

Developing Workplace Competencies for Saudi Arabia's Youth

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Submitted in fulfilment of the requirements of the Doctorate of Business Administration

College of Business

Victoria University

November 2014

Abstract

This study explores Saudi Arabian youth employment training programs and identifies factors that may present constraints or opportunities for school leavers training for vocational employment in the largest Saudi business sector, small to medium-sized firms. It also explores the influence of Saudisation and Nitaqat on youth employment programs. Initially, Saudisation encouraged national employment through recommended quotas and incentives. The subsequent adoption of Nitaqat focused on measured enforcement in relation to the key areas of salary, competence, English fluency and work ethic. The intent of this research is to understand changes to government labour policies and the transition of school leavers and graduates to satisfactory employment in smaller firms.

This study identified training outcomes for recruits from the perspectives of public sector agencies and the experiences of employers and the employees. It employed data collection methods including interviews and the analysis of relevant research literature and employment and training data bases. A sample of 19 male participants from the Technical and Vocational Education Training Corporation and the Human Resources Development Fund were interviewed in Riyadh and Jeddah. In addition, three training managers and twelve employees from small firms (i.e., manufacturing, business services, and a training provider) were also interviewed in Jeddah.

The findings from this research led to the following set of recommendations. There is a need for modernisation of government policy and structures pertaining to Saudisation and Nitaqat initiatives; greater access and analysis of governmental agency databases concerning Saudi youth training and employment; the Chambers of Commerce and Industry to communicate more effectively about vocational and technical training, and a need for awareness campaigns about employing knowledgeable and skilled staff in small to medium-sized firms.

Student Declaration

I, Mohammad Alharbi, declare that the DBA thesis entitled Developing Workplace Competencies for Saudi Arabia's Youth is no more than 65,000 words in length including quotes and exclusive of tables, figures, appendices, bibliography, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

Signature:



Date: 11 February 2015

Acknowledgements

My gratitude first goes to the Almighty Allah. I extend my gratitude to my mother who supported and motivated me all the time.

I express my sincere gratitude to my principal supervisor A/ Professor Bill Eckersley who provided me with supportive, motivated and friendly supervision to finalise this thesis. Also I express my thanks to my co-supervisor Ms Deb Stewart for her advice and comments from the beginning to the end of the research.

I extend my sincere thanks and gratitude to my wife Wadha for her patience, support, encouragement, and for what she has done for me and our children during the study years. Also I extend my thanks to all my family, brothers and sisters, for their encouragement and support. Finally, I thank all participants who were interviewed in this research for their time and informative perspectives.

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Glossary

The following titles are used for this thesis.

Council of Saudi Chambers of Commerce and Industry (ICC)

As translation from the Arabic, the Council is variously known as Saudi Chambers of Commerce and Industry, Saudi Chambers, or ICC Saudi Arabia. There are 28 Chambers, each of these has a separate structure. Further, there are 33 Saudi-international Business Councils and several industry committees. The various Chambers of Commerce individually co-operate with the Technical and Vocational Training Authority's local offices and the Human Resource Development Fund to provide trainees for the Chambers' member firms. The titles for the Fund differ and cannot be standardised due to the use by various sources quoted throughout the thesis. See sections 2.7 and 2.8 for explanation (Source: <http://www.csc.org.sa/english/Pages/default.aspx>.)

Human Resource Development Fund (HRDF)

In translation, the Human Resource Development Fund is termed at times HRDF, the Development Fund, and the Fund. The Fund is associated with a number of other government and semi-government organisations, and funds employee and potential employee training and support, and agreed costs for employers' costs in training. It is part of the Ministry for Finance. It may also support job centres, external training centres, and on-the-job training. It may conduct tests, monitor classes, provide certification for completed courses or training, and audit employers and training providers. The Fund's position in the government hierarchy is explained at sections 2.7 and 2.8, and the results and discussion chapters. These terms cannot be standardised due to quotes and citations. (Source: <http://www.hrdf.org.sa/>)

National System for Joint Training (NSJT)

The National System for Joint Training was an administrative body set up for public-private partnership under Saudisation, or replacing foreign workers with trained Saudis. It appears now to be policy administered by the Ministry of Labour (see sections 2.7 and 2.8).

Technical and Vocational Training Corporation (TVTC)

The Technical and Vocational Training Corporation is the Saudi government's industrial education organisation. It undertakes training for Saudisation, now Nitaqat. In this capacity, the Authority uses training funds from the Human Resource Development Fund, and may be audited by that organisation. The Authority is part of the public–private partnership focused on jobs for Saudis (see sections 2.7 and 2.8).

Definitions

Saudisation is a longstanding and ultimately unsuccessful attempt to reduce the Kingdom's dependence on foreign labour (see section 2.8). It is administered by the Ministry of Labour.

The term Saudi youth refers to those young people of both genders, who have left the school system (i.e. 18-25 years) and are now considered to be job seekers. Many do not formally register for work and the government is attempting through Nitaqat to improve the labour force participation rates.

Nitaqat is an enforcement policy of the Ministry of Labour introduced in 2011 to ultimately gain significant job participation improvements for Saudi youth and matured aged citizens. It comprises several initiatives or practices: rating firms by colour (red, yellow, green and platinum) for their adherence to Saudi employment improvements; incentives for Saudis to undertake training, find a job, and remain in employment; and enforcement of foreign job permits to deport illegal labour (see section 2.8).

Wasta is a complex tribal and family based system of favours among Arabs, and not necessarily nationalistic nepotism.

Chapter 1 Introduction

Economic development for Saudi Arabia is fuelled by its petrochemical industries, which accounts for over three-quarters of economic activity, half of its GDP and nearly all export earnings. There is, however, little direct employment available in that sector. Of Saudi Arabia's 21 million citizens, some 30 % or 7.6 million are under the age of 15 years, and at least one in four young males is unemployed (World Fact Book 2012). In June 2012, *The Economist* (2012) notes that unemployment among Saudis under the age of 30 years is estimated at 30 % or more, due partly to inadequate wages in the private sector, and fewer jobs available in the public sector. Although private sector jobs doubled between 2000 and 2010, the Saudi proportion of the private-sector workforce fell from 17% in 2000 to just 10 % in 2010.

To employ its youth population, the Kingdom must generate more than 100,000 new jobs every year (de Boer & Turner 2007; Shah 2006). Saudi Arabia is encouraging the growth of the private sector to diversify its economy and to employ qualified Saudi citizens to replace 5 million foreign workers (Harry 2007). Education is an issue; there is a perception that graduates have inadequate workplace skills and knowledge (Al-Dosary, Rahman & Aina 2006).

This study seeks to understand issues involved in youth employment through programs such as Saudisation and Nitaqat (levels, in Arabic). The initial Saudisation program encouraged national employment through recommended quotas and incentives. Nitaqat, introduced in 2011, is measured enforcement that recognises issues of salary, competence, English fluency and work ethics (Randeree 2012). However, wages for the majority of Saudis appointed under the Nitaqat program to date are low, as only 5% of Saudis registered in the Hafiz (unemployment) program hold university degrees. There are plans to fix minimum salaries for Saudis in the Nitaqat program. Nevertheless, 600,000 Saudis were employed through the Nitaqat program at May 2013, although the Human Resources Commission Chairman states that adequate salary levels are proving difficult for Saudis (Habib 2013). Employment is defined by the authorities at this time as a recruit who has completed three months of service. The Nitaqat program takes into account the sector-specific challenges in achieving national employment, as it compares each company to its immediate peer group (based on the economic sector and size) (Al Zharani 2012).

Technical and vocational training in the Kingdom was initially distributed between a number of governmental authorities. In 1979, training was amalgamated under the predecessor¹ of the Technical and Vocational Education Training Corporation (TVTC), thus enabling better integration and delivery of vocational skills training considered as priorities in the Kingdom. Corporation training programs occur on three vocational levels: vocational and industrial training (levels 1 and 2), and technical training (level 3). There are linkages to firms in industry sectors to determine employer needs to ensure curriculum and quality standards meet their needs (Technical and Vocational Education Training Corporation 2013).

Nevertheless, Baqadir, Patrick and Burns (2011) provide evidence that a skills gap still exists. Private sector employers report that the Corporation fails to reach the level of skills and attitude to work to meet the specifications of jobs on offer. ‘The perceived skills gap centres on three factors: work ethics, specialised knowledge and generic skills’ (Baqadir et al. 2011, p.551).

1.1 Background to the study

Saudi Arabia is building four new cities. Each have a focus on heavy industry; technology, freight and/or commerce and they are expected to accommodate 5 million people and provide an extra 1.3 million jobs by 2020 according to the Saudi Arabian General Investment Authority (SAGIA) (2012). Further development in progress is the Haramain High Speed Rail Project, a 450km rail link between Makkah and Al-Madinah for the *hajj* (Muslim pilgrimage to Makkah and Al-Madinah) that passes through Jeddah (King Abdulaziz International Airport), due for completion in 2014, transiting 60 million passengers each year (Foster + Partners 2009). As a location for this study and central to much of this economic activity, Jeddah seeks to attract tourism from the *hajj* and also provide a year-round cultural and recreational destination. These geographical areas support increasing employment.

Whilst there has long been a policy to replace expatriates with skilled nationals in the private sector, this has not been successful due to the pace of development and contributing factors such as inadequate attention to job-readiness factors in the education system and wage levels below the standard of living in the country. These wages are aimed at skilled labour from southern Asian countries, and Saudis prefer the comfortable working conditions of the public

¹ The General Organisation for Technical Education and Vocational Training

sector (Mellahi 2007). The Saudisation policy was not adequately enforced and there were unexpected consequences; for example, in 2004 25 occupations designated to phase out expatriates were identified including travel, gold and jewellery shops, and grocery stores. However, it was discovered in Jeddah that 60% of the gold shops were owned by expatriates and they closed down when this law came into effect (Shah 2006). As part of Saudisation, the government instituted a cooperative strategy with the private sector to train Saudi nationals and pay 50% of their wages for the first two years. In 2000, the Human Resources Development Fund (2013) was established to assist the private sector in covering the cost of employing nationals. The Fund administers and funds all Saudisation and Nitaqat programs.

The level of Saudi economic activity appears to offer ample current and future opportunities in many occupations for Saudi youth. The total labour force for the Kingdom stands at 8.012m, with 80% foreign employees in 2013 (World Fact Book 2013). However, Achoui and Mansour (2007) report that high job turnover, especially among new graduates, is an issue in the private sector which affects Saudisation. The authors recommend that employers need to capitalise on their investment in Saudi staff by developing and using retention strategies.

1.2 Aim and scope of the study

This study explores Saudi Arabian youth employment training programs and identifies factors that may present constraints or opportunities for school leavers training for vocational employment. The study investigates the changes to government labour policies and the transition of school leavers and graduates to satisfactory employment in smaller firms. It explores the vocational training environment, the technical and vocational sector, their strategies, standards achieved, and the success of the public–private partnership under Nitaqat. This research also investigates internal and external factors that affect competency training development in Saudi Arabia.

The theoretical framework includes learning and education (Ellström & Kock 2008; Lave & Wenger 1991; Malamud & Pop-Eleches 2010) and human capital acquisition (Becker 1993), thus embedding this study within the body of knowledge, and allowing comparisons between the findings of this research and the literature. Findings from the primary research

highlight aspects of government policies and practices and generate recommendations for policy makers. Lastly, there is little extant research on vocational training in the Saudi Arabian context.

1.3 Conceptual framework

As noted, the theoretical framework concerns learning and education and human capital acquisition. The conceptual framework used in this research relates to Ellström and Kock's (2008) study. They investigated the influence of education and training on competence development, exploring factors underlying organisations' adoption of competence training, expected results, and characteristics of successful programs. This aspect of skills training, that is, human capital, may prove a vehicle for government intervention if it can be established that it is grounded in learning theory and skills acquisition (Malamud & Pop-Eleches 2010).

1.4 Research questions

The intent of the research is to understand the transition from the education system to work for Saudi youth. The research questions concern the technical education and vocational training environment in Saudi Arabia and skill requirements for potential and current employees. It also investigates the competency training of new and existing employees within private sector organisations and companies. Using Ellström and Kock's (2008) framework, that is, factors underlying an organisation's adoption of competency training, expected results and characteristics of successful programs, this study applies the conceptual model of national accreditation at all levels of skills training. In addition to Ellström and Kock, Bosch and Charest (2012) research informed the development of the following research questions.

1. What are the characteristics of the Saudi vocational and competency training system?
2. What skill sets do Saudi employers need?
3. Are there gaps between vocational accreditation and these skill sets in small to medium-sized firms? If so, what are they?
4. What are the perceived issues which impact skills acquisition for employees and job applicants?

5. Are there successful technical and educational training models suitable for developing economies?
6. What are the implications for Saudi vocational training providers and employers?

1.5 Contribution to knowledge and statement of significance

This study contributes to knowledge in adult learning theory (Buckley & Caple 2007; Knowles 1990), human capital (Becker 1993), and vocational and competency training (Malamud & Pop-Eleches 2010; Schomann 2000). It explores the gap in research relating to a perceived disconnection between course accreditation and job specific competencies within a cultural context. Further, it considers human resource practices in a range of organisations (Hansson 2007; Kotey & Folker 2007; Miller & Le Breton-Miller 2006). In the Saudi context, the research is intended to explore skills acquisition and job satisfaction on the one hand, and employee training by small to medium-sized (SME) firms on the other.

This empirical research is significant as it contributes to knowledge in different disciplines whilst identifying issues of unequal job matching which require training for diverse organisational types. Further, it attempts to identify key issues within the training sector that influence adverse outcomes for accredited graduates.

1.6 Methodology

This research adopts a qualitative approach to explore the social context of the research problem. Johnson and Christensen (2010) state that qualitative data collection and analysis, unlike a quantitative approach, is concerned with analysis of codes, themes, and patterns in the data rather than statistical analysis. A qualitative approach aims to produce a complex description of the phenomenon being studied, with direct quotes from the study to illustrate themes. As it is context-based, qualitative research does not relate to a population; rather, it allows the researcher to theorise about the phenomenon being examined (Baxter & Jack 2008). Flick (2009) states that for qualitative research, interviews and focus groups are the most common methods of data collection. Whilst questionnaires are generally used to collect large quantities of data for analysis, interviews are useful to explore, in depth, the experiences, views,

beliefs and motivations of individual participants. On the other hand, focus groups use social dynamics to generate qualitative data. Interviews can be structured so that the same questions are asked of every participant to allow full comparison and to elicit findings relevant to previous research. Questions can also be open ended, so the interviewee is undirected in the discourse. Semi-structured interviews are therefore of most use to researchers, as they contain elements of the free flow of ideas, whilst remaining within the parameters of research questions (Kvale 2007).

The sample selected for interviews was controlled, as only experienced and knowledgeable professionals could be approached as study participants to answer the research questions (Flick 2009). In this case, the Technical and Vocational Education Training Corporation, as it provides resources for Nitaqat, the Human Resources Development Fund in Riyadh and Jeddah were approached to provide representatives for interview. For the employers, Jeddah, as the commercial centre for the Kingdom, was chosen. Participant firms, that is, small to medium-sized enterprises in Jeddah, were sourced from the Jeddah Chamber of Commerce and industry's public database. Training managers and employees from these firms were interviewed for this research. Analysis and reporting techniques were employed as suggested by Kvale (1996).

1.7 Organisation of the thesis

This research contains seven chapters. This chapter provides the introduction to the study: the aim of the study, the conceptual framework, the research questions and the methodology. The second chapter profiles Saudi Arabia to provide the background and context to the study. It describes the geography, social, political, religious, and economic history of the Kingdom to frame the research and set it in context. As this study concerns small to medium-sized enterprises, the chapter summarises the economic conditions for the Saudi private sector for this sector. As well, the Saudi labour market and the strategies that government has adopted over four decades to improve productivity are discussed, followed by the government's plans for the future labour force, and its strategies for expected economic and population growth.

Human resource development in Saudi Arabia is the focus of chapter 2, with the Kingdom's experiences in skills training compared with global trends. This chapter provides a

profile of the government's responses over time to its skills needs, and the strategies and structures that are used to develop a robust labour market. Chapter 3 establishes the theoretical background in these areas. It considers the perceptions of the Saudi population regarding training and education, human capital theory, and the linkages between education and training systems and economic performance in the Saudi context. The technical and vocational systems in other developing countries are also explored: South Africa and Laos.

The fourth chapter introduces the research methodology, data sampling and collection technique, and data reporting and analysis, and the fifth chapter reports on the findings of data analyses for the study. Chapter 6 is the discussion chapter, where findings from the study are compared to the literature and conclusions drawn. The final chapter therefore summarises the thesis, makes recommendations, notes the benefits and the limitations of the research, and offers further lines of enquiry for future research.

Chapter 2 Context for the research

To begin the research proper, this chapter provides an overview of the country. It describes the location, political system, and the demographics of the population. In addition, the country's economy and its emergence among world forums are explained. As this study focuses on SMEs, this chapter will provide an overview of the Saudi private sector and a deep discussion of SMEs in Saudi Arabia. The Saudi labour market and the strategies the government have adopted during the last four decades are important factors that will be explored in this chapter to explain the historical transformation of the Saudi economy, the parallel growth in the Saudi workforce and the entrance of non-Saudis into the labour markets, as well as how all these aspects have affected the current labour market. The future labour force and the strategies for expected population growth will also be discussed.

2.1 Overview

The Kingdom of Saudi Arabia is located in south-west Asia and occupies nearly four-fifths of the Arabian Peninsula, with a total area of more than 2,250,000 km.² The Kingdom of Saudi Arabia shares its borders with the Sultanate of Oman and the Yemen Republic to the south; the Red Sea to the west; Jordan, Iraq and Kuwait to the north; and the Arabian Gulf, Bahrain, Qatar and the United Arab Emirates to the east. The modern Saudi state was founded in 1932 by Abd Al-Aziz bin Abd al-Rahman Al Saud (Ibn Saud) after a 30-year campaign to unify most of the Arabian Peninsula (figure 2.1) (Royal Embassy of Saudi Arabia 2013).



Figure 2.1: *Map of Saudi Arabia*²

The monarchy is the central institution of the Saudi Arabian government. The monarchy system is ruled by the sons and grandsons of King Abdul-Aziz Al Saud. In 1992, King Fahd issued a royal decree for the establishment of Majlis Al-Shoura (Consultative Council), with appointed members having advisory powers to review and give advice on issues of public interest. Members of the Council are able to initiate proposals for new legislation and review the domestic and foreign policies of the government. Any government action not approved by the Council has to be referred back to the king, who remains the final arbiter of state affairs. The king also retains the power to appoint and dismiss both ministers and Council members and has the power to dissolve the Council, restructure it and appoint a new one at any time (Royal Embassy of Saudi Arabia 2013). The Holy Qur'an is the constitution of the country, which is governed on the basis of Islamic law (Shari'ah). Legislation in the kingdom is established by the Council of Ministers and approved by royal decrees. Justice in the country is administered by a system of religious courts, starting with expeditious courts and moving up the hierarchal system to the Shari'ah courts to reach the Commission on Judicial Supervision (Al-Farsy 1986).

Administratively, the kingdom is divided into 13 regions: Riyadh, Makkah, Madinah, Qasim, Eastern, Asir, Tabouk, Hail, Northern Border, Jizan, Najran, Al-Baha, and Al-Jouf.

² Accessed from Gnu Free Document Licence, http://commons.wikimedia.org/wiki/File:Saudi_Arabia_map.png

Every region is governed by a regional governor appointed by the king and given the rank of minister; these ministers are responsible to the Minister of the Interior (Royal Embassy of Saudi Arabia 2013).

In 2013, Saudi Arabia has a population of 26,939,583 including 20,958,428 Saudi citizens and an estimated 5 million non-Saudi residents (76% and 24%, respectively). Of the Saudi national population, 28% or 7.6 million are under the age of 15 years, and of the 1.69m Saudis under the age of 26 years in the labour force, 28% are unemployed (Central Department of Statistics and Information 2013, World Fact Book 2013).

2.2 Economy

Saudi Arabia is focused on creating a strong and diversified economy. Since 1980, when the education system was developing, all Saudis gaining tertiary qualifications automatically entered the public service, with its good working conditions and jobs for life (Ramady 2010). All economic development was substantially undertaken by joint ventures between the Saudi elite and international firms that won the contracts and who employed contractors and skilled labour from Europe and the United States, Arab semi-skilled labour and south Asian workers. However, as the public service became unwieldy, a policy of Saudisation came into force, combined with a privatisation program to diversify the economy and increase the non-oil producing sectors' contribution to the GDP (Kattuah 2013). The privatisation program included an efficient financial system to meet World Bank demands, and to attract foreign investment (Al-Shammari 2009).

Saudi Arabia is located in an unstable region, and international incidents tested Saudi Arabia's economic development and stability. Al-Rasheed (2010) notes that wealth began to emerge from the oilfields in the 1970s, and Saudi Arabia looked to the United States as it had since World War 2 as it lacked the human resources and technology to build security. Whilst the country could buy in its security, this came at a very high price. When, in the mid-1980s, higher oil prices worldwide led to the development of competing oil fields, consumption of Saudi oil dropped as the market was flooded. Saudi oil production, which had increased to 9.5 million barrels per day during 1979, dropped to 3.2 million barrels per day in 1985 (Al-Shammari 2009). With this fall, government revenues dropped as well from SAR 368 billion in 1981 to SAR 104

billion in 1987 (Al-Jasser 2002). The United States Energy Information Administration (2013) shows the effects of events on Saudi total oil production (figure 2.2).

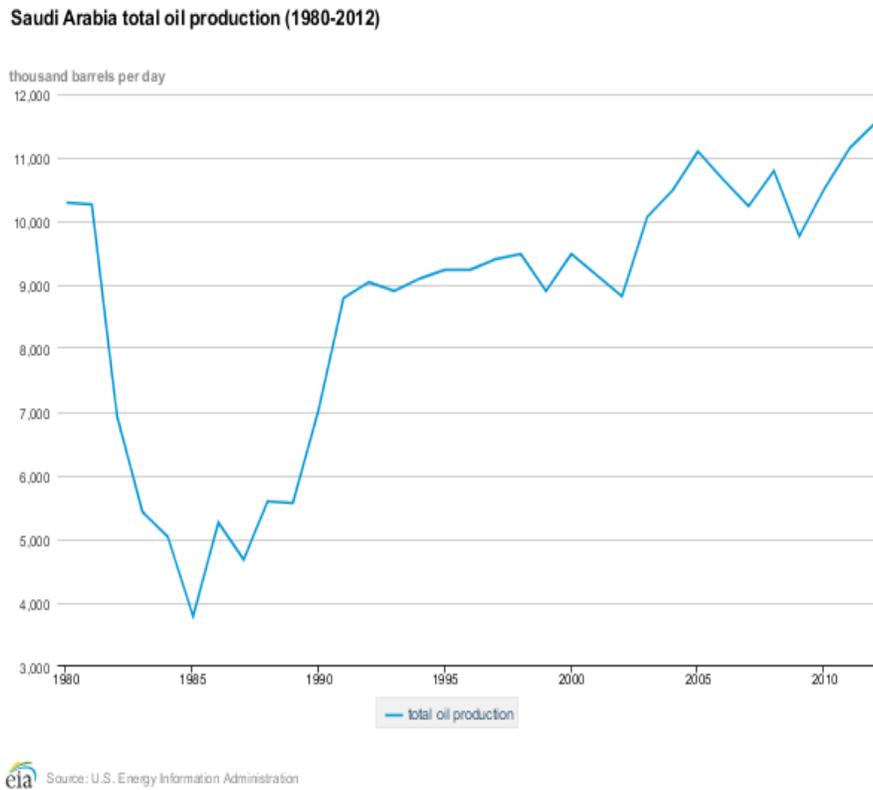


Figure 2.2: Saudi total oil production, 1980–2012

In an analysis of this complex oil production and thus revenue pattern, Alkathlan, Gately and Javid (2013) state that Saudi Arabia abandoned OPEC’s price and output strategy in 1985 and doubled exports within two quarters; prices fell sharply to below the 1974 level. However, production quotas were thereafter managed to maintain stability within the market and supply world demand. In 1990, when Iraq invaded Kuwait and exports from both countries stopped, Saudi Arabia responded by again doubling exports within two quarters. However, this rate was then maintained for nearly a decade, while the rest of OPEC gradually increased their exports (Alkathlan et al. 2013). Prices stayed relatively low in the 1990s, under \$US50, so that the Gulf countries restricted economic spending; however prices rose early in the millennium, reaching \$US148 per barrel in 2008, so that economies began spending, raising the need for more income. Now, according to Spindle (2013), Saudi Arabia has committed to spending well

over \$US100 billion on unemployment benefits, housing construction, educational grants and social programs and needs oil at \$US80 a barrel to break even.

