

# *The Saudisation Crisis*

*Coordinating Efforts Between The Education And Training System (ETS) Output (Supply) And The Labor Market Demand*

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## **Presentation Outline**

- **Planning Theory Perspective**
- **The Rational Planning Theory**
- **The Planning Process**
- **Conflict Resolution and Crisis Management**
- **Labor Market key Players**
- **The Art of Planning Approach**
- **Labor Market Problem Diagnosis**
- **Suggested proposals**
- **ETS and LM skill profile Mismatch**
- **Suggested Approaches for the solutions**
- **Qualifications of the Approaches**
- **Total Saudisation Solution main components**
- **Demonstration on an Input Output Model**
- **A National Manpower Plan Schemata**

## *Planning Theory Perspective 1*

- **Why study Planning Theory?**
- **Two Reasons:**
  - 1. Complexity of Data & Issues that Planners Deal With
  - 2. Values and Questions that Planners Ask
- **1. = Complexity of Data & Issues**
  - Theory gives a basis for
    - What data we collect
    - How we organize it
    - How we use it to make decisions

## *Planning Theory Perspective 2*

- **2. = Values & Questions**
- **What questions should we be asking about our role in society as planners?**
  - **WHAT** - is or should be the Topic or Focus of Planning?
  - **WHO** - does the planner work for?
  - **WHY** - what is the goal of planning?
    - Is equitable distribution of resources possible?
  - **HOW** - do we achieve our goals?
    - Is rational decision making possible?
  - What is practical/pragmatic behavior/expectations?

## *Rational Planning*

- **Basis for Most Public Planning**
- **aka: Synoptic Planning, Comprehensive Planning**
- **Basic Steps in the Rational Planning Process**
  - 1 - Identify a Problem
  - 2 - Identify a Goal
  - 3 - Collect Background Data
  - 4 - Identify a Means of Assessing Alternative Plan Scenarios
  - 5 - Identify Alternative Plan Scenarios
    - - consisting of Policies and Guidelines to achieve the Goal
  - 6 - Assess Alternative Plan Scenarios
  - 7 - Select the Preferred Alternative
  - 8 - Implement the Plan
  - 9 - Monitor, Evaluate and Revise the Implementation
  - 10 - Identify New Problems and Begin the Process again

## *Transactive Planning - Mutual Learning*

- ***The Mutual Learning Process***
  - Planner contributes "process" knowledge
    - = Theory and Scientific Methodology
    - = Larger Societal Perspective & Concerns
  - Client contributes "personal" knowledge
    - = Direct Personal Experience
    - = Knowledge of Local Conditions and Needs
  - BOTH are of Equal Value and Importance
- **Process & Personal knowledge become fused thru:**
  - Personal and Verbal interaction = DIALOGUE
    - = Public good is achieved
  - Efforts to create intelligent institutions
    - = institutions which are self-learning / educating

## *Conflict Resolution & Crisis Management*

- A major role of planners is to be Moderator
- Basic doctrines:
  - Mutual Co existence
  - Shared benefits and resources
  - Flexibility to Change
  - Adaptability to new situations
- Field of Application: Labor Market
- Topic of Application: Saudisation of the work force

## *The Labor Market Key Players*

- Before the Gulf Wars (1 &2)
  - Public Sector was *The Major Employer*
  - Private Sector was *Supporting Employer*
- After the Gulf War
  - Private Sector was *The Major Employer*
  - Public Sector was *Supporting Employer*
- ***BUT***, National Manpower Planning was and still is being conducted by *Public Sector Institutions!!!!*
- This is A major Planning Problem, and a Planning Theory Violation ( Serious Potential Conflict)

## *The Art of Planning*

- How to Select the appropriate approach to a given situation
- **CRITERIA:**
  - 1- The degree and quantity of **CONSTRAINTS** on a problems
    - Explicit, Clear, Routine = Rational
    - Implicit, Vague = Transactive
  - 2- The type of **INFORMATION** to be used
    - Quantifiable (and lacking value judgments) = Rational
    - Value and Subjective Judgment = Transactive
  - 3- The type of **ACTORS** and associations involved
    - Hierarchical, Authoritarian, Centralized = Rational
    - Decentralized, Egalitarian = Transactive
  - 4- The realm of potential **ACTION PLANS**
    - Pre-determined Preferred Solution = Rational
    - Innovative, New Solutions = Transactive
  - 5- The potential for **CONFLICT**
    - Often due to the Political nature of the problem
    - = Some will Gain and some will Lose
    - Rational Planning = #s may convince some
    - Transactive Planning = #s + Dialogue = better suited
  - 6- The degree of **CHANGE EXPECTED**
    - Major changes/or Threat of Major Change = Anxiety in the public
    - Dialogues (Transactive Planning) can help alleviate the anxiety

