Vocational Training in Saudi Arabia

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ABSTRACT

Saudi Arabia is investing considerable resources into its vocational training programs to improve employment opportunities for school leavers. This research explores adoption of competence training in Saudi Arabia by small employers and their experiences with the trainees. Data were collected by interviews with government representatives, small company employers and their 12employees. Preliminary findings are that whilst the government and employers are in agreement with the aims of the training programs, the implementation procedures restrain the expected outcomes. These restraints include lack of flexibility in traineeships, quality issues in implementation, and government monitoring practices. Findings include evidence that small organisation employers were changing their employment practices to accommodate Saudi employees. Further, there may not be a direct connection between the traineeships and a job.

Keywords: Vocational education and training, human resource development, competency development

INTRODUCTION

Economic development for Saudi Arabia is fuelled by its petrochemical industries, which account 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 per cent or 7.6 million are under the age of 15 years, yet one in four of young males are unemployed (World Factbook 2012). In June 2012, The Economist (2012) noted that unemployment among Saudis under the age of 30 years is estimated at 30 per cent 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 per cent in 2000 to just 10 per cent in 2010. To employ its young 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 the 5 million foreign workers (Harry 2007). Education is an issue; there is a perception that graduates have inadequate workplace skills and knowledge (Al-Dosary et al. 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 per cent 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, 247,000 Saudis had been employed through the Nitaqat program to June 2012, whilst the Minister for Labour said that a minimum of 300,000 Saudis were employed each year. Employment was defined as a recruit who had completed three months of service. The 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 governmental authorities, and was amalgamated under the Technical and Vocational Training Corporation (TVTC) in 1979 to better integrate the delivery of the vocational skills the country needs. TVTC training programs occur at three vocational levels: vocational and industrial training (levels 2 and 3) and technical training (level 4). There are linkages to firms in industry sectors to determine employer needs to ensure that the curriculum and quality standards meet their needs. Recently however, Baqadir et al. (2011) provided evidence that a skills gap still exists. Private sector employers reported that the TVTC fails to deliver potential employees with the level of skills and attitude to work that 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).

CONCEPTUAL FRAMEWORK

The theoretical framework concerns learning and education (Ellström & Kock 2008, Malamud & Pop-Eleches 2010) and human capital acquisition (Becker 1993). The conceptual framework used in this research relates to Ellström and Kock's 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 and Pop-Eleches 2010).

RESEARCH QUESTIONS

The research questions concern the Technical and Vocational Training (TVT) environment in Saudi Arabia and skills requirements for potential and current employees. Using Nitaqat and increased productivity, the following research questions concern the nature of vocational and competence training in the country; a) what are the views of small to medium sized organisations on the competency of qualified graduates?; b) what vocational training areas do not meet the expected skills levels?: c) what are the successful VET models that exist in developing countries?

CONTRIBUTION TO KNOWLEDG AND STATMENT OF SIGNIFICANCE

This study contributes to knowledge in adult learning theory (Buckley and Caple 2007; Knowles 1973), human capital (Becker 1993) and vocational and competency training (Malamud and Pop-Eleches 2010; Schomann 2009). 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 and Folker 2007; Miller and Le Breton-Miller 2006). In the Saudi context, the research offers insights into skills acquisition, job-seeking and job satisfaction on the one hand; and recruitment for jobs specified by smaller-medium sized enterprises on the other. Moreover, this research seeks to make a contribution to government decision-making by identifying different approaches to skills acquisition in various organisational structures. This may impact on existing local policy for recruitment and retention.

LITERATURE REVIEW

In this research review, the aspects of theory are presented as follows: the nature of learning theory in relation to the acquisition of human capital; vocational education and competency training; and finally unemployment and Nitaqat/Saudisation are discussed.

Learning and human capital

Human resource development, including competency training, is based on four key adult learning principles: self-concept, experience, readiness to learn and orientation to learning (Diez-Palomar and Moratonas 2009; Knowles 1973). Taylor (2008) and Mezirow (1996) posited that a crucial dimension of adult learning is the 'frames of reference' and that to make significant change, it is necessary to change a person's orientation toward the learning experience. The frames of reference are depicted as habits of mind, that is, prior convictions and points of view. To change these habits requires critical reflection and discourse which can result in effective adult learning. Important to this study, Green (2002) and Brookfield (1988) depict this change of perspective in the training session as requiring elements of voluntary participation, mutual respect, collaborative spirit, action and reflection, and self-direction. The adult learning process, unsurprisingly, is therefore largely embedded in the individual, and the challenge for governments and organisations is to reorient the young adult from the habits of absorbing knowledge in education, that is, acquisition of human capital, to skills application at the workplace, or using human capital.