The Saudi economy recovered well from the global financial crisis. In a review of the banking sector that is the driver of economic growth, Budd, Al-Sugair and Al-Salloum (2012) suggest that in general, the influence of Saudi Arabian Monetary Agency's strict regulations ensured a measured performance within the Saudi banking sector overall, compared to the impact on banking sectors of the industrialised countries. Budd et al. (2012) found that this stability facilitated investment opportunities in the Saudi economy, which is at odds with global banking sentiment and the continuing suppressed outcome amongst other foreign countries' banking sectors.

This was made evident by a report from the US-Saudi Arabian Business Council (2009). The Council reported that despite global economic downturn, the Saudi petrochemical and plastics industry had 80 new chemical plants under construction, investing \$US91 billion by 2020 on the sector. This would effectively triple the capacity of the industry, and allow entry of international and local firms in the industry, long dominated by SABIC and its various affiliates. The Saudi Arabian General Investment Authority expected that the unprecedented number of new upstream projects launched by the private sector would facilitate new business opportunities offered by reduced resin prices. These initiatives as the nation's economic drivers fund the cities and filter through to the economy, significantly lifting gross domestic product (SAGIA, 2012).

2.3 Private sector

The structure of the private sector in the Kingdom of Saudi Arabia is directed to a large extent by the government of an absolute monarchy; thus the line between the public and private sectors is blurred more so than in established economies. Ramady and Soleil (2012) note that family businesses dominate economic activity in the country, with the majority of franchises and agencies owned by less than 100 families. Given this impact on the nation's economy, the Saudi government encourages family businesses to address issues that potentially affect family businesses and the national economy. Sadi and Henderson (2011) argue also that the Saudi private sector is dominated by the corporate sector including large family businesses; however, the contribution of the small to medium business sector cannot be overlooked, as it contributes

about 90% of the total number of enterprises in the public sector, although far less to the national economy than the larger firms. This low productivity of a large number of small firms is a contributing factor for labour market distortion; the other factor is the large number of expatriates in influential positions in those firms who see no reason to lose their positions by training Saudis to replace them (Hilal 2013).

With privatisation of firms from direct government control over the past decade or so, the Saudi Arabian stock market (Tadawul or TASI Index) was developed as a means of attracting finance to business. The Capital Market Authority was established in 2003 to regulate the stock exchange and Tadawul took over the Saudi stock exchange in 2007, which now has some 160 firms on its register (Tadawul 2013).

At Tadawul's inception in 2007, the new organisation encountered the global financial crisis that decimated all stock exchanges (Budd & McCrohan 2012). Budd and McCrohan identified four distinct cycles relating to financial, economic and political upheavals. From 2007, Tadawul encountered a boom driven through increases in world oil prices. This was followed by a severe global financial crisis in late 2008/early 2009 triggered by the collapse of global financial institutions. The third cycle was a gradual resuscitation to 2010 with quantitative easing (QE1 and QE2) led by the United States Federal Reserve; and the fourth was the Arab Spring, which occurred alongside the uncertainty over the very survival of both the Euro-currency and the EU zone (Budd & McCrohan 2012).

The International Monetary Fund (2013) recently reported that the economic outlook for Saudi Arabia is subject to the rise and fall of oil prices, which reflects industry factors such as oil stocks in the larger economies, and political events such as continuing unrest in the region and threats to oil supplies. Using its production rates, Saudi Arabia provides stability in global energy markets, a valuable contribution in times of global uncertainty. Further, non-oil growth is about 6.3% for 2013, and the country has large fiscal and external surpluses. The Fund sees challenges for the Kingdom: diversification of the economy beyond oil which it continues to pursue and, in that context, issues relating to labour markets.

2.4 Small to medium-sized enterprises

The term small to medium-sized enterprises (SMEs) differs between and within countries and there is little agreement on definition (Kuivalainen et al. 2012). The term may be based on employment, assets, turnover or a combination of these (Organisation for Economic Co-operation and Development 2005). In Australia, SMEs are defined as enterprises having between five and 199 employees while in Britain SMEs are defined as enterprises with an annual turnover of £2 million or less and with fewer than 200 paid employees (Kotey & Folker 2007). In developing countries, such as Kenya, SMEs are defined as those enterprises that employ 11 to 100 workers (Moyi 2003) whereas in Indonesia this relates to an enterprise with five to 99 employees (Kartiwi 2006). Saudi Arabia also has a number of institutions that separately define the sector (Hertog 2010). The Saudi Arabian General Investment Authority's (SAGIA) past definition of small enterprises were those with less than 60 employees or those companies with less than SAR5m capital; medium-size enterprise have less than 100 employees or less than SAR20m capital (Hertog 2010). This definition of SME was used in this thesis. Hertog, also notes that Chambers of Commerce definitions differed around the country and the Saudi Ministry of Finance in 2011 defined small to medium enterprises as those with *sales* that do not exceed SAR30m (Banks 2011). Thus each organisation defines the sector according to its own criterion: finance, employees, capital or turnover. As of March 2013, the Ministry of Labour designated 340,000 firms with 10 employees or less as small to medium-sized firms for the purposes of the Ministry. These firms are required to have at least one Saudi employee under Nitaqat to mitigate the 90% of expatriates in the private sector labour force (Waqas 2013). Whilst the Ministry's term differs from all others, the implications for Nitaqat are acknowledged for the purposes of this thesis.

2.5 Saudi labour market

The Saudi labour market is dominated by cheap labour where 86% of imported labour is paid less than SAR 2000 per month (\$AU577). Khashoggi (2013) argues that unless this matter is resolved, young Saudis entering the labour market will be unable to compete for entry level jobs that will allow them to start their careers. Small shops and businesses rely on this cheap imported labour, and they are closing as southern Asians queue at their embassies to gain

documentation to return to their birthplaces. Few expatriates are granted citizenship and applicants also require adherence to Islam. According to Khashoggi, the Saudi ‘government is finally convinced that it cannot move forward with its reform projects as long as [there are] a few million cheap workers who made the Saudi manufacturing sector and economy’ (p.1).

This situation was grounded in the development of the oil industry in the mid-20th century and the subsequent socioeconomic development of Saudi Arabia. Ramady (2010) points out that the intense rate of development was only possible with international expertise and labour over the past half century, building infrastructure, residences, schools and hospitals. Growth until the 1990s was subject to oil prices, and until the mid-1990s male school leavers and graduates were absorbed into the highly paid employment and security of the public service. Saudisation was then introduced in an effort to move responsibility for jobs from the public sector to the private sector (Alserhan 2013).

Thus the Saudi labour market is changing through social pressure and the failure of decades of Saudisation (Ramady 2013). Young nationals expect a high standard of living commensurate with their status over non-nationals, ‘irrespective of any personal contribution to the wealth and well-being of society as a whole’ (Ramady 2013, p.479). The issues inherent in the labour market dilemma were Saudi expectations, the number of low-paid non-nationals, low private sector wages, and an inadequate job-ready education. A decade-long modernisation policy is converting the Saudi education system from a didactic approach to placing more emphasis on developing learning skills and using new technologies (Alebaikan & Troudi 2010). Nitaqat, which regulates private sector firms’ approach to employment, demands an increasing percentage of Saudi employment each year and colour-codes the firms on their achievements. Complying firms have access to employee training and a year or more of wage support to bring remuneration levels above SAR3000 per month (Ramady 2013).

Statistics are difficult to establish in the region, as the various authorities use differing bases to establish their data. The Central Department of Statistics and Information (2013) produced the following figures for the first quarter of 2013 (table 2.1).

Table 2.1
Labour force characteristics, 2013

Status	Labour force	Male	Female	Employed	Male	Female	Unemployed	Male	Female
	No. 000	No. 000	No. 000	No. 000	No. 000	No. 000	No. 000	No. 000	No. 000
Saudi	5,260	4,216	1,043	4,631	3,951	6,799	629	265	363
Non-Saudi	6,027	5,374	6,52	6,003	5,362	6,414	23	12	11
Total	11,287	9,591	1,695	10,634	9,313	13,213	652	277	374

Source: Central Department of Statistics and Information, 2013

Table 2.1 shows that Saudi unemployment is about 12%, although youth unemployment is much higher. Non-nationals comprise 53% of the total labour force and predominantly work in the private sector. Within the Kingdom's 28 million population the non-nationals number about 8 million, and the government is determined to remove up to 2 million illegal workers who, incidentally, are at the mercy of a thriving black market in labour market documentation (Knickmeyer 2013).

2.6 Saudi education system

The Saudi government historically spends about 25% of its annual budget on education and training (Mohammad 2013). This priority showed in each of its five-year development plans that started in 1970, and reflect early structural changes, such as the General Presidency for Girls' Education, established in 1960 and the Higher Council of Education in 1963 to manage education in the Kingdom of Saudi Arabia and determine educational policies and objectives. The Ministry of Education began in 1954 and the Ministry of Higher Education was instituted in 1975. The Technical and Vocational Corporation dates back to 1980 (Al-Shammari 2009).

2.6.1 Ministry of Education

The Ministry of Education instituted a 10-year strategic plan (2004–2014), called Tatweer, to modernise the education system. In line with increasing oil revenues, the funds available for education reform grew from SAR105b in 2008 to SAR204b in 2012. This included an increase from eight public universities in 2003 to 24 (Ministry of Higher Education n.d.) with 666,746 students, plus six private universities and colleges (Ministry of Higher Education n.d.).

As well, the King Abdullah Scholarship Program has produced more than 47,000 overseas graduates since 2006 (Al-Aribya 2013).

Basic compulsory education in Saudi Arabia is for all children aged between 6–15 years. General education in Saudi Arabia is a conventional kindergarten to Year 12, comprising primary (six years), intermediate (three years) and secondary (three years) school. Each of these is a separate institution, duplicated for gender segregation (Al-Munajeed & Sabbagh 2011). Whilst Arabic and Islam dominated the early curricula, attention began to move towards mathematics, science and English a decade ago. The Kingdom first entered the periodic international comparison scales Trends in Mathematics and Science Studies with 8th grade students in 2003, 2007, and both 4th and 8th grade students in the most recent iteration in 2011. The benchmark for the GCC³ countries was provided by the United Arab Emirates (US National Center for Education and Statistics 2013).

The Ministry of Education is undertaking a decade-long restructure of its education system, although there is little reporting and the aims, implementation and outcomes remain opaque. To address the requirements of assessing the nation under the Trends in Mathematics and Science Studies, International Study Centre, Boston College, the Ministry produced such a report. This is extensively quoted in this section, as it remains the latest authoritative report produced by the Ministry on matters of concern in this study. Thus there is little opportunity for producing material other than media reports on a range of matters that may not be direct quotes. The Ministry of Education's aims, *inter alia*, were presented by Mullis et al. (2011) as:

- placing students at the centre of the education process
- developing standards and quality control
- independence to both educational (discipline) directorates and schools
- providing facilities and equipment to schools, with a focus on school plans and programs on learning processes
- building capabilities, both human and technical, to manage education; lead the process of developing schools and achieving quality performance; grant suitable administrative authority; define goals for students; and establish schools that can accomplish these goals.

³ Gulf Cooperation Council countries Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates and Oman.

Schools and directorate competence is assessed according to administrative effectiveness and the ability to implement educational aims. The Educational Department Council plan curricula and prepare teacher professional development programs. The Ministry of Education supervises these plans via its educational directorates and offices (Mullis et al. 2011).

The Ministry reported to the US National Center for Education and Statistics (Mullis et al. 2011) that education in Saudi Arabia is divided into public (government funded) education, private education, special education (under the supervision of the ministry), vocational education (related to the Technical and Vocational Education Training Corporation), and foreign education such as the King Abdullah Scholarship Program (Mullis et al. 2011).

Instructional facilities and equipment, including mathematics and computer laboratories and visual aids, are found in most of the Kingdom's schools. There are no policies for calculator or computer use in 4th grade; however in 8th grade, calculators are used and computers may be used to visit certain internet sites or links. Computer use as a formal subject is introduced in 7th grade in public schools, but is practised as an extracurricular activity in all grades. In private schools, computer use starts as a formal subject in first grade (Mullis et al. 2011).

All teachers from the 7th grade are specialised in their disciplines, and most 4th grade teachers in mathematics and science are specialists. In the future, non-graduate teachers will be replaced by those academically qualified. The ministry guarantees certain teacher rights including job performance standards, secure teaching positions on contract, and equally and fairly assign and transfer teachers. Teachers also have the right to study or practice abroad, and to present their needs and ideas through a number of teacher consultative councils. However, in 2011 the ministry was planning new performance criteria and teacher licences to clarify the status of teacher positions and to ensure improvements in teacher performance. New teachers are required to hold a bachelor's degree in their discipline and pass a proficiency test in their discipline, a test of general educational proficiency, a medical test and a character test. The Ministry of Education cooperates with the National Centre for Assessment in Higher Education to develop general teaching standards and collaborates with the Ministry of Higher Education to develop additional standards for new teachers (Mullis et al. 2011).

2.6.2 International comparison: mathematics and science

The latest official Ministry of Education reports (Mullis et al. 2011) that the mathematics curricula for primary and secondary grades are based upon a balanced merging of learning to develop cognitive understanding and mathematical skills for all grades. By the 8th grade, mathematics textbooks include number, algebra, measurement, geometry, and statistics and probabilities. The science curricula is organised to position the student centrally in the teaching and learning process. The scientific method of investigation involves practical skills (e.g. scientific reading and writing, drawing, and collecting samples), and connecting science knowledge with daily life (e.g. relating science to mathematics and society). By 8th grade science texts include: life, cell activities, and genetics; the human body; relationships between living organisms; and energy and substances (Mullis et al. 2011).

The outcome from the Trends tests for 2011 was that in the new 4th grade assessment, Saudi students' results were ranked 45th from 50 countries and 37th from 45 countries for 8th grade. Girls did better than boys in both cases (Mullis et al. 2012).

2.6.3 International comparison: reading and literacy

Similar to mathematics and science international comparative studies, the Progress in International Reading Literacy Study assesses students' competencies in their national language. The tests were again conducted in 2011 for the third comparison of reading achievement carried out since 2001 by the International Association for the Evaluation of Educational Achievement, an international organisation of national research institutions and governmental research agencies. In 2011, 57 education systems (including countries and other education systems) participated in the study, with 53 at 4th grade level. Saudi Arabia contributed for the first time, again with United Arab Emirates as the Arab benchmark (US National Center for Education and Statistics, 2013). Saudi Arabia was ranked 41st from 45 countries, achieving a score of 73 against an international average of 89 (UAE 81) (Mullis et al. 2012).

2.6.4 Section summary

Teachers have a high status in Saudi Arabia, and the early lack of university qualifications resulted in many Saudi teachers graduating from teachers' colleges. Further, Arabic language teachers were originally sourced from Egypt, with some Pakistanis and Iraqis. As Saudi teachers have jobs for life and there is strict gender separation throughout the education system, this resulted in acceptance of teachers with low qualifications who are entrenched, due to age and status. The ministry's aims and ambitions for student standards frequently fail to penetrate to school level. The impasse is, to some extent, bypassed through the government's extensive international scholarship program, which places qualified Saudis acting as agents for change, and the highly useful strategy of international competition, which is evidence of international competitiveness. Graduate teachers is another useful change mechanism, as university courses are frequently conducted in English, and young Saudis are becoming more fluent due to the internet and English studies extending throughout the school years. Whilst slow, these reforms are effective in leading towards education to achieve a job and a career, as more opportunities become available in the workplace.

2.7 Vocational education and training

Training youth for work in agricultural, commercial, and industrial jobs was the first priority for the early kings. Under the Directorate of Education, industry-based education began in 1949 with the first intermediate industrial school in Jeddah, with 30 post-primary school boys. This early effort was the first step in the establishment of vocational education in Saudi Arabia (Al-Shammari 2009). By 1963 and now under the Ministry of Education, there were eight industrial schools including King Saud Industrial Institute and Riyadh College of Industrials. The post-primary entry level (7th grade) was raised in 1965 to post-intermediate (10th grade) industrial institutes to allow greater access to a general education for students before embarking on their trade. The institutes trained students in mechanical trades such as electrical engineering, and technological studies. In 1967, the Royal Technical Institute in Riyadh was established as a multi-purpose campus, offering secondary (10th to 12th grade) vocational curricula, technical-industrial curricula, including technical supervisors, and a teachers' training college. A similar facility was established in Jeddah with the assistance of the French government. By the end of

the first development plan in 1974, 2,727 students had registered in industrial education. Agriculture training began earlier, in 1955 in the Riyadh province, and extended for a time to other provinces; however, lack of interest eventually led to consolidation to one agricultural college in Burayda, north of Riyadh. Finally, office-based courses in commerce and accounting were standardised in 1967, so that post-intermediate students (10th grade) received a general education first (Al-Shammari 2009).

2.7.1 Technical and Vocational Education Training Corporation

To gather the various training institutions and colleges under one administration, the General Organisation for Technical Education and Vocational Training was established in 1980, renamed the Technical and Vocational Education Training Corporation in 2006. Training programs are conducted for vocational and industrial training (levels 1 & 2) and technical training (level 3). The Corporation states that its vision is to contribute to the country's development by providing high quality technical and vocational training for Saudi youth to meet the needs of the labour market. Its objectives, inter alia, are:

- to develop technical and vocational training courses for the labour market
- to maintain international standards of curricula and delivery
- to encourage private sector participation in development and delivery of courses.

Further, the Corporation is committed to accepting the maximum number of younger and mature age students who wish to obtain certification and achieve employment in that role; to establish consultation with the private sector on their needs, investment, and the availability of traineeships; and to promote vocational and technical training to the population. Finally, the Corporation is committed to maintaining research on current and future technological and structural change, and adapt its courses and delivery to meet new standards and technical competencies (Technical and Vocational Education Training Corporation 2013).

The Governor of the Corporation administers the organisation in accordance with the policies, objectives and decisions of the Board of Directors of the Corporation. The Governor is assisted by four Deputy Governors who manage training, support services, and planning and development. After a reorganisation in 2009, the Corporation is in the process of automating its student administration system, and changing its instructor classroom system to incorporate online

curricula delivery. It is increasing professional development to raise pedagogical standards for its instructors to meet the cognitive model for learning; and improving the institutes' and colleges' facilities, resources, and equipment. A Technical Trainers College that opened in Riyadh in 2008 offers a three-year bachelor's degree under the direction of the German Agency for International Cooperation, and admitted some 1200 students in 2012. Whilst the Corporation provides the College infrastructure the Agency delivers on the college strategy, teaching methodology, human resources, administration, didactic and technical matters and general management of the institution (Technical and Vocational Education Training Corporation 2013).

The Corporation reports regularly to the United Nations' International Centre for Technical and Vocational Education and Training (2013). The following information is extracted from that website. In these courses, education (25%) focuses on basic skills, materials, work ethic, computer skills and English language, whilst practical training (75%) depends on the occupation or trade. The duration of training varies from a couple of months to two years. Trainees admitted into the courses include school leavers, university students and those unable to find work.

Industrial Secondary Vocational Institutes

In 2010–2011, the Corporation established an occupational framework for base training, a regional needs analysis, and an operational infrastructure to enable institutes to provide for each community's training demands. Individual plans were aligned to local labour market requirements. There were some 63 institutes in 2013.

Colleges of Technology

Rapid economic development and the establishment of adult learning through Nitaqat led to an increase in the number of colleges of technology in every major city in the Kingdom. The academic year at these facilities is divided into three trimesters, each of 14 weeks. To graduate with an associate diploma, trainees study three trimesters, plus a final trimester as an industry placement. Trainees can choose from the following: electrical; mechanical; chemical; administration; computer; electronic; hotel and tourism; information; and environmental and food processing. There were 36 Colleges of Technology in 2013.

National System for Joint Training

This is a private–public partnership to engage the private sector to provide employer-aligned training. The benefits include off-site training facilities for the Corporation students to experience a working environment, with the prospect of ongoing employment. The stakeholders in this initiative are the Technical and Vocational Education Training Corporation, the Human Resource Development Fund and the Chambers of Commerce and Industry. The Corporation provides the training; the Human Resource Development Fund provides funds (including a stipend for the trainee) and supervises the courses; the Chamber of Commerce and Industry is in charge of ensuring quality for the practical training at company facilities. The Ministry of Education (2004) reported to the United Nations that a joint training initiative was established to provide basic training to school leavers and university students who did not continue their studies. Now provided by the Technical and Vocational Education Training Corporation, the basic workplace is purported to be 25 % classroom learning (first part) with hands-on practice (second part) in the ‘basic skills and information of the vocation, plus English fluency and computer skills’:

The second part, which is the practical training part, takes up 75% of the training program period and is implemented on the sites of the private sector companies and establishments. This part also follows a definite training program period which answers the needs of the labour market in terms of the practical skills required for each vocation (Ministry of Education, 2004, pp. 80-81).

The website of the National System for Joint Training (n.d.) nominates the following occupations funded under this program (table 2.2).

Table 2.2
National System for Joint Training: Occupations

Occupation	Minimum schooling	Course duration
E-trade/commerce	Post school diploma	9 mths
Web development	Post school diploma	9 mths
Network systems	Post school diploma	9 mths
Executive secretary	12 th year	12 mths
Auto mechanic	12 th year	12 mths
Tickets agency	12 th year	8 mths
Customs translator	12 th year	8 mths

Customs forwarder	12 th year	8 mths
Customer relations	9 th year	7 mths
Air conditioning	9 th year	12 mths
Cashier	9 th year	5 mths
Cashier assistant	9 th year	5 mths
Sales agent	9 th year	6 mths
Receptionist	9 th year	6 mths
Warehouse clerk	9 th year	6 mths
Jewelry sales	9 th year	6 mths
Sales	9 th year	5 mths
Safety	9 th year	4 mths
Truck driver	9 th year	4 mths

Military Vocational Training

This course contains both military outcomes and civilian work-ready competencies. The program's intake is 10,000 students a year, providing military training with a basic technical component and technical training with a discipline component. The majority of graduates join private sector companies with some remaining with the military or continuing at a College of Technology. The stakeholders in the program are the Ministry of Defence and Aviation, the Ministry of the Interior, the Technical and Vocational Education Training Corporation and the National Guard.

The Technical and Vocational Education Training Corporation will complete 50 Technical Colleges and 180 Industrial Secondary Institutes by 2017. This will create 500,000 training placements in vocational occupations such as information technology, medical equipment competencies, training for plumbers, electricians, mechanical technicians, body care specialists, and hairdressers. The aim is to reduce the number of foreign workers in the Kingdom and absorb students in higher and vocational education. Technical and vocational training facilities need to be expanded and quality issues addressed to overcome the gap between certification and employers' needs (UN International Centre for Technical and Vocational Education and Training 2013).

2.8 Saudisation and Nitaqat

The Saudisation regulations were introduced on a noncompliance basis during the 1990s to stem the tide of foreign workers and to place the onus of job provision on to the private sector (Al Dosary, 2004). Initially, Saudisation required private firms that employed more than 20 workers to reduce their non-national workforce by at least 5% every year, focusing on both the finance sector and particular occupations to overcome perceived Saudi distaste for service jobs (Al-Jasser 2002). Through a combination of circumstances, including significant socioeconomic development, the influx of foreign construction workers increased, rather than decreased, and professionals and managers arrived to take up qualified positions that the Saudi education system was unable to fill (Al-Shammari 2009; Mullis et al. 2011).

