

Would the Educational Programs help in Solving Saudi Arabia's Employment Challenges?

Areej Alfawaz

University of New England Business School

Email: aaalfawaz@gmail.com

Kholoud Hilal

University of New England Business School

Email: ms.k.hilal@gmail.com

Ziyad Alghannam

University of New England Business School

Email: zmgannam@gmail.com

To Link this Article: <http://dx.doi.org/10.6007/IJAREMS/v3-i1/567> DOI:10.6007/IJAREMS/v3-i1/567

Published Online: 02 January, 2014

Abstract

While there are many developed and developing countries striving to offer enough jobs for its people, Saudi Arabia has plenty of job opportunities. However, it has been facing an ongoing number of internal economic challenges such as a high portion of unemployment amongst its young citizens, a high portion of foreign workers compared to its nationals, and a mismatch between the global market needs and the Saudi curriculum. Alternatively, Saudi Arabia started to enhance the level of education of its people either by sending them to the well-known universities abroad through the King Abdullah Scholarship Program (KASP), or by improving its education system and its curriculum as a way of solving its economic challenges. On the other hand, Saudi Arabia has a unique society appearance in its adherence to its inherited values. Hence, it is challenging for the government of Saudi Arabia to offer solutions without changing parts of the culture. This paper will provide a comprehensive background about the Saudi labour market (from past to present) that should be expressing the roots of some of the current challenges. Then, it will explain a number of programs/strategies that the Saudi government is implementing to solve these challenges. Finally, this paper will discuss some of the other cultural difficulties that may shrink the efforts of the Saudi government in coping with its challenges.

Introduction

Worldwide, the Kingdom of Saudi Arabia (KSA) is leading in the oil production, hence many people from outside KSA tend to believe that all Saudis are rich and have tanks of oil in their homes as a "stereotype". Saudi Arabia is the world's largest exporter of oil due to its massive

spare capacity. It produces over 78 billion barrels of oil yearly, which is estimated to be 13 percent of global supply (IMF, 2013). Interestingly, the Saudi job market, as a result, has a large job market and is considered as one of the largest in the world, yet the unemployment percentage among Saudi youth is still increasing (IMF, 2013 & CDSI, 2013). Nevertheless, the production of oil is anticipated to slow in the future (IMF, 2013).

Saudi Arabia has a number of economic challenges. The three main challenges are: high proportion of unemployment among young Saudis, high percentage of foreign workers, and the mismatch between the global market needs and the Saudi curriculum. According to the Saudi Ninth National Development Plan that was declared in 2010 (NDP, 2010), Saudi Arabia is aiming and working on diversifying its economy in another sector other than the oil industry. Based on the financial reports and the annual budget reports for Saudi Arabia, it seems that *education* is the alternative priority for a stable economy. The most marvellous educational program/strategy is King Abdullah overseas Scholarship Program (KASP). It is designed and hoped to resolve many of Saudi Arabia's dilemmas.

This paper will address the three economic challenges that KSA has been facing for years. Furthermore, this study will present some of the tactics and strategies that KSA is undertaking in order to solve or reduce some of these challenges, if not all of them. Generally speaking, most of these techniques are largely related to educational programs and the King Abdullah Scholarship Program more specifically. Therefore, part of this paper will explain a few facets of KASP in order to understand how KASP can help the economic situation in Saudi Arabia. Finally, the authors will address certain concerning facts that may not help these educational programs to work effectively.

Background: The History of Labour Market in the Kingdom of Saudi Arabia

In the 1940's there were few expatriates in the country and many young Saudis were skilled and doing the majority of the countries work. It was the norm to see young Saudis working in construction, or as retailers, painters, electricians, contractors, builders and the list goes on. The Arabian American Oil Company (now Saudi ARAMCO), is the largest oil company in the world and is located in the eastern province in Saudi Arabia, and used to have Saudis who cleaned dishes, served food to employees and did the maintenance jobs and they were happy and proud (Arab News, 2013 & Voice of American, 2012).

Life has dramatically changed since 1970 and 1980 when the oil boom occurred – creating the high economic growth of Saudi Arabia. Before this, education and literacy had not produced an appropriate workforce (Mellahi 2006), which resulted in a shortage of qualified Saudi workers who could support the economy. As a result, the Saudi government attempted to solve the problem by employing highly qualified foreign workers to support the great expansion of government activities at a time when there was a lack of Saudi qualified employees (Al-yahya, 2009 & Mellahi, 2006). In other words, Saudi Arabia suffered from the **Dutch disease**, which is the increase dependency on the natural resources and the large inflow of foreign assistance (Beverelli, Dellerba and Rocha, 2011).

Prior to 2000, although the Saudi education system graduated a lot of educated young Saudis, a mismatch between the Saudi labour market and the nationals was identified (Mellahi, 2007). It was, therefore, not uncommon to recruit international workers from other countries such as the eastern Mediterranean and Southeast Asia (Bjerke & Al-Meer, 1993). However, after 2000 the concept of "Saudiasation", which aimed to replace the multinational workforce with a Saudi workforce in all workplaces, became popular (Bjerke & Al-Meer, 1993).

