's effects on the labour market.

8.5.1 RP1: Affirmative Action Policy positively affects natives' employment levels in general.

Although, the research results (phase two) suggest there is some positive outcome (raise of national employment) of the policy (after Nitaqat), major issue still exists. Mainly, the policy seems to contribute to the relative increase in the number of native workers in the labour market, but at the same time seems to have been unable to slow down the large influx of foreign workers (historical issue). In fact, the policy appears to be less effective to deal with the critical issue of expatriates joining the labour market, with a large number of foreigners, (*over 432,000 yearly*), continuing to join the workforce before and after the new version of AAP (Nitaqat). Native employment seems to be influenced by the new foreign entrants to the labour market, as a drop in the number of native workers is met with a huge rise in the number of expatriate workers, at the same time, (e.g. in 2009). Such findings suggest that the private sector, in times of economic crisis (i.e. 2009), becomes less responsive and compliant with such policies, and instead tends to substitute native employees with cheap alternatives, (foreigners), to save and survive. All in all, although AAP has seemed to be positive in increasing native employment levels, (quantitatively), to some extent, it generally seems to be ineffective, with the number of foreign workers continuing to increase dramatically. This means that most newly created jobs go to expatriates, rather than natives. This proposition was not greatly supported by the findings of this research.

8.5.2 RP2: Affirmative Action Policy negatively affects the geographical distribution and growth of employment in the private sector.

Both theoretical and primary findings have suggested that AAP has either worsened, or made no real difference to, the geographical distribution of jobs across the private sector. The findings have suggested that the effects of the policy were inconsistent across the four main regions of the country. While the native share of employment was improved in large and urban provinces, it has been deteriorated in the small and unpopular regions. Furthermore, even positive achievements in the large regions (relatively) did not last for long. Besides, despite the harsh measures of the policy, the figures indicate that huge influx of foreign workers continues to join labour market. Accordingly, AAP seemed to struggle to address issues of the geographically fair distribution of jobs across all regions. This may due to the

claim that the policy was not focused on long-term achievements, but rather on quick and short-term strategies to satisfy policy makers (as proposed by experts). Finally, the policy requires more reforms to appropriately resolve such long-standing issues. Thus, the findings of this research support this proposition.

8.5.3 RP3: Affirmative Action Policy negatively affects the stable growth of natives' professions in the private sector.

As suggested in the literature, (and mentioned above), AAP was focused more on quantitative gains, rather than on the quality and sustainable improvement in natives' issues in the private sector. The results of this study confirm such claims, to some extent. Throughout the analysis, several patterns have been found in terms of the policy's influence on professions. AAP seemed to have different effects on professions. Based on the classification of professions, (*Most preferred, medium preferred and least preferred*), used in this research, the policy has had little positive effect on the jobs most preferred by natives. Jobs of medium preference have experienced either minor (but not long lasting) positive effects, (in the case of some professions), or negative effects, (as with technician and specialist jobs). Least preferred jobs have been affected differentially by the policy. Whereas some professions (e.g. industrial jobs) have had temporary and insignificant positive effects, other professions (e.g. agricultural) were worst among all other professions.

Consequently, although some positive gains were observed, the policy's general effect on professions appears to be unfair and less effective. Therefore, achieving stable job distribution and growth in the private sector requires more reforms to the policy as suggested earlier. Accordingly, these findings have strongly supported this proposition.

8.6 Research Implications

This research has had vital implications for the subject area, and has both theoretical and practical importance. The following section presents the research implications.

8.6.1 Academic implications of the research

Firstly, this research has studied two distinct versions of AAP legislation (pre- and post-2011) in Saudi Arabia, and has shown each system's strengths and weaknesses. Extending the findings of Al-Shammari (2009) and Fakeeh (2009), the old version of AAP has been found to be vague and perceived to be weak, with no apparent effects on native employment in the private sector. On the other hand, the new phase of the policy (after Nitaqat) has been more appealing, but its strategic enforcement has been problematic. The findings of this study suggest that, if AAP incorporates a harsh and rushed implementation strategy, then it is likely to be viewed unfavourably.

