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The Role of Small to Medium-Size Private Companies as Change Agents in Manpower Development in the Eastern Province of Saudi Arabia

Abdulrahman Mohammed Al-Kadi

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WALDEN UNIVERSITY
DISSERTATION APPROVAL

THE ROLE OF SMALL TO MEDIUM-SIZE PRIVATE COMPANIES

AS CHANGE AGENTS IN MANPOWER DEVELOPMENT IN

THE EASTERN PROVINCE OF SAUDI ARABIA

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ABSTRACT

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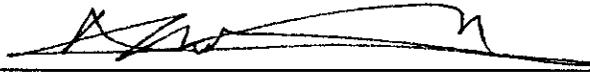
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A Dissertation Submitted in Partial Fulfillment of
The Requirements of the Degree of
Doctor of Philosophy

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ABSTRACT

The purpose of the study was to explore in depth the problem of the skilled Saudi labor shortage in Saudi Arabia. More specifically, it investigated the role of small to medium-size private companies in developing manpower for the kingdom.

To investigate this role, the study sought to answer the following research questions:

1. To what extent do small and medium-size firms attract Saudi youth to work in practical skill areas?
2. Do small and medium-size firms offering training take traditional values or customs into consideration when determining training needs?
3. Is Saudization a factor when determining training needs?
4. Are there conditions that would make vocational jobs more attractive to Saudi youth when determining their future employability?
5. Are small and medium-size firms successful in retaining trained employees on the job?

To answer the research questions, a survey questionnaire was developed, tested, then administered to managers of personnel departments in 200 small to medium-size companies. The survey was limited to companies in the Eastern province of Saudi Arabia.

The findings of this study suggest that there is little effort by private firms to attract Saudis to work in practical skill areas. Saudi customs and values are not considered in designing training programs. Training needs are determined on the basis of formality rather than on real needs. Monetary incentives are considered the main factors in attracting Saudis to vocational jobs. Saudi firms are having little success in retaining trained Saudi employees.

Based on these findings the study suggested the following recommendations:

1. The monetary incentives for vocational jobs should be increased.
2. More training both inside and outside the country should be made available.
3. Training programs appropriate to Saudi culture should be designed.
4. A government wage and vocational policy was suggested.
5. Training programs were also suggested.

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Dammam for providing additional data related to training by the private sector in the Eastern Province of Saudi Arabia.

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VITA

VITA

Abdulrahman Mohammed Al-Kadi was born on March 10, 1942, in Al-Jubail, Saudi Arabia. He grew up in Dammam, Saudi Arabia, graduating from Dammam Secondary School in 1963. He received a B.A. degree in Business Administration from Lewis and Clark College in 1971 and a Master of International Management (M.I.M.) from the American Graduate School of International Management in 1973.

He pursued his doctoral program at Arizona State University where he was a teaching assistant in the School of Business Administration from 1976 to 1979. He joined the Saudi Petrochemical Company (SADAF) in 1982 where he served as a senior training representative, Manager of Operation and Maintenance Training and Administration, and later, Manager of Employment and Administration. In May 1986, he left SADAF and joined his family business as Manager of New Projects. He left this position in September, 1987, when he was chosen Director General for Dhahran International Exhibitions Company (Dhahran Expo), a company engaged in organizing local and international trade fairs and exhibitions. He recently left Dhahran Expo and is currently establishing his own Al-Kadi Furniture and Carpet Company in Dammam, Saudi Arabia.

He is married and has four sons: Rashed, 7; Saad, 5; Faris, 3; and Nasser, 5 months. The family resides in Damam, Eastern Province of Saudi Arabia.

CHAPTER I

INTRODUCTION

The Kingdom of Saudi Arabia, due mostly to its growing oil revenues and the general ambition of the nation to elevate itself into the ranks of the more advanced societies while continuing to maintain the religious and moral values of the people, has been committed to a rapid expansion of economic and social development. No other nation has ever had such a marked revenue flow early in its development. Saudi Arabia was faced with a challenge for its people and its government. Such a challenge included vast public expenditures, large amounts of construction and a projected 53 percent increase in the size of the labor force. "About 800,000 workers were expected to enter the work market in Saudi Arabia, of which about a half million would be foreign workers."¹

Saudi Arabia today is entering a post-oil era in which the government is determined to develop a diversified economic base. The goal of the Saudi planners is to transfer the society that has been known for centuries as traditional into a modern industrial state.² The change that is now taking place is vast, challenging, and

unprecedented. The transformation is apparent in the areas of education and training, hospitalization and medical care, industry, agriculture, communications and defense, to cite a few examples. Blessed with huge revenues generated from the sale of oil and other petroleum and gas products, the government is procuring the highest and best technologies available in the world markets.

Western technologies and know-how are being imported and developed. National, international, and multinational firms of high caliber and long-established experience and expertise are involved in this process of transformation. These firms are under Saudi government contracts and are engaged in various developmental projects ranging from building a sophisticated defense system, constructing modern highways, industrial complexes, hospitals, and schools to improving agriculture.

The rapid expansion in Saudi Arabia created a heightened demand for public and private services. This demand created a manpower shortage. In Saudi Arabia, qualified manpower is perhaps the most scarce resource. Implementation of development plans for the nation's infrastructure could be achieved sooner than the development of the Kingdom's human resources. The import of foreign workers has typically served to fill this gap.

The manpower issue is so critical that a conference devoted to it was recently held in London by the Middle East Economic Digest and Advanced Management Research.³ The participants were internationally known experts in the area of manpower and human resource development. An array of subjects related to this dilemma was studied in depth. Those subjects included the role of foreign firms in developing local manpower, incentive programs to encourage Saudi workers to attend vocational centers established by the government, curriculum development and design, legal aspects, and costs and benefits of such programs.

Training programs have already been initiated. The last few years have witnessed the involvement of government, local Saudi firms, and international firms operating in Saudi Arabia in such large-scale schemes. Companies which used to rely mainly on expatriates and a few highly educated Saudis are now expected, if not required, to train large numbers of Saudis to run the infrastructure they have developed in the Kingdom. There are more than twelve U.S. partners in joint ventures with the Saudi government which are now undertaking programs. Among these companies are the Mobil Corporation, Exxon Corporation, the Dow Chemical Company, Standard Oil Company of California, Texas, and the Celanese Corporation;

all of them have agreed to train Saudis to manage and operate plants being built at Jubail and Yanbu in cooperation with the Saudi Basic Industries Corporation (SABIC). Others include the Saudi Arabian Airline, the Arabian American Oil Company (Aramco), and the Bechtel Corporation; all are allocating millions of dollars for manpower training. On the other hand, the GTZ, a West German agency for technical cooperation, has been developing training in Saudi Arabia since 1966. Under a cooperation agreement with the Ministries of Labor and Education in Saudi Arabia, its advisory teams and teachers, of whom there are sixty at present, have laid the framework for vocational training and technical education. Finally, the government has recently contracted two internationally known consulting agencies to submit in-depth studies for training programs. These two agencies are the Korean Development Institute and Booz Allen and Hamilton of the United States.

It is obvious from the preceding description that efforts are being made, billions of dollars are being allocated or expended, and a determination is being set to alleviate the problem of the lack of a trained Saudi work force. Solving this basic problem, however, is not as easy as it looks. Many questions have been raised and so far few answers have been provided. Given the huge

budget that has been allocated for the Third Five-Year Plan (1980-1985), one cannot but believe that this basic problem will become a major one.

Statement of the Problem

Given the unprecedented determination on the part of the Saudi government to develop a diversified economic base, which is apparent in the huge developmental schemes that have been accomplished and many others that are underway, the Saudi planners recently came to realize that a serious problem is confronting them in their attempt toward modernization and industrialization. The problem, simply stated, is the critical shortage of Saudi workers who are able to man and operate the infrastructure that has been built in various sectors of the economy. The shortage of Saudi manpower is not limited to a certain category of the work force. To the contrary, a lack of engineers, scientists, managers, supervisors, technicians, and operators is paramount. Reliance on a foreign work force became the only way to develop and run large-scale projects.

Recently, Saudi planners became aware that such reliance on foreign workers represents a serious threat to the whole economic, social, cultural, and traditional structures of the Kingdom. In response, the government has embarked in an unprecedented training program. As

mentioned in the introductory section of this study, the government has allocated about thirty-seven billion US dollars for human resource development within the overall budget for the Third Five-Year Development Plan (1980-1985). The question, however, is whether such training schemes will work in the near future? Will the vocational and training centers that the government has established attract a large number of Saudi youth? The fact is that interest on the part of Saudi youth in the vocational centers remains limited.⁴ This is partly because Saudi youth are much more interested in academic achievement than in vocational training.