Vocational education and training

Whilst vocational and competency training is institutionalised in all developed and developing economies, these are largely localised in definitions, standards and pedagogy (Al Saleem 2005; Guruge and Arunathileka 2008). There is continuing debate on employability, lifelong learning and competence-based approaches, which appear to be converging through the adoption of the European Qualifications Framework in 2008 (Brockmann et al. 2008). However, the authors note that discord remains between the meanings of outwardly similar terms.

Competency development

Education is the most effective resource when developing competencies. The definition of competency training adopted in this research is the change that education in knowledge, skills and behaviour has at an individual, group and organisation level (Ellström and Kock 2008). For organisations, competency development is defined by Drejer (2000) as the various measures used to

supply skills to individuals or teams. The measures comprise of recruitment, education and training, promotion, and work organisation. There are two forms of strategies for competence development, 'intended strategies' that are based on plans and clear objectives of management or 'realised strategies', which are based on previous plans and experiences (Gill et al. 2005). The authors also suggest that development strategies include external or internal courses for the employees, which can be denoted as a formal learning strategy. Another strategy could be based on courses combined with changes of the work organisation, which is an integrated learning strategy. As Saudi Arabia may be categorised as a developing economy, there is value in assessing the vocational and training systems of similar status countries such as Namibia and Laos (Lao People's Democratic Republic). Whilst all differ in population, culture, history, economic base and political systems, they have a common interest in competence training.

Human resource development in Saudi Arabia

The high cost of human resource development programs and a shortage of experienced training managers are challenges for both the Saudi private and public sectors (Fadhel 2007). As the Saudi economy matures, competency strategies are constantly reviewed (Achoui 2009). Achoui noted that the emphasis on organisational learning appears to be focused on converting organisational policies into management practices that will in turn, implement change.

Unemployment and Nitaqat/Saudisation

The causes of unemployment have long been a matter of research. Al Shammari (2009) posited that a significant cause of unemployment was related to the quality and access to the educational system particularly that of vocational training, low wages and the Saudi preference for public sector employment. This brief summary of the literature on aspects of vocational and competency training illustrates the complexity of the sector and the individual, social and economic goals the concept of satisfactory employment holds. In an environment of incomplete skills acquisition through the education system, the Kingdom faces competitive markets and technological change. These are the issues for educational reform.

METHODOLGY

This research takes a qualitative method approach as this method is appropriate for exploring and understanding the nature of social problems (Creswell 2009). To investigate competence development in the private sector, qualitative data was collected to respond to the research questions. These research questions were informed by the research literature so that robust findings can emerge. Primary data is supported by secondary data in the form of government policies, regulations, statements and statistical publications relating to Nitaqat/Saudisation and vocational and competency education. To achieve a better understanding of the training environment, targeted interviews were conducted with four public sector representatives from TVTC and the Human Resources Development Fund (HRDF) in Riyadh and Jeddah. The latter provides resources to individuals and firms to support Nitaqat. Further data were gathered from representatives of three small-to-medium sized enterprises in Jeddah. Firstly, three human resource managers or equivalent were questioned about their training programs and secondly, comment was elicited from 12 employees about the relevance of the training to their workplaces and jobs. The responses of all participants were recorded and transcribed; notes were also taken during the interviews. Analysis was a rigorous review of notes and interview transcripts, seeking themes by comparing and contrasting the participant's responses. Analysis and comparison of all results and the literature enabled outcomes to be formulated. From these outcomes conclusions and recommendations followed (Creswell 2009).

RESEARCH FINDINGS

The preliminary research findings from interview data are grouped into two themes, each with subthemes as follows:

Theme 1: Competency training in Saudi Arabia

There is a national system for vocational and technical training supported by policies and implemented through a bureaucratic structure comprising funding and standards (i.e., HRDF) and implementation (i.e., TVTC). The TVTC controls the National System for Joint Training (NSJT), which was established in 2001 to provide resources to employers.