Secondly, this research has examined the AAP effects on labour market structure in Saudi Arabia. AAP has been found to be less effective in this regard, and has struggled to achieve its primary targets, for various reasons. As supported by Almami (2014) and Mashood (2009), the large influx of expatriates has not been affected by the strict policy, with numbers having continued to escalate. Moreover, AAP has been also found struggling to address the demographic and mobility issues that have been linked with the failures of former generations of the policy (Al-Dosary & Rahman, 2005; Fakeeh, 2009). Against a large amount of prior research, (e.g. Abdul-Rahman, Wang, Wood & Low, 2012; Balafoutas & Sutter, 2012; Cahn, 2013; Chin, 2009; Guan, 2005; Noor et al., 2011), which has suggested that AAP is useful in diversifying the workforce and increasing the share of beneficiary groups in areas where their participation is low, this research has found that AAP is less efficient to the diversity of the workforce and that benefits have not been distributed fairly in all areas. In addition, contradicting Howard, Larry & Prakash (2011), who suggested that quota-based AAP can improve job selection for beneficiaries, the research results have found AAP's role to be little unfair in terms of diversification and the selection of professions among the target group. This can be explained by the rushed and strict enforcement among a large and unprepared target group (i.e. all private sector organisations) (Peck, 2014).

Thirdly, this research has also investigated AAP's effects on employees' social and psychological reactions. Building on prior research, (e.g. Almami, 2014; Burger & Jafta, 2010), who found that AAP is perceived negatively by employees (non-beneficiaries) due to its negative consequences, this research, has revealed that some beneficiaries of AAP can even perceive such a policy negatively. It has been found that, when members of the

beneficiary group (natives) perceive AAP negatively, their intention to leave could be affected. This again may be due to perceptions of unfairness and discrimination against their co-workers (non-beneficiary). Building on the findings of other research, (e.g. Crosby, 2004; Foley, Hang-Yue & Wong, 2005; Messarra, 2014), this study has found that the perception of public policies such as AAP, in organisations, can affect the perception of not only individual discrimination, but also institutional discrimination. This can be explained by the findings of Loi et al. (2006), that employees who perceive any kind of discrimination in their workplace are also likely to perceive other kinds of discrimination. This research is in line with that of Goldman & Gutek (2006), in that those organisations who practice discrimination against their employees are discriminatory in nature, and not discriminatory toward individuals or groups of employees, as stated earlier. In addition, negative perceptions of both types of discrimination (personal and institutional) have been found to affect employees' intention to leave.

Such findings of this research have added vitally to the understanding of AAPs. Results appear to indicate that, if AAP incorporates some harsh measures, it may even be perceived negatively by some of its own beneficiary, which could affect their own work environment (i.e. intending to leave) and eventually the policy may fall short to achieve its primary target. This can (partially) support the existing links between harsh enforcement of public policies and resistance, and builds on growing evidence that suggests stricter forms of AAP are less effective.

8.6.2 Professional implications of the research

This research mainly proposes that the current strategy of AAP should be considered to be an obstacle to the labour market's stability and growth, in Saudi Arabia. This research has provided a foundation for policy makers to acknowledge that it is the government's responsibility to amend the measures and strategy of the current AAP. Future legislation has to make the labour market more stable, and the workplace experience pleasant and attractive for all types of employees. This research contributes to the establishment and delivery of information that helps in the understanding of AAP's role and wider effects on the labour market, which helps better planning for the policy.

Mainly, the current strategy of AAP is perceived to be problematic, as it seems to cause some instability in the labour market. This may be due to its strict and rapid enforcement at the expense of unprepared organisations that had been used to the soft and less serious implementation of the old version of the policy. Extending the conclusions of previous research, (e.g. Al-Shammari, 2009; Alshabri et al., 2014; Peck, 2014; Tayeh & Mustafa, 2011), that the current strategy falls short of the acceptable levels for private sector organisations, the current research has found the policy to be less effective for the private sector needs. Should the government revise the current AAP, to minimise the negative impacts on firms and employees, flexible regulation is expected to promote more stable growth, and consequently create more jobs.