The demand for highly educated Saudis is increasing, and this is true for both the private and the public sectors. With this in mind, the basic problem becomes one of changing the attitudes of Saudi youth toward practical skills. There is no doubt that young Saudis enjoy gaining knowledge and they respect those who are educated and trained; but many practical skills that are in high demand are not considered to have high status.⁵ Therefore, enticing the youth into these newly-established vocational centers has become a problem. Many young people ask the question: When I have finished with all this, what does that make me?⁶ The major question, therefore, is whether there will be enough Saudis

able and willing to man the Kingdom's new industries, communications, and transport networks and services or whether the dependence on a large foreign work force will continue.

Need for the Study

It is important to realize that the existing shortage of a skilled Saudi work force will continue for years to come. Dependence on foreign skilled labor is still the main ingredient that is necessary to build, run, operate, and maintain large to small government and private concerns. These range from industrial complexes, hospitals, educational and vocational institutions, and other facilities to all kinds of businesses engaged in manufacturing, marketing, distribution and advertising, let alone the agricultural sector and other commercial establishments engaged in the service sector of the economy.

The Saudi government, with the exception of a very few large corporations, has been the sole entity responsible for providing free education and training at all levels and in various fields. Government-sponsored college education for Saudi youth overseas and in Saudi Arabia is one example of Saudi planners' interest in this endeavor.

It is the belief of this researcher, however, that no matter what the government does in this regard, it will not be enough to solve the ever-increasing dilemma of the scarcity of skilled Saudi manpower. Although the number of educated and trained Saudis is increasing, so is the number of private concerns and the government body. It was the researcher's belief that almost all medium to small private business firms have failed to provide any meaningful training for Saudi youth which led to the undertaking of this study.

With dwindling oil revenues due to reduced production, and cutbacks in certain government projects and developmental schemes, it is anticipated that the government's long-range plans for developing human resources will fall short of being fully achieved. Such circumstances dictate that the government will in the very near future require the private business sector to lend a helping hand toward achieving human resource development goals.

It is vital, therefore, that consideration be given to the role of the private business sector in terms of educational and training programs they might need to develop. These firms have to design new strategies and philosophies if they are to make a significant change and contribution in the area of human resource development.

A mutual understanding between the private and public sectors must be achieved if they are to prepare young Saudis to become change agents within the Saudi changing society. According to Warren A. Bennis et al., mutual understanding takes place through

the mutually re-educative process out of which creative synthesis emerges upon which normative re-educative strategies of changing basically depend. The use of such strategies requires of participants openness, trust, and a willingness to leave themselves vulnerable to the influence of those who oppose them.⁷

Purpose of the Study

The purpose of this study was to explore in depth the problem of the skilled Saudi labor shortage in Saudi Arabia. In doing so, the researcher attempted to identify the impact of such shortages on Saudi economic, social and cultural structures. He also analyzed the various training programs conducted by the government in terms of their objectives, goals, and the degree of their success or failure. Reference was made in the introductory section of this study to the large-scale training programs being conducted by the Saudi government and a number of large national and international firms operating in Saudi Arabia. However, the role of small to medium-size private companies in developing Saudi manpower was not known and needed investigation. This was the crux of the research reported here. The researcher

sought answers to the following research questions:

1. To what extent do small and medium-size firms attract Saudi youth to work in practical skill areas?
2. Do small and medium-size firms offering training take traditional values or customs into mind when determining training needs?
3. Is Saudization a factor when determining training needs?
4. Are there conditions that would make vocational jobs more attractive to Saudi youth when determining their future employability?
5. Are small and medium-size firms successful in retaining trained employees on the job?

Finally, based on collected data and the synthesis of existing literature and documents, the researcher proposed guidelines for the training and development of manpower for small and medium-sized firms in Saudi Arabia.

Limitations of the Study

This study had the following limitations:

1. The study surveyed managers of personnel departments in 200 small to medium-size private companies located in the Eastern Province of Saudi Arabia, in

regard to their role in developing human resources to meet their needs for skilled manpower. Thus, the results are not necessarily generalizable to large private companies or to companies located in other parts of Saudi Arabia.

2. The survey sought to provide general information regarding the magnitude and degree of involvement of these firms in developing human resources.

3. Because the sample is small, 100 percent accuracy as to its true representation could not be achieved. Therefore, conclusions based on these data should be viewed as significant rather than purely factual.

4. Social change was viewed as a change in attitudes toward the more traditionally lower-class, vocationally-oriented job positions. Much of the problem explored in this study would be resolved if this socially-oriented value was not present in the environment of the society.

5. The methodology of the study was based on data extracted from earlier studies, books and documents related to the study's emphasis, interviews, and information from the survey population collected with the sample-based questionnaire.

Based on information gathered in the study, problems related to the study as well as the research questions were analyzed. Given the nature of the study, positive

recommendations dealing with small and medium-size private firms were developed for future action.

Definition of Terms

A.H.: Anno Hijra (dates in the Hijra Lunar Year), dating from the Prophet Mohammed's immigration from Mecca to Medina in 622 A.D.

Developmental Projects: Economic resource development; human resource development; social development; and physical infrastructure development. Expenditure on administration; defense; external assistance; emergency funds; food subsidies; and general reserves are excluded.

Saudi Riyal (SR): The Saudi Arabian currency. The exchange ratio being used to convert to the US dollar is SR 3.5 = 1 US dollar.

Eastern Province: Geographically, this area extends from the Arabian Gulf and the state of Qatar east, to about 130 miles west, and from Kuwait north to Oman south.

Human Resources: The energies, skills, talent, and knowledge of people which potentially can or should be applied to the production of goods or the rendering of useful services.¹⁰ This term is used interchangeably with manpower for simplification purposes.

Small to Medium-Size Private Companies: This term is used to denote those firms employing between 150 and 500 employees.

Significance of the Study

The importance of the study lies in its identification of the magnitude of the relationship between the public and private sectors in Saudi Arabia in terms of cooperation in the field of education and training. The study results may lead Saudi government planners to exert more pressure on the private sector to engage in a more rigorous attempt to participate and contribute toward achieving national human resource goals.

Another important aspect of this study is the involvement of all organizations, whether private or public, that are responsible in the field of training and development to embark on designing, conducting and evaluating new training programs geared to satisfying existing needs. Although the government is deeply engaged in providing a variety of training schemes, as manifested in the various public vocational and technical institutes, there are still questions as to whether such facilities actually provide the kind of training needed. The researcher is familiar with one example. The Human Resources Institute of the Royal Commission of Al-Jubail (a government agency) is providing vocational skills

training that no longer meets the real needs of the expanding petrochemical industry in the area. New and more sophisticated skills are sought by the industry.

A third contribution of this study could be a reduction of expenditure by the Saudi government for training and development. This is an assumption that would be achieved if the private sector were to share in the responsibility for developing the skills of the Saudi manpower.

Implications for Social Change

With abundant economic resources and huge revenues generated from the production and sale of oil and its byproducts, central economic, industrial, social, and educational planning has led to an unprecedented growth and development in the Kingdom of Saudi Arabia. However, the revenue that has been available to the central government for the last fifteen years is no longer as plentiful as in the past. The people of Saudi Arabia have been fortunate to see such vast and enormous changes taking place in all societal structures. Modernization and industrialization processes have been implemented and achieved in a shorter period of time in Saudi Arabia than in any other nation in the world.

As a result of unlimited financial support and commitment by the government toward nationwide developmental aspects, the people in general have become accustomed to expecting the government to be the total answer to all their wants and needs. The status quo could change. With today's dwindling oil revenues and cutback in a number of governmental development projects, shared responsibility might be the answer. The traditional attitude of the people toward the government must change if they are to maintain the same standard of living they are experiencing now.

It is anticipated that the government will resort to an austere and tight policy toward change. The government might also resort to a power-coercive strategy to achieve national goals by pressuring the private sector to participate. However, with the changing Saudi societal structure and an increase in the educational level of the Saudi citizenry, it would be more productive to establish a mutual understanding; such a mutually re-educative process will undoubtedly achieve a number of benefits that will in turn affect the direction and rate of change. Such benefits include but are not limited to the following:

1. A change must come in the attitude of the people at large that the government is the total answer for every problem facing the nation.
2. Joint planning and mutually re-educative understanding between the private and public sectors will undoubtedly lead to better and more enlightened decision-making processes.
3. A more effective utilization of the work force would be realized as a result of agreed upon training programs.
4. Sharing in the planning process will necessitate a sharing in the responsibility for the outcomes.

As Robert H. Lauer has pointed out,

change has been conceived of as being the result of conflict, of creative elites, of new modes of thinking, of external forces, of individual motivation to achieve, and a number of other causes.

It is the researcher's opinion that in training and developing Saudi manpower to achieve national goals, the private sector must play a larger role in making means meet ends. A key prerequisite to the implementation of this strategy, however, is that both private businesses and the government must recognize their common objectives.