Subtheme 1: National System for Joint Training The public sector participants who administer the joint training system agreed that it supports Nitaqat in giving school leavers and graduates the competencies needed to enter the labour force. The first participant mentioned:

> The objective of the joint training department of the TVTC is to train and qualify youth for technical and vocational jobs. In addition NSJT encourages the private sector to invest in the nation's youth through skills training and providing employment (PP1).

The second participant, again from the joint training department, said:

> The TVTC developed the joint training program in response to rising 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 (PP2).

A HRDF provider participant concurred:

> The Human Resource Development Fund aims to localise jobs in the private sector by replacing foreigners with Saudis through training and qualification courses (PP3).

The participant PP2 concluded: 'Our role is in localising jobs, so it is employment and Saudisation'. This produced a slight difference with the other interviewees in that the second participant may perhaps be more focussed on job achievement as a means of localisation.

A manager participant (MP1) from a manufacturing SME was asked about the NSJT, and whether the training was monitored by the authorities:

> There was follow-up. NSJT staffs visited us to interview and evaluate the trainer. However, these visits weren't scheduled and I think people in the NSJT look for quantity 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, the interviewee 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).

A manager participant (MP3) representing a private technical institute agreed that the NSJT considered only the quantity of training hours and the number of employed Saudis:

> I think rather than consider the number of Saudis employed this year the authorities should assess the quality of the employees' work, and use this to meet the needs of the future labour market (MP3).

Employees took a different stance. The first manufacturing employee representative (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).

However, the third manufacturing employee (EP3) was not convinced localisation was the key to employment:

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

The outcome from this subtheme was that all participants have different objectives and perspectives on the values of the government's funding resources and the manner by which they are deployed.

Subtheme 2: Employment policies and resource funding The HRDF supports both the employers and the apprentice employees. Interviewee PP3 clarified the process of funding:

> 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 per cent of training costs and 75 per cent of the apprentice's salary. The second is internal training, where the HRDF pays 75 per cent of training costs, 75 per cent of the trainee's bonus and 500 SR to the company for every trainee to compensate for the firm's support costs. After the training period the HRDF pays 50 per cent of the employee's bonus. The length of courses for internal training range from three to six months, and although the trainee is not yet qualified in a trade (certificated), he (or she) can work. Where a training course exceeds that period, the trainee receives a certificate. In both forms of training the monthly cost for training should not exceed 1500 SR. The trainee's monthly bonus is 1000 SR (PP3).

The third form of assistance funding by the HRDF is on-the-job training for qualified and non-qualified applicants that links skill and experience. There is a monthly bonus for the apprentice and 500 SR to the company as a training subsidy for every apprentice. Qualified apprentices receive an 'experience certificate' after one year. Non-qualified apprentices gain proficiency. In both, apprentices are registered with the General Organisation for Social Insurance and can access job assistance and unemployment benefits. Such funding is available only once for any apprentice:

> The funding occurs once for each individual; the first six-months is a trial period and not repeated. There are exceptions when not linked to jobs, such as on-the-job training' (PP3).

Although the funding for training and the bonus are benefits that trainees gain from NSJT, an interviewee representing a SME (MP2) thought that six months is too short and wanted the HRDF to extend that period:

> I think extending the period of funding that apprentice can be supported. Six month is too short, I think. If that period is one year it will be fairer for young people (MP2).

MP3, a training provider, when asked about variations in HRDF financial support for various traineeships commented: 'No, the HRDF funds all training programs on one scale only and the cost of training vary from program to another'.

Traineeships of a few months were seen by the interviewees as too short a period for potential employment. Further, there was no consideration of the type of training or the complexity of the job.

Subtheme 3: Evaluation of training Evaluation practices are not consistent with public sector practices. PP1 (NSJT) explained the evaluation process:

> There are scheduled visits from the NSJT evaluator 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' (PP1).

The trainees' comments included the following:

> Yes, there was a person who interviewed us but we didn't know where he was from. 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 seen him again' (EP1).