Some of the Economic Challenges in Saudi Arabia

Unemployment

Saudi Arabia has one of the highest percentages of male and female youth when compared to its national population, while at the same time, the expatriates are one-third of its total population. The high birth rate in Saudi Arabia, is estimated to be 4% pa, and has resulted in - 60% of the population is under 18 years of age (CDSI, 2013, Achoui, 2009 & Mellahi, 2007). A large number of these young Saudis will enter the Saudi labour market every year (IMF, 2013). This creates a challenge for the Saudi government to manage unemployment, as the public sector does not have the capacity to employ the increasing numbers of young Saudi people. Therefore; part of the government strategy is to encourage private sector employment thorough a replacement program. In 2002 the private sector had the capacity to employ 87% of the total Saudi workforce; while, the public sector could only employ 13%. In addition, as stated in the Saudi Seventh National Development Plan for 1999-2004 the job opportunities that were created in the private sector was estimated at 94.6%; while, the public sector's capacity to employ was only 4.6% (Mellahi, 2007, p. 89).

Although many young Saudis are unemployed, this doesn't mean there are no job opportunities for them. The government has invested a great deal of effort into programs to employ young Saudi however; Saudis want only certain jobs such as education and general administrations, preferably in the public sector (IMF, 2010). In other words, the government has put in the effort to establish labour rules that force the private companies to hire Saudis instead of multinationals but Saudis lack the awareness and importance of work ethic. The number of jobs in the private sector that can employ young Saudis are hundreds of thousands, yet Saudis are reluctant and still prefer managerial jobs especially in the public sector. For example; McDonald's advertised a vacant position for a Saudi national only, with a salary of \$1200 per month including training, health insurance and *of course* with no income tax (Arab news, 2013). According to the economist Alzamil (2011) and IMF (2013), this salary is considered the average salary for most of Saudis. However, these types of jobs are always filled by foreigners because Saudis do not want these kind of jobs. The Saudi female employment has increased noticeably in the market from 12% in 2006 to 16% in 2012, yet, this is still behind other countries in the world.

The overall unemployment percentage of Saudis (male and female) has increased slightly from 10% in 2009 to 12% at the end of 2012 an employment growth of only 4 percent. The total employment percentage in Saudi has decreased since 2009 (CDSI, 2013, IMF, 2013).

Foreign workers

The percentage of Saudi workers in the public sector is estimated around 65% while only around 20% in the private sector. The dominancy of workers in the private sector goes to international workers where a few of those workers are highly paid workers, usually from developed countries. However, the majority of international workers are low-skilled workers who always suffer from social abuse and unfair legal protection, and come from poorer countries such as Southeast Asia (Khawater, 2013). They occupy most of the construction, plumbing and electrician jobs and are attractive to Saudi employers as their wages are very low compared to Saudis.

Mismatches between the global/Saudi market need and the Saudi curriculum

There is a high percentage of higher-Educated Saudi females and males which are unemployed especially among bachelor degree holders. The percentage of Saudi women with

a bachelor degree who are unemployed is over 70% of all female unemployment (CDSI, 2013, IMF, 2013). This suggests the potential issue of a mismatch between the education system and global/Saudi labour market. The government needs to explore ways to employ women, as the percentage of unemployment of highly educated women in Saudi is very high by international standards. This mismatch has the potential to hinder Saudi knowledge based economy in the future. There is no careful tracking of the education achievements of KASP or the new trends of a changing Saudi labour market in order to meet graduates requirements for job titles (MOHE, 2013). Whereas; the Australian government updates a list of skilled occupations on a regular basis based on a specific job title that the Australian labour market requires at a particular time. This gives students an awareness of the labour market demands before graduation (Department of Immigration and Citizenship, 2013).

Examples of KSA's strategies/project to diminish its local economic challenges

Saudi Arabia has allocated a huge budget towards new strategies to solve or limit the three main problems, of high proportion of unemployment among young Saudis, high percentage of foreign workers, and the mismatch between the global market needs and the Saudi curriculum. Saudi Arabia believes the way to solve this is through educating its people and improving the education system. For example, the total education expenditure amount of (US \$45) billions, representing 24 percent of the overall Saudi budget for the financial Year ended 2012, an increase of 13 percent from the 2011 Financial year (Ministry of Finance, 2012). The Saudi Arabia government has been prioritizing the education sector and improving the quality of education, in an effort to increase the number of higher-educated Saudi female employed (Arab News, 2013). Their aim is to achieve two objectives: firstly, to support the future knowledge-based economy of Saudi Arabia; the second objective is to boost growth in the private sector through the replacement program Saudiasation (Mellahi, 2007 & Achoui, 2009 & Mellahi, 2006).

The greatest example of those strategies is explicit in King Abdullah Scholarship Program "which is considered to be the largest fully endowed government scholarship program ever supported by a nation-state" (Bukhari & Denman, 2013, p. 151).