ENDNOTES

CHAPTER I

ENDNOTES

¹Middle East Economic Consultants, Saudi Arabia: Development Aspects (Beirut, Lebanon: Middle East Economic Consultants), p. 18.

²_____. "Innovations in Industrial Training for Saudi Arabia," Canadian Vocational Journal 16(2), August 1980, p. 6.

³Trabush, Susannah, "Saudis Weigh Manpower Prospects' Companies," The Middle East, July 1981, pp. 62-64.

⁴"Manpower Training: The Saudis Mean Business," Middle East Economic Digest 25(59), July 1980, p. 41.

⁵Trabush, "Saudis Weigh," p. 97.

⁶"Training Gets Top Priority for Saudis," Middle East Economic Digest, July 1981, p. 97.

⁷Bennis, W. G. Changing Organization: Essays on the Development and Evolution of Human Organizations (New York: McGraw-Hill, 1966), p. 82.

⁸Appelbaum, Richard P., Theories of Social Change (Boston: Houghton Mifflin Co., 1970), pp. 54-55.

⁹Bennis, W. G. et al., The Planning of Change, 3rd ed. (New York: Holt, Rinehart & Winston, 1976), p. 40.

¹⁰Harbison, Frederick and Myers, Charles A. Education, Manpower and Economic Growth (New York: McGraw-Hill, 1964), p. 3.

CHAPTER II

REVIEW OF LITERATURE

Change, as a social or technological intervention, is an act, planned or unplanned, that alters the characteristics or actions of individuals or the patterns of relationships between individuals or groups in a society. In this study, evidence was sought that small and medium-size private firms are providing impetus for changes in attitude and behavior; these attitudes relate to the way some needed jobs are viewed by those involved, and how changes in relationships between groups involved in training can help solve the shortages in manpower development. But what brings about these changes in attitudes, behaviors and relationships? Some believe that because humans are basically rational, intentional change will take the form of a rational sequence of activities to produce the change and limit undesirable consequences. Ron Havelock, in Planning for Innovation through the Dissemination and Utilization of Scientific Knowledge,¹ points out that when change is ultimately rational from its conception, the proposed change will be so obviously right that it would basically "sell itself." Havelock puts major emphasis on efficiency as a product

of rationality. But this perspective accepts the fact that efficiency in change strategy must usually be accompanied by a high initial development cost prior to any dissemination activity. In Saudi Arabia, a lot of money has been spent in research and development as seen in the sequence of five-year development plans. But the true limit of rationality is questioned since they were developed by foreign expertise, using foreign values and assumptions of what it is that the society needs and wants.

Others find that humans are basically social in nature. Attitudes and behaviors, though they may have been developed through some rational process, are affected, tested, and possibly adopted through a process of social interaction. Everett Rogers and Chin Chuan Lee noted, in Diffusion of Impact Innovations to University Professors,² that we live in a world of social interactions. Through these, we receive information about what's happening in the world around us. These interactions are important because new ideas get communicated and validated through social networks. Rogers and Shoemaker, in Communication of Innovations,³ found that most studies of innovation and change identify a few consistent types of "potential adopters" and a few specific stages in the adoption of new ideas, practices, or

objects. In Saudi Arabia, the major decisions are made at the top level of the government's hierarchy. This is the "place" to present the change to be input. How to present it would involve proving its value to the society, its clear relative advantages over the status quo, its compatibility with present values and traditions, and the level of any consequences. But developing changes in training in smaller private firms is not a "major" decision. Therefore, how socially acceptable must it be? And to whom must those who make the decisions be accountable? For instance, should the firm maximize its efforts to train any recruit for a specific job, or should it try to promote Saudization by seeking out primarily Saudi workers? Because the firm itself, and not the government, must make such a decision, it would be responsible for outcomes to the change.

But other individuals feel that obstacles to change are more psychological in nature, and what is needed is the skilled intervention of human relations consultation to see and understand these obstacles and seek a reduction in the barriers to change. Advocates of human problem-solving strategies for change, such as Ernest Palola and William Padgett,⁴ believe that skilled "intervention" is necessary. Some individual or process must be used to confront and reduce hidden obstacles to

change. In Saudi Arabia, the move to create changes in the infrastructure that would lead toward self-sufficiency tend to point out this kind of social planning. Here, for instance, the objective may be to decrease the dependency upon foreign labor and expertise in the work force. But the problem is that there is not enough housing for the population. They are interrelated since without housing, a potential student might not receive proper education as he is trying to get better housing first; and without education, he may not enter the work force at a level high enough to reduce the foreign labor in the same work force. Palola and Padgett would argue that the importance of housing then would be the prime motivation of change strategy at this point.

But how would Palola and Padgett argue for trying to change a viewpoint that has been tried and tested again and again, and is securely anchored in a system of customs and deep-rooted social traditions? Motoko Katakura, in Bedouin Village,⁵ noted that some traditional values remain almost untouched and unshaken in Saudi society and are consistently observed. Certain categories of work are held by most tribesmen to be contemptible, demeaning, and totally without respect (such as the work of barbers, butchers, or carpenters). Economic returns and monetary inducements do not determine the Bedouin's attitudes

toward work. Therefore, such rewards are poor factors for trying to change the attitudes of Bedouins. To induce change here involves changing the way a people view a relationship. Obviously, a change must be pursued if what seems to be a mediocre position is to be imbued with prestige and a sense of being worthwhile. The major question here is the extent to which these identified firms try to attract Saudi workers toward a vocation traditionally viewed as demeaning.

Finally, some maintain that humans are ultimately political and change is a way to protect or strengthen a vested interest. Here, change is done by building strong coalitions among groups and other interests, and obtaining decisions that would be made by these groups for others. David Easton, in A System Analysis of Political Life,⁶ points out a political process concerning change. A want or need is seen. Something is not exactly as someone wants it to be. Unless the wants or needs are felt strongly by influential people, and the people who hold them bring together various subgroups, no change is likely. People are usually upset about something or other but not sufficiently so to press someone into doing something about it. In Saudi Arabia, the status quo is often seen as better than an improvement if the projected change will affect an individual directly. But if a

demand is made for a change, it must go through the system where others with similar feelings are sought out to build coalitions. Someone influential is sought to carry the concern into the political system where he will seek compromises and backing. The demand is studied and debated and the backers try to influence those with the most political clout. Easton points out that "much of the debate may focus on the proposal's soundness of reason and evidence, but savvy observers know that the issue is who gets what coveted goodies."⁷

The status quo is hard to affect in Saudi Arabia. The dropout rate and refusal to work in certain types of jobs are ongoing phenomena among Saudis. Therefore, the demand for non-Saudi workers continues to be a problem. Increased dependence on foreign labor could cause problems to the economy and the society in the future. Already there is a noticeable rise in the crime rate and other expressions of discontent attributed to foreign workers.

Michael Berger, writing in the Middle East Economic Digest,⁸ noted that the annual rate for failure among foreign expatriates working in Saudi Arabia has been estimated to be as high as 60 percent. Many expatriates find the way of life in the Middle East completely different from that in their homelands. Often

they fail to adapt, which causes problems such as emotional instability, anxiety, and intolerance. These problems affect their performance and commitment to work, raising questions about the efficiency and suitability of importing foreigners to Saudi Arabia.

Because the status quo is so hard to change, it is difficult to learn what would make vocational-type jobs more attractive to Saudi youth. If it is not pay and related incentives, could it be prestige and perceived importance? An obvious question then would involve possible conditions that could make these jobs more attractive.

Most recent change theorists find that basically all of these assumptions by other theorists hold true, probably in varying degrees depending on the issue, the situation, and the people involved. But one can readily distinguish four aspects of any social intervention that could raise major ethical issues: the choice of goals to which the change effort is directed, the definition of the target of change, the choice of means used to implement the change, and the assessment of the consequences of the change. Warren Bennis, et al., in The Planning of Change, noted that "the discussion underscores the intimate connection between ethics and an empirical understanding of social influence. Often moral judgment rests

heavily on a prediction about how a specific intervention will affect individuals and groups."⁹ Bennis, though believing that rationality in its pure sense is good, believes that a change is best accepted when one can show the society that it is not only in their best interest to accept the change but that it will also not affect their current levels of morality or traditionalism. Joan Bon-durant, in "Traditional Polity and the Dynamics of Change in India," related that "there is no inherent conflict between tradition and modernity such that the more modern a nation becomes, the more it must necessarily shed its tradition."¹⁰ She pointed out that tradition can be a vehicle for change instead of a barrier to it.