The second employee from the same company (EP2) commented: 'No, they didn't. I didn't meet them but my colleagues did'. The interviewee added "' (This was) because my shift was in the evening and they came in the morning' (EP2). EP3, who was training outside the company (in a training centre) indicated that 'Only the company followed up during the training course'.

The preliminary findings at this early stage are that the aim of localisation to train young Saudis to sufficient competency to replace expatriate workers is perceived by those in the private sector as not being fulfilled. The evidence offered by participants is that the administrating authorities were not

concerned with program outcomes past head counts; whilst the employers viewed traineeships as ineffective; and trainees were not aware of government interest in their progress.

Theme 2: Factors impeding effective training outcomes

This theme relates to challenges for competency development for Saudi youth in the SMEs. These challenges are low wages and the absence of set SME employment conditions.

Subtheme 1: Low wages All participants from the NSJT and the HRDF argued that wages in SMEs are a major challenge for the government's localisation policies. PP1 from the NSJT explained that while the HRDF requires 3000 SR as a minimum salary for any apprentice 'the low wages in the private sector are one of reasons that the HRDF stipulated 3000 SR as the minimum wage'. Moreover PP3 asserted that HRDF required a minimum wage for funding: 'The minimum wage for a funded profession is 3000 SR and the HRDF pays 50 per cent of any salary. The maximum amount that the HRDF pays to support an employee's salary is 2000 SR' (PP3).

All employees interviewed in this research were not satisfied with their salaries and felt that 3000 SR was insufficient. Moreover, some received less than 2000 SR because they were from the first groups funded by this program. EP1 thought that 'A minimum of 3500 SR monthly' is the appropriate salary. Another employee from the same company, EP4, also agreed that the minimum salary should be 3500 SR 'because prices have increased rapidly this year'.

Subtheme 2: Absence of written employment conditions in SMEs The lack of training plans in the majority of SMEs in Saudi Arabia is a factor affecting workplace competencies for Saudi youth. There is no job grading system or career structure and that leads to a lack of job security. PP1 commented:

> Some companies lack job security due to an absence of clear human resource policies regarding career progression or job grading systems for promotions and salaries.

PP2 said that the HRDF preferred funding training and employment programs in large companies through their well-defined and articulated employment conditions: 'There is job security in large

companies, such as Safola (for retail) and the Petro Rabigh and Electricity Company, because they have strategies for recruitment and employee development' (PP2).

These data were obtained from a diverse range of stakeholders in employment opportunities for Saudi youth. For example, MP1 was asked if the company had HRD 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'. MP2 agreed with this strategy: 'This year, 2012, our company is creating a new HR department. Before, everything was random and it was negatively affecting employees as more Saudis have left (our company) because there were no real incentives'.

It is interesting to see that employers recognised that they must change their organisational structures to meet Nitaqat and to access the government's incentives. Whilst the trainees and young employees are yet to see any real advantage, this study may be one of the first to find evidence of change in employer sentiment in the Kingdom. The participant managers agreed that their policies affect their workplace competency standards.

CONCLUSION

Stakeholders in the entry of Saudi youth into the job market include government representatives who are charged with the responsibility for administration of the financial resources, small employers who are required under Nitaqat to hire locals, and the youth who need gainful employment. Initial findings from this research are that structural employment issues that hinder Saudis joining the workforce include inflexible traineeship conditions, inadequate recompense to accommodate living costs, and the inability of employers to bridge the gap between the training and offering trainees a job. Further analysis will concern data regarding Saudis' attitude toward work, and recommendations on the opportunities for adjusting the system toward more concrete outcomes for Saudis in the workplace.

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RESEARCH FOCI

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CONTRIBUTION TO KNOWLEDG AND STATMENT OF SIGNIFICANCE

This study contributes to knowledge in adult learning theory (Buckley & Caple 2007; Knowles 1973), human capital (Becker 1993) and vocational and competency training (Malamud & Pop-Eleches 2010; Schomann 2009). 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 offers insights into skills acquisition, job-seeking and job satisfaction on the one hand; and recruitment for jobs specified by smaller-medium sized enterprises on the other. Moreover, this research seeks to make a contribution to government decision-making by seeking potentially different approaches to skills acquisition in different organisation structures. This may impact on existing localisation policy for recruitment and retention.