Furthermore, the policy has been found to be ineffective in making the labour market reflective of the beneficiary group (i.e. natives). Regions of the country are still essentially different in terms of local workforce. As recommended by Abdul-Rahman et al. (2012) and Al-Shammari (2009), the development of native participation requires a fairer distribution of jobs for long-term achievements. In addition, the policy has made little difference, (in some cases worsening the situation), to professions' diversification in the labour market. There has been less clear focus of the strategy to nationalise particular professions. What is more, even the professions most preferred by natives have shown little signs of positive and sustainable improvement. This may be due to the focus on quantitative gains, as suggested by Hussain (2015) and Peck (2014) with the policy being designed for short-term gain to satisfy policy makers and ease pressure on the government regarding increasing unemployment figures (as suggested by experts in chapter 5). A more rational strategy for the policy is needed, to nationalise jobs that natives are already equipped to take on (e.g. administrative jobs), which will be expectedly and gradually improve nationalisation figures.

Additionally, the results have also shown that AAP can negatively affect the workplace and reduce employees' comfort in their work environment. As proposed by Beer et al. (2015), employees who perceive discrimination in their work environment usually feel uncomfortable, and consequently have some intention to leave their work. Therefore, policy makers should support the private sector working environment by reducing perceptions of discrimination, and making employees more comfortable in their workplace. More satisfied employees are expected to be more committed to their work and have less intention to leave, as found by a number of studies, (Farooq & Zia, 2013; Guchait & Cho, 2010; Loi et al.,

2006). Finally, this research, rarely, suggests that even (some) beneficiaries can be affected negatively by AAP measures if the policy incorporates harsh implementation against non-beneficiary. Therefore, policy makers need to focus more on revising and tailoring the policy so that it meets all stakeholders' needs and not cause any damage to labour market, especially when vast majority of workforce is still non-Saudis. If the current strategy continues, little visible improvement is expected to be observed. Instead, unintended consequences might continue to emerge.

8.7 Revisiting the Research Methodology

In this research, both achievements and set backs were encountered during the investigation of the subject. This section presents the strengths and weakness of the research methodology.

8.7.1 Research strengths

This research has answered one central question: “*How Affirmative Action Policy affects labour market structure*”. Answering this question required a unique and tailored methodology that accommodated multiple data collection and analysis. To boost the reliability of the results, a mixed method (pragmatic) methodology was adopted, over three different phases of analysis (three chapters). Having a multiple and rich data analysis is considered to be a main strength of this research. It has allowed investigation of the policy from various perspectives. The first phase (*Chapter 5*) was initiated (interpretively) to understand and investigate the policy and its implications on a wide prospective. The chapter was based on semi-structured interviews with respected experts with many years of experience of the Saudi Arabian labour market. The reason for initiating this process was the lack of documented information about the policy, which was alleviated by the rich information that was extracted from this phase of the investigation. The second phase of the investigation (*Chapter 6*) was based on a positivist paradigm, and examined the policy's effects on labour market structure, from different perspectives. The policy was investigated not only on the basis of general figures of employment, but also considering more critical dimensions, (i.e. by region and by profession). The final phase (*Chapter 7*) of analysis was also based on a positivist paradigm, and investigated the AAP's socio-psychological effects on employees. A survey-based enquiry was established for this purpose. The large sample achieved for the study (640 participants) has added essential strength to the results, more

especially as the sample was representative of various industries and professions in the private sector.

Testing the policy from these diverse perspectives has strengthened the enquiry and boosted the results' trustworthiness. Although much prior research on the policy has only concentrated on a single perspective, this investigation has been based on a mixed method approach that has allowed multiple angles of investigation, which has provided new, fundamental discoveries, to add to existing knowledge. Also, the study has contributed to the enhancement and improvement of AAP in Saudi Arabia and neighbouring states (GCC) by suggesting new explanations for observed failures, which will assist in addressing long-standing issues.

8.7.2 Research weaknesses

Although the chosen methodology is believed to have been the right choice for this investigation, there are some areas of weaknesses, and setbacks have been encountered with this research. The first weakness has been the failure to execute more interviews with the policy's experts. The number of interviewees participating in this study was small, and a larger number would have addressed the issue more reliably. In fact, the original number of invited experts was large, (as explained in the methodology chapter), but, due to the criteria set for choosing the participants, (e.g. years of experience and expertise in local AAP), as well as unavailability and the unwillingness of some to take part in the study, the number dropped to nine only.