Saudi Arabia has undergone a developmental change that has never been accomplished anywhere else in history. Riding on the coattails of her oil economy, the Kingdom has had impressive improvements in the area of economic development and technological development. The majority of the improvement has been accomplished through the intervention of small to medium-sized private companies. To view these companies as change agents and find out their level of involvement in social change, one must take into account the aspects of social change mentioned earlier and the extent to which they were affected by the understanding of local social influences.

Do small and medium-size private firms set out to attract Saudi youth, given social and traditional attitudes? Do they look at traditional values and customs of the Kingdom when determining training needs? And is the idea of Saudization of prime importance when developing training programs?

These are some of the questions that were used to gain an overall picture of small to mid-sized private firms acting as change agents in the Kingdom of Saudi Arabia. The authors provide valuable criteria for evaluating how the change could be accomplished and the nature of the possible outcomes of the consequences. While these are by no means all of the writings concerning social change, one can see that they do offer a good point to begin the investigation into the problem of the study.

Of course, the outcome of any evaluation must not lie with the question of change or even of how the change occurred, but with how the anticipated change will affect the society and economy. To learn how the government will help to aid the private sector businesses in training for future projects and programs, the best place to start is with the planning documents.

The Fourth Five-Year Development Plan, 1985-1990¹¹ shows how the government has chosen to help the

private sector businesses attain their goals for human resource development. Of course, the three key elements in government policy that have had a major influence on private sector growth are the government's commitment, in principle and in capital resources, to providing the Kingdom with a stable and modern economic and social infrastructure, the government's commitment to a market economy and private free enterprise system set up to benefit conditions found in the Kingdom and among the society as a whole, and the government's policies of diversification, to reduce dependence on the oil economy.

The basic objectives of the Fourth Plan are expressed in eight strategic principles that will guide the processes of the Kingdom's development. These include the following:¹²

1. Economic Efficiency: emphasis will be placed on improving the economic performance of the services, utilities, and products which the Government provides for the citizens, both directly and indirectly.
2. Privatization of Economic Activities: the Government will adopt a policy of giving the private sector the opportunity to undertake many of the economic tasks of the Government, while it will

not engage in any economy activity undertaken by the private sector.

3. Rationalization of Subsidies: the system of direct and indirect subsidies on many goods and services provided by the state will be rationalized.
4. Predominance of Economic Considerations: the considerations of economies shall predominate in the Government's investment and expenditure decisions.
5. Development of Saudi Manpower: the development of Saudi manpower shall be continued, through the evaluation of educational and training programs and curricula, as well as by their further development or modification, in conformity with the Islamic Sharia, with the changing needs of society and with the requirements of the development process.
6. Social Development: attention will be given to the development of Saudi society; to the provision of social welfare and health care for all; and to the support given to society's participation in the implementation of the Plan programs.
7. Defense and Security of the Nation: the defense and security agencies shall plan their strategy

to insure the defense of the nation and shall submit that strategy to the National Security Council prior to presenting it for consideration to the Council of Ministers.

8. Fiscal Balance: a fiscal policy shall be adopted which keeps the level of expenditure in line with the Government's revenues.

These basic strategies apply to many detailed policies and form the framework that will help to determine the focus and direction of future government expenditures. But we are interested in how the Government plans to promote human resources and their development. The Plan is broken into many and varied areas of focus. In looking at sections relating specifically to human resources development, we can find that

the main objectives for training are to increase and improve in-house and on-the-job training programs; to increase coordination among government training agencies; and to establish formal training programs and Saudization targets among private companies, in accordance with the labor law.¹³

This tends to show that the government is definitely interested in promoting change in the relationship between the public and the private sector. Many of the elements in the list of basic strategies relate directly to private sector involvement with such things as privatization, rationalization, and Saudization. Noted as strategies, these relate to a need for some kind of

change in the current system. Privatization relates to the need to have the private sector of the economy to provide more of the goods and services directly to the people. Rationalization in economies relates directly to a market-based economy providing the major impetus to decision making. And "Saudization" is a term relating to the need to have more Saudi nationals involved in all levels of the economy.

While all of this sounds good, the most obvious evaluation of a government's desire to promote any kind of change in a society lies in how much of the budget expenditure is allocated to it. The Fourth Plan shows that of some 687.5 billion Saudi Riyals in total civilian expenditures of the fourth plan period, 135.3 billion SR, or 19.68 percent, is currently allocated to human resources development (see Table 2.1). Almost one-fifth of the total budget for civilian expenditures is to go to the development of human resources. By this, one can see that the Government is indeed sincere in its attempts to upgrade the civilian population.

In a Ph.D. dissertation entitled "Privatization of State-Owned Enterprises,"¹⁴ Faisal Hassan Hamed took a view of privatization as it relates to state-owned enterprises (SOEs) in Saudi Arabia and other places. The dissertation focused on the conditions that existed in

TABLE 2.1

GOVERNMENT (CIVILIAN) EXPENDITURES IN THE FOURTH PLAN
(IN CURRENT PRICES)

Category	SR Billion	Percent
1. Development Agencies		
Economic Resources Development	130.7	
Human Resources Development	135.3	
Health and Social Development	89.7	
Transport and Communications	76.9	
Municipalities and Housing	67.4	
	500.0	72.7
2. Transfer Payments and Reserves		
Credit Institutions (not domestic lending)	60.1	
Subsidies and Budget Reserves	57.2	
	117.3	17.1
3. Administration Expenses		
Religious and Judicial	18.5	
Non-Financial Administration	7.0	
Non-Portfolio Offices	9.9	
Financial Administration	34.8	
	70.2	10.2
Total Civilian Expenditures:	687.5	100.0

Source: Fourth Development Plan, 1985-1990, p. 72.

the countries where SOEs were formed, and the intentions for their establishment. Then the intentions for the privatization of the SOEs were discussed in the context of three common dimensions: ideological and/or political, economic and financial, and administrative. Privatization was used in the study to mean selling or giving to the private sector all or part of an SOE's assets. Fourteen methods of privatization in general and eight techniques of divestment were presented and examined. The focus was then shifted to the Kingdom of Saudi Arabia. The discussion was based on data collected through a review of literature on the subject and personal interviews. Only two cases of privatization were found. Two techniques were used: offering shares to the Saudi employees in one instance, and selling stock to the general public in the other. Many reasons for privatization of SOEs were noted but virtually all of the usual reasons for privatization did not apply to Saudi Arabia's unique situation. Most of these could lead to reasons for social change within the Saudi society. Two reasons promoted for privatization in Saudi Arabia were not found in most other countries. First, economically or commercially-oriented SOEs need a rational, business-like management that is flexible and applies modern management techniques, such as management by objectives (MBO). The

general opinion is that the private sector is better equipped to apply such techniques. Therefore, changing management techniques in the operation of these SOEs was and would continue to be one of the intentions for divestment of SOEs in Saudi Arabia. It was also noted that many SOEs in Saudi Arabia have been a burden on the administration of the government, especially in respect to financial and personal matters. The other intention, then, would be to reduce the administrative burden on the government. Neither of these would require much social change requiring the intervention of a change agent but only the SOE itself.

Joy Winkie Viola, in The Development of Human Resources,¹⁵ discussed an interesting aspect of Saudization. This is the growing idealism of replacing expatriate labor with Saudi labor. She pointed out that foreign labor will always be there and that the Saudi economic "machine" cannot function without them. The author stated:

The government will pay lip-service to the reduction of their numbers while generating new projects that demand their presence. They are a cultural convenience, fulfilling roles and jobs the Saudis themselves do not want to fill. And they are a technical necessity in positions the Saudis themselves do not yet have the skills to fulfill.¹⁶

Presently, the non-Saudi work force seems necessary for fulfillment of the development plans. It is likely to

remain so for there will always be jobs the Saudis will not want for themselves and there will always be jobs, given the Saudi obsession to have the latest and best model of everything, that the Saudis will not have the skills to fulfill.

Though necessary, the non-Saudi workers are also a source of uneasiness. They are seen as a threat or hindrance to Saudi morale and way of life. They are generally seen as outsiders who are needed but not really wanted. In a society where family, tribal connections, and a common religion mean everything, he who has none of these is nothing.

Summary

This chapter has presented a discussion of change and how it is related to the need for improved manpower development, especially in the area of training in small to medium-size private firms. The need for change in attitudes and behaviors toward some "vocationally-oriented" jobs was noted as well as changes in how these jobs should be viewed.

These changes can be rational, social, psychological, and political in nature; also, many of these ideas simply won't work in the Kingdom of Saudi Arabia. The discussion showed that the government is thoroughly

committed to such ideas as rationalization, privatization, and Saudization, and is continuing to encourage the private sector to engage in economic activity.