King Abdullah Scholarship Program (KASP)

King Abdullah overseas Scholarship Program was launched in 2005/2006. This program sponsors qualified Saudi students to pursue a bachelor, master, or PhD degrees as well as medical fellowships to the world's best universities (Denman & Hilal, 2011). This scholarship program is managed by the Ministry of Higher Education in Saudi Arabia and from 2006 to 2012; an estimated 140,000 students have been sponsored (Coleman, 2012, para. 2). The government of Saudi Arabia has spent around \$5.3 billion to date to cover tuition fees; life expenses; the students' spouses and children who live overseas with the students, and cover the annual ticket to Saudi Arabia.

According to a recent study conducted by (Hilal, 2013), the government of Saudi Arabia undertook this stipend program for three reasons:

As KASP started a few years after the horror attack of September 11 2001, it is presumed that King Abdullah bin Abdul Aziz wanted to reconnect the relations between the Kingdom of Saudi Arabia and the Western world. In this case, Saudi students are sent as ambassadors of Saudi Arabia.

Saudi Arabia is known as a conservative culture and changing any of its lifestyle may threaten Saudis inherited identity and culture. Therefore, Saudi Arabia will need to widen the horizon

of its people and push exposure to different cultures so that they become more open-minded, and more accepting of a positive change in their country.

Most importantly, the Ministry of Higher Education declared that the vision of KASP is to “prepare distinguished generations for a knowledge society built upon a knowledge-based economy” (Ministry of Higher Education, 2013). They also states that some of the goals of KASP are: “Build up qualified and professional Saudi staff in the work environment”; “Raise and develop the level of professionalism among Saudis”. Moreover, the mission of KASP is:

To prepare and qualify Saudi human resources in an effective manner so that they will be able to compete on an international level in the labor market and the different areas of scientific research, and thereby become an important source of supply of highly qualified individuals for Saudi universities as well as the government and private sectors (Ministry of Higher Education, 2013)

In simple words, KASP may have started to serve Saudi Arabia politically, socially, or economically and support all three assumptions. However; due to the scope of this paper, the focus will only be on the economic contribution that KASP may made to the Saudi Arabia workplace.

Bahgat assumes that that the curriculum in Saudi Arabia does not match the market needs. He states:

The types of academic learning and technical training are not geared toward the requirements of the job market. In other words, there is a mismatch between the educational system, where the main focus is on arts, humanities and religious studies in order to preserve traditional culture, and the labour force, where the need is for technical and managerial skills in order to achieve a higher level of integration in the inter-national economic system (Bahgat, 1999, p. 135).

Thus; we find KASP sending students to pursue their undergraduates and postgraduates studies in many disciplines that are required by most government and private sectors employers. So, KASP is designed to replace foreign workers, educate young Saudis, and cover the gap of the mismatch. The available disciplines are:

Medicine, dentistry, and the medical fellowship

Pharmacy

Nursing

Medical sciences: radiology, medical laboratories, medical technology, and physical therapy

Engineering: civil, architectural, electric, mechanical, industrial, chemical, environmental and communications engineering, as well as heavy equipment and machinery

Computer: computer engineering, computer science, networks, etc.

Pure sciences: mathematics, physics, chemistry, biology

Other disciplines: law, accounting, e-commerce, finance, insurance and marketing (ministry of higher education, 2013).

These disciplines emphasize and highlight the limitations and weaknesses in Saudis as competent workers. Unlike many countries and scholarship sponsors, King Abdullah Scholarship Program does obligate the students to return to Saudi Arabia upon completion of their studies. However, it does not force the students to work for the government or any specific sector that is totally up to the graduate. Assumingly, Saudi Arabia has sufficient data to support whether the KASP can successfully prepare Saudis for its own market? Are KASP

students good enough to replace foreigners? After obtaining a degree from overseas, would these students accept working as painters, plumbers, or gardeners? Some of these concerns will be discussed later in this paper.

The government of Saudi Arabia has sponsored and initiated other programs with the aim of dealing with the high-rate of unemployment, for example:

Hafiz program

The government launched this program for the young and unemployed Saudi citizens and gives participants a monthly allowance of \$600, conditional on searching for jobs and/or undertaking training courses for a maximum period of one year. This program is effective in narrowing the gap between the Saudi curricula and labour market by encouraging training courses. It also assists in replacing foreign workers and rising female employment numbers especially with high school and bachelor degrees, as 80% of the registered Saudis in this program are women (IMF, 2010 & Hafiz 2011). However, Hafiz discourages employment for women who have less than a secondary degree (less-educated women) as the allowance Hafiz gives to jobseekers is equal to the salaries earned by less educated women. Although this program discourages some employment, it partially aims to silence the “growlers” who are blaming Saudi Arabia (in general), and the Ministry of Labour, more specifically for the unemployment.

Nitaqat program

The Ministry of Labour (2013) launched this program, which is a “*Saudisation*” program that focus on employment quotas for nationals in private companies in order to replace the current multinationals workforce. The program requirements are as follows:

1. Private companies should make the majority of its workforce nationals.
2. If private companies have met the Nitaqat requirements by employing more Saudis, they can hire more foreigners.
3. If private companies are not compliant with Nitaqat requirements, multinational workers would have bargaining power and free internal mobility among different employers. They could change their employers at any time they want.
4. A company with a majority of multinationals workers should pay a fee of \$60 per non-Saudi worker monthly.
5. Private employer should pay to Saudi a minimum wage of SR3000 whether Saudi is having high or low education. This condition increases the bargaining power and the salaries of Saudis over the employer.