LITERATURE REVIEW

The following summary of relevant research pertaining to this investigation focuses on: the nature of learning theory in relation to the acquisition of human capital; vocational education and competency training; unemployment and Nitaqat/Saudisation.

Learning and human capital

Human resource development, including competency training, is based on four key adult learning principles: self-concept, experience, readiness to learn and orientation to learning (Diez-Palomar & Moratonas 2009; Knowles 1973). Taylor (2008) and Mezirow (1996) posited that a crucial dimension of adult learning is the 'frames of reference' and that to make significant change, it is necessary to change a person's orientation toward the learning experience. The frames of reference are depicted as habits of mind, that is, prior convictions and points of view. To change these habits requires critical reflection and discourse which can result in effective adult learning. Important to this study, Green (2002) and Brookfield (1988) depict this change of perspective in training as requiring elements of voluntary participation, mutual respect, collaborative spirit, action and reflection, and self-direction. The adult learning process, not surprisingly, is therefore largely embedded in the individual, and the challenge for governments and organisations is to reorient the young adult from the habits of absorbing knowledge in education, that is, acquisition of human capital, to skills application at the workplace, or using human capital.

Vocational education and training

Whilst vocational and competency training is institutionalised in all developed and developing economies, these are largely localised in definitions, standards and pedagogy (Al Saleem 2005; Guruge & Arunathileka 2008). There is continuing debate on employability, lifelong learning and competence-based approaches, which appears to be converging through the adoption of the European Qualifications Framework in 2008 (Brockmann et al. 2008). However, the authors note that discord remains between the meanings of outwardly similar terms.

Competency development

Education is the most effective resource when developing competencies. The definition of competency training adopted in this research is the change that education in knowledge, skills and behaviour has at an individual, group and organisation level (Ellström & Kock 2008).

For organisations, competency development is defined by Drejer (2000) as the various measures used to supply skills to individuals or teams. The measures comprise of recruitment, education and training, promotion, and work organisation. There are two forms of strategies for competence development: 'intended strategies' that are based on plans and clear objectives of management and 'realised strategies', which are based on previous plans and experiences (Gill et al. 2005). The authors argue that development strategies include external or internal courses for the employees, which can be denoted as a formal learning strategy. Another strategy could be based on courses combined with changes of the work organisation, which is an integrated learning strategy. As Saudi Arabia may be categorised as a developing economy, there is value in assessing the vocational and training systems of similar status countries such as Namibia and Laos (Lao People's Democratic Republic). Whilst all differ in population, culture, history, economic base and political systems, they have a common interest in competence training.

Human resource development in Saudi Arabia

The high cost of human resource development programs and a shortage of experienced training managers are challenges for both the Saudi private and public sectors (Fadhel 2007). As the Saudi economy matures, competency strategies are constantly reviewed (Achoui 2009). Achoui noted that the emphasis on organisational learning appears to be focused on converting organisational policies into management practices that will in turn, implement change.

Unemployment and Nitaqat/Saudisation

The causes of unemployment have long been a matter of research. Al Shammari (2009) posited that a significant cause of unemployment was the quality of the educational system particularly that of vocational training, low wages and the Saudi preference for public sector employment.

This brief summary of the literature on aspects of vocational and competency training illustrates the complexity of the sector and the individual, social and economic goals the concept of satisfactory employment holds. In an environment of incomplete skills acquisition the Kingdom faces competitive markets and technological change. These are the issues for educational reform.

METHODOLGY

This research takes a qualitative method approach as this method is appropriate for exploring and understanding the nature of social problems (Creswell 2009). To investigate competence development in the private sector, qualitative data was collected to respond to the research questions.

The research foci for this paper were informed by a review of relevant research literature thus enabling robust findings to emerge. Primary data was supported by secondary data in the form of government policies, regulations, statements and statistical publications relating to Nitaqat / Saudisation and vocational and competency education. To achieve a better understanding of the training environment, targeted interviews were conducted with four public sector representatives from TVTC and the Human Resources Development Fund (HRDF) in Riyadh and Jeddah. The HRDF provides resources to individuals and firms to support Nitaqat. Further data were gathered from representatives of three small-to-medium sized enterprises in Jeddah. Three human resource managers or equivalent (one from each organisation) were interviewed about their training programs as were 12 employees (from each organisation) about the relevance of the training to their workplaces and jobs. The responses of all participants were recorded and transcribed; notes were also taken during the interviews. Analysis was a rigorous review of notes and interview transcripts, seeking themes by comparing and contrasting the participant's responses. Analysis and comparison of all data and the literature enabled thematic outcomes to be formulated. From these outcomes conclusions and recommendations followed (Creswell 2009).