However, several elements were noted which tend to be barriers to change. Among these are customs and traditional values which lead to a general view of the more "vocationally-oriented" jobs as demeaning or contemptuous. For a smaller firm to effect some kind of change in social views, there must be conditions that would make these vocational jobs more attractive, especially to younger Saudis who are determining what they will do, not only for their own future, but for the future of the society in general.

Other elements which were discussed include the extent to which these firms attempt to attract young Saudis in practical skills areas; how much, if any, the firms take social values and customs into account when determining training needs; and the levels of Saudization in the development of training programs.

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¹Ronald Havelock and others, Planning for Innovation Through the Dissemination and Utilization of Scientific Knowledge (Ann Arbor: Institute for Social Research, 1971), p. 81.

²Everett M. Rogers and Chin Chuan Lee, Diffusion of Impact Innovations to University Professors (New York: Exxon Foundation, 1975).

³Everett M. Rogers and F. Floyd Shoemaker, Communication of Innovations (New York: Free Press, 1971).

⁴Ernest G. Palola and William Padgett, Planning for Self-Renewal: A New Approach to Planned Organizational Change (Berkeley: Center for Research and Development, University of California, 1973).

⁵Motoko Katakura, Bedouin Village: A Study of a Saudi Arabian People in Transition (Tokyo: University of Tokyo Press, 1977), p. 47.

⁶David Easton, A System Analysis of Political Life (New York: Wiley and Sons, 1971).

⁷Ibid., p. 37.

⁸Michael Berger, "Employer and Employee Both Have Problems," Middle East Economic Digest 22 (November, 1978), p. 13.

⁹Warren G. Bennis, et al., The Planning of Change (3rd ed.) (New York: Holt, Rinehart and Winston, 1976), p. 495).

¹⁰Joan Bondurant, "Traditional Polity and the Dynamics of Change in India," Human Organization, 22 (1963):10.

¹¹Ministry of Planning, Fourth Five-Year Development Plan, 1985-1990 (Riyadh: Government Printing Office, 1985).

¹²Ibid., pp. 117-118.

¹³Ibid., p. 126.

¹⁴Faisal Hassan Hamed, "Privatization of State-Owned Enterprises" (Ph.D. Dissertation, Florida State University, 1986).

¹⁵Joy W. Viola, The Development of Human Resources (Boston: Center for International Higher Education Documentation, 1982), p. 93.

¹⁶Ibid., p. 93.

CHAPTER III

RESEARCH METHODOLOGY

This chapter describes the research method used to achieve the study objectives. The main purpose of the study was to examine the role of small to medium-size firms as change agents in manpower development. This chapter is divided into the following sections: population, instrumentation, data collection, and data analysis.

Population

The target population of this study was managers of personnel departments in 200 small to medium-size private companies located in the Eastern Province of Saudi Arabia. This number represents the total number of such firms, as indicated by the Chamber of Commerce in the Eastern Province, which has the largest concentration of private firms in the Kingdom. As the population was accessible, the researcher decided to include the entire population in the study.

There were several reasons for selecting personnel managers as subjects for the study:

1. Personnel managers are responsible, among other functions, for the selection, training, and maintaining of adequate personnel.

2. Many of the data required for this study are to found in personnel departments.

Instrumentation

The major data collection instrument was a questionnaire designed for this study. The instrument, consisting of fourteen items, was based on the concepts and ideas presented in the review of the literature, with some modification to fit the Saudi environment and culture, based on the recommendations of reviewers. The questionnaire was constructed to aid in answering the research questions.

To produce the best results, a questionnaire should be constructed so as to possess a high degree of reliability and validity. Otherwise, the instrument may produce irrelevant data. A reliable research instrument produces the same results under the same conditions at each administration. Therefore, it must have a high degree of consistency and dependability. To establish the reliability and validity of the questionnaire, the following steps were taken:

1. The investigator translated the questionnaire into Arabic. Copies of the translated instrument were given to three Saudi doctoral students at Florida State University who were asked to review the questionnaire and to make suggestions regarding its clarity. The Arabic version of the questionnaire was given to three official translators in Saudi Arabia who were asked to translate the questionnaire from Arabic back into English. Comparing the original version of the questionnaire with the back translation obtained from the translators helped to indicate items which needed revision in the Arabic version.

2. Validity of the survey instrument is considered imperative for quality research. This is especially important when the researcher is educated in one culture, such as that of the United States, and is attempting to measure phenomena in another culture, such as that of Saudi Arabia. To prevent any culture biases and to insure objectivity and generalizability of the questionnaire, the following procedure was used: First, the questionnaire was administered to a sample of 10 personnel managers who were selected randomly from the study population. Second, a panel of three university professors in King Faisal University in Saudi Arabia served as an advisory committee. The researcher met personally

with the members and asked their assistance in revising the instrument. The function of this committee was the following: (a) To study the instrument carefully to assess its content validity, suggesting new items if needed, deleting unnecessary items or questions, and clarifying vague expressions. (b) To check the responses of the personnel managers who pilot tested the instrument and to help in revising the questionnaire into its final form. All suggestions of the committee members were used to improve the instrument.

3. To establish the reliability of the instrument, rest-retest reliability was used.¹ Test-retest reliability involves administering the instrument to the same people on two occasions and comparing their responses by calculating the correlation coefficient between the scores. A high correlation coefficient shows stability of the instrument over time which indicates high reliability.

Following the above procedures, the researcher administered the amended version of the questionnaire on two occasions to ten personnel managers selected randomly from the study population; he then calculated the correlation coefficient of these scores for the questionnaire. The correlation was .91, indicating high reliability for the instrument.

Data Collection

The researcher obtained a letter from the Ministry of Interior in Saudi Arabia which legitimized the distribution of the questionnaire. This letter was attached to each copy of the instrument distributed. Also included was a cover letter which explained the subject of the questionnaire and the purpose it was designed to serve. The letter assured participants that their responses would be confidential and used only to achieve the research objectives of the study.

To collect the data, the researcher visited the cities in the Eastern Province (Dammam, Al-Khuber, Al-Jubail, Al-Houfouf, and Bigeg) where the targeted companies are located. The study instruments were distributed to the subject personnel managers with the help and supervision of the public relations office at the Eastern Province Chamber of Commerce.

Data Analysis

Data collected from the questionnaire were used to answer the research questions, with some questionnaire items addressing more than one question. The research questions are restated below; accompanying each are the numbers of the questionnaire items which provided data for addressing that question.

1. To what extent do small and medium-sized firms attract Saudi youth to work in practical skill areas? (Questionnaire items 2, 7, 8)
2. Do small and medium-size firms offering training take traditional values or customs into mind when determining training needs? (Questionnaire items 9a, 9b, 10a, 10b, 13, 15, 16a, 16b)
3. Is Saudization a factor when determining training needs? (Questionnaire items 3, 14a, 14b)
4. Are there conditions that would make vocational jobs more attractive to Saudi youth when determining their future employability? (Questionnaire items 11a, 11b, 12, 21, 22)
5. Are small and medium-size firms successful in retaining trained employees on the job? (Questionnaire items 17a, 17b, 18, 19, 20)

The collected data were analyzed with subprograms from the Statistical Package for the Social Sciences (SPSS)². Descriptive statistics were computed; these included frequency and percentages for each response. Crosstabulation among several questions was obtained to demonstrate the relationships between them. For example, crosstabulation between question 1 and question 3 demonstrates the relationship between the types of training programs the firms offer and the type of operations in which the firms are involved. Finally, based on the study results, the researcher proposed guidelines for the training and development of manpower in Saudi Arabia.

Summary

The population of the study was personnel managers of 200 small to medium-size private companies in the Eastern Province of Saudi Arabia. Data were collected with a questionnaire which was distributed to the personnel managers with the assistance of the Eastern Province Chamber of Commerce. Of the 200 personnel managers, 162 returned usable questionnaires. Analytical techniques used included frequency, percentages and crosstabulations. Based on the results of the analysis, guidelines for training and development of manpower in Saudi Arabia were developed.

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¹B. W. Tuckman, Conducting Educational Research, 2nd ed. (New York: Harcourt Brace Jovanovich, 1978).

²N. H. Nie, C. H. Hull, J. G. Jenkins, K. Steinbrenner, and D. H. Bent, Statistical Package for the Social Sciences, 2nd ed. (New York: McGraw-Hill, 1975).

CHAPTER IV

DATA ANALYSIS

This chapter is concerned with answering the five research questions of the study. It examines the role of small to medium-size Saudi firms in developing the labor force necessary to meet Saudi Arabia's manpower needs. In examining this role, such environmental factors as economic, social, and administrative forces were taken into consideration. The unacceptability of manual work by the population is an example of an inhibiting social force. Noting this problem, Lackner suggested that "the main reason seems to be sociological. [Saudi Arabia] is a country where, by tradition, some occupations are considered more honorable than others, and where manual work in particular is associated with the less well respected tribes and artisans."¹

As more than one aspect concerning the role of Saudi firms was examined, the findings chapter was organized in six sections. Section one describes the nature of the firms' work. Section two discusses the problem of attracting Saudis to technical work. The third section deals with training design and Saudi traditional values. The fourth section explores training needs and the

Saudization of the work force. Conditions that make vocational jobs attractive to Saudis are discussed in the fifth section. Finally, the sixth section examines the difficulties in retaining trained Saudi employees.