The requirements of Nitaqat have succeeded in increasing the chances of employment for Saudi female workers in private sectors especially in retails and skilled jobs. It makes the salary differential between Saudis and foreigners unattractive to the employers (i.e. Saudi earns higher wage than foreigner with the same education level in skilled jobs). Both foreigners and Saudis now have high cost to the employers. However, although Nitaqat has successfully managed to decrease the number of expatriates in the private sector, the Saudi employment remained steady in 2012. In other words, this program has been successful in generating jobs in the private sectors; Saudi nationals have taken up few of them.

Are these programs promising to decrease Saudi unemployment?

Interestingly, young Saudis have become better educated than non-Saudi on average, especially after the introduction of the KASP program (IMF, 2010 & CDSI, 2013).

Notwithstanding, KASP and the other stipend programs initiated by different ministries in Saudi Arabia to decrease the unemployment, it is unfortunately expected that the unemployment rate will increase and reach 1.4 million over the next 5 years (IMF, 2013). Having that said, equivalently this means that the rate of the foreign workers will, more or less, remain as is. Changing the curriculum seems to be the easiest challenge that the Saudi government can reform and modify.

Assumptions for the reasons behind the ongoing Saudi unemployment

Based on the literature review of Saudi authors and statistics that related to Saudi unemployment, there are two main reasons for the ongoing Saudi unemployment:

Saudi Negative Values

The Saudi social perception of working in the private sector is negative because of the lower social status and prestige, less job security, less stability, and higher demand for productivity compared with the public sector (Mellahi, 2007). Although there is a huge demand for work in the public sector, available positions are very small compared to the demand (Mellahi, 2007 & Achoui, 2009 & Idris, 2007 & Mellahi, 2006). Saudis prefer to work in the public sector especially in education and general administrations sectors. According to the Saudi Ministry of Labour (2013), the percentage of the Saudi workforce in the education and general administration sectors is over 90% percent (IMF, 2010). In addition to that, the history of the Saudi labour market and Dutch Disease has generated work values among Saudis. Saudi people do not want and/or do not have the skills to perform the jobs in private sectors like expatriates who usually work in retail and construction jobs (IMF, 2013). It is suggested that the government should raise the salaries of skilled workers especially jobs associated with constrictions in order to change the negative values towards the skilled jobs. British skilled worker who works in plumbing earn around £150,000 a year while Doctors earn around £100,000 a year (Khawater, 2013). On the other hands, skilled workers on construction sites in Saudi Arabia earns around \$6,000 a year on average (GOSI, 2013), and a Saudi academic professor earns \$60,000 a year on average (MCS, 2013). In Switzerland, the government encourage its citizens to join training centres to be skilled workers. And as a result 70 percentage of the population occupy skilled jobs with a decent pay, therefore, only 3% of its population is unemployed (Khawater, 2013). This suggests that increasing the pay for skilled labour could support the change of values and the work ethics among Saudis especially that skilled jobs are now the main driving force of the Saudi private sector growth.

Saudi Skills and/or Experience Defect

The growth of the private sector in the country is heavily depending on multinational workers. The government is spending huge funds on large infrastructure for the country. These projects hire low-skilled foreigners with low wages even though these projects are the main engine of the Saudi private sector growth, they did not contribute to generating jobs for young Saudi workers (IMF, 2013). It is suggested that the Saudi government support private companies in raising salaries to make these jobs more attractive for Saudis.

In addition, many industrial cities and private sectors in Saudi have a lot of jobs for skilled and semi-skilled workers, who could earn the Saudi average pay per month (Arab News, 2013). These positions are usually filled with non-Saudis due to that most Saudis lack these skills (Arab News, 2013). This suggests that Saudis must improve their skills to be more competitive to private companies if they want to replace foreigner workers. Qualifications alone are not

enough to be competitive in the private sectors, skills and experiences are needed to get these jobs.

OilWell7 Case study: reasons behind the ongoing Saudi unemployment

OilWell7 is an independent recruiting agency that specializes in linking the King Abdullah scholarships program and Saudi universities graduates with companies and job providers in Saudi Arabia. The data collected from many OilWell7 representatives through in-depth-interviews via Skype calls. The interview was about the reasons behind the ongoing Saudi unemployment.

More than 10,000 KASP graduates have applied through OilWell7 to 2013. As OilWell7 stated, 70% of applicants at least received an interview while the other 30% are still unemployed. The reasons for the unemployment include high expectations, Gender segregation religious and cultural challenges, lack of experience, lack of skills, lack of KASP pre-departure market awareness and a lack of job searching skills.