Saudisation and Nitaqat are administered by the Ministry of Labour, whose objective is to administer the Labour Law, conduct human resource planning and attend to labour disputes. There are no trade unions in the Kingdom so the Ministry is the only recourse for employees and labour contractors. The Ministry's responsibilities are to:

- develop labour policies and plans to enhance Saudi private sector employment and productivity
- administer recruitment of expatriate workers, service transference, employment of the workforce, and issue work licenses
- undertake work inspection, and monitor the Labour Law
- develop a database of the labour market in the Kingdom that includes data about Saudis and non-Saudis working in the private sector
- administer social services to all employees
- monitor all policies and projects
- liaise with international and regional labour organisations on policy matters.

The Ministry of Labour's structure comprises its headquarters in Riyadh under the Minister of Labour, labour offices in the provinces (Directors of Labour Office), and labour offices in the regions (General Directors of Regions) (Ministry of Labour 2010).

To encourage greater compliance in employing Saudis, the Human Resources Development Fund (2013) was established in 2000 to administer and fund all Saudisation (and now Nitaqat) programs, that is, training and financial support to both the employee and employer. Working with the Ministry of Labour and in conjunction with the Council of the Chambers of Commerce and Industry, the Fund pays part of the financial cost of workplace competency training (the employer also contributes) and a percentage of employees' wages for up to two years; supports all initiatives to replace non-Saudis; offers loans to training providers; and conducts its own research on training and employment (Human Resources Development Fund 2013).

The Human Resources Development Fund has a board of directors; its chairman is the Labour Minister while the other members are from different governmental organisations, such as the Trade and Industry Ministry, the Training Corporation, Ministry of Finance, Ministry of Planning, and its executive director. The Fund comprises of departments for training, employment and finance plus administrative groups. It is funded by income derived from non-national labour permits used by the private sector, and these roles are reviewed in this study.

The Chambers of Commerce and Industry, as discussed, form the communication channel between the government and Saudi firms. The Saudi chapter of the International Chamber of Commerce is tasked with introducing international commercial standards into the Kingdom, supporting the World Trade Organisation's agenda, and representing Saudi Arabia at the organisation's forums. It also provides a national Dispute Settlement Committee for its members (International Chamber of Commerce Saudi Arabia 2013). The Council for the Saudi Chambers of Commerce and Industry (n.d.) is the official federation for the 28 Saudi Chambers, and was established in Riyadh in 1980. As well as representing the Saudi organisation for the International Chamber of Commerce, the Council also supports the individual Chambers and advocates for private sector interests. The Council has a Board of 56 Directors, comprising the heads of the 28 chambers and one elected member from each chamber. The Executive Committee of nine members administers finance and advises the Board, which is served by the General Secretariat.

As noted, the lack of success of Saudisation over some 15 years is due to a number of structural issues: foreign competition, lack of workplace competencies, low wages, and poor

working conditions. Ramady (2013) also points to structural issues in creating a two-part labour structure by protecting and nurturing Saudi employment on the one hand and permitting the exploitation of foreign workers on the other. The latter point led to continuous global criticism on human rights, and Saudi Arabia is among a number of regional long-term targets of organisations under scrutiny by Human Rights Watch (2012). Ramady (2013) contends that a sense of privilege pervades the predominantly young nationals who have grown up enjoying their lifestyle without making a social contribution.

Although the authorities engender the notion that they are the universal benefactors of their citizens, strong public signals of social change began to occur in 2011. This included attempts to curtail the influences of *wasta* (nepotism) and to promote employment based on skill, education and productivity. Ramady (2013) notes that the private sector is arguing for these changes to replace the arbitrary policies of Saudisation.

Nitaqat, introduced in 2011, is a measured enforcement policy that recognises issues of salary, competence, English fluency and the work ethic (Randeree 2012). Under Nitaqat, employment is defined as a recruit that has completed three months of service. However, wages for the majority of Saudis appointed under the Nitaqat program to date remain low. Only five % of Saudis registered in the Hafiz (unemployment) program hold university degrees. The vast majority of unemployed Saudis lack sufficient skills and qualifications for employment. There are plans to fix minimum salaries for Saudis in the Nitaqat program. Nevertheless, 600,000 Saudis were employed through this program to May 2013, although the Human Resources Commission Chairman said that adequate salary levels were proving difficult for Saudis (Habib 2013). Although not strictly meeting the private sector's skills and knowledge criteria, the Nitaqat program takes into account the sector-specific challenges in achieving national employment, as it compares each company to its immediate peer group (based on economic sector and size) (Al Zharani 2012).

In mid-2013, the government's focus is to curtail the use of illegal and low-paid foreign labour in the country. Khoja and Michaelides (2013) report that perceived human rights abuses by Saudi employers of nationals from a number of countries, including Vietnam, Cambodia, India, Sri Lanka, Nepal and Indonesia, led to the Kingdom signing a number of bilateral

agreements to enforce employment and workplace conditions. The agreements were designed to cover workplace training, health insurance, and fair employment contract relationships.

Article 39 of the Labour Law was amended in early 2013 and now provides that:

. . . it is not allowed for an employer – without following the statutory rules and regulations – to let his (foreign) worker go out and work for others. It is also not allowed for a worker to engage in work for another employer. The employer is not allowed to employ workers who are under the sponsorship of others . . . The employer is not allowed to let his worker engage in work for his own benefit. The worker is also not permitted to work on his own account. The Ministry of Interior shall arrest, deport and take punitive measures against those violators who are working for their own benefit in the streets and public squares and against those who run away (from their sponsors) as well as the employers, benefactors of such violators, those covering up on them and transporting them in addition to any person having a role in such violation.

Other changes to the Labour Law include a draft law termed ‘The Rules for Dealing with Expatriates in Violation of the Laws’. These Rules include 14 articles identifying the competent authority set up to enforce the range of penalties and the employer’s obligations. Employers who violate the Rules will be prohibited from recruiting foreign employees for a maximum period of five years. Examples of violation include hiring illegal immigrants, the sponsor’s contractors working on their own account or for another employer, or not following the statutory rules (Khoja & Michaelides 2013).

2.9 Chapter summary

This chapter explained the characteristics of Saudi Arabia that impact on the employment of nationals. Its recent history of nationalisation resulted in Arab and Islamic norms that had endured for millennia being disrupted through oil revenues, population pressures, socioeconomic development and the remarkable pace of change over 50 years. The Kingdom effectively began when accommodation, health and education benefits became available and expenditure was guided by a five-year socioeconomic plan. Whilst even such mid-range objectives are difficult to achieve, by 2011 the social and employment pressures noted by Ramady (2013) forced the government to implement its Saudisation policies, largely by enforcing compliance and focusing on quality education outcomes. Such initiatives as international scholarships have allowed tens of thousands of young Saudis to experience other countries, and to absorb ideas and practices to be brought back to their future Saudi workplaces. A greater adoption of English language and the

need to manage new technologies are also leading Saudis to adopt globalisation and to move more freely around the world.

Chapter 3 Literature review

The previous chapter presented the context of this research, that is, the employment policies and education issues for Saudi Arabia. This chapter, the literature review, explores theories of adult learning, human capital, vocational education and training, and competency development. The current international debate in vocational education and training is discussed in general in selected developing economies and Saudi Arabia, in particular.

Of the theories and models selected for this research, adult learning theory relates to the principles and practices used for workplace training; human capital provides the theoretical framework regarding the importance of education for economic development. This chapter reviews human capital theory and the investment in human resources relative to the Saudi Arabian economy including the necessity for training to develop workplace competencies.

Vocational and technical training in developing economies may differ from earlier economic objectives, strategies and outcomes. This chapter examines three training models that reflect Saudi Arabia's experience as it relates to economy, population and culture.

3.1 Adult learning

An early advocate of adult learning, Knowles (1978, 1990) developed an integrated framework from a meta-study of adult learning concepts dating back to Overstreet's: *The mature mind* in 1949. During the second half of the 20th century, a unified theory of adult learning, andragogy, was emerging in Europe. Andragogical theory differs from child learning theory and is based on four assumptions: the adult self-concept is continually moving towards self-directedness; as people mature they accumulate and seek more knowledge; adults' need to learn emerges from tasks required for their evolving social entities; and adults tend to have a problem-centred orientation to learning more than subject orientation. Knowles (1990) developed a process model for adult learning that includes: establishing the need for learning intervention; formulating program objectives; designing curriculum and course delivery including learning experiences; conducting learning experiences with suitable techniques and materials; and evaluating learning outcomes and feedback for further learning needs. Knowles, Holton and Swanson (2011) established six principles of andragogy which maximise learning potential: the

learner's need to know; self-concept of the learner; prior experience of the learner; readiness to learn; orientation to learning; and motivation to learn.

In a further meta-study of adult learning theory, Merriam (2001) questions assumptions such as whether a process model of adult learning could be defined as theory. A second research direction emerged: that andragogy could be depicted by the tension between individualism and social structures as the most potent influences on adult learning. 'Andragogy is unconditionally on the side of human agency and the power of the individual to shed the shackles of history and circumstance in pursuit of learning' (Merriam 2001, p.7). Thus Merriam claims that Knowles' version of andragogy is the individual learner is autonomous, free, and growth oriented. This leads to determining whether an individual may always be free of culture and society, or conversely, whether social institutions define learning experience for each person. In arguably the latest meta-study of andragogy, Taylor and Kroth (2009) explore its history and assumptions and critique the concept. Their predominant criticism is that despite andragogy's philosophical foundations, its principles cannot be measured. Knowles et al. (2011) acknowledge these shortcomings, stating andragogy is an emerging theory of adult learning: a model of assumptions about learning. Further, according to Taylor and Kroth (2009), there is a lack of clear meaning as to what constitutes andragogical practice due to many different approaches to teaching, learning, and evaluation. Finally, whilst advocating the effectiveness of andragogy, Knowles et al. paradoxically find tests and grades an anathema; this suggests evidence in the meta-study must be questioned.

The Self-directed Learning Readiness Scale, created in 1977, was a measurement of adult learning (Phares & Guglielmino 2010). This approach involved two parts: a Delphi study in which self-directed learning and its key characteristics were defined, which led to a self-reported Likert scale questionnaire. A consolidated theory of adult learning still needs to be empirically proven as other traditional theories about learning including behaviourism; humanism; cognitivism; social learning theory, and constructivism have tended to dominate the literature (Merriam, Caffarella & Baumgartner 2012). Adult learning is of concern in Saudi Arabia as the section on the Technical Education and Vocational Training Corporation in the previous chapter attested.

3.2 Human capital

The origins of human capital theory can be traced back to the theories of economists, such as Adam Smith, Gary Becker and Theodore Schultz, who all established techniques and described various theoretical frameworks to study the importance of education in promoting economic development (Crook et al. 2011). Human capital theory is an economic theory that describes the contribution made by individuals in the process of production, productivity outcomes, and economic development. Shultz (1961), Denison (1962), Mincer (1970), and Becker (1993), describe the impact of education and training on an individual's productivity and income over time.

Based on an individual's socioeconomic status, education and attainment, Conger, Conger, and Martin (2010) indicated that socioeconomic status is related to a range of developmental outcomes for adults. As well as financial benefits, Lutz and KC (2011) suggest that globally, high human capital through better education leads to different migration patterns, better health and lower mortality. Lutz and KC call for further progress in education. Gaining socioeconomic status through education is also the focus for Hardaway and McLoyd (2009), who identified individual relationships through family and community, and structural factors related to social mobility during the transition to adulthood. Their research considers social identity, neighbourhoods, and social groups plus opportunities for social mobility accomplished through academic achievement, educational attainment, employment, economic independence, and home ownership. Thus human capital can be acquired pre- and post-employment; it is a continuing process of acquisition and expenditure for the social good (Hardaway & McLoyd 2009). It should be noted that Avis (2010) and others highlight some inconsistencies with human capital theory, particularly in the areas of situated learning (Lave and Wenger 1991), localised work-based and educational practices (Hager 2000) and "top down state driven managerialism and similar forms and evidence informed practice" (Avis 2010, p.174).

The focus of this section is the development of human capital in Saudi Arabia. The fundamental principle underpinning human capital theory is that individuals' learning capacities are part of the resources necessary to produce goods and services. When resources are efficiently and productively used, the results enhance individuals' circumstances and are profitable for society overall (Crook et al. 2011). Human capital refers to the knowledge and skills that can be

acquired and innate abilities that enable the acquisition of different skills. Researchers have long understood that human capital, especially education and training, plays an important role in organisations (Becker 1993). Salaries for employees and managers are strongly related to their respective education and experience, and organisational training to build human capital and influence performance (Combs et al. 2006). Training for skills, knowledge, and experience, are consistently viewed as central drivers of strategy and performance, according to O'Mahoney (2012) who found that in the 15 largest European economies, investments in continuous training represent less than 2% of gross domestic product, or about 35% of expenditure on general education.

The introduction of human capital in training, according to Crook et al. (2011), offers a theoretical explanation for human performance that may lead to sustainable performance in firms. Of interest, the authors state that such human resources (in this case, scarce supplies of superior Saudi competencies) must be in short supply and remain with an employer for sufficient time to deliver lasting above-average performance. Their findings from a meta-study from the literature were that

human capital relates strongly to performance, especially when the human capital in question is not readily tradable in labour markets Our results suggest that managers should invest in programs that increase and retain firm-specific human capital (Crook et al. 2011, p.443).

The United Nations (Office for Economic Cooperation and Development) has long been researching the implications of human capital, particularly for emerging economies. Miyamoto (2008), for example, studied human capital formation in the context of foreign direct investment in developing countries. Saudi Arabia actively seeks foreign investment to assist its socioeconomic growth in the long term such as the development of the economic cities and the entry of global corporations that assist in employee training (Saudi Arabian General Investment Authority 2012). Miyamoto investigated complex linkages between global corporations and the policies of host countries. The findings revealed a high level of human capital is a key ingredient for attracting investment, facilitating the transfer of knowledge to the host nationals. However, the majority of emerging countries that under-invest in human capital adopt different human resource development policies. One approach recommended by the Office for Economic Cooperation and Development (OECD) is to provide strong incentives for global organisations

and investment authorities to participate in formal education and vocational training, importantly, including workers employed by domestic firms (Miyamoto 2008). This allows human resource training to be demand driven and more flexible. The OECD suggests that focus for this policy is towards small and medium-sized domestic enterprises, where neither the resources nor the knowledge are available for such training. This point is the subject of debate in Saudi Arabia, where Achoui (2009) finds a lack of knowledge on the benefits of training in smaller local firms, and the influence of *wasta*, rather than need, in selecting employees for training.

Policies designed to engage global corporations' interest in investing in a host country's human capital also target high value-added firms that bring in new skills and knowledge to the economy that can filter through to local firms as well. Miyamoto (2008) argues that a country's education system, including adult vocational education and training practices, are well coordinated. This equips students with future knowledge and skills that will complement training opportunities provided in the labour market.

Of interest to this study are the findings of Di Maria and Lazarove (2009). They studied the migration of human capital worldwide, including Saudi Arabia, and its source countries for skills and labour. It is often argued that remittances from Saudi Arabia assist the economies of migrant human resources; and indeed, Saudi Arabia formalised these transfers of human and financial resources through bilateral agreements (Khoja & Michaelides 2013). Di Maria and Lazarove (2009) empirical findings clearly support the claim by developing countries that destination countries select the most talented individuals. Due to the nature of global labour market characteristics (e.g. a focus on finance, engineering or marketing occupations), skilled migration changes both the level and composition of human capital. The researchers call for a more concerted approach to migration policy among developed and developing countries in an increasingly globalised world, such as the Kingdom is now encountering. An increasingly global human capital marketplace exerts pressure on the Saudi government to rapidly skill its population to address future needs, especially if traditional sources of human capital disappear.

The Saudi government therefore has developed strategies and policies concerning the need to invest in human resources as human capital, as evidenced in its successive development plans. Wiseman, Al Sadaawi, and Alromi (2008) found that education outcomes for the Kingdom

lag behind those of comparable countries in the GCC as shown through international benchmarking, and this issue is being addressed by significant resources. Wiseman et al. note unique characteristics of the Saudi system that deserve attention such as school-to-work transition.

This strategy, however, has been perpetuated by issues generic to Saudi Arabian culture such as a reluctance to work in manual and menial occupations (Ramady 2010). This characteristic is further complicated by inadequate workforce development programs that do not reflect the skills and knowledge required to underpin the government's Saudisation strategy for the private sector labour market (Baqadir et al. 2011). Transposed into a real-life context, this discrepancy results in individuals being unable to fulfil their ambitions regarding employment as the current skill formation systems are inadequate to that undertaking. Graduates of such systems lack the occupational skills, knowledge and attitude that can increase their employment opportunities as well as their longevity in the more challenging and performance-demanding environments of the private sector (Baqadir et al. 2011).

3.3 Workplace and technical training

Technical and vocational training is considered differently to an academic, professional career. Archer (2003) comments that education is always centrally positioned within sociologically theories of class, ensuring the reproduction of middle-class advantage or working-class disadvantage. However, Archer states that the concept of class based on economic factors and educational status is problematic at best, given that the master-worker situation has been removed in the majority of the world's operational economies. Goldin and Katz (2008) take a different approach to the history of education. They term the 20th century 'The human capital century', noting that all countries, even the poorest, can give at least a basic education to the greater majority of their citizens. Interestingly, some relatively wealthy countries charge their citizens for this basic education. The United States of America has an education system less elite than Europe, and by 1900 educated its population at a secondary level. Economic growth required educated managers, workers, public servants and citizens. American citizens were considered by some to be the best educated in the world, and as a result they were in the best

position to invent new technology, become entrepreneurs, and to produce goods and services using advanced technologies (Goldin & Katz 2008).

The concept of class did not permeate the US mindset to the same extent as the older European economies, especially as they were forced to continually rebuild in the first half of the century due to the two world wars. A key link to two parts of the US economic system, technological change and inequality, resided in educational progress. Goldin and Katz (2008) state that in 1910, less than 10% of American youth had finished secondary school and by 1930 this had reached 50% of the cohort. School leavers were therefore better equipped for largely manufacturing careers and this changed the nature of their workplace training. Before the spread of high schools, machinists, electricians and production workers learned cognitive skills such as algebra, geometry, trigonometry, and mechanical drawing on the job. By the 1950s, such knowledge and skills were held by school leavers and ‘greatly increased the supply of individuals who could become skilled manufacturing workers’ (Goldin & Katz 2008, p. 113). Thus began a new era in which highly skilled technicians (blue-collar workers) were paid commensurately more than others, thus the human capital equation (years of training and income) was relatively equal for both types of blue- and white-collar worker. While there is little research about Saudi Arabian social class identified by the researcher, there is observable evidence of significant class differentiation within Saudi communities.

The connection between formal education and technological change continued during the post-production era into the current knowledge-based era. The rate of technological change, according to Goldin and Katz (2008), has remained relatively stable for a century or more. Thus the supporting curricula of various countries continue to change, albeit within existing frameworks of national education systems. Technical and vocational (or college) education systems that largely trained nurses, pharmacists, educators, police and many other occupations were therefore frequently replaced by bachelor’s degrees. The vocational/technical system now offers job skills to adult learners, and remains with apprenticeships and traineeships for a range of occupations, for example, plumbers, chefs, personal services, computer- and office-based skills (Fuller & Unwin 2011).

In contemporary terms, technical/vocational training can comprise formal and informal learning for employees and managers. Young people learn knowledge and skills from basic to

advanced levels across a wide range of institutional and other work settings and in diverse socioeconomic contexts. The United Nations Educational Science and Cultural Organisation (UNESCO) advocates further consideration of technical/vocational training to enhance its role in developing more equitable and sustainable societies. In 2012, the Shanghai Consensus adopted the following abridged recommendations for nations:

1. Enhance the relevance of technical/vocational training to

- improve means of identifying current and future skills needs, to ensure the relevance of current technical/vocational training courses to rapidly changing labour markets, economies, and societies
- include environmentally aware skills and knowledge
- foster the use of technology in course outcomes
- note occupations and professions that lack skilled personnel
- localise skills to the immediate area
- develop frameworks and incentive mechanisms to promote the active involvement of relevant stakeholders in planning, governance, curriculum, qualifications development and assessment, as well as school-enterprise cooperation and workplace learning.

2. Expanding access and improving quality and equity to

- develop effective policies aimed at improving teaching and learning processes, professionalising technical/vocational training educators and strengthening teaching standards at all levels
- improve quality standards and benchmarks
- promote cross cutting skills such as problem solving and critical thinking, entrepreneurial skills, and the capacity to adapt behaviour to equip learners with skills for sustainable living and livelihoods
- ensure inclusiveness for learners with disabilities, marginalised and rural populations, and migrants

- improve gender equality by promoting equal access of females and males to technical/vocational training particularly in fields where there is strong labour market demand.

The remaining recommendations support these tenets: improving curricula and pedagogy; improving evidence (course content); strengthening governance and encouraging commercial partnerships; and increasing technical/vocational training resources and promotion (UNESCO 2012).

The Shanghai Consensus is timely. Bosch and Charest (2012) note that earlier in the 20th century, English-speaking countries such as the United Kingdom, the USA, Canada, New Zealand, and Australia had highly organised apprenticeship systems. However, in the last 40 years their technical/vocational training frameworks have changed, and there is little consensus about their structure and management. Apprenticeships have declined in significance, and the global expansion of education at upper secondary and tertiary levels has resulted in employers having a greater choice of graduates with general skills who can be trained in the workplace to acquire intermediate skills. Only in northern European countries with strong trade unions have new apprenticeships been successfully implemented. According to Bosch and Charest (2012), the baseline for technical/vocational training has been raised beyond secondary schooling as countries try to strengthen the links between general and vocational learning, and particularly relevant to technological change. Thus today there is a lack of intermediate tier workers with both practical and theoretical skills, replaced by university graduates with more theoretical knowledge that is not work-based.

Many governments are trying to raise the status of vocational training. New apprenticeship systems are being established in Australia, the UK and Canada, and school-based vocational training is being expanded (Bosch & Charest 2012, p.4).

These matters are important to the future of skills accumulation in Saudi Arabia, given the effects of Nitaqat in reducing foreign tradespeople from the country (see chapter 2).

3.4 Competencies

The term ‘competency’ has been accorded several meanings, which Hoffmann (1999) identifies as two streams: outputs or results of training, that is, competent performance; and inputs, or underlying attributes, required of a person to achieve competent performance. Over time it would seem that the input stream, or underlying attributes of a person, was adopted. Using a variation of the input meaning, Jackson, Schuler, and Werner (2012) associate competency domains with skills and knowledge required to undertake paid work positions (i.e. customer focus, communication, team orientation, technical expertise, adaptability). The authors attribute specific competencies to meet job specifications. Similarly, Kuijpers and Meijers (2012) adopt the term ‘career competencies’ to study outcomes among university students, namely: career reflection (reflective behaviour), work exploration (exploring behaviour), career action (proactive behaviour), and networking (interactive behaviour). However, McGuinness and Sloan’s (2009) use of ‘competencies’ as a term was ignored in favour of skills and knowledge, forms of input.

If the term (competencies) is opaque, then measuring competencies will be difficult. Brockmann, Clark and Winch (2008) sought standards and practices for competency training among the European countries that subscribed to the European Qualification Framework. Studying four countries: England, the Netherlands, Germany, and France; four sectors (IT, construction, health and logistics); and four qualifications (software engineering, bricklaying, nursing and lorry driving), Brockmann et al. argues that the distinct traditions of training systems and labour structures in European countries raise questions about the validity of comparison and thus the feasibility of the Framework itself. There are distinct obstacles to the development of a common understanding of qualifications and skills in a competencies based framework.