Types of Operation

This section presents data on the types and make-up of the firms which responded to the questionnaires. It is essential for two reasons to know the types of operation with which private firms are involved. First, these data provide an indicator of the percentage of technical work performed in the private sector. Second, they show the rate of demand on technicians in general and on Saudis in particular.

The question addressed in this section was "What types of operation is your firm involved in?" The five possible responses were manufacturing, construction, engineering, marketing and services (see Table 4.1).

The greatest number of firms are in the areas of manufacturing and construction, with services in third place. Firms involved in engineering and marketing make up the smaller percentages of the total private companies surveyed. This was expected, as manufacturing and construction represent the largest private sector employment--as noted in the country's fourth development plan.

TABLE 4.1
TYPES OF OPERATION

Response	Number of Responses	Percent
a. Manufacturing	73	45
b. Construction	36	22
c. Engineering	16	10
d. Marketing	10	06
e. Services	27	17
Total	162	100

The findings indicate that most firms are involved in technical work. Although it was expected that more training programs would be offered by those firms involved in technical work than by those providing services and marketing, this was not the case, as shown in Table 4.2.

Almost 95% of the firms in marketing and construction do not provide any type of training. Of those who offer some, it is on-the-job training. The relatively low cost and small amount of time involved with on-the-job training encourages those firms to provide this type. As discussed later, the percentage of Saudi labor in these types of firms (manufacturing and

TABLE 4.2

TYPE OF OPERATION AND TYPES OF TRAINING

Types of Training	Manufac- turing		Construction		Engineering		Marketing		Services		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
On-the-job	5	1	4	1	12	24	8	16	21	42	50	31
Off-the-job							2	40	3	60	5	3
Both									2	100	2	1
No training	68	65	32	30	4	4			1	1	105	65
Total: #	73		36		16		10		27		162	100
%	45		22		10		6		17		100	

construction) is relatively low, indicating that training is provided mostly to foreigners. Training provided for non-Saudis usually involves explanation of details of the work rather than instruction in new skills.

Generally, it seems that training is not considered important by Saudi firms. Especially for those in manufacturing and construction, on-the-job training is the type of training used most.

Level of Activity of Firms in Attracting
Saudis to Technical Work

One way to measure the degree to which native Saudis are attracted to technical work is to determine the percentage of Saudis in firms involved in this type of activity. A high percentage of Saudis would indicate a high rate of attraction, and vice versa. As shown in Table 4.3, Saudis represent less than 10% of the total work force in 78% of the firms surveyed.

None of the firms in the study had more than 40% Saudis in their work force. This finding indicates that not only are Saudis not interested in working in technical jobs; it also shows that the firms have not done enough to attract native workers. One of the major factors in attracting people to a job is to help them become competent in that job. This would raise the level of

TABLE 4.3

PERCENTAGE OF SAUDIS IN THE FIRMS SURVEYED

Response	Number of Responses	Percent
Under 10%	127	78
11% - 20%	19	12
21% - 30%	8	05
31% - 40%	8	05
Over 40%	0	00
Total	162	100

workers' satisfaction and self-actualization. As indicated in Table 4.4, the majority of the firms (84%) did very little to attract Saudi candidates into employment. Only 7% of the responding businesses reported that they provided a good deal of opportunity to Saudis. These results point out clearly the passive attitude of firms in recruiting and attracting Saudis to work in technical jobs.

Another strategy for attracting Saudis to technical jobs is use of the media. The majority of personnel managers surveyed indicated their belief that either people were not interested in using the media to find employment, or that the firms had not thought of using

TABLE 4.4

TRAINING OPPORTUNITIES TO ATTRACT SAUDIS

Response	Number of Responses	Percent
No opportunity	15	09
Very little opportunity	136	84
A good deal of opportunity	11	07
Total	162	100

the media to recruit employees. Some respondents thought the media had no effect. Most failed to answer the question. Of those who responded (15%), the majority indicated that the newspaper was the medium used by most firms in attracting Saudis (see Table 4.5). The data in Table 4.5, however, seem to show that Saudi firms are not adequately reaching out for Saudi employees.

Training Design and Saudi Traditional Values

It appears obvious that the success of a training program will depend on the extent to which it responds to the needs and interests of the trainees. Much of what has been written in the literature on training and education is considered foreign to the Saudi culture and people. Therefore, the researcher sought to learn

TABLE 4.5
TYPE OF MEDIA USED TO ATTRACT SAUDIS

Response	Number of Responses	Percent
Newspaper	31	19
Television	--	--
Radio	--	--
Campus visits	3	02
Other (please explain) ^a	128	79 ^b
-Don't feel it has an effect		
-People are not interested in advertising		
-Young people are interested only in the sports section		
-Listening to us describing our firm was considered a waste of time		
-Never thought of using the media		
Total	162	100

^aSummary of the answers given by respondents.

^bThis figure includes those who did not respond.

whether the firms developed and designed training programs specifically for young Saudis. Ninety-one percent of the firms responded negatively; only 9% said that they designed a training program that reflected Saudi values and tradition (see Table 4.6).

A follow-up question was asked to learn the type of training provided especially for Saudis. It asked, "Please specify these programs, purpose, topic, and target audience." Unfortunately, the question was answered by only three respondents of the 15 who said they offered special programs for Saudis. The three answers are shown in Table 4.7. It should be noted that the types of programs offered are mainly in management. Such training would not help with the problems of encouraging Saudis to enter technical employment.

TABLE 4.6
TRAINING PROGRAM ESPECIALLY FOR SAUDIS

Response	Number of Responses	Percent
Yes	15	09
No	147	91
Total	162	100

TABLE 4.7

PURPOSE, TOPIC, AND AUDIENCE OF THE TRAINING PROGRAM

Purpose	Topic	Audience
All indicated that their program was aimed at exposing young Saudis to the working environment	-Marketing in Saudi Arabia -Saudi management system -Government relations	Future middle managers

Another important element in a training program is the equipment used. For cultural reasons, some types may be more appropriate than others, a factor which should be taken into consideration. Although it is beyond the scope of this research to determine the type of equipment most suitable to Saudi trainees, the study did seek to discover the type of equipment most often used in their training programs (see Table 4.8).

The equipment ranked first in use is the blackboard, an indication that the training relies heavily on lectures. This type of instruction may not be effective in the Saudi context. In the Saudi culture, authority is defined within personal boundaries: that is, family or tribal authority. Since lecturing gives the impression

TABLE 4.8
EQUIPMENT USED BY THE FIRM

Type	Number of Responses	Percent
Blackboard Flip chart Projector Computer	28	17
No answer	134	83
Total	162	100

that the lecturer has authority over the trainees, the trainees might reject the lecturer, refusing to pay full attention to him.

To learn whether the firms considered their training programs to be adequate, the respondents were asked to rate their facilities and equipment. The majority (67%) reported that their equipment was "somewhat adequate." Only 40% responded "very adequate" (see Table 4.9).

A more direct question sought to learn the degree to which Saudi traditional values and customs were considered in designing a training program. This question was open-ended, and many of the participants did not answer it. Those who did respond, however, provided the

TABLE 4.9
ADEQUACY OF EQUIPMENT

Response	Number of Responses	Percent
Very adequate	7	04
Adequate	27	17
Somewhat adequate	109	67
Inadequate	19	12
Total	162	100

information shown in Table 4.10. These responses show a widespread failure to plan around Saudi cultural values.

Based on this information, it can be concluded that either there is a lack of awareness of the importance of Saudi values and customs among training planners, or that they simply fail to consider these cultural aspects in their planning. In either case, the firms must rectify this failure in their planning if they are to have successful training programs.

Determining Training Needs and Saudization

As reported in this section, the researcher attempted to learn whether training was determined on the basis of Saudization more than on real training need:

TABLE 4.10

SAUDI VALUES AND TRAINING DESIGN

Response	Number of Responses	Percent
Religious values:		
Prayer time, way of speech, behavior, appearance, sexual freedom		
Social values:		
Authority in class, attention to person, respect of person and his family	15	09
No answer	147	91
Total	162	100

that is, do firms provide training because of a real need for training, or merely to comply with the requirements of the government's Saudization policy? The major providers of training in the geographical area studied are the university and the chamber of commerce. Therefore, the level of a firm's participation with these providers in determining the type and nature of the training to be offered reflects the level of the firm's awareness of its

training needs and how the different programs can meet these needs. Table 4.11 shows the level of participation by the firms. The majority of the firms (89%) reported little participation; none of the firms participated to a great extent, and 11% reported no participation at all.