The second weakness of this research was the number of years analysed in Chapter 6, (ten years only), which seems insufficient for producing strong and solid results. In fact, this was unavoidable, as official detailed employment figures (e.g. by nationality and gender) were only available from 2004 onwards.

The third weakness, in the survey-based analysis (Chapter 7), lay in the sample demographics. The entire sample was made up from the beneficiary group of the policy (natives), and these were mostly males. On one hand, this was due to the original intention of this research being to investigate natives' attitudes; on the other hand, the private sector work environment restricts women's interaction, or at least makes it harder to reach them for the purpose of research.

The fourth weakness has been that this study has limited psychological issues to employees' organisational commitment and intention to leave. There are many other psychological concepts (e.g. psychological contract and job satisfaction), that were not included. This was because of limitations in time and resources allocated for this research. It was also because such variables have rarely (if ever) been tested in this context.

8.8 Directions for future research

As the above section has reported on the research weaknesses, this section presents some recommendations for future research. Although the results of this research have addressed some theoretical and empirical gaps in AAP-related literature, several questions regarding the policy and its consequences have remained unanswered. Therefore, some suggestions for future research, to build and expand on the findings of the current research, are made below.

8.8.1 Suggestion One (*investigate employees' attitudes, from most benefitted industries*)

As most respondents to the survey (over half) were working in administrative and clerical jobs, where they were the most badly affected by the policy, it would be beneficial to investigate the attitudes and reactions of employees who work in professions that are positively affected by the policy (e.g. industry), to understand the relationship between real achievements of the policy and employees' behavioural attitudes.

8.8.2 Suggestion Two (*investigate AAP effects on a single sector*)

As different sectors have different requirements in terms of skills and knowledge, conducting further research on a single sector (e.g. agriculture) would benefit the sector, as well as improve understanding of the policy. Potential outcomes from such studies would assist in identifying and evaluating current problems of the affected sectors. As recommended by Fakeeh (2009), researching sectors of the economy with different labour demands would widen understanding of the policy. It would certainly encourage the government and the private sector to cooperate in terms of creating and managing the skills needed, which would produce a more appropriate form of AAP that suits all parties involved.

8.8.3 Suggestion Three (*investigate discrimination effects on labour market stability and growth*)

As this research reveals a strong relationship between AAP and discrimination, it would be beneficial and interesting to conduct research on the impact of discrimination on the labour market's stability and growth. Research into the effect of discrimination on the labour market is very rare in the GCC region and other Middle Eastern countries, despite there apparently being some discriminatory practices in the work place. The development and advancement of western labour markets has come as a result of extensive research, and so conducting more research on local labour markets, (especially in the GCC), would greatly assist understanding of the characteristics and issues that hinder the growth and stability of those labour markets. This would ultimately contribute to more realistic solutions to long-standing issues in many developing labour markets.

8.8.4 Suggestion Four (*investigate organisational influence on the perception of fairness toward AAP*)

This research has investigated the attitudes and behaviour of employees generally. It would be interesting to carry out research into organisational influences on the perception of fairness and reactions toward AAP. This is significant for understanding how different organisational cultures may help or hinder the implementation of AAPs. This is expected to greatly assist the formation and revision of future policies for the labour market, so that they are more appropriate for private sector organisations or any others that are subject to AAP regulations.

8.8.5 Suggestion Five (*investigate different effects of AAP on workplace practices and issues*)

This research has investigated vital workplace practices and their relationship to AAP. It would be interesting to conduct studies about the effects of AAP on other workplace issues, such as job satisfaction, productivity and innovation. Such studies would be expected to make a great contribution to knowledge and understanding of AAP applicability in the workplace. Such outcomes would greatly assist policy makers to better manage such a policy, and would facilitate management of the workforce.