High expectations

Unemployed Saudi graduates especially KASP's have high expectations and requests such as preferring to work in well-known large companies such as ARAMCO or SABIC instead of the not-so-well-known or underrated large, medium or small companies as most of them stated. The recruitment process of these companies may take up to six months, which stops applicants from applying for other positions while waiting for process to be completed. Secondly, graduates tend to think highly of themselves in terms of targeted roles; therefore rejecting offers that are below management level. This is a common complaint from job providers, as well as applicants refuse to work as entry-level employees. Recruiters describe them as "impulsive applicants" as they want to jump over the career path or the salary scale to an advanced level while they lack experience and skills. They assume that a western degree should allow them to be regarded as highly sophisticated, middle career workers. Lastly, unemployed graduates also follow the common mistake of lining up conditions or tailoring requirements to their current lifestyle such as refusing to relocate to another city or working in certain work condition such as outdoors, factories floors, or company's remote locations. For example, Saleh who was an unemployed KASP graduate for 8 months refused to take up a job somewhere else other than his hometown city, however, when he gave that condition away he found a job instantly in a nearby city. Therefore, as long as KASP graduates are well informed about what they should expect beforehand, many of them should find jobs quickly. Clearly, this point relates to the Saudi negative values towards work, as they have certain conditions to maintain their prestige and expectation. Working in the private sector is not always a common preference and if so, they request an advanced level of management. This indicates the importance of enhancing the work ethics among KASP students and also the need for the government to track the KASP education achievements with the new trends of the Saudi labour market and job titles.

Gender segregation religious and cultural challenges

In Saudi Arabia, communities have embraced gender segregation as a part of their religious and cultural commitments. Although, this matter has become debatable and flexible to many families, to allow their family members to work in a mixed environment, it is still widely common among females or males to prefer a segregated environment. Israa Assery, a female CEO of a marketing agency in Saudi Arabia, mentioned in a TV interview, that her company

only employs females; because that is the way she and her team prefer it (YouTube, 2013). Certain females might avoid accepting mixed environment for her own preference either religious or cultural reasons.

Also, it is still an issue for females to require a male guardian or approval in most governmental related careers opportunities. For example a female maybe happy to work in a certain workplace, but her family might not sign the approval papers for her to work in that particular place.

Lack of Experience

Experience is always a big issue among unemployed graduates as it is considered a turn down for recruiters. Companies prefer at least three or five years' work experience from candidates. For KASP graduate, bachelor graduates lacks that experience which is expected, however master degree graduates always lack this experience prior to starting their degrees, which is considered vital to gain the most out of master degree programs. Therefore, companies expect master degree graduates to have a minimum of 5 years' experience in the field. The Saudi government has spent more than 10 billion SAR in education, it is well worth the while to spend more to support students as they gain at least three years of experience on completion of their degrees in the west. The Saudi embassy in the United States have initiate a program to support Saudi students by signing agreements with several large American companies to train Saudi students for up to two years (Riyadh News, 2013). Thus, students are encouraged to thoroughly plan their career path by gaining experiences and skills to satisfy challenging roles prerequisites.

Clearly, this point relates to the Saudi experience deficiency that most of the literature has investigated. Having experience in the field would make KASP graduates competitive to most of the private sector companies. Alternatively, students should be encouraged to undertake work-integrated degrees. Tesluk & Jacobs argued (1998) in his research the importance of a work integrated model which is linked to "contextual and individual factors critical for the development of experience and its translation into immediate outcomes of work-based knowledge, skills, attitudes, and motivation, and secondary outcomes such as performance." Therefore, building up graduates experience and work related competencies would urge workplaces to replace their expatriates and multinational workforce with well qualified and competent Saudi graduates and as a result, decrease the Saudi unemployment.

Lack of skills claims

The Saudi Ministry of Labour (MOL) has launched replacement programs, which are designed to localize jobs instead of relying on foreign workers. OilWell7 believes that KASP does indeed contribute to MOL replacement programs. It is estimated that 30% of foreigner workers in companies are replaceable with KASP graduates since foreign workers were chosen for language and communication skills. These two factors are becoming widely accessible among KASP graduates. In other words, KASP graduates are acquiring skills and abilities such as communication and the English language during their overseas experience, which has been proven valuable among companies. Since the English language is spoken in large portion of the business work environments in companies, companies find KASP graduates to be excellent English communicators, and well skilled and trained in communication, technology, responsibility, and self-discipline. These qualities are integral and vital skills to succeed, go through the western education and everyday lifestyle. The structuralism of the western lifestyle and education has enforced efficiency, proficiency, and competency within students.

Along with that, the isolation from family, friends and society has allowed them to grow within the good and bad of western habits and lifestyle. However, it might be argued that KASP graduate with such skills would only contribute to Saudisation in terms of corporate careers or white-collar careers, which has less concentrations of forging workers as seen in figure 1 below.