TABLE 4.11
LEVEL OF FIRM'S PARTICIPATION

Response	Number of Responses	Percent
No participation	18	11
Little participation	144	89
Great deal of participation	0	00
Total	162	100

A follow-up question inquired about the nature of participation. It was an open-ended question which elicited the suggestions shown in Table 4.12. These answers show that the firms' participation is indirect rather than direct. Their low participation rate indicates that the firms are satisfied to send their employees to training programs without asking whether such programs fit their needs. The most important element seems to be that they are providing "training," an

TABLE 4.12

NATURE OF PARTICIPATION IN DETERMINING TRAINING
PROVIDED BY THE UNIVERSITY AND CHAMBER OF COMMERCE

Responses

- Provided suggestions
 - Answered a survey by the Chamber of Commerce
 - Participated in meetings and symposiums at the Chamber of Commerce
-

action which puts them in compliance with the Saudization policy of the government.

Work Conditions that Attract Saudis

It was pointed out previously that in any situation there are inhibiting forces and driving forces. Therefore, the researcher attempted to explore the problems that firms encounter in attempting to recruit Saudis. These problems can be thought of as inhibiting forces. Table 4.13 shows the level of significance of these problems. Of those responding, 68% replied that their firms have major problems in recruiting Saudis; 25% reported some significant problems, and none of the firms indicated "no problems."

TABLE 4.13

SIGNIFICANCE OF THE PROBLEM IN RECRUITING SAUDIS

Response	Number of Responses	Percent
-No problem	0	00
-Insignificant problems	11	07
-Some significant problems	41	25
-A number of significant problems	110	68
Total	162	100

To determine the nature of the recruiting problems and to learn the conditions Saudis desire in a job, respondents were asked to specify the nature of the problems. As shown in Table 4.14, three major difficulties were suggested by the respondents. These responses indicate that Saudi workers are attracted to highly paid jobs. This finding suggests two things: One, Saudis are willing to work in technical jobs as long as the wages are high. Second, the demand for higher wages can be explained by the desire for a higher standard of living, which pressures the Saudi individual to ask for high wages.

TABLE 4.14

NATURE OF RECRUITING PROBLEMS

Responses
-Saudis demand high wages
-They prefer office work
-There is an absence of recruiting channels

The absence of recruiting channels seems to be a procedure or policy failure on the part of the chamber of commerce and the responsible ministry (Ministry of Labor and Social Affairs). The preference for office work is a problem faced by many developing countries, as this type of work is associated with high pay and high prestige.

The respondents were asked: "How does your firm overcome this problem?" One answer was the following: "Employ few Saudis with high salaries."

It seems that monetary incentives are the major factor in attracting Saudis to work in vocational jobs. The Saudi economy and its dependence on oil revenues has created a situation in which national income does not reflect the national product: that is, the distribution of income is not based on individual productivity. This

results in workers getting a small share of the national income compared to their productivity.

Another issue is the whole area of training and its role in creating a feeling of self-accomplishment among Saudi candidates. Table 4.15 indicates that 81% of the respondents reported that training programs provided the participants with some feeling of self-accomplishment. However, only 3% considered this to be a feeling of great self-accomplishment.

Because the majority (81%) believed that training provides only a moderate feeling of accomplishment to Saudi candidates, training was not seen as an important

TABLE 4.15

TRAINING PROGRAM AND LEVEL OF SELF-ACCOMPLISHMENT

Response	Number of Responses	Percent
No feeling of self-accomplishment	26	16
Some feeling of self-accomplishment	131	81
A great deal of self-accomplishment	5	03
Total	162	100

factor in making vocational jobs attractive to Saudis. This may explain why Saudi firms provide little training (see Table 4.2).

Most of the failure of training programs to provide a sense of self-accomplishment to trainees is due to a lack of follow-up and feedback. Table 4.16 shows that the majority of firms (49%) have follow-up for only selected programs. Many (35%) have no follow-up at all. Only 16% have a follow-up procedure for all programs.

Difficulties in Retaining Trained Saudis

The majority (65%) of the firms have a number of significant problems in retaining Saudi employees, and 26% reported some problems. None of the respondents

TABLE 4.16
CONTINUITY OF FOLLOW-UP PLAN

Response	Number of Responses	Percent
No follow-up	57	35
Follow-up for selected programs	79	49
Follow-up for all programs	26	16
Total	162	100

reported having no problems (see Table 4.17). When asked to specify the nature of these problems, respondents offered the following:

- Perception of Saudi employees about work.
- Constant demand by the employees for higher pay.
- Vast work opportunities in the economy.

As a remedy for this problem, the respondents suggested more reliance on foreign labor. Others suggested job enrichment. However, most did not offer any solution. To learn whether training has any significant effect on retaining Saudi employees, the following question was asked: "To what extent does your firm encounter problems

TABLE 4.17

EXTENT OF THE PROBLEM OF RETAINING SAUDI EMPLOYEES

Response	Number of Responses	Percent
No problem	0	00
Some insignificant problem	15	09
Some significant problem	42	26
A number of significant problems	105	65
Total	162	100

with retaining employees who have completed a training program?" The majority (33%) responded that they have significant problems, indicating that training has little effect on retaining Saudi employees (see Table 4.18). However, 20% of the respondents reported no problem in retaining trained Saudi employees. This percentage is relatively high, at least to the degree that it shows training can have some effect in instilling organizational values in employees.

TABLE 4.18
EXTENT OF PROBLEMS IN RETAINING TRAINED
SAUDI EMPLOYEES

Response	Number of Responses	Percent
No problems	33	20
Some insignificant problems	47	29
Some significant problems	29	18
A number of significant problems	53	33
Other (please explain)	0	00
Total	162	100

The final question discussed in this section concerns the type of incentives that help in retaining Saudi employees. An increase in salary was suggested by 89%; 6% favored further training overseas; 5% considered job promotion as a factor in retaining Saudi employees. These results confirm earlier conclusions that monetary rewards are very important in keeping Saudi employees.

Summary

This chapter reported the analysis of the data in order to answer the research questions of the study. The analysis produced several pertinent findings: There is little effort by private firms to attract Saudis to work in practical skill areas. Saudi customs and values are not considered in designing training programs. Training needs are determined on the basis of formality rather than on real needs. Monetary incentives are considered the main factor in attracting Saudis to vocational jobs. Saudi firms are having little success in retaining trained Saudi employees.

ENDNOTES

CHAPTER IV

ENDNOTES

¹Hellen Lackner, A House Built on Sand: Apolitical Economy of Saudi Arabia (London: Ithaca Press, 1978).

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

Saudi Arabia is an evolving nation that has overcome, and still is overcoming, many of its early developmental problems. The royal family, through its succession of kings, has greatly changed the outlook for the Saudi Arabian future. The country that suffered much early hardship has now become the focal point of much of the economic activity in the world. Through a limited level of social and economic change, the Kingdom, while still keeping Islamic values and the moral and cultural standards of the society, has implemented many programs, both public and private, to make that society more self-sufficient.

The steady expansion of the Kingdom's economy and administrative system brought about the need for national development planning. In 1970, the first five-year development plan was initiated to direct the future of the Kingdom. The plan succeeded in boosting the economy through the development of an oil-based infrastructure; but it met only minimal success in meeting other, more social, problems. The second five-year development plan,

initiated in 1975, began in an environment of heightened financial independence. The primary achievement of the plan was the tremendous number of construction programs that were provided by the private sector with public sector funds. Along with this came the need for qualified manpower to help with the delivery of services to the Saudi society. The third five-year plan, initiated in 1985, called for a primary emphasis on the further development of human resources and education and training in both the public and private sectors, and the reduction of dependence on foreign labor in both sectors. The implications for social change are obvious. As new technology is introduced, new methods learned, and new expertise developed, a need for the introduction of change itself increases. This change needs to be accomplished within the context of the morals and values that are the foundation of the society.

Small to medium-size private sector firms may be more effective than larger firms in accomplishing change since they are more local in nature and are closer to the public. Programs could be introduced in these firms more easily than in many larger firms and almost as easily as they could be introduced into public firms. Additionally, the public sector and larger private firms already have in place many good programs.

The study investigated the role of small to medium-size firms in Saudi Arabia in developing manpower for the country. Since there are many forces in the Saudi environment that inhibit as well as encourage Saudis to work in vocational jobs, these firms could act as persuasive change agents by increasing the driving forces and helping to decrease the inhibiting forces. To investigate this role, five research questions were asked:

1. To what extent do small and medium-size firms attract Saudi youth to work in practical skill areas?
2. Do small and medium-size firms offering training take traditional values or customs into mind when determining training needs?
3. Is Saudization a factor when determining training needs?
4. Are there conditions that would make vocational jobs more attractive to Saudi youth when determining their future employability?
5. Are small and medium-size firms successful in retaining employees on the job?