In Saudi Arabia, Kattuah (2013) notes the need for improved workplace competencies and that this awareness was not fully addressed by supervisors, some of whom discounted the importance of training. Nataraja et al. (2011) found that together with general skills, Saudi accounting graduates require specific skills to address ‘idiosyncratic’ cultural norms. Given that Saudi accreditation and professional standards may fall short of global averages, the pedagogical and curricula standards arguably need to be raised, and this is the intention of the Ministries of Education and Higher Education (see chapter 2).

3.5 Country comparisons: Germany and Australia

Given the issues related to the measurement of competencies, Wheelahan and Moodie (2011) explain the dimensions for competencies in Australia's technical/vocational training system including:

- 'cognitive skills – a foundation of general skills for general citizenship such as literacy, numeracy, and general educational competence
- technical skills – those needed to perform particular tasks for pay such as recognised trades or professional skills
- behavioural skills – personal skills to perform as an employee, usually subordinate roles in the production process or the provision of a particular service' (Wheelahan & Moodie 2011, p. 12).

In Australia, however, qualifications comprise units of competency, and describe a specific work activity, the conditions for practice, and evidence of competency. Course units start with the smallest component, adding more units of competency to build a qualification. Wheelahan and Moodie (2011) state this form of competency is task-focused and does not take into account a deeper understanding of the occupation, or how the competencies relate to each other. 'It does not emphasise the development of occupational identity or autonomy' (p.13).

Saudi Arabia's technical/vocational training system is notably based on the German system (section 2.6.1). The German system, *Kompetenze*, differs from the Australian system in that it is based on apprenticeship training, where apprentices are trained in the workplace and in vocational education institutions (Wheelahan & Moodie 2011; Wheelahan, Moodie & Buchanan 2012). They also differ in the nature of competence. *Kompetenze*, for example, includes:

- *Fachkompetenz*: the use of expert knowledge to solve tasks and problems
- *Personalkompetenz*: the ability to fulfil one's own potential within society
- *Sozialkompetenz*: developing social responsibility (Wheelahan & Moodie 2011; Wheelahan, Moodie & Buchanan 2012).

Germany's *Kompetenze* reflects the three competency skills in a more comprehensive environment. It includes 'Beruf (occupation) which has a body of systematically related theoretical knowledge (*Wissen*) and a set of practical skills (*Können*) as well as the social identity of the person who has acquired these' (Wheelahan & Moodie 2011, p.13). There are some 100 *Berufes*, where each occupation has its own place and status in German law and

society. Tertiary education therefore has a broad notion of *Kompetenze*, whereby graduates are prepared for their *Berufes*.

In light of change, competency in Australia is now defined as ‘the consistent application of knowledge and skill to the standard of performance required in the workplace. It embodies the ability to transfer and apply skills and knowledge to new situations and environments’ (Wheelahan & Moodie 2011, p.14).

Australia is moving towards a capabilities approach, a broad normative framework for the evaluation and assessment of individual well-being and social arrangements, the design of policies, and proposals about social change in society. . . .The core characteristic of the capability approach is its focus on what people are effectively able to do and to be; that is, on their capabilities’ (Robeyns 2005, p. 94).

It should be stressed that while Wheelahan and Moodie’s views are stated within the context of this research, their intent may differ. The capabilities approach includes functions and refers to a person’s capacity to act, whilst achieved functions refer to successful outcomes toward a goal.

3.6 Training systems in emerging nations

According to the OECD, Saudi Arabia is a developing country; therefore, it is appropriate for this research to examine the vocational and training systems of some other developing countries by way of comparison and guidance. The other developing countries selected for close examination are South Africa, Morocco and Lao PDR as, irrespective of their differences in population, culture, history, economies, and political systems, they focus considerable resources and future aspirations on training and development.

3.6.1 Africa

There are countries without a functioning technical/vocational training system, and the United Nations is especially concerned with such countries in Africa, where the enrolment rate in formal training at secondary level is 5% or less (United Nations Educational, Scientific and Cultural Organisation 2013). Ad hoc (informal) training with tradespeople is predominant and often highly fragmented. Learning opportunities in the workplace, non-formal learning, private provision, and initiatives under various non-education sector ministries all tend to operate in a

non-coherent way. Three out of five unemployed in sub-Saharan Africa are young people, mostly surviving in the informal economy. UNESCO (2013) is setting certification frameworks, assisting with mobile training units, and gathering data.

In Morocco, Hassi and Storti (2012) explain that vocational education has long underpinned socioeconomic development. The government's policy is that occupational skills are available to meet the needs of employers, particularly the private sector. These aims provide firms with competent workers through guiding a proportion of school students towards skilled trades. The Office for Vocational Training and Work Promotion, created in 1974, is responsible for the administration of over half the students (258,000 in 2008) enrolled in 237 public training institutions offering 390 occupational qualifications. Morocco's vocational training framework has four levels of attainment with pre-admission entrance testing: special technician, open to those who gained secondary school certification and are under the age of 23 years; technician, offered to students less than 25 years who completed secondary school but failed to pass; qualification, open to students under 25 years, who completed at least 11 years of formal schooling; and specialisation, offered to students less than 25 years who completed primary school. Training is generally two years for all levels (Hassi & Sorti 2012).

In 2007, the success rate for the Moroccan system was 83 %, with 160,000 graduates, surpassing the target level to double (78,000 to 130,000) those successfully gaining qualifications in five years (Hassi & Sorti 2012). Hassi and Sorti state that the unemployment rate among graduates of vocational training, given the different occupations, was between 22 and 30 % in 2008 compared to a 9.6 % national average. Consequently, the policy objective of fostering links with industry to ensure the curricula met industry's needs became problematic due to limited job availability. To address this issue, new business-based training modules were adopted, and Morocco currently offers trainees skill-oriented school-based training, skill-based training through cooperative instruction, and apprenticeship training. New industries have been addressed, such as tourism, textile and information technology, that focus on skills acquisition through skill-based teaching approaches with work experience during school breaks (Hassi & Sorti, 2012).

In its latest report on South Africa, the Office for Economic Cooperation and Development (2008) stated that further education and training is aligned with post-compulsory

secondary education, and includes three years of formal schooling and further education and training at dedicated colleges. De Klee (2013) states that in 2009 nearly half (2.8m) of 6 million South Africans aged between 18 and 24 years were not at work or in the education system. De Klee notes there was significant media attention in South Africa to:

...the potential for social disruption as a result of having an army of unemployed, unskilled youth. Postsecondary school options are minimal and there are few available qualifications for young people beyond the formal education system. (2009, p.1)

In a follow-up study of a 2009 South African youth unemployment report, Perold, Cloete and Papier (2012) highlight the disruption to education, training and job seeking for youth from the combined effects of the 2011 North African ‘spring’ and the after effects of the economic crisis in Europe. Perold et al. (2012) state that across the 30 OECD countries, 15 million unemployed workers aged between 15 and 24 years, were up from 11 million in 2007. One in four young workers is without a job in France and Italy and this rose to 40% in Spain. Before the economic crisis in 2008/2009, according to the International Monetary Fund (IMF), unemployment in South Africa was already very high through structural factors such as mismatches between workers’ skills and jobs available, and large distances between employers and settlements (Selassie 2011). De Klee (2013) notes, in concert with similar countries, agencies tasked with training South African youth simply do not communicate. The Department of Higher Education and Training should coordinate South Africa’s post-school sector, comprised of universities, further education and training colleges, sectoral education and training authorities, and adult education centres. Accurate projections for skills demand should underpin the curricula for the post-school sector, and job skills restructure pathways for adults are necessary for the changing job markets.

“The issue of skills supply and demand is a complex one,” says Joy Papier, director of University of West Cape’s Further Education and Training Institute. “Needs are not clearly defined or set out and the skills providers have constraints on what they can provide. The system is not well enough synchronised yet for the supply to meet the demand or the demand to properly inform supply.” (de Klee 2013, p.1)

Whilst South Africa has 900,000 university students and 450,000 more in the vocational and technical sector, this capacity is insufficient to address large-scale youth unemployment. As in Saudi Arabia, youth aspire to university education, and have negative views regarding occupational training and trade jobs, partly due to post-apartheid influences. Thus over two-

thirds of South Africans, aged between 16 and 34 years, have never worked. Further, reluctance to join the workforce for extended periods seems to reduce the likelihood of securing well-paid employment at a later stage. Unlike Saudi Arabia, South Africa's education is historically underfunded, and education and training policies have only recently been changed to make vocational training more attractive through national student financial aid schemes. However, there remains a perception within these communities that vocational training is of no use without access to well-paid jobs (de Klee 2013).

3.6.2 Asia

In Laos, Phrakonkham, Khammounty, and Soysouvanh (2012) examined the technical and pedagogical learning-teaching curriculum for the technical and vocational education department at the National University of Laos. They found issues regarding student selection, which was by quota; that laboratories and workshops were under-resourced; and there was no teacher practice in the four-year course. Further they questioned the competencies of the graduate teachers. To address these issues, they proposed the following changes.

Student selection for vocational educator should meet specific needs of the department as it supplies the various institutes around the country. The authors declared that students should choose between the various occupations/specialisations offered, and they were capable of completing the course. A main complaint among the engineering students was that they were not advised of the courses and therefore could not select appropriate courses to match their engineering background. Further, they should know their career path, expected remuneration, workplace and working conditions before signing on to the course (Phrakonkham et al. 2012). Phrakonkham et al. advocate for Standards of Vocational Teachers in Lao PDR to define competencies, skills, and attitudes for vocational teachers to comply with regulations. To produce graduates with teaching and industrial practical knowledge, laboratories and workshops of technical departments should be upgraded and equipped with machinery and fittings in common use in the particular industry. And finally, continual examination of industry needs and practices should inform the University to maintain educator relevancy for vocational training (Phrakonkham et al. 2012).

It is important to balance out the classroom as well as the technical workplace in on-the-job practice (Phrakonkham et al. 2012). Graduates lacked experience in both working spheres

due to time constraints imposed by the four-year program, and this requires two four-month assignments with a mentor in different teaching areas and in industry before graduation to fully integrate learning with classroom experience. Under this new scheme, students should graduate with two degrees: a bachelor of engineering and a bachelor of vocational teacher after the 4th and 5th year respectively (Phrakonkham et al. 2012).

Also in Laos, Takita (2010) reports its formal education system consists of general education, technical education and training (including teacher education), and higher education. In addition, non-formal education is offered mainly to out-of-school youth and unemployed adults. Private education is provided in parallel with the public education system, as this sector is playing an increasingly significant role in the provision of the country's education. Takita also states that private schools, especially vocational and technical training and those offering higher education levels, are growing in number and are concentrated mainly in urban areas. The technical and teacher training colleges and National University of Laos offer one to two years of post-secondary education in technical schools and three to seven years of tertiary education (Takita 2010).

Commenting on UNESCO's 2012 'Education for All' Global Monitoring Report for the Bangkok office, Chang (2012) focused on the learning needs of children as a program goal. Chang advocates for earlier intervention into the curricula for career purposes, arguing that international debate on the future of education shows a blurring of educational and vocational interfaces. The traditional focus of the 'Education for All' program was low enrolment in low-income countries. Since the economic crisis, youth employment has increased in many countries, including older economies, and aspects of the 'Education for All' program are of use even to some high-performing education systems (e.g. the Republic of Korea). The 2012 global monitoring is useful for education policy-making in all countries, due to its definition of workplace skills (foundation, transferable, and technical and vocational). This monitoring encourages governments to pay more attention to providing young people with better learning opportunities. Chang argues that these skills can be absorbed from a younger age, and should not be restricted to ninth-year schooling, and pointed to a comprehensive approach to skills development by nations, noting that vocational skills could well be generic and useful in addressing globalisation and technological change. To prepare youth for the workplace, according to Chang, academic and vocational streams will become increasingly blurred as

vocational trainees require more decision-making skills, for instance in project work, and as professionals rely more on workplace databases and technological skills for their reports. In Saudi Arabia, Chang's argument is particularly important, given the apathy towards technical and vocational work by families and students.

3.7. Conceptual framework

The conceptual models used in this thesis are discussed in Sections 3.1 adult learning; 3.2 human capital; 3.3 workplace training; and 3.4 competencies. In summary, Ellström and Koch's (2008) competency model incorporates these concepts and is comprised of three questions: why invest in competency development, what are the realistic outcomes, and what strategies do organisations use for competency development? The first point, investment in competency development, was categorised by Ellström and Koch as a complex interplay between the organisation's external and internal environments; that is, the firm's inputs and outputs, and the internal climate of supporting quality standards and learning. The second point, identify outcomes, comprised increased skills at the task at hand, improved interest in learning, greater connection with the job, seeking responsibility for work and greater job satisfaction. Strategies that employers use include recruiting to the job specification, offering work-and industry- related training that is aligned to organisational outcomes, and relevant to Saudi Arabia, offering career growth and promotion (Ellström & Koch 2008).

Concepts of learning include Lave and Wenger's (1991) socialisation of learning, following the earlier theorists, and that individuals tend to learning concepts important to their social norms. This is pertinent to Saudi Arabia, where until the early years of the 21st century, families, especially for daughters, tended to avoid science and technology in preferences to arts and religion. Sons were encouraged to join the public services to attain status in their communities (Al-Munajjed & Sabbagh 2011). This concept of learning was supported by Malamud and Pop-Eleches (2010) who found that changes in education policy from vocational to general education significantly changed the nature of men's employment; however labour participation rates and earnings were unaltered in comparison to their compatriots who were not affected by the policy. The variable factor was individual's choice of job. This also concerns

Saudi Arabia, where employment policy now influences job selection for Saudis's participation rate remains unchanged (Central Department of Statistics and Information, 2013).

The relationship between labour market policy and vocational education and training, according to Bosch and Charest (2008), differs between liberal and structured (coordinated) economies. The authors contend that in a structured economy, renewed emphasis on vocational training is viewed as innovative, whereas in liberal market economies vocational jobs are seen as a second choice for students, after a professional education. This view does not hold true for Saudi Arabia, where families and children view 'non-managerial' work as second-rate and they prefer to remain unemployed, waiting for a public service position. Meanwhile, skilled expatriates are viewed by the private sector as of greater value for money than training sometimes recalcitrant Saudi youth (Al-Munajjed & Sabbagh 2011).

The notion of labour market policy affecting industry was also expounded in Australia by Buchanan et al. (2001), with a vision of industry as amenable to structural adjustments such as 'career breaks, rethinking care work and decent rates of pay and hours of work' (Buchanan et al. 2001, p. 1.) Buchanan et al. (2001) acknowledge that high-skill jobs will be less in demand than unskilled or semi-skilled work such as deliveries, cleaning, and personal services. Such work is not sought by Saudis.

3.8 Chapter summary

This chapter reviewed human capital theory in the context of adult education and vocational education and training. The relationship between human capital theory and economic development has been discussed by many scholars over time. Competencies and capabilities were briefly summarised, and different approaches to vocational training from Australia and Germany were presented, as Germany advises Saudi Arabia. This was followed by a discussion on training systems in emerging nations in Africa and Asia, noting salient points relevant to Saudi Arabia. In Bangkok, Chang (2012) observed that globalisation and the 'knowledge economy' concept are breaking down the barriers between the notion of a trade or profession, as trade jobs become more complex and professional careers become contract-based and temporary. A flexible approach to education is becoming increasingly necessary. This was summarised in the conceptual framework.

Chapter 4 Methodology

Previous chapters discussed the context of the study and reviewed the literature, pointing to similarities in youth employment between emerging and developed economies. This was due to traditional structural complexities, such as South African experiences on the one hand, and the lingering effects of the economic crisis on the other (e.g. high unemployment in France). This chapter introduces the primary research. The research plan is aligned with the research questions that explore the existing situation in Saudi Arabia regarding the vocational education and training system; the workplace competencies that the private sector needs to replace foreign skilled labour; the issues they encounter when training Saudis; and their views on the future requirements for organisational training.

This chapter outlines the research design, the paradigm and hence the data collection and analysis, followed by an explanation of validity and reliability standards. An explanation of the sampling technique, the selection of study participants, the interview questions and the conduct of interviews ensues. Finally, the analysis method is discussed.

4.1 Research design

When undertaking research, the design must be mapped to ensure procedures are optimised to formulate and answer the research questions. In this case, the focus is on developing workplace competencies for Saudi youth. According to Robson (2011), the next step is choosing a research strategy based on either fixed designs, so quantitative results are sought from the data, or flexible designs, so that qualitative data may be collected and analysed, or a combination of both (mixed methods design). The main paradigms may be simplified for the purposes of this research into positivism and constructivism and these are briefly discussed, followed by an account of the selected methodology.

4.1.1. Paradigms

Research outcomes differ and each methodology is argued from the underlying philosophical premise of its paradigm. Paradigms are philosophical concepts and consist of ontology, epistemology and methodology: ontology refers to the study of the nature of things;

epistemology is the theory of knowledge with regard to its methods, validity, and scope; and methodology is a collection of methods from which to undertake the study (Creswell 2012). Creswell explains that the choice of paradigm will influence the epistemology and thus the methodology.

An early paradigm, positivism, conceptualised an objective world where social research data could be collected and verified. Positivism employed a quantitative research design of ‘top-down’ deductive thinking, where all data could be described mathematically, and reliability and validity of observations and processes established. This led to interpretivism / constructivism in the mid-20th century, where theorists rejected the notion that all research design was ordered by theory-driven deduction and introduced inductive thinking, where research was ‘bottom-up’, and logic flowed from specific to general (e.g. explanations are generated inductively from the data) (Robson 2011). This research is based on the interpretivism / constructivism paradigm, as an exploratory, open-ended inductive thinking approach which can be used to gather social data to answer the research questions.

4.2 Research method

As this study adopts a constructivism paradigm to investigate social issues, a qualitative approach was identified as the appropriate method through which to examine the issues that emerged during the research. Johnson and Christensen (2010) state that qualitative data collection and analysis, unlike a quantitative approach, is concerned with analysis of codes, themes, and patterns in the data rather than statistical analysis. A qualitative approach aims to produce a complex description of the phenomenon being studied, with direct quotes from the study to illustrate study themes. As this research focused on the research questions, collecting data about participants’ experiences and knowledge was selected and facilitated using this approach. As it is context-based, qualitative research does not relate to a population, but rather it allows the researcher to theorise about the phenomenon being examined (Baxter & Jack 2008).

4.2.1 Validity and reliability

Trustworthiness is used more so than rigour to describe the reliability and validity of qualitative research (Cameron 2011). Andrews and Halcomb (2009, p. xvii) define

trustworthiness as ‘the degree of confidence that the researcher has that their qualitative data and findings are credible, transferable and dependable’.

Part of the paradigm shift from positivism and constructivism concerns the research trustworthiness of collecting and analysing data. Cameron (2011, p.4) notes that ‘the concepts of validity and reliability are rooted in the positivist and quantitative traditions of “scientific method”’. Criteria for ensuring quality in quantitative research are credibility, neutrality, confirmability, consistency, dependability, and applicability or transferability. In constructivism, Cameron (2011) identifies three stances in quality criteria for qualitative research: that it should be assessed with the same criteria as quantitative research; that separate criteria should be used; and somewhat controversially, Rolfe (2006) argues that any predetermined criteria for judging qualitative criteria is questionable.

Concerning validity and reliability for qualitative research in grounded theory, Charmaz (2006) proposes criteria of credibility, originality, resonance, and usefulness in studies. To be more specific regarding reliability in qualitative research, Lincoln and Guba (1985) use dependability, which corresponds to the notion of dependability and applicability in quantitative research. This research adopts reliability as indicating that the data collection and analysis can be replicated, whilst validity, as a product of the study participants’ worldview, is more akin to a research goal (Merriam 2009). An inquiry audit may be used to examine the consistency of the process and results of the research. Table 4.1 describes Lincoln and Guba’s approach (Cameron 2011).

Table 4.1:
Quality criteria for qualitative research

Credibility	Transferability	Dependability	Confirmability
Prolonged engagement on site	Identical elements	Multiple data collection methods, triangulation	Use triangulation
Persistent observation	Theoretical/purposive sampling		Practice reflexivity
Peer briefing	Rich description		Confirmable audit through participant checking
Triangulation			
Participant checks			

Source: Adapted from Cameron, 2011, p.6.

4.2.2 Triangulation

To meet the quality criteria established by Lincoln and Guba (1985) and described by Cameron (2011), a triangulation procedure was included in the design. Guion, Diehl, and McDonald (2011) state that triangulation is a method to validate that findings of a study are strong and trustworthy. Relevant to this study, they nominate the following forms of triangulation: data triangulation involves using different sources of information to increase the validity of a study, whilst investigator triangulation involves using different investigators in the analysis process to evaluate the data collection and analysis process. If the findings from the different evaluators arrive at the same conclusion, there is increased confidence in the findings. Methodological triangulation involves the use of multiple qualitative and/or quantitative methods to study the data.

Other forms of triangulation offered by Guion et al. (2011) were triangulation by multiple researchers in different disciplines, collection and analysis of data by different researchers, and collection of data at different times and places. Each contributes to data validity. In this research, data triangulation can be obtained by gathering information from various sources of expert opinion and experience in the topic at hand, or from gathering data at various times from the same source (Merriam 2009). Merriam contends that from an interpretive/constructivist viewpoint, triangulation remains a principal strategy to ensure validity and reliability (2009, p. 216). In methodological triangulation, the multiple uses of analytical methods, such as recording by audio methods and notation and multiple iterations of data analysis, contribute to process validation (Guion et al. 2011).

Accordingly, semi-structured interviews were used in this research to collect data about participants' perceptions and experiences. The focus was on successful employment program experiences that were linked to industry led training initiatives in Saudi Arabia by government organisations and small firms. To improve the analysis and understanding of the data, comments were sought by a peer examiner on the data collected, interview questions, and results. According to Johnson and Christensen (2010), a qualitative researcher can use investigator triangulation and consider further ideas and explanations. The peer examiner was a Nitaqat administrator who has extensive experience of vocational and training issues.

4.3 Sampling

A research sample reflects the characteristics of the population from where the sample was derived (Levy & Lemeshow 2008). A probability sample relies on statistical chance that every element of the population is known and each has an equal chance of being selected. A non-probability sample, on the other hand, is frequently used due to the time, resources, or non-functionality of a probability sample. In this case, a purposive sample was employed, the purpose being to gather data from expert participants who were uniquely in a position to answer the research questions (Levy & Lemeshow 2008).

In this study, the views of government administrators and decision makers were required to respond to the research questions, together with those of owners or managers of small firms who employ young Saudis under Nitaqat. Thus the sampling technique was purposive, although there was an element of probability in selecting the firms (Flick 2009). In this case, the Technical and Vocational Education Training Corporation was approached to participate in the study, and as it provides resources for Nitaqat, the Human Resources Development Fund in Riyadh and Jeddah were also approached to provide representatives for interview. For the employers, Jeddah, as the commercial centre for the Kingdom, was chosen. Participant firms were sourced from the Jeddah Chamber of Commerce and Industry's public database: small to medium-sized enterprises in Jeddah, and training managers and employees were interviewed. The firms were selected by industry including manufacturing, training, and marketing services to maximise the participants' perspectives and gather rich data. To achieve a better understanding of the training environment, two public sector representatives were sourced from the Corporation in Riyadh and from the Fund in Jeddah (four participants in total). These interviews were aimed at eliciting the progress of the government's employment policy, Nitaqat, and establishing the efficacy of the existing vocational accreditation and qualification standards throughout the Kingdom.

Data were gathered from managers of three small to medium-sized enterprises in Jeddah responsible for the firms' training. Four employees from these three SMEs firms (ranging in age from 20-26 years) were also interviewed regarding their views on the value of their training experiences. These participants were selected as they had responsibility for administration and coordination of training and employment programs. To protect the identity of the participants the names were coded, and this coding is set out at table 4.2.