RESEARCH FINDINGS

The preliminary research findings from interview data are grouped into two themes, each with subthemes as follows:

Theme 1: Competency training in Saudi Arabia

There is a national system for vocational and technical training supported by policies and implemented through a bureaucratic structure comprising of funding and standards (i.e., HRDF) and implementation (i.e., TVTC). The TVTC controls the National System for Joint Training (NSJT), which was established in 2001 to provide resources to employers.

Subtheme 1: National System for Joint Training

The public sector participants who administer the joint training system agreed that it supports Nitaqat in providing school leavers and graduates with the competencies needed to enter the labour force. One participant from TVTC commented:

> The objective of the joint training department of the TVTC is to train and qualify youth for technical and vocational jobs. In addition NSJT encourages the private sector to invest in the nation's youth through skills training and providing employment (PP1).

The second participant, again from the joint training department, said:

> The TVTC developed the joint training program in response to rising 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 (PP2).

A HRDF provider participant concurred:

> The Human Resource Development Fund aims to localise jobs in the private sector by replacing foreigners with Saudis through training and qualification courses (PP3).

The participant PP2 concluded: 'Our role is in localising jobs, so it is employment and Saudisation'. This produced a slight difference with the other interviewees in that the second participant may perhaps be more focussed on job achievement as a means of localisation.

A manager participant (MP1) from a manufacturing SME was asked about the NSJT, and whether the training was monitored by the authorities:

> There was follow-up. NSJT staffs visited us to interview and evaluate the trainer. However, these visits weren't scheduled and I think people in the NSJT look for quantity 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, the interviewee 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).

A manager participant (MP3) represented a private technical institute and agreed that the NSJT considered only the quantity of training hours and the number of employed Saudis:

> I think rather than consider the number of Saudis employed this year the authorities should assess the quality of the employees' work, and use this to meet the needs of the future labour market (MP3).

Employees took a different stance. The first employee manufacturing representative (EP1) viewed this 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).

However, the third manufacturing employee (EP3) was not convinced localisation was the key to employment:

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

The outcome from this subtheme was that all participants have different objectives and perspectives on the values of the government's funding resources and the manner by which they are deployed.

Subtheme 2: Employment policies and resource funding

The HRDF supports both the employers and the apprentice employees. Interviewee PP3 clarified the process of funding:

> 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 per cent of training costs and

> 75 per cent of the apprentice's salary. The second is internal training, where the HRDF pays 75 per cent of training costs, 75 per cent of the trainee's bonus and 500 SR to the company for every trainee to compensate for the firm's support costs. After the training period the HRDF pays 50 per cent of the employee's bonus. The length of courses for internal training range from three to six months, and although the trainee is not yet qualified in a trade (certificated), he (or she) can work. Where a training course exceeds that period, the trainee receives a certificate. In both forms of training the monthly cost for training should not exceed 1500 SR. The trainee's monthly bonus is 1000 SR (PP3).

The third form of assistance funding by the HRDF is on-the-job training for qualified and non-qualified applicants that links skill and experience. There is a monthly bonus for the apprentice and 500 SR to the company as a training subsidy for every apprentice. Qualified apprentices receive an 'experience certificate' after one year. Non-qualified apprentices gain a certificate. In both, apprentices are registered with the General Organisation for Social Insurance and can access job assistance and unemployment benefits. Such funding is available only once for any apprentice:

> The funding occurs once for each individual; the first six-months is a trial period and not repeated. There are exceptions when not linked to jobs, such as on-the-job training' (PP3).

Although the funding for training and the bonus are benefits that trainees gain from NSJT, an interviewee representing a SME (MP2) thought that six months is too short and wanted the HRDF to extend that period:

> I think extending the period of funding that apprentice can be supported. Six month is too short, I think. If that period is one year it will be fairer for young people (MP2).