The findings of the study indicate the following:

1. The majority of the firms are in the construction and manufacturing business.

2. The firms surveyed have done little to attract Saudis to work in practical skill jobs.
3. Those firms offer little training to their employees.
4. Need for training is based on formality--satisfying the government's Saudization policy--rather than on real needs of employees and firms.
5. Training programs are not designed to accommodate Saudi cultural values.
6. Monetary incentive is the most powerful factor in attracting Saudis to work in vocational jobs.
7. Firms interviewed have little success in retaining Saudi employees.

Based on these findings, the research questions of the study are all answered negatively. It appears that small and medium-size private firms play little role in developing the Kingdom's manpower needs. In order to become change agents, those firms must be more active in changing the attitudes and behavior of young Saudis by offering more training, appropriate to the needs of both the employees and the company.

Recommendations

As discussed earlier, the Saudi Arabian government is giving the private sector a larger and more active role in the country's economy. However, as the

analysis and findings of this study show, the Saudi firms are not playing that role adequately--especially in developing human resources for the country. The question, then, is "What are the factors that might enable those firms to play a more active role?" The following recommendations are offered in response:

1. The monetary incentives for vocational jobs should be increased.
2. More training both inside and outside the country should be made available.
3. Training programs appropriate to the Saudi culture should be designed.
4. The government should develop a policy making it imperative for students at vocational schools to work in Saudi firms for at least the same period spent on schooling. Moreover, the government should establish a higher minimum wage level.
5. The following training model is suggested:

The training program must start with a specific job-oriented methodology. The trainee needs to know little about the specific task, but must be willing to work on a task-track. This would be a delineation of the specifics of the work function and the objectives of his job. Primarily, the trainee would work with a coach who

would gauge the progress of the trainee along his particular track of job performance. As the training orientation would be basically hands-on, the trainee would learn by doing. The tracking by a coach would help identify weak spots in the training for a particular task.

New task-tracks would be implemented when the trainee reached specific levels in his training, or when the trainee changed the direction of his training. For instance, a trainee might begin on a track toward the goal of learning about computers. At a certain point the trainee could decide to learn computer repair or reprogramming instead of data input or retrieval. To pass a specific level of competence, the trainee would be asked by the coach to perform certain tasks associated with his particular task-track. Once he had demonstrated a satisfactory level of skill, he would move on to another level or another track.

A timeframe for training would be applied for each task-track and would depend on the type of training necessary. As a trainee would approach certain time/taskpoints, he would undergo tests to determine whether he had truly learned what should be known in his job. Incentives should be applied at this point-- increases in salary, promotion, or even some kind of allowance increase. Each new track would involve more

in-depth training problems. The trainee's level of advancement would depend on his acquiring greater knowledge of his job. At the end of the applied time-frame in the trainee's task-track, a committee of line supervisors and managers would interview the trainee and his coach to ascertain his level of competence. Once approved, the trainee would take the appropriate job in the firm or agency, thus replacing an employee from a foreign country.

Of course, every employee should be given the opportunity to attend a higher education institution, whether for personal improvement or increased job competence.

While the model presented is not the only possible one for further training, it does provide a beginning alternative that could be used to enhance the development of human resources in Saudi Arabia.

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APPENDIX

QUESTIONNAIRE

**The Role of Small to Medium-Sized Saudi Firms
in Developing Saudi Arabia's Manpower Needs**

1. What types of operations is your firm involved in?
 - a. Manufacturing
 - b. Construction
 - c. Engineering
 - d. Marketing
 - e. Services

2. What is the percentage of Saudi personnel in your company?
 - a. Under 10%
 - b. Between 11 and 20%
 - c. Between 21 and 30%
 - d. Between 31 and 40%
 - e. Over 40%

3. What training programs does your firm offer its Saudi personnel?
 - a. On-the-job training
 - b. Off-the-job training
 - c. Both a and b
 - d. No training at all

4. If the answer to Question 3 is a, how many participated during the year 1987? _____

5. If the answer to Question 3 is b, how many participated during the year 1987? _____

6. If the answer to Question 3 is c, how many participated during the year 1987? _____

7. To what extent does your firm offer further training opportunities to attract Saudi candidates for employment?
No opportunity _____
Very little opportunity _____
A good deal of opportunity _____

8. What media does your firm use to attract Saudis to training programs?

- a. Newspapers _____
- b. Television _____
- c. Radio _____
- d. Campus visits _____
- e. Other (please explain): _____

9a. Does your firm develop training programs specifically designed for young Saudis?

- a. Yes
- b. No

9b. Please specify these programs and note the purpose of the program or its topic and target audience.

10a. What types of training facilities and equipment does your firm have? Please describe:

10b. Do you consider these facilities and equipment adequate for the accomplishment of the objectives of your programs?

- Very adequate _____
- Adequate _____
- Somewhat adequate _____
- Inadequate _____

11a. To what extent does your firm encounter problems in recruiting employees?

- No problems_____
- Insignificant problems_____
- Some significant problems_____
- A number of significant problems_____

11b. Please specify the nature of these problems:

12. How does your firm overcome these problems?

13. What are the traditional values and customs you take into account when determining your firm's training needs?

14a. To what extent does your firm participate in the training programs offered by the Chamber of Commerce and the University?

- No participation_____
- Little participation_____
- A great deal of participation_____

14b. Does your firm play a role in determining the type and nature of the training programs offered by the Chamber of Commerce and the University? Please elaborate:

15. To what extent are Saudi trainers involved in the training programs of your firm?

- No involvement_____
- Some degree of involvement_____
- A great deal of involvement_____

16a. To what extent does your firm offer programs to improve the training skills of its Saudi trainers?

- No programs_____
- Some programs_____
- A number of programs_____

16b. What types of programs does your firm offer to improve the training skills of its Saudi trainers?

- a. In-house lectures and seminars_____
- b. Courses at local institutions_____
- c. Out-of-Kingdom studies_____
- d. Other (please explain):

17a. To what extent does your firm encounter problems with retaining employees who are not engaged in any training program?

- No problems_____
- Some insignificant problems_____
- Some significant problems_____
- A number of significant problems

17b. Please specify the nature of these problems:

18. How does your firm overcome these problems? (please explain):

19. To what extent does your firm encounter problems with retaining employees who have completed a training program?

- No problems_____
- Some insignificant problems_____
- Some significant problems_____
- A number of significant problems_____

20. What kinds of incentives does your firm offer to retain employees who have completed a training program?

- a. Further training overseas_____
- b. Increase in salary_____
- c. Job promotion_____
- d. Other (please explain)

21. To what extent do your training programs provide the candidates a greater feeling of self-accomplishment about their jobs when completed?

- No feeling of self-accomplishment_____
- Some feeling of self-accomplishment_____
- A great deal of self-accomplishment_____

22. To what extent do you have follow-up plans with the trainees when training is completed?

- No follow-up_____
- Follow-up for selected programs_____
- Follow-up for all programs_____

.

This is the end of the questionnaire. I would like to take this opportunity to thank you for your cooperation in providing valuable data for this research.

I believe that it is now your turn to add any comments or suggestions that you might have which could provide the researcher with better information which in turn could lead to a better and more concrete research result. Again, please accept my sincere thanks.

CURRICULUM VITAE

Abdulrahman Mohammed Al-Kadi was born on March 10, 1942, in Al-Jubail, Saudi Arabia. He grew up in Dammam, Saudi Arabia, graduating from Dammam Secondary School in 1963. He received a B.A. degree in Business Administration from Lewis and Clark College in 1971 and a Master of International Management (M.I.M.) from the American Graduate School of International Management in 1973.

He pursued his doctoral program at Arizona State University where he was a teaching assistant in the School of Business Administration from 1976 to 1979. He joined the Saudi Petrochemical Company (SADAF) in 1982 where he served as a senior training representative, Manager of Operation and Maintenance Training and Administration, and later, Manager of Employment and Administration. In May 1986, he left SADAF and joined his family business as Manager of New Projects. He left this position in September, 1987, when he was chosen Director General for Dhahran International Exhibitions Company (Dhahran Expo), a company engaged in organizing local and international trade fairs and exhibitions. He recently left Dhahran Expo and is currently establishing his own Al-Kadi Furniture and Carpet Company in Dammam, Saudi Arabia.

He is married and has four sons: Rashed, 7; Saad, 5; Faris, 3; and Nasser, 5 months. The family resides in Damam, Eastern Province of Saudi Arabia.