Table 4.2
Coding for participants

Code	Public sector	Participant
TVTC1	Technical and Vocational Education Training Corporation	Manager
TVTC2	Technical and Vocational Education Training Corporation	Manager
HRDF1	Human Resources Development Fund	Manager
HRDF2	Human Resources Development Fund	Manager
Code	Industry	Participant
MP1	Manufacturing	Manager
EP1	Manufacturing	Employee
EP2	Manufacturing	Employee
EP3	Manufacturing	Employee
EP4	Manufacturing	Employee
MP2	Marketing	Manager
EP5	Marketing	Employee
EP6	Marketing	Employee
EP7	Marketing	Employee
EP8	Marketing	Employee
MP3	Education & Training	Manager
EP9	Education & Training	Employee
EP10	Education & Training	Employee
EP11	Education & Training	Employee
EP12	Education & Training	Employee

These participants were selected by their employers and were all men, as they were the focus of this research. Time and resources did not allow for further interviews, although the extra data received in the final interviews for each group appeared to be repetitive and added marginal information. Thus data collection through these participants was considered ample to meet the needs of the study (Levy & Lemeshow 2008).

4.4 Qualitative data collection

For qualitative research, interviews and focus groups are the most common methods of data collection (Flick 2009). Interviews can be collected in written form or verbally, for example as hard copy, computer-mediated communication, by telephone or in person. Opendakker (2006) states that all interview techniques share common principles and are available to researchers; the nature of the data, however, may influence choice, especially as conversation can elicit social cues that may be missed in other media. If the participant's information, views, or experience is seen as irreplaceable, then social cues are important and face-to-face or distance conversation is preferable. Interestingly, Opendakker continues that when an expert is being interviewed about non-personal matters, then social cues become less important. In this case, conversations were important for the private sector participants collecting data on their experiences, more so than for the public sector participants' reports on policies and government practices.

On the other hand, focus groups use social dynamics to generate qualitative data. Interviews can be structured so that the same questions are asked of every participant to allow full comparison and to elicit findings relevant to previous research. Following on from Flick's advice on interviewing techniques, Bryman (2012) explains the use of semi-structured and structured interviews. Both forms use the same questions for each interviewee; however, there is greater flexibility in presenting the questions in semi-structured interviews, and further questions can be asked to pursue interesting lines of enquiry to enrich the data. In structured interviews, the interviewer does not pursue the topic or ask for elaboration, relying instead on comparisons between the interviewees' responses in the analysis of the data. In the third type, unstructured interviews, questions are open and undirected so the interviewee responds with information which may not meet the needs of the interviewer in answering the research questions. Semi-structured interviews are therefore of most use to researchers, as they contain elements of free-flow of ideas, whilst remaining within the parameters of the research questions (Kvale 2007). In this research design, semi-structured, face-to-face interviews based on pre-determined questions were the primary means of collecting data that served the exploratory nature of this study.

4.5 Interviews

The interview questions were designed to develop understanding of participants' opinions about their areas of expertise, knowledge, and experience (Merriam 2009). The interview questions were extracted from the research aims: Refer to Appendix 1.

4.6 Ethics

The University Ethics Committee was approached to gain permission to interview respondents for this research. The approval was obtained in July 2011. On gaining approval from the organisations for interviewing their representatives, the individuals were initially notified of the intent of the research and the confidentiality of the nature of the research (Refer to Appendices 2 and 3). Upon securing interviews, the respondents were given notice of the intent of the research, its confidentiality, that they were free to stop the interviews at any time, and that these interviews were to be recorded and notes taken. All data, which were not attributable to individuals, would be secured at the University for five years.

4.7 Data collection

The interviews were held in Riyadh and Jeddah during the months of December 2011 and January 2012. After contact with the Corporation and the Fund, permission was given to conduct the research, and the research explanatory statement, including a permission statement for signature, was forwarded to the organisations for potential study participants. Upon direct contact with potential interviewees, permission was established and arrangements made to visit the participants' offices for the interviews. The interviewees were asked whether the interview could be recorded and further notes were taken of important points during the interviews (Bryman 2012).

For private sector participants, the database of the Saudi Chambers of Commerce and Industry was accessed for the names of small to medium-sized firms in Jeddah. Selection was made for a product firm, a service firm, and a firm involved with organisational training that was familiar with the training component of the Fund. Upon permission being received from appropriate Jeddah firms, arrangements were made to visit the premises and interview a manager

responsible for the firm's training plus three employees regarding their experiences and views. Similar procedures were adopted as with the public sector participants regarding approvals and arranging interviews including recordings. The interviews for the employees were about 30 minutes in length, and about 45 minutes on average for the managers (Bryman 2012).

4.8 Data analysis

Data analysis was undertaken according to an iterative process suggested earlier by Kvale (1990) and refined further in Kvale and Brinkmann (2009). This technique advocates a combination of different reporting and analysis techniques ranging from descriptive to explanatory, and from concrete to the more conceptual and abstract, including:

- noting patterns or themes
- clustering plausible elements as variables
- accumulating elements to achieve integration
- identifying agreements and disagreements, contrasts and comparisons in interviewees' responses
- generalising items as variables
- building logic chains and aiming towards conceptual coherence (Kvale, 1990).

Kvale's model was selected for this study due to the flexibility it provided in enabling the construction of coherent relationships between the qualitative data sets obtained in this research. Reporting the data using Kvale's model included re-reading the interview transcripts several times over to become familiar with the content, and then attempting to identify key concepts and relationships. The subsequent stage involved cataloguing the occurrence of these concepts in the data, noting the sources, frequency of occurrence, and level of confidence ascribed to them (Kvale & Brinkmann 2009).

The analysis of the current findings, once grouped into themes, was interpreted with reference to the issues discussed in prior chapters. The emphasis at this stage was on evaluating the empirical data against established literature to fulfil research objectives and to extract the real meaning from the interviews. The analysis attempted further and deeper interpretation from the findings in order to explore and understand the issues related to Saudisation/Nitaqat, and skill

formation as viewed and practised by the firms' managers to answer the research questions. It also included linking dialogues between participants' views to generate new meanings and modify those existing to develop a new conceptual framework.

4.9 Summary

This chapter reviewed the qualitative research strategy and the paradigm employed to achieve the aims of the research. Moreover, it described the type of sampling selected and the populations from which they were derived. The data collection for this study used interviews, and analysis was conducted according to the procedures advocated by Kvale and Brinkmann (2009). The next chapter presents the findings for this research.

Chapter 5 Results

This chapter discusses the research findings drawn from the analysis of three sets of interviews: those participants who delivered the government's policy on Nitaqat and organisational training; small to medium-sized employers in selected industries; and a sample of the firms' employees. The results in this chapter are presented partly as a report on government policy and practices; the outcomes for the National System for Joint Training within the Kingdom's vocational training framework; and the effects of the Saudisation/Nitaqat policy. These policies and programs are administered by the Ministry of Labour and the Human Resources Development Fund and they are assisted by the Chambers of Commerce and Industry. As part of this chapter, the various issues raised by the interacting responsibilities of the agencies are discussed as reflective commentary, followed by the factors that arise in training when the recruits are employed by smaller firms rather than corporations. The results in regard to the research questions are discussed in Chapter 6 to avoid duplication.

5.1 Research themes

The findings for this study are presented from three focus areas or viewpoints: the training system, employers' views, and employees' views. These focus areas are elements of firstly, the National System for Joint Training, a partnership between the government and private sectors. The next area concerns the job competency needs of the employers, and their firms' policies and practices in accessing public sector training. Lastly, the views and experiences of employees regarding their training are explored. Themes arising from the interview data, which tend to overlap between research participant groups, are shown in Table 5.1.

Table 5.1
Research focus and themes

Focus	Themes
National System for Joint Training	5.2.1 Partner responsibilities
	5.2.2 Training objectives
	5.2.3 Occupational training
	5.2.4 Job competencies
	5.2.5 Course design and execution
	5.2.6 Trainee assessment
Small to medium-sized employers	5.3.1 Trainee wages
	5.3.2 Contractual obligations
Employees (Saudi's youth)	5.4.1 Attitude to work
	5.4.2 Commitment to work

The analysis is presented in order: themes relating to the National System for Joint Training and themes relative to employers and employees.

5.2 National System for Joint Training

As explained in section 2.7, the Kingdom's vocational and technical training structure comprises a funding and standards agency (the Human Resource Development Fund, HRDF), and an administrator (the Technical and Vocational Education Training Corporation, TVTC). Together with the employers' organisation, the Saudi Chambers of Industry and Commerce, which advocates for the private sector, is responsible for occupational training through the National System for Joint Training, established in 2001 to provide resources to employers. This section explores the characteristics of the Kingdom's occupational training through the views of all research participants.

5.2.1 Partner responsibilities

A senior manager from the Training Corporation, TVTC1, explained there were five partners in the National System for Joint Training group (NSJT): the Ministry of Labour, Technical and Vocational Education Training Corporation (TVTC), Human Resources Development Fund (HRDF), Chambers of Commerce and Industry, and private employers. The

participant stated that the Ministry of Labour is the responsible agency for Saudisation/Nitaqat, and for identifying employment opportunities and monitoring the labour market, whilst the Training Corporation facilitates access to employment.

The Labour Ministry has a complex responsibility for Saudisation in enforcing private sector compliance. We don't have this compliance issue, but we do need to convince the employers to hire Saudis (TVTC1).

Another manager (TVTC2) believed the Ministry could take a higher profile in generating Saudi jobs:

I think the Labour Ministry should make more of an effort to encourage the private sector to localise jobs and move from the mandatory concept . . . for instance, our training courses are useful, but they must be supported by positive Ministry initiatives (TVTC2).

Moreover, a Corporation objective is to improve the channels of communication between the partners.

The host and second partner of the Joint Training Initiative is the Technical and Vocational Education Training Corporation, which develops and administers training courses, as TVTC1 explained. The Human Resource Development Fund finances and monitors Saudisation including training. The 28 members of the Saudi Council of Chambers of Commerce (ICC) and Industry support the Joint Training initiative by identifying job opportunities amongst their members and arranging job interviews: 'The Chambers of Commerce and Industry support the Ministry of Labour by organising and scheduling job applicants' interviews with companies' (TVTC1). Participant TVTC2 concurred:

The Saudi Chambers of Commerce and Industry link job applicants and job providers by arranging the time and the place of interviews for jobs. Also, it has a database of available jobs, enterprises and job applicants so we can say that the ICC represents the private sector.

The remaining partner of the National System of Joint Training is the private sector as explained by Corporation participants. Both TVTC1 and TVTC2 stated that the goal of the system was to provide jobs in the private sector rather than the public sector, which Saudis prefer: 'Finally, it is clear that the private sector is responsible for providing jobs' (TVTC2). These matters will be further discussed in relation to small to medium-sized businesses.

A small manufacturing participant, MP2, said that the Chambers' unemployed listings are not compatible with the Ministry's database, and the Chambers' database was up to three years

out of date. Participant TVTC1 pointed to inadequate communications between the joint training initiative partners, which led to a shortfall in cooperation between them:

There are obstacles. For example, the private sector is not enthusiastic about offering jobs for Saudisation. In addition, the HRDF is very slow in finalising its administration, especially regarding funding (TVTC1).

Funding was an issue for the participants. Participant HRDF1 explained the manner by which the HRDF administered its responsibility:

There are two types of training linked to employment. The first is external to the firm, where the trainee qualifies in a training school and the HRDF pays 75% of training costs and 75% of the apprentice's salary for an amount of time depending on the occupation. The second is internal training, where the HRDF pays 75% of training costs, 75% of the trainee's bonus (for course completion) and SAR500 to the company for every trainee to compensate for the firm's overheads. After the training period the HRDF pays 50% of the employee's bonus (for staying with the employer). The length of courses for internal training range from three to six months, and although the trainee is not yet qualified in a trade (accreditation), he (or she) can work. Where a training course exceeds that period, the trainee receives a (completion) certificate. In both forms of training the monthly cost for training should not exceed SAR1500. The trainee's monthly bonus is SAR1000 (HRDF1).

Another form of employment assistance funding by the HRDF is on-the-job training for qualified and non-qualified applicants that link skills and experience. There is a monthly bonus for the apprentice and SAR500 to the company as a job training subsidy for every trainee. Qualified trainees receive an 'experience certificate' after one year, whilst trainees with less on-the-job training should gain proficiency. In both instances, less than a year and one year on-the-job, trainees are registered with the General Organisation for Social Insurance and can access job assistance and unemployment benefits afterwards, should they lose the job or resign. Such funding is available only once for any employee:

The funding occurs once for each individual; the first six-months is a trial period and not repeated. There are exceptions including on-the-job training when the training is external, or not linked to jobs' (HRDF2).

Although training and the bonus are benefits from the Joint Training system, a small marketing firm participant, MP2, thought that six months is too short for effective learning and wanted an extension: 'I think the period of funding for trainees should be extended. Six months is too short, a year would be fairer for young people' (MP2). When queried on variations in funding for the various traineeships, MP3 answered: 'The cost of training varies from one

occupation to another'. Traineeships of a few months were seen by the interviewees as too short a period for potential employment. Further, the type of training was fixed and did not allow for industry or job complexities.

The National System for Joint Training could be characterised as a government initiative sited in the Training Corporation and thus of a lower priority to its partners. Whilst Nitaqat is a Ministry of Labour policy, Nitaqat's administration appears to be split between a number of agencies and quasi-agencies. The Chambers of Commerce and Industry identify available jobs among their members and organise interviews between (outsourced) Ministry job applicants. Recruits are then funded by the Human Resources Development Fund for a period of time subject to off-the-job and on-the-job training agreed with the employer. According to study participants from the Training Corporation, there is little communication or coordination between the responsible partners and issues with actually finding jobs, accessing relevant training, and gaining funding for the Saudi recruits are not readily addressed.

5.2.2 Training objectives

A government participant (TVTC1) said that the occupational training system is designed to give school leavers and graduates the competencies needed to enter the labour force:

The objective of the TVTC is to train and qualify youth for technical and vocational jobs. In addition, the NSJT encourages the private sector to invest in the nation's youth through skills training which provides employment (TVTC1).

Another participant from the same organisation (TVTC2) agreed:

The TVTC developed the joint training program in response to raising national unemployment and through consultation with employers. They then established a project aimed at employing Saudi youth that also involved the private sector as a partner (TVTC2).

One participant (HRDF1) from the Fund explained the organisation's responsibilities:

The Human Resource Development Fund aims to localise jobs in the private sector by replacing foreigners with Saudis through training and qualification courses (HRDF1).

A Fund participant (HRDF2) concluded: 'Our role is in localising jobs, so (the occupational training system is designed for) employment and Saudisation'. This participant produced a slightly different approach, focusing on job achievement as a means of localisation.

Participant MP1 from a manufacturing firm was asked whether job training for the firm's employees was monitored by the authorities:

There was follow-up. NSJT staff visited us to interview and evaluate the trainers. However, these visits weren't scheduled and I think people in the NSJT look for quantity (of training), not quality (MP1).

The participant was also critical of the resource provider:

I think the HRDF policy is pushing the private sector to employ Saudis with no real plan which could build data to inform the Saudi labour market. I think they consider the quantity of training only (MP1).

Interestingly, MP1 added that the training partnership between the public and private sector should be based on agreed joint objectives: 'The partnerships should be based on joint objectives we agree on, not just the joint process' (MP1).

Representing a private technical institute, MP3 said that the training agency concentrated on the quantity of training, which they believed led to an increased number of employed Saudis:

Rather than concentrating on the extra numbers of Saudis employed, I think that the authorities should assess the quality of the employees' work, and use these results for future training needs (MP3).

Employees took a similar stance. A manufacturing employee (EP1) viewed the system as flawed:

Moreover, I feel the company employs me because the Labour Ministry forces them to hire more Saudis. This feeling doesn't encourage me to like my work or do my best in this job (EP1).

Another manufacturing employee (EP3) thought that localisation should be at the behest of the firm to be successful and that firms were merely hiring to avoid problems with the authorities:

I think companies should consider localising jobs. They should take the initiative to develop Saudis as employees. We feel the company employs Saudis for other purposes' (EP3).

An electrician from an institute of technical training agreed that the quantity of training was the primary objective:

In general the joint training system is a great opportunity for Saudis and they benefit from that program but I think the HRDF, the TVTC and all the partners should take responsibility for this program and concentrate on the quality of the results, not the number who go to training (EP10).

The outcome from this theme is that public and private participant groups view the joint training objectives differently. The public sector representatives were confident that the system was working successfully as they had undertaken a pilot study, whilst other study participants groups viewed the system as flawed; the agencies were satisfied with the quantity of training positions taken up by employers and they took the matter no further. Thus the usefulness of training, the lack of input by employers, and its effects on the trainees and the employers were monitored, but superficially. The outcome was therefore that training objectives differed and outcomes were superficial.

5.2.3 Occupational training

The courses provided by the Training Corporation differed from employers' requirements. Participant TVTC1 explained the curriculum change process for an occupation:

When the Curricula and Training Department in the TVTC selects an occupation they invite experts from companies that have experience in assessing that occupation. They invite them to attend a workshop for three days to determine proficiencies and skills this occupation requires, so that there is cooperation between the curriculum developers and the employers' needs (TVTC1).

Managers from medium-sized firms, however, said that the content and thus outcomes from the courses did not meet their needs. They were critical of traineeships that did not take into account the job environment, such as the size of the firm, or its industry. Lack of engagement with small to medium-sized firms was also acknowledged by public sector participants, in as much as it was difficult to categorise and quantify the sector's needs. Participant MP1 explained this point:

I found that the occupational training that NSJT offers is not suitable for our company. I think these occupations are suitable for micro-businesses where a Saudi is owner, but not the employees.

Further, MP1 explained that some occupations were not acceptable to Saudis: 'One of the occupations that the NSJT has is that of a truck driver; I don't think Saudis want this job because they want to have a career and continue with their studies' (MP1). The participant was the human resources manager of a medium-sized manufacturing company, and the jobs on offer in this industry were in occupations such as electricians and maintenance.

Within the context of occupational training, the employers expressed dissatisfaction and frustration due to:

1. The perceived gaps between what was offered as training by TVTC and the requirement of them as employers.
2. There is a tendency for Saudi youth not to seek employment in jobs previously completed by foreign workers.
3. Currently Saudi youth lacks sufficient skills and knowledge to apply in these jobs and workplaces.
4. A perceived poor attitude and commitment by Saudi youth to work.

The second employer (MP2) explained that the company used external trainers to deliver its own courses. The company engaged external trainers recently, and also restructured its training to meet new quality standards for its various job specifications:

We offer external training linked to each job type. We restructured our training course and now we contract an institute to provide a six-months training course that offers all proficiencies specific to production and technical staff requirements. These occupations offer a high rate of pay and good career prospects. Other courses qualify employees for other support skills such as bookkeeping and administration (MP2).

The notion of internal training capabilities of private sector firms was not mentioned by public sector participants; presumably they would expect only firms without internal training capacity to access the Training System initiative. This raises the question as to whether self-providers of employee training gain the same benefits as those who use the generous funding.

Private training participant MP3 believed that training courses had a positive effect but needed far more focus on employer needs and employee outcomes. The interviewee commented that the training system needs to ensure its databases are synchronised, and that statistics on employer needs and new occupations emerging from technological and industry change (globalisation) are published regularly. The effects of globalisation on job designs required entirely new education and training needs and these should be under scrutiny for current curricula plans, given the long lead time in preparing them:

For example, there is a government interest in the field of nanotechnology and in the next three years there will be job opportunities, but we don't know . . . what occupations will be available in nanotechnology. I know there aren't any technical training providers, private or public that has a plan for this kind of technology. This is the role of the HRDF, the Labour Ministry and the NSJT (MP3).

In this subsection, generic training is available from the Joint Training initiative to a very restricted employer group. The public sector participants admit they communicate either with large well-known firms or professional associations such as the Chambers of Commerce. Due to the uniqueness of small to medium-sized firms, there are nearly as many training courses required as there are jobs; however, this is nothing new and allowances for a varied working environment (industry) and job competencies for each occupation should be written into the curricula. As well, trainers should be able to judge their trainees, and adjust the course content to meet the needs of their trainees' firms. Regarding the participant's comment, nanotechnology typically is related to a university-based set of professions, although the needs of these professions could arguably spin off administrative and technical occupations accessible by unemployed Saudis. This was an extreme example of the principle that current skills training courses need to adopt emerging trends and develop curricula for many different workplace environments, skills, and knowledge.

5.2.4 Job competencies

Saudi recruits are trained for a variety of occupations through the National System of Joint Training, and this includes on-the-job and off-the-job training. Participant TVTC1 said the off-the-job component gave trainees about three-quarters of the skills they needed to reach competency on the job, and the remainder was acquired whilst learning on the job under supervision: 'The NSJT prepares recruits for 75% of a particular job skill and the rest is learned on the job' (TVTC1). The interviewee continued, stating that training courses were about one-quarter theory and the remainder practice. Further, the Training Corporation trained recruits for occupations in both public and private sectors, with the latter including English proficiency and computer skills:

Also, there is a difference in the materials that is given in the NSJT programs. For example, in joint training we concentrate on English language, computer skills, and the work ethic (TVTC1).

A second public sector participant (TVTC2) explained that, although the Training Corporation offered training courses in more than 90 occupations, it focused on 28 occupations accepted by Saudis:

Vocational accreditation does not provide the skills and knowledge required for job-specific competencies in the SME sector. In practice, the curricula, course length, and the

mode of delivery (educational, practical) did not allow trainees to qualify for a job in that occupation (TVTC2).

Participant EP1 from a manufacturing firm said training courses should include occupational skills: ‘We should know about machines and how to operate them before moving into the actual workplace’ (EP1). Participant (EP2) from the same firm commented on the usefulness of the month-long course three participants had attended:

Except for communication in the workplace, the course did not prepare me for this job. It was a communication course that anybody could attend, not only workers (EP2).

Participant EP2 said there was no English training in the course:

I think English language (fluency) is very important for working in companies because the majority are non-Saudis. If we can communicate with them in English it will be good for both Saudis and non-Saudis. As well, the instructions on the machine are in English (EP2).

Participant EP3 commented that the lack of English training was an issue, but found benefit in the month-long course:

The training course was really good and the trainer was good also. I benefited from that program. The course was for production labour (EP3).

A more substantial course of the National System for Joint Training is a diploma course for technicians, delivered through a private provider. The participants from the training provider explained the course they undertook and its mismatch with their job specifications, as EP9 commented:

The practical section (of the course) was taken externally because the institute’s workshops were not properly equipped at the time. This practical section wasn’t planned properly and we didn’t learn much from that segment. They didn’t follow safety instructions and they didn’t teach us anything much (EP9).

The Training Corporation participants reported that the organisation regularly offered 28 courses for accreditation for employee recruits. The curricula for these courses were designed in consultation with industry representatives. The Corporation’s participants acknowledged that the trainees were not fully work ready at the end of the course, as the training provided only ‘75%’ of the necessary skills. English language and knowledge of the employer’s machinery and equipment functions would appear basic skills to be acquired before an employee was permitted

into a working environment; the employees' reports regarding safety and communication were of concern.

5.2.5 Course design and execution

The Technical and Vocational Education Training Corporation offers employees and job seekers a number of courses tailored to generic occupations. As noted, curricula are designed in accordance with private industry specifications, although the Corporation may be constrained by funding, availability of learning equipment, or instructor competency. The Corporation participants, TVTC1 and TVTC2, noted that course content was weighted towards a practical component, with 75% practical and 25% vocational education. Participant TVTC1 continued by saying that accreditation courses ranged from four months to a year.

The reports from employee participants varied from confirmation of the Corporation's stance to disagreement. On the balance between the educational and practical experiences, EP10 (training institute) commented that the majority of the course was educational and the practical component was undertaken in the institute workshops:

The majority of training was theoretical – four days a week in the classroom and one day only for the practical – and not the whole day. The practical training was given in the trainer's workshops. I don't think the institute or any organisation involved in the program was serious about ensuring that trainees obtained the appropriate skills. The workshops are not enough for practical training (EP10).