8.8.6 Suggestion Six (*conduct meta-analysis on the different effects of AAP*)

As the amount of information accumulated in AAP literature is becoming relatively large, and new research is continually being published, meta-analysis studies are beneficial for gathering and organising existing knowledge on AAP. This can be expected to improve understanding of many issues regarding such policies (Kooij & Jansen, 2010). To the researcher's knowledge, no such studies have been conducted in the context of Saudi Arabia or elsewhere in the GCC. Therefore, conducting such a study in the GCC context in particular would have a great impact on the general knowledge, and practices, of local AAPs. In fact, by combining, summarising and integrating the results of large individual studies, a meta-analysis would provide a different benefit. For instance, it would increase the sample size and widen the research scope, and thus the power to understand the policy and its long-term roles and effects.

8.8.7 Suggestion Seven (*carry out comparative investigations of AAP's effects across different contexts*)

Across the Muslim world in general, and in GCC in particular, knowledge about AAP remains low, compared to in the developed world. Therefore, comparative investigations in other GCC contexts, (especially rarely explored contexts such as Kuwait and Qatar), or in similar countries that have applied AAP (e.g. Malaysia), are needed. As Brannen (2005) pointed out, comparative research can lead to thrilling, fresh insights and a more profound understanding of phenomena or issues that are of concern in different countries. Such studies can also assist in identifying gaps in knowledge, and are likely to lead to potential directions to be followed in the field. Additionally, comparative studies are important for policy makers to consider, as understanding the reasons for successes and failures in different contexts can clarify the strengths and weaknesses of local AAP, and ultimately assist them in enhancing their own policies.

8.8.8 Suggestion Eight (*enhanced interview sample*)

Future research would benefit from an enhanced interview sample, particularly if involving different groups, (e.g. the government, organisations and beneficiaries). This would allow more discussion and argument about the policy's nature, effects and role, from different

points of view, which might be expected to produce valuable insights. For further benefits, future studies might build upon the findings of the current research, focusing more on the issues raised and discussing potential solutions.

8.8.9 Suggestion Nine (*more diverse questionnaire sample*)

Testing the policy on a more diverse and representative sample, (an equal gender participation and more experienced employees), would add more value, dependability and reliability to the results. This will be constructive and beneficial, and enable researchers to find out more about the relationships between demographics (e.g. experience and gender), attitudes, behaviours and reactions toward the policy and the workplace. This would greatly contribute to knowledge about AAP in this region and similar regions. As proposed by Budhwar & Mellahi (2010) and Jehanzeb, Rasheed & Rasheed (2013), knowing the attitudes of employees would help private sector organisations to better manage their workforce. Furthermore, results from a broad survey audience would be essential for policy makers to consider when drafting new AAP legislation or similar public policies, so as to avoid resistance or failure.

8.9 Conclusion

The aim of this research was to investigate AAP's role, effectiveness and consequences on the structure of the labour market in Saudi Arabia. The setting of AAP in Saudi Arabia was appealing and attractive to study for several reasons, such as being the world's most widely applied quota-based AAP, as well as its recent strict and rigorous updates. The research has employed a pragmatic methodology, using multiple data collection and analysis approaches, over three phases of investigation. The research has provided vital information about old and new AAP legislation in Saudi Arabia. Two frameworks have been developed, to understand the policy effects from different perspectives.

This research found that AAP was not helpful for national employment; instead, it was associated with some unintended consequences. On one hand, the issue of the high inward flow of expatriates continued, and the policy did not meet its objectives to either improve the distribution of job opportunities across the country, or enhance structural issues with some

occupations across the labour market. On the other hand, it has also been associated with other socio-psychological costs. Although, employees tend not to perceive AAP negatively, the significant correlation between the policy and the perception of discrimination, (both individual and institutional) as well as organisational commitment was an issue. This can support the claim that the policy has some unintended consequences on the workplace. In addition, such a negative perception of discrimination has direct and indirect (through commitment) effects on employees' intention to leave.