MP3, a training provider, when asked about variations in HRDF financial support for various traineeships responded 'No, the HRDF funds all training programs on one scale only and the cost of training vary from one program to another'

Traineeships of a few months were seen by the interviewees as too short a period for potential employment. Further, there was no consideration of the type of training or the complexity of the job.

Subtheme 3: Evaluation of training

Evaluation practices are not consistent with public sector practices. PP1 (NSJT) explained the evaluation process:

> There are scheduled visits from the NSJT evaluator 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' (PP1).

A trainee commented:

> Yes, there was a person who interviewed us but we didn't know where he was from. 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).

The second employee from the same company (EP2) responded: 'No, they didn't. I didn't meet them but my colleagues did'. The interviewee added "' (This was) because my shift was in the evening and they came in the morning' (EP2). EP3, who was training outside the company (in a training centre) offered confirmation indicating that 'only the company followed up during the training course'.

The preliminary findings at this early stage are that the aim of localisation to train young Saudis to sufficient competency to replace expatriate workers is perceived by those in the private sector as not being fulfilled. The evidence offered by participants in this research suggest that the administrating authorities were not concerned with program outcomes past head counts; that employers viewed traineeships as ineffective; and trainees were not aware of government interest in their progress.

Theme 2: Factors impeding effective training outcomes

This theme relates to challenges for competency development for Saudi youth in the SMEs. These challenges are low wages and the absence of set SME employment conditions.

Subtheme 1: Low wages

All participants from the NSJT and the HRDF argued that wages in SMEs are a major challenge for the government's localisation policies. PP1 from the NSJT explained that while the HRDF requires 3000 SR as a minimum salary for any apprentice 'the low wages in the private sector are one of reasons that the HRDF stipulated 3000 SR as the minimum wage'. Moreover PP3 asserted that HRDF required minimum wage for funding 'The minimum wage for a funded profession is 3000 SR and the

HRDF pays 50 per cent of any salary. The maximum amount that the HRDF pays to support an employee's salary is 2000 SR' (PP3).

All employees interviewed in this research were not satisfied with their salaries and felt 3000 SR was insufficient. Moreover, some received less than 2000 SR because they were from the first groups funded by this program. EP1 thought that 'A minimum of 3500 SR monthly' is the appropriate salary. Another employee from the same company, EP4, also agreed that the minimum salary should be 3500 SR 'because prices have increased rapidly this year'.

Subtheme 2: Absence of written employment conditions in SMEs

The lack of training plans in the majority of SMEs in Saudi Arabia is a factor affecting workplace competencies for Saudi youth. There is no job grading system or career structure and that leads to a lack of job security. PP1 commented:

> Some companies lack job security due to an absence of clear human resource policies regarding career progression or job grading systems for promotions and salaries.

PP2 said that the HRDF preferred funding training and employment programs in large companies through their well-defined and articulated employment conditions: 'There is job security in large companies, such as Safola (for retail) and the Petro Rabigh and Electricity Company, because they have strategies for recruitment and employee development' (PP2).

These data were obtained from a diverse range of stakeholders in employment opportunities for Saudi youth. For example, MP1 was asked if the company had HRD 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'. MP2 agreed with this strategy: 'This year, 2012, our company is creating a new HR department. Before, everything was random and it was negatively affecting employees as more Saudis left (our company) because there were no real incentives'.

It is interesting to see that employers recognised that they must change their organisational structures to meet Nitaqat and to access the government's incentives. Whilst the trainees and young employees are yet to see any real advantage, this study may be one of the first to find evidence of change in

employer sentiment in the Kingdom. The participant managers agreed that their policies affect their workplace competency standards.

CONCLUSION

Stakeholders in the entry of Saudi youth into the job market include government representatives who are charged with the responsibility for administration of the financial resources, small employers who are required under Nitaqat to hire locals, and the youth who need gainful employment. Initial findings from this research are that structural employment issues that hinder Saudis joining the workforce include inflexible traineeship conditions, inadequate recompense to accommodate living costs, and the inability of employers to bridge the gap between the training and offering trainees a job. Further analysis will continue in this doctoral research regarding Saudis' attitudes towards work. Additional recommendations on opportunities to adjust the system toward more concrete outcomes for Saudis in the workplace will be considered.

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