Participant EP10 continued by saying that the firm's working environment differed greatly from the training experience:

When I began the job, I found the equipment was different from that I had trained on. Training should be extended to increase the practical component, and this is both in the workshop and the working environment (EP10).

Participant EP9 said there was little hands-on training: 'The majority of the course was in a classroom and only about a third was practical' and the training experience should be extended into the workplace:

For technician training I think we should take more practical training than theoretical because this kind of profession needs those skills. Moreover, part of the practical training should be in the workplace with follow-up and evaluation (EP9).

Participant EP10 also said the course was shortened due to lack of sufficient funding:

A Diploma of Electricity should be two and half years, but our group was funded only for twelve months so the course was compressed. I think the whole timeframe was insufficient for a Diploma of Electricity Systems (EP10).

As noted, the four marketing employee participants (EP5-EP8) attended in-house training relevant to their occupations. Participant EP5 said the six-month training course was vocational education:

They told me the training course would take six months and paid a monthly bonus of SAR2000. The course consisted of three subjects which were English, computer use and the work ethicThe training course was a morning class: four hours from 8am to 12pm. (EP5).

Employee reports also both confirmed and differed with the Corporation participants on length of courses available. The training offered to EP1 (manufacturing) was for four months:

The course was for four months. One month in the classroom for the theoretical part and three months were spent in the company for the practical part (EP1).

The three participants from the manufacturing firm reported the same training; however, EP2 said that the course the interviewee completed was for one month. Further, they reported different balances between classroom and practical components.

This subsection found evidence for wider course availability than the Training Corporation participants reported. For a curriculum comprising English fluency, computer awareness and learning workplace procedures and behaviour (work ethic), the participants reported Corporation courses of one month, four months, and for the private training firm, six months. Diploma courses mentioned in this research were for electrical technicians for 12 months; although it is not known what jobs (responsibilities) were accredited with this level of training. Of the workplace-ready course design, Corporation participants said there was one part vocational training and three parts practical experience, which implies working at an entry level job for the employer on a probationary basis, but this was not made clear during the interviews. However, the employees pointed to a lack of hands-on experience before taking up their jobs. All wanted more experience (practical component of the training).

5.2.6 Trainee assessment

The National System for Joint Training conducts both formative and summative evaluation of the employment training programs. Evaluation practices are not consistent with public sector practices, as TVTC1 explained:

There are scheduled visits from the NSJT evaluators to assess competencies through interviewing the trainee and the company's supervisor. For example, for an administrative position, the evaluator may ask the trainee to specifically describe the operation of a fax machine. For a technical profession, the evaluator may ask the trainee to change machine parts while noting the proficiency of the trainee, including attention to safety (TVTC1).

This explanation was followed up by TVTC2 on details of the student assessment process: stages, evaluators, and number of visits:

During the practical component of the training that is conducted in enterprises, there are specialist evaluators who visit the enterprise on three scheduled occasions and evaluate the trainees' skill acquisition. When employees achieve the required skills they are awarded a certificate. These evaluators are specialists from universities, the General Management Institute or the TVTC itself and they are contracted by the NSJT to assess skills. On the other hand, there is an on-the-job evaluator from private enterprise who shares the evaluation with the NSJT representative (TVTC2).

The Training Corporation participants therefore described a structured student assessment process leading to accreditation of each trainee on the job by the National System for Joint Training. The training curricula are assessed by this system, as noted, in collaboration with its partners including the private sector. This is confirmed by a participant from the Human Resources Development Fund, the organisation that audits the system:

Evaluation processes in the HRDF ensure that the companies follow the agreements and their commitments There are committees for following up employees. The role of committees is to ensure that companies have done what they commit to in the agreements. Also these committees review the employee's company file (HRDF1).

Again, the employees' comments were mixed, both supporting and refuting the public sector reports. A manufacturing trainee, EP1 responded:

Someone interviewed us on our work skills but didn't say what organisation he represented. He visited the company twice and each time asked if there were any problems. Then we signed forms. During the last visit, he gave us all the forms to sign for future visits. After that I did not see him again (EP1).

Participant EP2 (manufacturing), working night shift, did not meet the examiner who arrived during a day shift. Interviewee EP3 (manufacturing) was also attending other training at the time and commented: ‘Only the company followed up during the training course’ (EP3).

An employee from the marketing company (EP5) mentioned that follow-up and student assessment were conducted by the employer during and after the course, as it was not conducted by the National System of Joint Training. It is not known whether this particular course conducted by the employer was funded either through the NSJT or directly by the HRDF. Presumably the employer reported its results to the relevant agency. This assumption was supported by a comment from EP7 (marketing) who completed a six months on-the-job training course: ‘I have been here for seven months and I have never seen anyone from the HRDF’ (EP7). The comments from the remaining marketing employee (EP8) on training evaluation confirmed that the firm was accredited to train and evaluate its employees on the job.

Technicians from the participant training provider, who commented on their diploma accreditation process, supported the other employees from small to medium-sized businesses in this study. Participant EP9 was asked about the training evaluation and commented: ‘I don’t know. I haven’t seen any kind of evaluation from the HRDF’ (EP9). Interviewee EP10 had not had training evaluation from any organisation:

I don’t think there was any follow-up or evaluation from anyone. Maybe there was but we haven’t seen anybody from the HRDF or the TVTC (EP10).

Further, EP10 referred to this point when discussing the course design:

Moreover, the evaluation should be more serious and shared between the institute and the firm’s supervisor (EP10).

As discussed above, a participant marketing manager (MP2) said the firm was responsible for student assessment and neither the NSJT nor the HRDF evaluated the training:

We restructured a training course (that is separate) from the joint training programs (MP2).

A manager participant (MP3) from the training provider said that training follow-up by the authorities was not a priority for the government:

Nothing [was] scheduled. There are some visits from the TVTC. Annually, the TVTC requires the number of students for statistical purposes (MP3).

Student assessment of the trainee participants in this study appeared to be somewhat haphazard. If the Training Corporation examined the trainees at the end of a course, especially a diploma course, then this was not revealed. However, evaluation/assessment of on-the-job training for employees, as public sector participants explained, did not occur. Further, private training firms conducted their own assessment of training course efficacy.

5.2.7 Section summary

To summarise this complex training situation, the National System for Joint Training is located within the Technical and Vocational Education Training Corporation. The Corporation administers the NSJT's training responsibilities and the Human Resource Development Fund finances the trainees, employers and training. The HRDF also oversees and audits vocational training, which presumably includes structures, functions, and outcomes of the complex framework. However, the Ministry of Labour is the employment authority responsible for employment, Saudisation and Nitaqat. The National System is advised by, and serves, the Saudi Council of Chambers of Commerce, of which there are 28 component Chambers throughout the Kingdom.

Assumptions can be made for the purpose of this study. Whilst the NSJT appears to be the authority for occupational off-the-job and on-the-job employee (and job-seeker) training, it is administered by the TVTC, which is not 'mainstream' public service. However, the Ministry of Labour and the HRDF are very much mainstream public services. The assumptions are therefore that the Joint System is relatively dependent on public services for the execution of its responsibilities. Thus the Corporation participants' comments regarding NSJT student assessors and the employees' comments on HRDF evaluators may be the same personnel representing different organisations. Alternatively, it is possible that both may follow-up on trainees. The results of trainee evaluations by such public services are unclear. Further, the marketing firm conducted its own training and evaluation, perhaps gaining permission through the Training Corporation and/or the Development Fund (Saudisation/Nitaqat) legal framework. A comment by one participant was that the authorities were interested in trainee completion rates, not outcomes from training, and this may be the purpose of public service 'evaluation' of trainees.

Whilst public sector participants were unconcerned about course evaluation and its outcomes, evidence from this study shows that the labyrinthine vocational training framework is

not producing required outcomes. It is not clear, despite the public sector statement, as to who is responsible for training and outcomes. Perhaps, surprisingly, the trainees do not appear to know the structure that delivered the training, whereas in other societies, effective organisations would be quick to take credit for delivering courses to trainees who were paid to attend and who received bonuses at each stage. No one except the in-house firm that conducted its own training mentioned the stipend. Perhaps the trainees are in fact paid by the Development Fund. In that case, the Joint System has little influence in the Saudi training framework, despite its headline position.

5.3 Training in smaller firms

This theme relates to challenges for competency development for Saudi youth in small to medium-sized firms. Potential issues for Saudis taking up such positions include wages, status, competency, and work ethic.

5.3.1 Trainee wages

All participants from both the NSJT and the HRDF commented that wage levels in small firms were a critical issue for Saudisation/Nitaqat. This was due to the availability of skilled expatriates who were willing to work for a lower salary than unskilled Saudis. Participant TVTC1 explained that while the Fund demands SAR3000, as a minimum salary for any recruit, ‘the low wages in the private sector are one of reasons [sic] that the HRDF stipulated SAR3000 as the minimum wage’ (TVTC1). Moreover, MP3 asserted that the Fund required the minimum wage be paid before funding a Saudi position with the employer:

The minimum wage for a funded profession is SAR3000 and the HRDF pays 50% to a maximum of SAR2000 (MP3).

Explaining MP3’s comment, the Human Resource Development Fund pays a maximum of SAR2000 per month, which equates to a salary of SAR4000 (\$AU850) per month.

The employees interviewed for this research expressed dissatisfaction with their salaries. They considered SAR3000 insufficient to maintain an acceptable standard of living. Further, some received less than SAR2000 as they were recruited before the government established a minimum wage under Nitaqat. Participant EP1 thought: ‘A minimum of SAR3500 per month’

was appropriate. Another employee from the same manufacturer (EP4) also agreed, ‘because prices have increased rapidly this year’.

5.3.2 Contractual obligations

The lack of career structures in the majority of small to medium businesses was a factor affecting retention for Saudi youth. There are generally no structured job grades or career structures to gain promotion through a firm and salaries are low. Participant MP1 commented:

Some companies lack clear policies regarding job grading systems for promotions and career progression (MP1).

Participant MP2 said that the Fund preferred corporations and larger companies because they had organisation charts and employment policies and practices including training and career paths (bracketed words refer to commercial names):

There are career paths in large companies, such as (retailer) and the (power company), because they have clear policies and practices for recruitment and employee development (MP2).

Participant MP1 was asked if the company had training policies: ‘Unfortunately we don’t. But we are going to adopt these systems next year because we believe they will be an incentive for employees’. Participant MP2 agreed with this strategy:

This year, 2012, our company is creating a new HR department. There was no organisation before and this had a negative impact on Saudisation, so we couldn’t retain people because there were no real incentives. The human resource group will set appropriate structures for employee training and promotions’ (MP2).

5.3.3 Training experiences

A private training provider, a trade institute, contributed to this study with both manager and employee participants. Interestingly, this provider is part of the public–private partnership contracted to the Technical and Vocational Education Training Corporation. This partnership provides certification and diplomas in building and similar industries in occupations such as electricity, mechanical and air conditioning installation, and maintenance.

The participant employees who worked for the firm commented on their training courses. It was unclear as to whether such courses were provided under the joint training program or

under the NSJC's trade certification. Interviewee EP9, an electrical tradesperson, said that only about a quarter of the course was practical, the remainder was delivered in the classroom. Further, EP9 said that work placement was not successful, as there was no one in the workplace to instruct or show trainees what the job tasks were; further, there was no follow-up or evaluation from the institute. Moreover, EP9 and EP10 found that the equipment trainees used differed from their employer's workshop equipment. They were also unhappy with the duration of their electrical trades course (twelve months), saying they were unprepared for the job's responsibilities during that time.

5.3.4 Section summary

Saudis prefer the public sector as they have pay and conditions superior to that of the private sector. Larger firms in Saudi Arabia are frequently joint corporate ventures and tend to follow the bureaucratic structures Arabs prefer. Smaller firms worldwide are usually more organic and less structured in their organisational profiles, reacting to the market and changing their customer responses rapidly, which also changes the firm's skill requirements and therefore job specifications. The career 'ladders', annual salary increases and automatic 'promotion' of public servants are not possible in smaller firms. From a career perspective there is no linear path of promotion and Saudis may leave a job to further their education on a government stipend. However, this closes the door to work experience for young Saudis for some years and employers seek prior experience rather than Saudi qualifications.

5.4 Employees (Saudi's youth)

There are generalisations regarding employability of Saudi youth including skills, commitment, and experience. Addressing their perceived limitations is the crux of Nitaqat compliance. The government is using employers as a means to train young Saudis on the job to replace expatriates. While the government offers salary assistance and basic training, it enforces compliance on increasing numbers of Saudi employees. At the time of interview there were few actual changes to the law, although the enforcement of Saudisation regulations through Nitaqat had been recently introduced. This section presents the views of study participants toward Saudi youth's preparedness to take on the responsibility of paid work.

5.4.1 Attitudes to work

The study participants were asked their views about the recruits' attitude to working in the private sector. Participants from the public sector considered the job-for-life attraction of the public sector, as TVTC1 explained:

Many Saudi youth believe there is no job security in the private sector. However, we start all courses with an introductory lecture about the advantages of jobs in this sector and the reason [why] the public sector cannot provide jobs for all applicants.

The participant (TVTC1) continued, saying that a recruit can move from job to job within the public sector without losing pay or seniority. Further, there is no performance/capability competition with foreigners as there is in the private sector. Another participant (TVTC2) said:

One reason is that the individual can change jobs in the public sector. Also, not all the private sector trusts trainees or apprentices and maybe that's because people who supervise and evaluate them are non-Saudi. On the other hand, we find Saudi youth do not accept being controlled or supervised by a non-Saudi (TVTC2).

Interviewee TVTC2 mentioned competition between Saudis and non-Saudis when answering a question about the gap between the firm's policies and practices:

Any organisation has challenges in adopting new policies and putting them into practice. We in the NSJT deal with the private sector which is mostly run by expatriates. Many of them do not welcome Saudis into the firm, as they expect to be replaced by the nationals later on. This issue leads to conflict between expatriates and Saudi youth which can cause many obstacles for the recruits. And that also negatively impacts on NSJT's outcomes (TVTC2).

A Fund participant (HRDF4) confirmed that Saudis have a negative attitude to working in the private sector, especially small firms. Interestingly HRDF4 elaborated on this:

Thirty years ago, the whole family – parents, sons, daughters and even grandchildren – worked together. The children started from an early age as it was very important that sons worked and learned from their parents after school. Losing that tradition over the last three decades has made SMEs heavily dependent on foreign workers. Unfortunately, the majority of those workers are often antagonistic towards their charges, which makes the work environment unpleasant. The image of unprofessionalism that foreigners have created for Saudis in the working environment is an obstacle that Saudi youth find hard to overcome (HRDF4).

However, a private sector employer from the manufacturing industry, MP1, said that Saudis were unwilling to take entry level jobs, and did not want to work in trade-related jobs. MP1 said the issue was social standing and unrealistic employment expectations:

They want to work as little as possible and don't like working long hours. The reason is our culture; I think we all have these attitudes. Also, we Saudis feel the absence of security and equity in our society. Our society is not serious about these issues (the importance of a job) and young people are part of the society (MP1).

This was confirmed by TVTC1, who said that Saudis would not work in some occupations and avoided work in remote regions:

Some jobs are not acceptable (and they will not travel) to remote regions for cultural reasons. Profession or pay is not important in these cases (TVTC1).

Interviewee TVTC2 mentioned the importance of status and preferred office-based occupations, or at least air-conditioned premises:

The NSJT provides training for 90 professions but we concentrate on 28 professions according to demand. Most are in administration such as personal assistants, sales, retailer, cashier, receptionist, or security. The technical occupations that Saudis prefer are auto[motive] mechanics, welding and HVAC (heating, ventilation, and air conditioning) and truck driving. Some occupations are not acceptable to Saudis, such as plumbing (TVTC2).

The manager of the manufacturing company (MP1) commented that Saudis accept apprenticeships if they are committed to gaining work experience while studying and they wish to contribute to their families' needs:

Saudis accept these professions because they are a bridge to the private sector and they are well paid. Our company is in a regional location where people accept all professions and occupations. They are pragmatic people and not in a position to reject work or jobs. The majority of parents here cannot afford the cost of their large family, so they encourage their sons to work and help financially (MP1).

However, the marketing manager (MP2) remarked that Saudis preferred office work:

In general, Saudi youth want office work with a high salary . . . When I offer a young person work as a salesman, he replies: 'Do you want me to work all day driving around in very hot weather for SAR2000? I receive the same amount from (HRDF) every month for a year while I stay at home.' We try to attract them with a monthly bonus but they say the work is too hard and they want something in an office. Some of them are good employees once the workplace environment is appropriate. The majority of them don't understand the need for experience and they are impatient (MP2).

A manager from the training firm (MP3) agreed with these views and expanded on the issues:

Saudi youth are similar to all other nationalities; they are influenced by many factors relating to their culture and education. Saudi youth grow up with values that can affect their choice of employment. For example, vocational or technical skills are not respected in Saudi society. They accept these occupations when they don't have an alternative. Social respect for the individual is gained by a well-paid job with responsibility, so Saudi youth seek that outcome from the first time they look for a job.

Moreover, all education or training under the Saudi system is book learning [study], even though the subjects are practical. So in the absence of applying the knowledge to gain skills, youth are unfamiliar with workplaces and the tasks they have to do. Unfortunately, the media doesn't change this attitude as it doesn't give examples of workers; whether white or blue collar. Also, Friday religious monologues, which are respected throughout society, don't encourage youth to regard work as important: any kind of work. And their education doesn't qualify youth for working. Changing attitudes need to be a cooperative effort: the media, society and education. In addition, the organisations that work with employment, the public and private sectors, should cooperate with each other (MP3).

5.4.2 Commitment to work

A perceived lack of commitment is a corollary to Saudi youth's employment potential. Interviewee TVTC2 commented 'The drawback for Saudi youth is their lack of commitment to finding or keeping a job'. A further factor noted by TVTC2 was that Saudis reject other nationalities supervising them: 'We found Saudi youth do not accept being directed or supervised by a non-Saudi' (TVTC2). A Fund representative (HRDF1) explained Saudis do not accept their responsibility when accepting Fund assistance:

The majority of young people do not understand contractual issues. The contract clearly says that the Human Resources Development Fund is also a contractor in the employment agreement with the firm, and the recipient is bound by its terms and conditions (HRDF1).

However, MP1 from manufacturing explained that lack of commitment has consequences for employee competency; this is based on social norms and youths' desire for status in a hierarchical society:

Saudi youth in general are competent in as much as they have the skills for their jobs, but the main drawbacks are laziness and lack of commitment. They want to work as little as possible and won't work set hours (MP1).

5.4 3 Section summary

The attitude of young Saudis and status, according to public and private sector managers, is also a factor in their commitment to the firm and their desire to stay in a job. When other factors such as family circumstances, culture and society impact are taken into account, young Saudis are willing workers in technical jobs concerning vehicles and large installations such as air conditioning. Otherwise, they prefer indoor jobs with good pay, shorter working hours (less than 48 hours per week, common with smaller firms), and believe that if they wait, something better will appear.

5.5 Chapter summary

This chapter broadly addressed the results from the perspectives of study participants. First, public sector structures concerning Saudisation were explained by the participants. It appears that as an agency within an agency, the National System for Joint Training (within the Technical and Vocational Training Authority) may lack the ability to influence the private sector, or arguably, communicate effectively with the Authority's clients. Nitaqat is a Ministry of Labour policy and as such the Joint Training agency is a Ministry responsibility. Nitaqat's administration is the dual responsibility of the Chambers of Commerce and Industry, which identifies and administers job applications, and the Development Fund. Training is at the request of the employer. Issues related to finding jobs, training, and funding Saudisation are not necessarily well coordinated between agencies.

Successful outcomes from Saudisation training objectives were not confirmed by the results of this study, despite the government's claims that hundreds of thousands of Saudis are now in work. Whilst public sector representatives were confident that the training system was effective and met their requirements, the remaining study groups reported flaws in the system, such as relevance to employers, monitoring issues, and agency responsibility (i.e. the Training Authority monitored Joint Training objectives). The public sector participants admitted they did not communicate with smaller firms, relying on their industry contacts for information. Arguably, feedback was not gained from the employer, but from the Training Authority, and monitoring staff may or may not have included employer observations along with the trainees' supervisor.

The Training Corporation variously explained that while 90 courses were available, employers wanted 28 courses that concerned work ethic, English fluency and computer skills. Participants reported that the organisation regularly offered 28 courses for accreditation for employee recruits and these were designed to provide '75%' of the necessary skills, concerning workplace safety and understanding instructions. There was some doubt regarding the nature of training under the Joint Training System, given the Corporation also oversees all Saudi Arabia's technical and vocational training. Participants' views differed regarding the balance of practical and theory content in courses (presumably diplomas) and length of course. In part, this is a limitation of the interviewing technique for gathering data, as each participant recounted his own experience. The full list of available courses and their relevancy and success rates were not available to this researcher. In their comments, the interviewees' responses appear to be more anecdotal than informative.

Pay was an issue raised throughout, with employee interviewees unsatisfied with the trainee wages of SAR3000 per month, particularly as some received less. This dissatisfaction continued with respect to the lack of career structure in smaller firms, a comment which could be applied globally. Further, the wage issue was exacerbated by the managers' responses to the recruits' work ethic and commitment to work, both of which were universally regarded as poor.

Private sector users of the training system and Nitaqat in general wanted reform, as the intent, content, and adequacy of the National System for Joint Training courses were unclear. If there were 28 courses used from the 90 on offer, it appeared there were many that were redundant, and could be replaced by other courses in collaboration with small business representatives. The interviewees indicated a preference for changes to the Human Resource Funding System and a more appropriate funding policy to meet the objectives of competency training. The next chapter considers these outcomes in relation to the research questions.

Chapter 6 Discussion

The intent of this research was to understand the factors associated with school leavers and graduates in their transition to the labour market, particularly in regards to small businesses. Previous chapters presented primary and secondary research for establishing workplace competencies for school leavers who did not pursue further education plus accredited employees. The pre-existing technical and vocational skills policy structures formed the framework for the government to implement its 2011 Nitaqat compliance policy. The objective of this research was to identify the interlinking elements of pre-existing policy structure (defined as the National System for Joint Training), and to study the progress in light of the Nitaqat impetus for Saudi employment.

The findings of this thesis are discussed in this chapter in several sections and with regard to the literature, where available. These are addressed in terms of the research questions:

1. What are the characteristics of the Saudi vocational and competency training system?
2. What are the skill sets Saudi employers need?
3. Are there gaps between vocational accreditation and these skill sets in small to medium-sized firms? If so, what are they?
4. What are the perceived issues which impact skills acquisition for employees and job applicants?
5. Are there successful technical and educational training models suitable for developing economies?
6. What are the implications for Saudi vocational training providers and employers?

This chapter presents the policy framework for the Saudi vocational and educational training system: that is, the objectives of the joint training system policy, and the partners to the policy and their contributions over time. This is followed by an examination of the job skills that small to medium-sized employers seek, and the training needs for Saudi recruits they are obliged to employ to reach those skills levels. Employment issues arise from the viewpoints of both employers and employees, and these are discussed in terms of motivation for employees. An

optimal technical and vocational training model follows, together with expected outcomes from the model.

6.1 What are the characteristics of the Saudi vocational and competency training system?

A priority in conducting this research was to identify the policy structures that deliver youth training to meet the needs of employers for entry level jobs. At the outset, this appeared to be coordinated by the National System for Joint Training (NSJT); however, there was little published on the aims, resources, records, or constitution of the organisation. The website dates were prior to 2005, and organisations such as the Technical and Vocational Education Training Corporation (TVTC) were referred to under prior titles. Statistics on the website show less than 3000 trainees and the timeframe was undisclosed. A literature search on the NSJT produced only vocational and training institutions under the TVTC. Information from the interviewees supported part of the dated website information, that is, the NSJT comprised five partners: the Ministry of Labour, Technical and Vocational Education Training Corporation, Human Resources Development Fund, Chambers of Commerce and Industry, and private employers. This section concerns the objectives, structure, and resources in place to deliver the joint training program.