Although this investigation has its own limitations, it has provided much desired information on the AAP's practice and approaches, in an interesting context. Essentially, the research shows how the policy's harsh and strict enforcement can have serious side effects on the beneficiary group, and destabilise the labour market. What is important is that this research has provided a foundation for policy makers to acknowledge that it is the government's responsibility to amend the measures and strategies of the current AAP. Future legislation has to make the labour market more stable, and the workplace experience pleasant and attractive for employees. Should the government revise the current AAP, to minimise the negative impacts on firms and employees, flexible and rational regulation is expected to promote more growth, and consequently create more sustainable jobs for natives.

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Appendix A: Questionnaire (English version)

Dear participant,

Thank you very much for sparing your valuable time to take part in this questionnaire. For your information, this questionnaire is a part of my PhD degree I'm undertaking at the University of Plymouth in the United Kingdom. This study aims to find out about attitudes and behaviours towards Saudisation policy and other workplace practices. I can assure you that all information will be treated in the strictest manner as possible. No data will be revealed or published without a written consent.

In this questionnaire, there are no right or wrong answers; your thoughts are what you already believe in your day-to-day life. Hence, your contribution is highly respected and valuable for my research. In order for the questionnaire to be valid and usable, all questions must be answered

Finally, if you have any unclear points or queries or simply want further information, please do contact me via my email address Abdullah.alothman@plymouth.ac.uk or my mobile number: 00447853706277 UK 00966551902205 KSA

In advance, thank you very much for sparing time to complete this survey.

Yours Sincerely,
Abdullah Alothman

Section one (personal information)

Gender

- Male
- Female

Education Level

- Secondary and Below
- Diploma
- University Degree
- Post-Grad degree and above

Years of Experience

- 1-4
- 5-9
- 10-14
- Over 15

Industry (please state)

.....

Current profession (please state)

.....

Section two (survey questions)

Now please tick one of the boxes for each statement, indicating whether you agree or disagree, which reflects your true and honest opinions.

Please answer as accurately as possible.

(SD) Strongly Disagree (D) Disagree (N) Neutral (A) Agree (SA) Strongly Agree

Affirmative Action Policy (Saudisation)

No	Item	SD	D	N	A	SA
1	Saudisation effects my workplace negatively					
2	Some of my colleagues dismissed because of Saudisation					
3	Some of my colleagues may force to leave their work if Saudisation continues					

Nationality discrimination

No	Item	SD	D	N	A	SA
1	There is a discriminatory treatment based on nationality					
2	There is discrimination on pay based on nationality					
3	My manager take some discriminatory decisions based on nationality					
4	Some of the policies and strategies applied in my workplace are discriminatory based nationality					

G&R Discrimination

No	Item	SD	D	N	A	SA
1	There is a discriminatory treatment based on religion and/or gender					
2	There is discrimination on pay based on religion and/or gender					
3	My manager take some discriminatory decisions based on religion and/or gender					
4	Some of the policies and strategies applied in my workplace are discriminatory based religion and/or gender					

Organisational Commitment

No	Item	SD	D	N	A	SA
1	I feel any problem face my work like my own problem					

2	I feel belong to my workplace					
3	I feel emotionally attached to my workplace					

Intention to leave

No	Item	SD	D	N	A	SA
	I Intensively search recruitment websites					
2	I search jobs vacancies in newspapers and magazine					
3	I'm thinking of leaving my current job this year					
4	I'm constantly updating my CV					
5	I attend jobs' fairs regularly.					
6	I'm seriously thinking of finding new job in the near future					

Thank you very much for sparing your valuable time to complete this survey. Again I can assure you that no personal information will be revealed without a written consent. I also would be more than happy to provide the study results once I analysed the data. If you want so, please send me your email request to the provided contact details.

ذكر

انثي

القطاع الذي تعمل به

قطاع حكومي

قطاع خاص

قطاع الاعمال

فضلا أجب عن هذه الاسئلة العامة

//
//
//
//
//

المهنة

مجال مكان العمل

عدد سنين الخبرة في مكان عملك

عدد العاملين في مكان عملك

ما هو مؤهلك العلمي

يرجى قراءة الفقرات التالية واختيار الإجابة التي تعكس وجهة نظركم:

موافق جدا	موافق	محايد	غير موافق	غير موافق جدا	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	انا مرتاح لقضاء باقي سنوات خدمتي الوظيفيه في مكان عملي الحالي
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	اشعر ان اي مشكله تمر بها مكان عملي اراهها كمشاكلي الخاصه
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	اشعر بالانتماء لمكان عملي
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	اشعر بالارتباط العاطفي لمكان عملي
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	اشعر بان مكان عملي هو احد اعضاء عائلتي

موافق جدا	موافق	محايد	غير موافق	غير موافق جدا	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	اثرت السعودة علي محيط العمل الخاص بك بالسلب
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	اثرت السعودة علي محيط العمل الخاص بك بشكل ايجابي
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	لدي زملاء تركوا العمل بسبب السعودة
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	لدي زملاء قد يتركوا العمل مع الوقت بسبب الاستمرار في السعودة
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	لدي زملاء في مكان عملي حصلوا علي وظائف بسبب السعودة
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	مكان عملي يتاثر كثيرا بقوانين السعودة

أحيانا أقوم ب:

موافق بشده	موافق	محايد	غير موافق	غير موافق بشده	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	بمتابعة مواقع التوظيف بشكل مكثف
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	بمتابعة اعلانات الوظائف الشاغرة في الصحف والمجلات
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	التفكير في ترك وظيفتك خلال هذا العام
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	بتجديد السيرة الذاتية بشكل دائم
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	حضور معارض التوظيف المقامه
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	التفكير جديا في البحث عن وظيفه جديده في المستقبل القريب

في مكان عملك هل تشعر ب

موافق جدا	موافق	محايد	غير موافق	غير موافق جدا	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	ان هناك تمييز عنصري في طريقة المعامله بسبب الجنسيه
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	ان هناك تمييز قائم في الدخل و الراتب بسبب الجنسيه
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	ان مديرك يأخذ قرارات تميز بين الموظفين بسبب الجنسيه
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	بأن بعض السياسات المتبعه في مكان عملي تميز بين الموظفين بسبب الجنسيه

موافق جدا	موافق	محايد	غير موافق	غير موافق جدا	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	ان هناك تمييز عنصري في طريقة المعامله بسبب الدين او الجنس
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	ان هناك تمييز قائم في الدخل و الراتب بسبب الجنس او الدين
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	ان مديرك ياخذ قرارات تميز بين الموظفين بسبب الجنس او الدين
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	اشعر بان بعض السياسات المتبعه في مكان عملي تميز بين الموظفين بسبب الجنس او الدين

Appendix C: Interview Guide

Question	Rational for the question
Let me begin by introducing myself, my research topic and the purpose of this interview.	To familiarize the interviewee with the research topic and the original purpose of the interview. This prepares the interviewee for the intended discussion, so decrease likelihood of confusion and misunderstanding.
Can you introduce yourself?	To know more about the interviewee, his current status, nature and years of experience
What do you know about Saudisation policy?	To initiate the discussion and understand the level of knowledge about the policy and its regulations in the labour market. So later questions can be amended accordingly.
What are the main advantages of Saudisation?	This question meant to stimulate the interviewee to state main pros of such a policy and what positive changes triggered by the policy.
What are the main disadvantages of Saudisation?	This aims to encourage interviewees to criticize the policy and state its main consequences from different perspectives.
Is the current legislation of Saudisation working and why?	To get comprehensive evaluation of current legislation of the policy and understand how effective it is in promoting more native employment.

Appendix D: Ethical Approval letter



Abdullah Alothman
PGR Student
Faculty of Business

Ref: FoB/UPC/FREC/FREC1314.48/clc
Date: 18 July, 2014

Dear Abdullah

Ethical Approval Application No: FREC1314.48
Title: Affirmative Action Impact on Employment of Women In Private Sector: The Case of Saudi Arabia

The Faculty Research Ethics Committee has considered the ethical approval form and is fully satisfied that the project complies with Plymouth University's ethical standards for research involving human participants.

Approval is for the duration of the project. However, please resubmit your application to the committee if the information provided in the form alters or is likely to alter significantly.

We would like to wish you good luck with your research project.

Yours sincerely

(Sent as email attachment)

Dr James Benhin
Chair
Faculty Research Ethics Committee
Faculty of Business

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