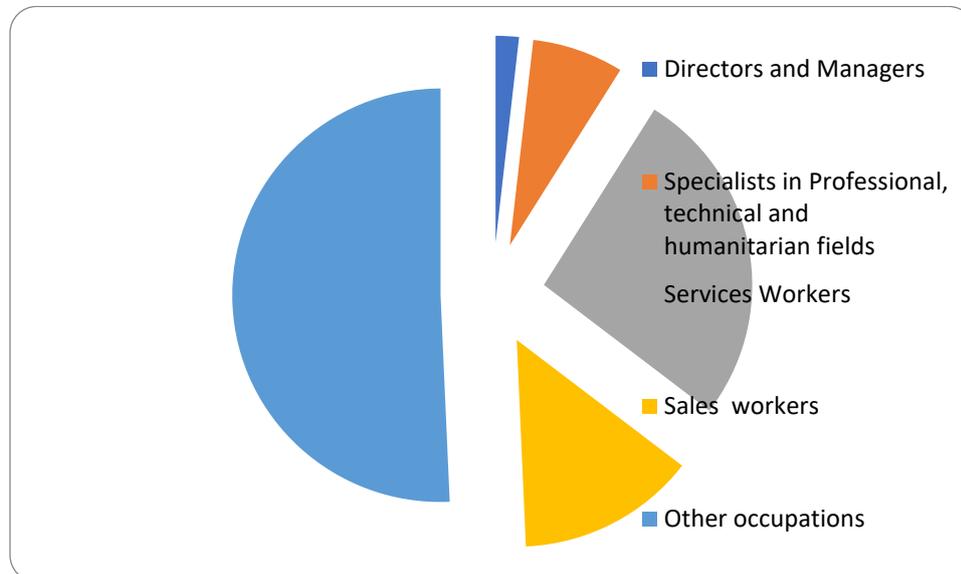


Figure 1 Percentages of non-Saudi workers based on industries (CDSI 2009)

However, the Saudi Ministry of Labour (MOL) has been increasing the pressure through its Nitaqat program on business entities to hire Saudi workers. MOL has constituted quotas on businesses, forced penalties and rewards for hiring. Blue collar careers or skilled jobs can be filled locally by a national collaboration among respected parties to clear perceptions, and support trade schools and offer apprenticeship and scholarships for trade and skills.

This was investigated highly in literature, as skilled jobs are not contributing to generating jobs for Saudis and Saudis are not working on their skills to be competitive in the market (IMF, 2013). Therefore, it is suggested that the Saudi government intervene to support a salary rise for skilled jobs and to increase the awareness among Saudi younger generation about the importance of these skilled jobs.

Lack of KASP pre-departure market awareness

A downfall in KASP is the lack of pre-departure market awareness for the Saudi market needs and requirements. KASP students have a lack of basic information such as names of global and local companies in Saudi Arabia. Moreover, job roles and required expertise are underrated in KASP, while recruiting agencies receive large numbers of requests from companies such as graphic designers, or interior designers, which course are only taught in about two universities in Saudi Arabia. There is clearly an unfilled gap between the KASP program curators and the job market manpower planners. In addition, KASP should, prepare students with knowledge, skills and attributes in the Saudi job market to ensure them landing their first job after graduation. As mentioned earlier, it is common that many of KASP students undervalue experience, which is important to companies. Due to this, there is a visible misalignment and gap between graduates and companies. However, there has been a minor effort to advertise available jobs in the market in Saudi Embassies Cultural Attaché's websites,

but this is not contributing to the awareness program and efforts discussed in the description above.

Lack of KASP pre-departure market awareness and lack of job searching skills

As believed by OilWell7 agency representative, in terms of national manpower strategy and specializations, KASP is doing well in regard to engineering and business majors but are lacking in the rest of the market needs such as graphic design, hotel management. Therefore, engineering and business major's roles are the most replaced jobs roles with Saudis under a replacement program. However, there is no strategy or plan declared by Ministry of Higher Education (MOHE) or MOL to educate students about the new needs and trends of Saudi market. Not to mention, paying less attention to educate students for the post-graduation phase, which start from CVs writing skills, and career finding skills.

Does KASP graduate prefer governmental or private workplaces?

A commonly asked question is whether KASP graduates prefer governmental or private workplaces? OilWell7 asserted that 70% of KASP graduates have the tendency to prefer private sector companies over governmental sector for several reasons such as: compensation in the private sector can be double or triple the amount paid for entry level against an entry level in a governmental role. Secondly, companies tend to offer international experience and overseas training similar to the western experience, KASP offered this which appeals to KASP graduates. Thirdly, workplace environments in companies are mostly multinational and built upon western principles, which reminds KASP graduates of their prime time while studying in a western country. They crave the autonomy, energy and productivity they have encountered. They desire to re-live the experience in a workplace that is free from bureaucratic and centric behaviours, which are found less in multinational companies.

Conclusion

To conclude, obviously, the Saudi market had/has been dealing with **three** main challenges: *unemployment among the young Saudis*, a high rate of *foreign workers including legal and illegal workers*, and the *mismatch between the global/Saudi market needs and the curriculum*. Noticeably, on the other hand, Saudi Arabia "as a nation state" tries hard to deploy its young citizens by sponsoring huge programs that must increase their job chances and enhance their competences. KASP is the most vivid example of these programs. However, KASP may need to focus and consider other issues. For example, integrate the real labour market needs data into the KASP goals and plan. Secondly, launch a pre-departure market awareness program to educate students on work ethics, market future needs and expectations upon their return to Saudi in terms of compensation and work roles. Thirdly, focus on supporting students by signing work experience agreements with several large international companies where students can gain experiences and training on skills required to enter the labour market easily. Fourthly, launch post-graduation phase training that educates graduates in job searching skills.