6.1.1 Joint training system objectives

The primary objective of the NSJT, as asserted by all research participants, is to employ more Saudis in the private sector. In this case, the government provides basic generic training on demand and without cost to the employer. Private sector managers suggested that organisations in their sector should focus on quality and improve Saudi employees' skills; and further, that the objectives of the training system could be more widely adopted across the sector. Wiseman et al. (2008) found that education outcomes for the Kingdom were behind those of comparable countries in the GCC, and that an issue is the school-to-work transition. Fuller and Unwin (2011) noted that worldwide, technical and vocational education systems previously trained nurses, pharmacists, educators, technicians, and many other occupations. In the contemporary workplace, bachelor's degrees now replace diplomas, and the vocational system now provides job skills to adult learners such as plumbers, chefs, personal services, computer-based and office-based skills. Ramady (2010) noted that Saudis shun the 'new' diplomas and certification, as they

prefer university qualifications and seek professional careers. The degree-based education system has created more Saudi graduates than graduate openings in the private sector (Al Munajjed & Sabbagh 2011).

Thus the objectives of the joint training system are to provide resources for employment of non-achieving young Saudis who take up vocational and technical occupations. Employee participants in this study were located within the electrical trades although it is unclear whether this was a new trade title under the program, or whether they worked as air conditioning technicians. The joint training system provides 25% of the classroom-based knowledge for each of its occupations; it does not serve specific industries.

6.1.2 Partners in the joint training program

The partners under the NSJT cooperate to identify jobs for Saudis and prepare them to a level that is 25% of each entry level job specification. The Ministry of Education is not directly involved in technical and vocational training, as the TVTC was legislated in 1996 to take over vocational training and the Corporation was established in 2000. The Ministry of Education assumes a coordinating role for the Kingdom's education, for example, mandatory reporting of statistics and progress in educational achievements to international organisations. In this study, public sector interviewees were satisfied there was adequate communication between private and public sectors. However, private sector participants, managers and employees offered evidence to the contrary. One respondent noted poor communication between small to medium-sized firms and the Training Corporation. In this research, participants argued that small businesses were not involved in planning aspects of training and they could merely select their job training needs from the available courses.

In a study on the potential for Saudisation in the private sector, Al-Shammari (2009) comments that skill formation systems are producing Saudis with skills, knowledge and attitudes incompatible with the employers' priorities. The researcher posits that ineffective Saudisation is 'the outcome of the government's heavy and unnecessary involvement and control over skill formation systems' (Al-Shammari 2009, p. iv). This rigidity is imposed on a dynamic economy operating in a changeable environment, and this finding is supported after wide consultation among private and public sectors. Al-Shammari recommends that the technical and vocational

agency be restructured as an industry-led training organisation to serve and link the outcomes of skill formation to employers' needs.

It appears there is difficulty in program maintenance for the joint training program, as databases for the jobs available according to the Chambers of Commerce and Industry differ from that of the Training Corporation. Statistics are a perennial problem in Saudi Arabia, as each Ministry uses a different starting point based on their respective responsibilities (Baqadir et al. 2011). According to the UN's Office for Economic Cooperation and Development, the Kingdom is correct in its approach, in principle, to provide strong incentives for the private sector to participate in formal education and vocational training and importantly, including workers employed by domestic firms (Miyamoto 2008). Miyamoto stresses the importance of job training to be demand driven, more flexible, and to focus on small and medium-sized domestic enterprises which lack the resources and knowledge for such training. Achoui (2009) notes a lack of commitment to training by smaller local firms, and that such training is treated as a reward through *wasta*, rather than based on the firm's objectives and employee skills' acquisition.

6.1.3 Policies and funding

The Human Resource Development Fund offers a one-off recruitment training course under the joint training system. It offers classroom training for three months or more, where the Fund pays 75% of the trainee's costs (training and wages), contributing to wages and employer costs for an extended period on the job. Again, the Fund pays 75% of training costs, 75% of the trainee's bonus (for course completion) and SAR500 to the employer who organises training. There are additional bonuses for trainees if they remain with the employer and to compensate for the firm's overheads for this period. The research participants reported funding scales need to be more flexible; the Fund is slow in paying the employer; and the courses are not of sufficient length for trainees to be fully skilled. Given the entry level of courses under the joint training program, that is, customer service, personal assistance, and truck drivers, it would appear the government's financing is generous. As mentioned earlier, full apprenticeships for building and mechanical trades require greater training for quality and safety; however, these are not offered under the program. In principle, given the skill levels and post-school youth entry point for trainees, the resources and courses allocated by the Fund appear to meet UN criteria.

6.1.4 Characteristics of the National System for Joint Training (NSJT)

The first research question seeks definition of Saudisation policies designed to offer youth basic training through classroom and on-the-job training. In principle, the bureaucratic framework of the partnerships and their various responsibilities appears to lack focus and clear responsibility lines. Whilst the intent to train uncommitted youth is sound, the fragmented responsibilities between the partners may lead to inefficiencies. For example, the Fund monitors trainee outcomes, but does not provide detailed information for improving the joint training program. This longstanding organisation, the NSJT, preceded Nitaqat and may not have been restructured to meet Nitaqat targets. There is also a lack of transparency in the system. There appears to be no results or efficiency criteria or employer feedback designed to keep the program focused and productive. Evaluations for both firms and recruitment outcomes are necessary to assess the effectiveness of the NSJT.

6.2 What is the skill sets Saudi employers need?

This research question is considered based on the perspectives of interviewees from three firms in the small to medium-sized category. The firms were in manufacturing, marketing, and training and development industries.

The Saudi private sector is dominated by small firms that employ expatriate managers and cheap skilled labour. Khashoggi (2013) recently reported that 86% of imported labour was paid less than SAR2000 per month (\$AU577). This led to a situation where nationals who in other economies gain entry jobs and learn and work their way into better paid positions have no such route in the Kingdom. Under Nitaqat, Khasoggi reported that small shops and service businesses usually shunned by Saudis are in fact closing and taking the jobs off the market during a crackdown by government on largely illegal foreign labour. This gap in the labour market should be filled by young Saudis restructuring the small business sector as entrepreneurs and skilled workers, for example, as discussed in nanotechnology and web-based trade. However, the issues are different for removing skilled workers and filling specific knowledge and skill sets with school leavers, especially in a rich Islamic country such as Saudi Arabia. Ramady (2010) commented that the dramatic building program of the last quarter century was only possible through an expatriate labour force. Saudi workforce participation was minimal

because they lacked the required workplace skills such as team work, problem solving, time management, communication skills and English fluency, computer skills, and commitment to work. Saudisation was introduced to shift responsibility from the government to provide lifetime public sector jobs (Alserhan 2013).

Saudi Arabian society is changing, especially since communications continue to be opened up through mobile devices. Youth have a high sense of entitlement and interest in the new consumer choices available, but without the sense of responsibility that is endemic in an absolute monarchy (Ramady 2013). The government has long been committed to free education as funds and circumstances permit. It established the Ministry of Education immediately when oil revenues were allowed in 1954; the Ministry of Higher Education was instituted in 1975 to develop the country's professionals and the Technical and Vocational Education Corporation's predecessor followed in 1980 (Al-Shammari 2009). For some decades, as previously mentioned, the Saudi government has committed some 25% annually to education and training (Mohammad 2013).

In this research, managers reported that resources and commitment to training, as evidenced by the government, were not being achieved to attract and retain Saudis in employment. The Training Corporation's courses do not produce the skill levels required by employers. The size of the firm is an issue, as one manager from a medium-sized firm explained that the skill sets currently targeted by these training courses are more aligned to very small businesses. Further, the courses offered under the joint training program are not attractive to Saudis, as they relate to service jobs, or outside jobs such as truck drivers. Some of the training courses are seen as too long for the simple tasks and knowledge required, while others are not long enough. A manufacturer participant pointed to the need for more trade apprenticeships. Another participant believed that employers are not encouraged to give feedback to public sector partners about 'joint' training. This confirms observations by the United Nations' Educational, Science and Cultural Organisation (2012) relating to the international preference over the last two decades for university qualifications, which resulted in insufficient numbers in trades certification.

The larger firms in this study were responding to Nitaqat by providing in-house targeted skills training, either using training contractors or employee trainers (Jehanzeb, Rasheed, &

Rasheed 2013). This initiative is having a positive effect on trainees' skills, although it appears that one firm is duplicating the Training Corporation's courses (English fluency, computer skills) that relates to the joint training program. It is unclear how the administration of in-house classroom training is conducted, although the firm is expected to claim funding under the joint training program.

Findings from this study suggest that employers are not receiving the skill sets they need from the training programs (e.g., as stated previously workplace skills, English fluency and commitment to work). By definition, these employer firms are members of a Saudi Chamber of Commerce; therefore they should lobby their local Chamber to demand feedback from the government on the success and impact of the joint training programs. At the very least, the firms should submit their own data to the Chamber for collation to report to the joint training agencies on the success or otherwise of classroom courses and on-the-job training. This should lead to a reconstruction of the types of traineeships, their curricula and, if necessary, the structure of the training.

Under Nitaqat, the Ministry of Labour is well aware of the nature of the job market. It is inconceivable that the same information is not available to the Human Resources Development Fund and the Technical and Vocational Training Corporation, if not the Saudi Council of Chambers (ICC). This information should be published and used to restructure the training program. This would be in keeping with the government's commitment to double the number of traineeships to 250,000 students by 2020. It is undertaking an extensive infrastructure program to achieve this aim. The partnership concept continues, where the Saudi government will oversee, finance and regulate training which will be operated by the private sector:

Saudi employers will be closely involved in the process to guarantee that the skills of the graduates meet the needs of the labour market (Technical and Vocational Training Corporation 2012, p.5).

As part of this restructure, the National Centre for Evaluation and Professional Accreditation will upgrade its assessment and outcomes criteria. The private sector will be invited to comment on the National Occupational Skill Standards and contribute to on-the-job training, which will commence from 2015.

Nitaqat is the enforcement of Saudisation - it involves deporting undocumented foreign workers and replacing them with skilled and experienced Saudis, and the time frame mentioned

was 10-15 years. Some 78% of Saudi men work, largely in the public sector. Thus it could be argued that the intent of Nitaqat was to evict the large number of illegal workers and replace them with the tens of thousands of new labour market entrants leaving the fast improving education sector annually. The workers evicted from the country were mostly entry level workers, typically at low rates of pay in jobs that are not sought after by the local Saudis workers.

As the primary research was held over the new year period 2011-2012, the enforcement of Saudisation was just beginning. As an incentive, Saudis were encouraged to enter the job market with the promise of a year's unemployment benefits. The response was overwhelmingly female and by March 2012, the government backtracked. But since then, there has been little change to actual employment rates. Whilst there are differing statistics in Saudi Arabia, derived from Ministries' varying databases, the media report no significant increase in employment.

In considering the Ministry's stance in changing education policy, the results of Malamud and Pop-Eleches' (2010) long-term study of changes of educational policy in the Romanian labour market were that the labour market shifted from vocational to general jobs in line with reduced manufacturing opportunities, but that the choice of job was ultimately that of the individual. The notion of job preferences is supported by Lave and Wenger's (1991) social norms of learning, where curriculum choice locks in job choice, and Ellström and Koch (2008) who pointed out the complexity of factors between employer needs that change with the industry environment, and the competency levels of potential and existing employees. Vocational and job training are necessary for the organisation to achieve and maintain relevance in a highly complex environment (Ellström & Koch 2008).

6.3 Are there gaps between vocational accreditation and these skill sets in small to medium-sized firms? If so, what are they?

The third research question concerned training needs and outcomes as expressed by both employers and employees. Results from this research indicate that gaps exist between the accreditation from the Training Corporation and specific job competencies in small to medium-sized firms. Training Corporation participants pointed out that the classroom component of the joint training program is not intended to accredit trainees; this occurs after further on-the-job

training by the employer. Throughout the analysis there were assumptions made regarding the nature of training, whether it concerned the NSJT program, Saudisation/Nitaqat, or merely ad hoc courses funded through the HRDF. For example, one employee attended a month-long classroom-based course, without commenting on its nature or purpose. Others thought that the course was an induction program, that is, a generic course regarding the workplace, for example, focusing on communication, safety, workplace conditions, and English. This finding concurs with Jehanzeb et al. (2013) that availability of training enhances employee commitment to the firm; however, employees are unlikely to seek out training to further their careers.

Practical training available in the classroom component of the course elicited mixed responses. Depending on the occupation, exposure to actual working conditions and tasks benefits employee proficiency. However, practical sessions during class work appear to have a high profile among employee participants, who universally want more practical and less classroom time, irrespective of the course curriculum. Arguably, if these employees were part of a program designed for school dropouts, they would prefer less classroom time and more practical content in their learning. Other issues concerned the adequate length of the course for the diploma, which employees considered should be much longer. In skill gaps and skills training, the findings for this research confirm those of Al Munajjed & Sabbagh (2011), Al-Shammari (2009), Banks (2011) and Baqadir et al. (2011) regarding their calls for quality training for workplace skills employers require.

Nitaqat data (unpublished) could provide the government with the information it requires to double the traineeships on offer. There may be a restructure of the agencies responsible for Saudisation/Nitaqat; however, change is rare in the Saudi bureaucracy and as jobs are for life, inefficiency is endemic. The government intends to increase resources to the technical and vocational education training sector; however, there appears to be little appetite for inviting in new partners or for agency change.

6.4 What are the perceived issues which impact skills acquisition for employees and job applicants?

Research question four focuses on the issues for smaller firms that impact skills acquisition for employees and job applicants. The primary issue concerned management

awareness of the need for ongoing training plus employment policies and resources available to small firms to maintain competencies in their staff, including owners and managers. There are no mandatory employment standards or record-keeping enforced in the Kingdom, and smaller firms follow ad hoc practices in their employment contracts due to the availability of itinerant labour (Waqas 2013). The concerns for Saudi recruitment in smaller firms are inadequate pay and Saudi youth attitudes toward private sector employment.

6.4.1 Employment conditions

While employment conditions in Saudi Arabia are designated under the *Labour Law 2006*; the law is subject to frequent changes in interpretation due to overarching conditions such as Nitaqat. There is no minimum pay for Saudis or expatriates, although the Minister of Labour states that firms will not be recognised under Nitaqat if they are not paying Saudis at least SAR 3000 per month (Muhammad 2013). The mandatory wage levels for entry level for Saudi youth, if observed, may be considerably greater than for skilled expatriates. Public sector participants commented that pay, even at SAR 3000, is the primary issue for Saudisation in the sector. This is confirmed by Muhammad (2013), who states that the Minister of Labour would not be drawn on implementing a minimum wage in the Kingdom, merely saying that Nitaqat status demands a minimum wage of SAR 3000 (Hafiz policy). Al-Munajjed and Sabbagh (2011) found that a good salary was the first priority of young job seekers in the Gulf countries, and this is confirmed in this study with employees dissatisfied with pay and lack of pay rises. Low pay complaints by employees were confirmed by managers who pointed out that the job market determines that jobs go to the most cost-effective candidates. Further, the managers declined paying differential pay for the same work.

An additional employment issue for small businesses is the lack of written employment contracts. The basic conditions of the Labour Law cannot be lessened or substituted and they include work hours (48 per week, 8 hours per day), Islamic time and days off work and Saudisation levels. As previously mentioned, there are conditions that guarantee the performance of a work contract and provision for end-of-contract bonuses. All employment matters are otherwise covered by the individual employment contracts which are expected to contain negotiated conditions of employment: pay and allowances, work hours, leave and bonuses, including air travel, living expenses or provision of housing and family care, training and career

prospects, length of service and conditions for severing the contract, and specific matters required by the employee or employer. Therefore the notion of general working conditions applied equally to all employees resides usually with the public sector and corporations, not with small firms who tend to use workplace norms and arbitrary decision-making (wasta). In this research, the lack of formal organisational structures and career pathways was evident to all participants. Two firms had no formal structures whilst the third firm was in the process of forming a human resources group to address employment matters. The public sector participants viewed the lack of formal structures in small firms as an issue for employee retention. The Fund participants said firms were encouraged to formalise their employment policies and provide resources to that end (supported by human resource divisions).

Employment conditions were issues perceived by the public sector centre of the Ministry of Labour, which is responsible for finding jobs under Nitaqat. The Ministry tasks the 28 Chambers of Commerce and Industry with finding jobs from their member firms, resourcing Nitaqat through the Human Resources Development Fund. If Nitaqat quotas are to be successful, then youth leaving secondary education need training and that is the responsibility of the Training Corporation. The Corporation responded by announcing that it intends to double the number of trainees by 2020. From the perspective of the private sector, managing the administration and cost of employing Saudis far outweighs any benefit that the firm receives from the HRDF. There is a lack of concern for anything other than funding and pay from the managers and employees. The firms are not sufficiently interested in Nitaqat to pursue information other than what they are expected to produce. Employee welfare through adequate wages, employment conditions or basic working conditions are factors not pursued with any vigour.

6.4.2 Saudi job seekers and employees

A prevailing theme throughout this research and one identified in the literature is the negative Saudi approach to working in the private sector (Achoui 2009; Al-Munajjed & Sabbagh 2011; Banks 2011). This research theme relates to a number of issues: Saudi attitudes to paid employment; Saudi attitudes to working in the private sector; Saudis preferred occupations; and their disinterest in working for smaller firms.

In this research the majority of managers concluded that Saudis have a negative attitude towards work. The management participants clearly took a negative view towards the attitudes and competencies of Saudi youth. This criticism did not instil confidence in the job seekers and young employees. These Saudi youth attitudes cannot be immediately addressed as many are culturally and socially constrained. In addition there is added complexity with respect to ongoing labour market reforms and changes in demand for and of labour. If managers want social change in the workplace, they are in the good position to foster positive attitudes in Saudi workers. Employee encouragement apparently is not frequently addressed in the workplace, and managers appear not to be seeking change any time in the future.

Whilst there is no direct reference in the literature to Saudi reluctance to participate in paid employment, Ramady (2010) earlier noted the phenomenon, stating this may be a generalisation relating to certain types of work. Saudi preference for work in the public sector is however generally accepted (Al Munajjed & Sabbagh 2011; de Clew 2013; Hilal 2013). In this research, the participants confirmed the preference for the public sector based on jobs for life, automatic pay increases and promotion, less working hours, and a Saudi-dominated workplace.

The next issue, social exclusion, relates to working in jobs that Saudis perceive to be below their status including school leavers. Ramady (2010, p.395) notes: 'It is widely, if unfairly, believed that school dropouts and academically poor students enter technical training'. This attitude is supported by the government's earlier insistence of a university degree to enter public employment. Ramady advocates for technical and scientific education to lead to innovation and higher productivity. This attitude was confirmed by management participants in this research, who identified the low numbers of traineeship courses being accessed from the 90 offered under the joint training policy by the Training Corporation. As discussed, the training offered by the Corporation under the various programs, such as Nitaqat and the joint training policy, is unclear as there may be other sources of training of which the participants were unaware or refrained from commenting upon. In a country of 20 million Saudis, such training may be being offered elsewhere. Indeed, the Corporation only offers short courses in household electrical, plumbing, and carpentry maintenance to skill Saudis to replace foreign labour (*Arab News* 2013). Saudi youth traditionally are not attracted to smaller Saudi-owned firms. Hertog (2010) characterises the Arab Gulf country's small firms as simple contracting and trading operations that offer very little employment to Gulf citizens, relying on foreign expertise and

connections. Hertog advocates fostering cooperative structures among these firms: a matter which would appear to be the province of the Chambers of Commerce.

6.4.3 Work motivators

Various aspects of the workplace continue to hinder employee retention. These include resentment of non-Saudi supervision, an inability for Saudi youth to focus on quality, and the resistance to long hours of work. There are no findings evident in the literature that confirm or reject these observations. Lim (2013) studied work motivators between Emirati and Saudi youth (n = 91), and Lim's findings are useful in this discussion. In this study, Lim questioned youth in their twenties on the importance of motivators for work. Extrinsic motivators concerned high salary, status, and promotion (Saudis 73%, Emiratis 46%). Intrinsic motivators concerned acquiring new skills and being creative (Saudis 38%, Emiratis 63%); social affiliation, that is, meeting people (Saudis 27%, Emiratis, 21%); leisure (Saudis 23%, Emiratis, 30%); and altruism (Saudis 23%, Emiratis, 18%). Thus the young Arabs were similarly inclined, except for high status seeking and low risk profiles evinced by Saudis. This broadly confirms the harsh criticism of youth attitudes to work evidenced by the managers in this research. Ramady (2010) however pointed out that broadening the world experience of young Saudis through international scholarships assists individuals to absorb and bring new and creative ideas into Saudi workplaces. The attitude to technology and innovation is changing through youth adoption of social media and new communication channels. This also assists greater English fluency being developed amongst Saudis as well as increasing their confidence to work in non-Saudi workplaces. In summary, the focus should be on employment contracts which lead to fostering employees' skills and knowledge.

6.5 Are there successful technical and education training models suitable for developing economies?

This research question concerns the structure and policies of the Technical and Vocational Education Training Corporation. A review of national training agencies was not successful in identifying an optimum model the Kingdom could adopt in preference to the Corporation's. In the recent Shanghai Consensus on vocational education and training,

recommendations from the accord included elements such as improving curricula and pedagogy; improving evidence (course content); strengthening governance and encouraging commercial partnerships; and increasing technical/vocational training resources and promotion (United Nations Educational, Science and Cultural Organisation, 2012). These recommendations were designed to address the general drift towards university based professions as part of the 'knowledge economy' that has led to a decline in the number of tradespeople in many countries. This declining level is of concern, falling below that required as the effects of the economic crisis dissipate and development recommences. National interest in trade apprenticeships as occupational choices has also declined in significance, and only in northern European countries with strong trade unions have new apprenticeships been successfully introduced. Further, Bosch and Charest (2012) report that technical training now requires secondary school completion, as countries strengthen the links between general and technical learning to achieve improved standards of technological competency, particularly important for rapid technological change. Saudi Arabia is not alone in attempting to raise the status and quality of substantial apprenticeships, rather than supporting short courses for traineeships, a point made in this research. Employee participants and private sector managers advocated for apprenticeships rather than traineeships. As the Saudi government is using German advisers in its training structures, the outcomes could raise the standard and status for trades and technology among the population. Finally, any optimum model the Kingdom may adopt must include transparency, inclusion, and effective consultation with all stakeholders.

6.6 What are the implications for Saudi vocational training providers?

The final question concerns the effects of recent government interventions, predominantly Nitaqat, on the technical and vocational training providers and stakeholders. It appears that, apart from increasing capacity and a commitment to increase quality by the government, there were no indicators of major training reform identified in this research.

The courses of relevance to the participants of this study were short term traineeships and further education to diploma level. These may or may not have been delivered under Nitaqat or the joint training system, which arguably was subsumed by Nitaqat. Once delivered, there was minimal follow-up and assessment that presumably was to lead to accreditation. Again, this may

or may not have finalised the contracts between the employees, the employers, the Human Resource Development Fund, and perhaps the Training Corporation. Questions remain concerning as to whether Nitaqat or the National System for Joint Training contracts are considered complete (accreditation), or under what conditions successful integration into the workforce can be made by the trainee. Certainly no participant mentioned a recall to retake an examination, or to repeat practical work.

The course curricula were criticised by private sector participants in relation to the emphasis on bookwork (study) and a lack of practical training. As the traineeship requires a quarter of the course to be completed in class and the remainder with the employer, there was no intention to accredit a trainee upon entering on-the-job training, a point tacitly admitted by trainees when they referred to monitoring and follow-up by ‘the government’. The content of the courses is deemed to be too general and work on equipment differs from that of the employer.

The expected training outcomes were subsequently low and any gains unlikely without substantial agency and government reform. Participants mentioned significant expansion and higher quality control of training and outcomes for recruits; but without commitment from the agencies, it is difficult to see how this can be implemented. Saudi Aramco, General Electric and Saudi Telecom, among other corporations, train their technicians and employees. Health providers also conduct extensive training. Larger firms and corporations undertake technical and vocational training and it is possible that over time these skills will filter through to the smaller firms. However, the Nitaqat policy determines that the government oversees and contributes to the funding of all training in the Kingdom.

6.7 Chapter summary

This chapter concludes the analysis of primary research and discusses results in terms of research questions. Technical and vocational training in the Kingdom is delivered through government agencies that consult with the private sector to produce courses that improve employability of Saudis, especially male school leavers. The twin objectives of the National Joint Training System are employment of unskilled Saudis and the replacement of foreign workers, although quality restraints appear to be limiting outcomes for these objectives. For the public sector, these constraints include the level and administration of funding, incompatible

databases, and inadequate supervision and certification. The Office of Economic Cooperation and Development recommends that job training be demand driven and flexible, and to focus on small and medium-sized domestic enterprises that lack the resources and knowledge for such training.

Saudi employers in smaller firms are not sourcing the skills sets they need from the Technical and Vocational Education Corporation. As these firms are members of a Saudi Chamber of Commerce they should approach the Chamber to lobby the Corporation on their behalf to respond better to their needs. Nevertheless, they should first recognise the need for training their youth, rather than the overwhelming reliance on foreign labour. It was found that these very small firms are generally shopkeepers and small niche traders; they typically operate in very limited business environments and lack the initiative and resources to prosper. For larger firms, the attraction is to buy-in skilled and knowledgeable expatriate technicians, managers and professionals, who are immediately productive. It was also apparent that all participants lack, or do not divulge, full awareness of the available training programs.

The government's Nitaqat policy includes restrictions on foreign work permits, rising annual fees, and a contract where the recruit is tied to one employer. This opens up risks for illegal bartering of contracts and human rights abuses on the one hand, and overstaying the work visa and permit on the other. Nitaqat includes auditing foreign visas and work permits, resulting in the eviction of tens of thousands of workers, predominantly in occupations that Saudis shun. Many expatriates who started their own businesses have left. Unable to afford Saudi labour, many small Saudi-owned firms have folded. Skilled services are lost without overall benefit to young Saudis.

Saudi youth, as with their cohorts in other wealthy countries, demonstrate a sense of aspiration and entitlement for improved lifestyles in their social and economic environment. Generous government support, tribal connections, and a patriarchal society largely remove the necessity of taking risks, especially in business, and for women, who were not mentioned by the respondents.

Employees in this research complained of issues that have a structural basis in the Kingdom's lack of an employee 'safety net' and refusal to take on other than cosmetic reform. They complained of undocumented work contracts, lack of supervisor assistance, working in

‘foreign’ environments in their own country, and the perennial issues regarding inadequate wages, and long hours and working conditions under those of the public service. The conclusions, recommendations, and research conventions that follow from these findings and discussion are presented in the following concluding chapter.

Chapter 7 Conclusions and recommendations

This research thesis focused on an investigation of the training available to Saudi youth and the implications of this training for SMEs employers. Due to the prevalence of small to medium-sized firms in the Kingdom, these employers were selected to engage in discussions concerning the issues they have in upskilling Saudis to replace foreign workers. This aim gained impetus during the initial study period, when Nitaqat was introduced to enforce compliance of existing legislation, regulations, and government structures under Saudisation. Nitaqat responded to perceived avoidance, especially by smaller businesses, of restrictions on foreign labour and to address a large (if efficient) foreign worker population. This chapter provides a summary of the research, the conclusions, and recommendations for the stakeholders. The benefits and limitations of the thesis follow, concluding with suggestions for future research.

7.1 Summary of the research

To complete the aims of the study, summaries and observations for each chapter is set out below. The first chapter, the introduction, set out the research aims and the questions, the conceptual framework and methodology. This chapter described the physical nature of Saudi Arabia, its history, population and society, especially its conservatism and the importance of Islam. It was noted that Saudi Arabia as a modern nation effectively began with the latest generation in the 1980s and grew through guidance from its five-year socioeconomic plans, fuelled by its oil production, depending on fluctuating oil prices. Whilst earlier male graduates from schools and new universities were absorbed in public services, today's technical and vocational job seekers are sons of small traders and shopkeepers who still largely live within their *riad* compounds and work in the family business. All trade occupations, and greenfields economic and social development were completed by imported labour that moved on after completion, and schools and hospitals were then staffed with skilled and professional expatriates. With high birth rates from the 1970s, Saudisation was introduced in the 1990s to shift employment responsibilities from the public sector to the private sector. This was largely unsuccessful due to the inability of the nascent and expatriate-staffed education system to deliver

the skills and knowledge employers required. By 2011, Nitaqat was introduced to force foreign workers out of their jobs and to achieve the aims of Saudisation.

The literature survey showed the significance of human capital for Saudi Arabia. Human capital serves the interests of the individual and government. In taxable jurisdictions, the government invests in skills and knowledge acquisition and recovers its investment through taxation of individual earnings to repeat the cycle. In Saudi Arabia, taxation is replaced by social aims and the security of society in its ability to prosper in a globalised economy; for example, if the government cannot import trained nurses during frequent global shortages, it has access to skilled, experienced nationals. Of relevance to this discussion, Chang's (2012) observations that the migration of labour and relative salary levels of, for example, skilled plumbers and financiers are factors that impact status levels of a trade and profession. As trade jobs become more complex, including more decision-making processes, professional careers become contract-based and temporary. Chang recommends self-education across a range of occupations (life-long learning) to respond to rapid changes and demands for employable skills. This conflicts with the Saudi preference for stability and automatic promotion in a bureaucratic environment.

This research used a constructivism paradigm to investigate social issues, thus a qualitative approach was appropriate to examine the research questions regarding employee training for small businesses in the Kingdom. Quality was achieved through cross-referencing responses of public sector representatives from the Technical and Vocational Education Training Corporation and the Human Resources Development Fund, and managers and employees from small to medium-sized firms in three industries: manufacturing, marketing, and technical training. Appropriate research administration was conducted and adherence to research principles observed. Interviews were conducted in Riyadh and Jeddah with 19 participants in 2011–2012, and data was analysed according to Kvale (1990) and Kvale and Brinkmann's (2009) methods.

Chapter 2 sets out the results of the data analysis from the viewpoints of respondents. This showed that the National System for Joint Training was a government policy that was the responsibility of the Technical and Vocational Education Training Authority. And further that the Ministry of Labour, the Human Resource Development Fund, the Council of the Saudi Chambers of Commerce and Industry and their members were partners in Saudisation, the

ultimate purpose of the Joint Training System. Public sector representatives were confident that the training system was effective, although the remaining participants cited issues that ran counter to the public sector perspective. The public sector participants admitted they did not communicate with smaller firms. As the Fund apparently supervises or audits individual contracts, if feedback from these contracts exists, it is difficult to understand its ultimate use. Feedback apparently does not extend to the content of the training courses, which do not appear to be popular with users, employers, or employees. In fact, Training Corporation participants stated that less than a third of the courses they offer were requested. Issues for private sector users were accessing their funding, pay levels for trainees and the extent of classroom training during the course. The various responses of the participants were sometimes contradictory and it was evident that none were totally familiar with the policies or practices of training, or the responsibilities of the various partners involved in training.

The rest of the chapter concerned the research questions and these were addressed in detail:

1. What are the characteristics of the Saudi vocational and competency training system?
2. What is the skill sets Saudi employers need?
3. Are there gaps between vocational accreditation and these skill sets in small to medium-sized firms? If so, what are they?
4. What are the perceived issues which impact skills acquisition for employees and job applicants?
5. Are there successful technical and educational training models suitable for developing economies?
6. What are the implications for Saudi vocational training providers and employers?

The framework for technical and vocational training was described, with its purpose to improve the employability of Saudis, especially male school leavers. The employers require basic work-ready skills and employees who are willing and able to contribute. Gaps between the education and training system are many, hence the need for retraining recruits employed under Nitaqat. Issues for the public sector are quality restraints that limit outcomes: the level and administration of funding, incompatible databases, and inadequate supervision and certification.

Issues for employers were employees' attitudes, and a reluctance to engage with the firm's objectives. Issues identified for employees were pay, working conditions, expectations of advancement, long hours, and insufficient leave. Whilst an alternative training model was not identified; Saudi Arabia subscribes to international conventions: the United Nations Educational, Science and Cultural Organisation's (2012) recommendations regarding the importance of technical and vocational training; and the need to restructure education to include work-ready skills for all. Globally, apprenticeships continue to decline in significance as short-term traineeships replace these occupations, with the resultant loss of a deeper and wider skills base. This is being redressed by the Saudi government through doubling the courses on offer by 2020. Finally, implications for Saudi vocational trainers and employees are presented in the concluding section.

7.2 Conclusions

In this section, a number of conclusions drawn from this research are discussed. Fundamental to the conduct of this study was a lack of transparency regarding information concerning government policies, practices and outcomes from both primary and secondary sources. Arguably, the information was not known or not available to this researcher. Given this limitation, to be discussed later in this chapter, the conclusions are addressed as public and private sector employers and associations and society as a proxy for employees.

One major conclusion is that the structure of the public sector is not adequately flexible to meet the needs of government policies. Existing agencies are directed to administer new policies as an extra layer over and above previous policies and basic responsibilities. Individuals in power may have several areas of responsibility; as the country's needs evolve, authority may be eroded as policies change. In less autocratic policy environments, agencies rise and fall, staff change jobs, and the public service responds to the government of the day. Change is accepted by staff and has become part of the work culture. Policies in this environment are abandoned and work has commenced to build new policies, guidelines, and practices.

Public policy evolution does not appear to have changed public service structure in Saudi Arabia, not least because public servants cannot be sacked. An example of this process became evident through this research when coming to terms with the nature of the National System for

Joint Training. The NSJT was developed prior to 2004 to provide training for ‘certain jobs’ involving school dropouts. By 2011, Nitaqat was introduced as a compliance measure of Saudisation aimed at identifying all unemployed Saudis aged below 30 years and bringing them into the job market (Hafiz). Nitaqat has a greater reach than the NSJT and the NSJT’s role under Nitaqat is unclear, as the Ministry of Labour provides employment agencies under Nitaqat that source jobs through contacts or online job markets and provide administration for the employer. These job centres include the larger Chambers of Commerce in Riyadh and Jeddah, and presumably access the Training Corporation’s courses, although training courses are also conducted by the Chambers. Thus the conclusion of this study is that the Joint Training policy is at least a decade old and out of date in its restricted jobs format. Notably, its emphasis is on Saudi males to the exclusion of females who constitute the majority of the unemployed.

Small to medium-sized firms, as noted by an employer in this study, have been under threat from globalisation over the past decade. Small inefficient shopkeepers, manufacturers and service providers exist on the periphery of commerce and occupy the end of the wasta chain of connected suppliers and retail users. They tend to congregate in souqs (markets) and offer similar goods to the buying public. The advent of education for the latest generation removed their children from the business, and they were replaced by cheap, itinerant labour, predominantly illegal. If small businesses had not closed due to their inability to compete, Nitaqat’s routing of illegal labour is forcing the closure of remaining shops and businesses. In their place are shopping malls, international franchises, and joint ventures. Traditional small to medium-sized business is thus being transformed by Saudi entrepreneurs. Saudis can start up a social network, source their goods and services on the internet and deliver to their neighbours in Jeddah. The conclusion from this study is that whilst this business sector will evolve and adapt to the issues created by technology and globalisation, the likelihood is that it will service corporations and leave retail and similar services to franchises and joint ventures.

Saudis may adopt a higher level of risk in avoiding decisions regarding the next generation and its ability to contribute to civil society.

7.3 Recommendations

The recommendations for this research are twofold: directions for further research are addressed in section 7.5, and suggestions for Saudi institutions that may aid the future skilling of Saudi youth. The latter are presented in sequence from the public to the private sector.

Bureaucracy

Structures of government should be designed to facilitate the development and implementation of government policy. In many older economies, such as western Europe, changes of government lead to policy changes which in turn alter organisational structures. In these economies, public employees' skills are thus updated to meet these changes; these changes are brought about by a policy emphasis on job acquisition for tens of thousands of school leavers and graduates each year including social changes that include an emphasis on English as a second language and technological change. In an absolute monarchy such as Saudi Arabia, where public servants enjoy jobs for life and superior working conditions, there is little impetus for change to organisational structure or occupants within such hierarchies. This aspect of the bureaucracy was illustrated by the lack of information on the National System of Joint Training, and the apparent lack of responsible entity for Nitaqat. Decades-old organisational structures of government continue to implement policy by decree. The first recommendation of this study is that independent auditors should be engaged to consider modernising such governmental structures pertaining to Saudisation and Nitaqat and further changing the contractual arrangements for recruits within that structure.

Databases

Substantial research attention has been directed to the lack of response by the various Saudi agencies in responding to calls for data regarding the country's progress. This was evident in the outcomes from this study, where there was no substantial progress in establishing the structure of Nitaqat, aims, goals, or responsible agencies. Media announcements by Ministers and senior bureaucrats gave little detail on the processes of the agencies to respond to new forms of Saudisation. This research could not identify any further aspects of Nitaqat other than that announced to the media and somewhat dated reports to international agencies, such as education (TIMSS) and the United Nations (UNESCO). This researcher is aware that recent developments

by the Central Department of Statistics and Information aim to bring greater transparency to the labour market (quarterly employment rates); however, the bases for these rates remain unclear. Thus the second recommendation for this study is that agencies open their databases to academic scrutiny to aid reliance and validation of base data by the community, therefore aiding national productivity.

Communications

It appears that embedded Saudi structures extend to the public–private sector interface, so that information and data flows are vertical, and horizontal information-sharing at secondary management or professional levels is rare. Unfortunately, this also appears to be the case between education and the private sector. In this study, each sector reported the other’s disinterest in a change to basic workplace training courses; the Training Corporation restricted the number of courses due to lack of interest among employers training their Saudi recruits; the employers said the training did not reflect their needs. The common point of contact was the Chambers of Commerce and Industry. Whilst larger firms conduct basic recruiting and advanced employee training, the third recommendation is that the Chambers are in a better position to undertake vocational and technical training for small to medium-sized firms, that can readily communicate their training needs to their commercial associations.

Private sector

Larger firms and corporations generally provide employee training, induction, and upgrading. It is the small to medium-sized firms that lack the knowledge and resources to plan and grow, traditionally relying on their suppliers and customers in the fashion of Arab traders to make ends meet. One outcome of Nitaqat’s purge of illegal immigrants is to remove the small traders who supplied household services and non-essential goods in the streets and souqs. This gives Saudi small businesses space to expand and hopefully employ school leavers with entry-level jobs. The skills for salespersons and those providing household services are generic, thus the training industry should be able to identify necessary skills and knowledge (commercial transaction legislation, English, customer services, bookkeeping, establishing small businesses, supply chains). The fifth recommendation of this research is that the Chambers of Commerce should conduct awareness campaigns for small entrepreneurs and established businesses on the importance of knowledgeable and skilled staff. This may in part counter the tendency for larger

firms to move into the areas vacated by departed foreign traders and prevent the closure of smaller competitors.

7.4 Benefits and limitations

The limitations of any research are often time and resources that can be devoted to the study. Selecting a sample, in this case an expert sample, assumes that public policy representatives have the ability and knowledge to fully answer questions regarding their responsible areas. Largely, this did not occur. The research focus of developing competencies in Saudi youth has received scant prior research attention, and as policy announcements were made through the media, secondary sources predominated in describing the Nitaqat policy, and arguably, the erosion of the influence of the National System of Joint Training. Another limitation was that data were not available to support the media pronouncements from the government, nor could the policy making interviewees add further support to their Minister's media announcements.

The value and benefits of this research are twofold. First, there is value in supporting existing research findings regarding public sector conduct and practices. Secondly, there is benefit in advocating for reform in structuring adult training to be inclusive of all stakeholders, and to remove impediments in the form of entrenched and indistinct channels of communication.

7.5 Future research

Any research of significance would have to be predicated on factual information on the responsibilities of the agencies, their ability to deliver required outcomes, and the quality of their reporting processes. These are obvious areas for further research.

To overcome the data limitations experienced in this study, future Saudi employment research could benefit from comparison with other Gulf countries that may have more robust statistics. Gulf countries' findings may be used as a proxy for outcomes from Saudi training. Further, it would be beneficial to undertake a study of outcomes, should they be traceable, between the Training Corporation's certification practices and that of Saudi Corporation's such

as Saudi Aramco or Saudi Telecom. Future research into the roles of women in the workforce in Saudi Arabia (particularly in the context of Nitaqat) could also be a valuable research focus.

The research journey has been instructive to the writer, and the study is commended to the reader.

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Appendix 1

Interview questions

Semi structured interviews areas to be discussed

Government Senior Manager in GOTVET

The interview questions were designed to develop understanding of participants' opinions about their areas of expertise, knowledge, and experience (Merriam 2009). The interview questions were extracted from the research aims.

Open-ended interview questions for the representatives of the Technical and Vocational Education Training Corporation (Jeddah and Riyadh) included:

Please describe:

The contribution of both government and private representatives in employee training procedures

Employment and joint training practices in the private sectors

Private sector roles in joint training

Private providers' delivery of technical/vocational training

Accreditation and quality assurance processes/policies/procedures.

Interview questions for the representatives of the Human Resource Development Fund (Jeddah and Riyadh):

Please answer the following questions:

What is the role of the Fund in Saudisation and Nitaqat?

What training programs are funded?

What are the funding procedures?

What are the outcomes of the training?

Open-ended interview questions for managers from the firms in Jeddah

Please describe:

Your organisation's experience with government training policies

Employee competencies on completion of training

Opportunities for feedback to the agency on training.

Open-ended interview questions for employees who experienced training from the firms in Jeddah

Please describe:

The training courses you attended and your impressions of them

The effect of training courses on competency for your current job.

Appendix 2

CONSENT FORM FOR PARTICIPANTS INVOLVED IN RESEARCH

INFORMATION TO PARTICIPANTS:

We would like to invite you to be a part of a study into "Developing Workplace Competencies for Saudi Arabia's Youth"

This study will investigate Saudi Arabia's youth employment training programs and identify factors that may present constraints or opportunities for school leavers training for vocational employment. This Study contributes to knowledge in adult learning theory. It explores the gap in research relating to a perceived disconnection between course accreditation and job specific competencies within a cultural context. Further, it considers human resource practices in a range of organizations.

This study is ambitious research that seeks to make a contribution to government decision-making by setting out potentially different approaches to skills acquisition in different organisation structures. This may impact existing Saudization policy for recruitment and retention.

CERTIFICATION BY SUBJECT

I, Mr/Miss ----- Manager/Employee of ----- (name of Organisation)

certify that I am at least 18 years old* and that I am voluntarily giving my consent to participate in the study:

"Developing Workplace Competencies for Saudi Arabia's Youth" being conducted at Victoria University by: A/Prof Bill Eckersley from the School of Education, and Ms Deb Stewart from the School of Management and Information Systems.

I certify that the objectives of the study, together with any risks and safeguards associated with the procedures listed hereunder to be carried out in the research, have been fully explained to me by Mohammad Essa Alharbi and that I freely consent to participation in an interview of approximately 60-80 minutes. I understand that the interview will be recorded.

I certify that I have had the opportunity to have any questions answered and that I understand that I can withdraw from this study at any time and that this withdrawal will not jeopardise me in any way. I can also decline to answer any particular question and I am not required to disclose any confidential or commercial-sensitive information.

I consent / do not consent to having the interview record.

Signed:

Date:

Any queries about your participation in this project may be directed to the researcher, please contact my Senior Supervisor A/Prof Bill Eckersley, on +61-3-99197453 or E-mail Bill.Eckersley@vu.edu.au you also can contact my Co-supervisor Ms. Deb Stewart, on +61-3-9919 4146 or E-mail Deb.Stewart@vu.edu.au .

If you have any queries or complaints about the way you have been treated, you may contact the Ethics & Biosafety Coordinator, Victoria University Human Research Ethics Committee, Victoria University, PO Box 14428, Melbourne, VIC, 8001 phone (03) 9919 4148.

Appendix 3

INFORMATION TO PARTICIPANTS INVOLVED IN RESEARCH

You are invited to participate

You are invited to participate in a research project entitled "Developing Workplace competencies for Saudi Arabia's Youth"

This project is being conducted by student researcher Mohammad Essa Alharbi as part of a Doctorate of Business Administration (DBA), study at Victoria University under the supervision of A/Prof Bill Eckersley from School of Education at Victoria University

Project explanation

This study will investigate Saudi Arabia's youth employment training programs and identify factors that may present constraints or opportunities for school leavers training for vocational employment. This study contributes to knowledge in adult learning theory. It explores the gap in research relating to a perceived disconnection between course accreditation and job specific competencies within a cultural context. Further, it considers human resource practices in a range of organizations in Saudi Arabia.

This study is ambitious research that seeks to make a contribution to government decision-making by setting out potentially different approaches to skills acquisition in different organisation structures. This may impact existing Saudisation policy for recruitment and retention.

What will I be asked to do?

You will be asked to participate in a 60-80 minute semi-structured interview, to take place in your organisation. If you give permission, the interview will be audio recorded. During the interview you will be asked questions about joint training programs and its role in developing workplace competencies.

What will I gain from participating?

Through interviews, I aim to inquire about participatory training between the public and private sectors and the effects of this co-operation on workplace competencies. Moreover, this research will seek through the interviews, data concerning vocational and technical training in Saudi Arabia. These interviews will help the researcher to understand the Government perspectives about training and the practice that the private sectors expected to do.

There will be no direct benefit to you from the participation in this research. Your participation in this research is voluntary. As a participant, you have the right:

- To withdraw your participation at any time, without prejudice.
- To have any unprocessed data withdrawn and destroyed, provided it can be reliably identified, and provided that so doing does not increase the risk for you.
- To have any question answered at any time.
- To request that audio recording be terminated at any stage during the interview.

How will the information I give be used?

All information obtained from the interview will be used for research purposes, in meeting the requirements for a Doctorate of Business administration (DBA) degree. The findings of this study might be published in academic journals.

What are the potential risks of participating in this project?

No personal identifying information will be collected. Thus, the privacy of you and your organisation will be kept confidential. All information obtained from the interviews will be used for research purposes, and will be stored in the locked cabinet in my supervisor's office for five years as prescribed by Victoria University regulations. Any electronic data will be password protected. Only my supervisors and I will have access to this data. Any information that you provide can be disclosed only if "(1) it is to protect you or others from harm, (2) a court order is produced, or (3) you provide the researchers with written permission.

How will this project be conducted?

There will be three groups to be interviewed. Firstly, there will be interviews with two Government senior managers one from GOTVET and the other from HRDF. Secondly, interviews with three Human Resource Managers of three small- medium sized enterprise (SME) in Saudi Arabia. Finally, 12 employees who were trained in joint and now work in SMEs will be interviewed in this research.

Analysis will be undertaken by a rigorous review of notes and interview transcripts, seeking themes which can be identified by comparing and contrasting the participants' responses. Ensuing analysis and comparison of all results and the literature will then enable outcomes to be formulated. From these outcomes, conclusions and recommendations will be made (Creswell 2009).

Who is conducting the study?

The Principal Researcher is, A/Prof Bill Eckersley who can be contacted by phone on +61-3-99197453 or by e-mail Bill.Eckersley@vu.edu.au

The Student Researcher is Mohammad Essa Alharbi, who will be conducting the interviews, can be contacted by phone on +61402837212 or by e-mail Mohammadessan.alharbi@live.vu.edu.au

Any queries about your participation in this project may be directed to the Principal Researcher listed above.

If you have any queries or complaints about the way you have been treated, you may contact the Ethics and Biosafety Coordinator, Victoria University Human Research Ethics Committee, Victoria University, PO Box 14428, Melbourne, VIC, 8001 phone (03) 9919 4148.