As mentioned earlier, the Saudi society, its values and high expectations may always be a burden and obstacle that slows the government's plans to solve these economic challenges. In this case, the hope again, lays on KASP to change - not the Saudi values or inherited culture but rather - the Saudi's ways of valuing job opportunities more than job titles. KASP is expected to expose large number of sponsored young Saudis to western countries and new concepts and way of living, that, while westerns work in any job that allows them to be

independent. Saudi youth will observe that Americans and Australians who work in blue collar jobs such as electricians, cooks and plumbers are happy to and that it is not shameful for them to accept these kinds of jobs, even if they are educated. In simple words, the government of Saudi Arabia has taken steps in sponsoring and motivating more than 70,000 students the opportunity to study in a foreign country where they can learn more than what their degrees requires. However, Saudi society's members should undertake part of this responsibility ensuring the government's efforts work effectively and successfully.

Limitation and future studies

This paper discussed the implications of KASP graduates in the Saudi economy with consideration to government initiatives made by MOL. However, it is worth noting that there are several limitations to this paper. First, it focuses on KASP graduates solely which means less attention has been paid to local graduates. Although, this paper shed some lights on various government initiatives, it may lack further details which are important to draw a wholesome picture of the markets current and future situations. Moreover, it has been noticed that sources of statics contradicts each other, therefore, efforts have been made to select the most accurate data based on several factors such as the link between the publishers data and the study demographic. This has been sighted in MOL program Hafiz that requires all unemployed persons to apply for benefits, another limitation. Therefore, it is recommended that further studies can be made with accuracy of data, and integrated economic studies on the direct and indirect factors on the Saudi job market.

At the end, it is still too early to judge the success of these programs. Researchers should undertake more research in the 5 or 10 upcoming years to explicit and statistically measure the degree/s and their success or failure of these programs and also measure the degree/s of the change in the Saudi society and ways of thinking. This will unveil answers to claims that point blames at the Saudi culture. It should also take into stance government responses to region and world changes including political and technology changes. Has the government altered plans as a response to these changes? How will the returned KASP students contribute to these challenges?

References

- Achoui, M. M. (2009). Human resource development in gulf countries: An analysis of the trends and challenges facing Saudi Arabia. *Human Resource Development International*, 12(1), 35-46. doi:10.1080/13678860802638826
- Arab News. (2013). *Saudi youth, the issue of unemployment and work ethic*. Retrieved from <http://www.arabnews.com/columns/saudi-youth-issue-unemployment-and-work-ethic>
- Al-yahya, K. (2009). Power-influence in decision making, competence utilization, and organizational culture in public organizations: The arab world in comparative perspective. *Journal of Public Administration Research and Theory*, 19(2), 385-407. doi:10.1093/jopart/mun005
- Alzamil, I. (2011). *Monopoly in Saudi Arabia*. Retrieved from <http://www.youtube.com/watch?v=xLeDCIup5Ak>.
- Beverelli, C., Dellerba, S., & Rocha, N. (2011). Dutch disease revisited. oil discoveries and movements of the real exchange rate when manufacturing is resource-intensive. *International Economics and Economic Policy*, 8(2), 139-153. doi:10.1007/s10368-011-0190-3

- Bahgat, G. (1999). "Education in the Gulf Monarchies: Retrospect and Prospect." *International Review of Education*. Vol. 45, No. 2 (1999), pp. 127-136.
<http://dx.doi.org/10.1023/A:1003610723356>
- Bukhari, F., & Denman, B. (2013). Student Scholarships in Saudi Arabia: Implications and Opportunities for Overseas Engagement. In *Higher Education in Saudi Arabia* (pp. 151-158). Springer Netherlands.
- Bjerke, B., & Al-Meer, A. (1993). *Culture's consequences: Management in Saudi Arabia*. Leadership & Organization Development Journal, 14(2), 30-30.
- Central Department of Statistics and Information. (2013). *Latest statistical Releases*. Retrieved from <http://www.cdsi.gov.sa/english/>
- Central Department of Statistics and Information . (2013). *Saudi Population*. Retrieved from http://www.cdsi.gov.sa/english/index.php?option=com_docman&task=cat_view&gid=233&Itemid=113
- Central Department of Statistics and Information. (2013). *Saudi Employed*. Retrieved from http://www.cdsi.gov.sa/english/index.php?option=com_docman&task=cat_view&gid=233&Itemid=113
- Central Department of Statistics and Information. (2009). *Percentage of non-Saudi workers*. Retrieved from <http://www.cdsi.gov.sa>
- Coleman, I. (2012, June). Saudi Arabia's Study Program. [Online] Available: <http://blogs.cfr.org/coleman/2012/06/26/saudi-arabias-study-abroad-program/#>
- Department of Immigration and Citizenship. (2013). *Skilled Occupation List*. Retrieved from <http://www.immi.gov.au/skilled/general-skilled-migration/pdf/sol.pdf>
- General Organization for Social Insurance.(2013). *Calculations of Saudi Monthly Wages*. Retrieved from http://www.gosi.gov.sa/portal/c/document_library/get_file?uuid=f265fcf3-b09c-4094-9d27-ce6217f22c85&groupId=16
- Hafiz. (2011). *Hafiz*. Retrieved from <https://www.hafiz.gov.sa/HRDFWeb/>
- Hilal, K. T. (2013). Between the Fears and Hopes for a Different Future for the Nation-states: Scholarship Programs in Saudi Arabia and United Arab Emirates from a Public Policy Standpoint. *International Journal of Higher Education*, 2(2), p195.
- Hilal, K. T., & Denman, B. D. (2013). Education as a Tool for Peace? The King Abdullah Scholarship Program and Perceptions of Saudi Arabia and UAE post 9/11. *Higher Education Studies*, 3(2), p24.
- Idris, A. M. (2007). Cultural barriers to improved organizational performance in Saudi Arabia. *S.A.M. Advanced Management Journal*, 72(2), 36-53,2.
<http://search.proquest.com.ezproxy.une.edu.au/docview/231244930?accountid=17227>
- International Monetary Fund. (2013). *Saudi Arabia: Selected Issues*. Retrieved from <http://www.imf.org/external/pubs/ft/scr/2013/cr13230.pdf>
- Khawater. (2013). *Golden Jobs*. Retrieved from <http://www.youtube.com/watch?v=MhEgON0Yd00&list=PLM7DHPAGxHOEWkIGTbrQUoSEq7Ij-V7Df>
- Mellahi, K. (2006). Human resource development through vocational education in Gulf Cooperation Countries: the case of Saudi Arabia. *Journal of Vocational Education & Training*, 52(2), 329-344. DOI:10.1080/13636820000200119.
- Mellahi, K. (2007). The effect of regulation on HRM: Private sector firms in Saudi Arabia. *The International Journal of Human Resource Management*, 18(1), 85-99.

<http://search.proquest.com.ezproxy.une.edu.au/docview/621642209?accountid=17227>

Ministry of Civil Service. (2013). *Salaries Ladders*. Retrieved from:

<http://www.mcs.gov.sa/en/Pages/Message.aspx> **Date of Access**

Ministry of Higher Education. (2010). *King Abdullah Scholarship Program to continue for five years to come*. Retrieved from <http://www.mohe.gov.sa/en/news/Pages/an74.aspx>
Date of Access

Ministry of Higher Education. (2013). Retrieved from:

<http://www.mohe.gov.sa/en/studyaboard/King-Abdulla-hstages/Pages/goals-a.aspx>
accessed on 20 September 2013

Ministry of Higher Education. (2013). Retrieved from:

<http://www.mohe.gov.sa/en/studyaboard/King-Abdulla-hstages/Pages/Vision-a.aspx>
accessed on 20 September 2013

Ministry of Higher Education. (2013). Retrieved from:

<http://www.mohe.gov.sa/en/studyaboard/King-Abdulla-hstages/Pages/mission-a.aspx>
accessed on 20 September 2013

Ministry of Higher Education. (2013). Retrieved from:

<http://www.mohe.gov.sa/en/studyaboard/King-Abdulla-hstages/Pages/study-levels-academic-disciplines-a.aspx>
accessed on 20 September 2013

Ministry of Finance. (2012). Retrieved from:

<http://www.mof.gov.sa/English/DownloadsCenter/Budget/Statement%20by%20the%20Ministry%20of%20Finance%202012%20Final.pdf>
accessed on 20 September 2013

Ministry of Higher Education. (2013). Retrieved from:

<http://safer.mohe.gov.sa/Sites/Student/Pages/default.aspx>

Ministry of Labor. (2013). *Nitaqat*. Retrieved from

<http://www.emol.gov.sa/nitaqat/pages/default.aspx#> **Date of access**

Ninth Development Plan. (2010). *Ministry of Economic and Planning*. Retrieved from

<http://www.mep.gov.sa/index.jsp;jsessionid=907D85764464140A20DC665B29365700.alfa?event=ArticleView&Article.ObjectID=79>.

Oilwell7. (2013). *Oilwell7*. Retrieved from www.oilwell7.com

Riyadh News. (2013). *KASP Internships in USA*. Retrieved from

<http://www.alriyadh.com/2013/02/17/article810918.html> (date)

Arab News. (2013). *Saudi Arabia's 'golden age of learning' under King Abdullah*. Retrieved

from <http://www.arabnews.com/saudi-arabia-s-'golden-age-learning'-under-king-abdullah>

Tesluk, P. E., & Jacobs, R. R. (1998). Toward an integrated model of work experience.

Personnel Psychology, 51(2), 321-355.

Voice of American. (2012). *IMF: Private Sector May Not Keep Pace with Saudi Youth Bulge*.

Retrieved from <http://www.voanews.com/content/saudi-arabia-youth-bulge-private-sector-economy/1709481.html>

YouTube. (2013). Electronic marketing company. retrieved from

<http://www.youtube.com/watch?v=xv1-X5siJg>