## *The Labor Market Application 1*

- **Currently Two levels of Conflict:**
  - Inter Organizational Conflict
  - Intra Organizational Conflict
- **Inter Organizational Conflict:**
  - Identical functions of different Institutions
  - Conflicting Goals of Institutions
  - Lack of coordination between Institutions
  - Lack of Labor Market Research vs. Output
  - Conflicting Authority and Responsibility
  - No Comprehensive Planning of the Issues

## *The Labor Market Application 2*

- **Intra Organizational Conflict:**
  - **Education and Training System (ETS)**
  - **Labor Market (LM) and ETS**
  - **LM skill profile required and ETS output**
  - **Private Sector Vs. Public Sector**
  - **Manpower Planning Council (MPC) Vs. LM**
  - **Profit Orientation of LM Vs. MPC Policies**
  - **Public good / Interest Theory Vs. LM reality**
  - **Input Output Analysis of LM Vs. ETS**
  - **Conflict of Interest of the LM representation**
  - **Public policy Design in Isolation of LM Reps.**
  - **Total Social cost of Labor Importation not clear**
  - **Ineffective recruitment policies Vs. Hidden costs**

## *The Labor Market Application 3*

- **LM Decision Making Process Problem**
  - **Private sector profit making logic**
  - **Public sector social interest and charity logic**
- **LM Decision Making Structure**
  - **Private sector micro scale w/o total public cost**
  - **Public sector macro scale w/o profit making concerns**
- **Saudisation not possible w/o private sector input**
- **Private sector Must make money with Saudisation**
- **Exchange of Process Vs. Personal knowledge**

## *Suggested Proposals*

- **Planning Theory Class Provided Proposals**
  - Proposals are attached and represent variable approach of planning theory to the problem
- **Inter Organizational Conflict can be addressed through Inter Organizational coordination (IOC) such as MPC**
- **Intra Organizational Conflict can be addressed by Power sharing between MPC and LM private sector representatives**
- **LM private sector representatives can be selected using IOC and established Chambers of Commerce But must be demographically balanced!**

## *Supply and Demand Mismatch*

- **ETS output and the skill profile (Supply)**
- **LM skill profile requirements (Demand)**
- **The Mismatch between Supply and Demand**
- **Corrective Measures:**
  - **Short Term :**
    - Occupational Shift
    - Retraining and On the Job Training
  - **Long Term:**
    - Forecasted Demand as Input Control
    - Re Structured ETS
    - Specialized Training
    - Vocational Training & Reconciliation of Supply and Demand
- **Examples**
  - Input Output Models

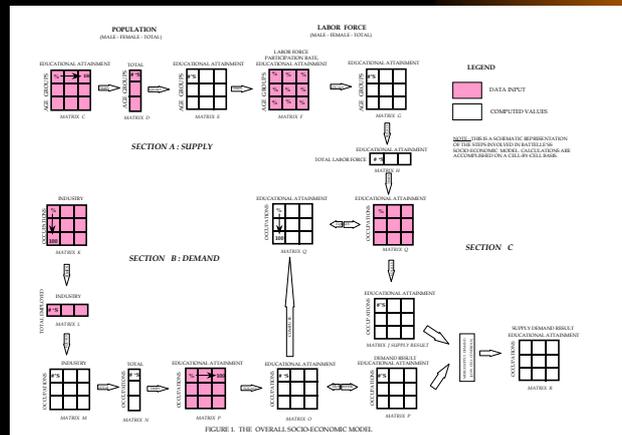
## *Suggested Approaches for Solution*

- We are suggesting a complex, but comprehensive set of approaches to the solutions. This set include the following seven approaches to the solutions and any effective solution must include a part from all seven approaches:
  - 1. Comprehensiveness & balance in the solution approach
  - 2. The education, training & re qualification approach
  - 3. The employment approach
  - 4. The adjustment & adaptation to the work environment approach
  - 5. The wages and other economic costs approach
  - 6. The awareness approach
  - 7. The effective application mechanism approach

## *A Final Word on Saudisation*

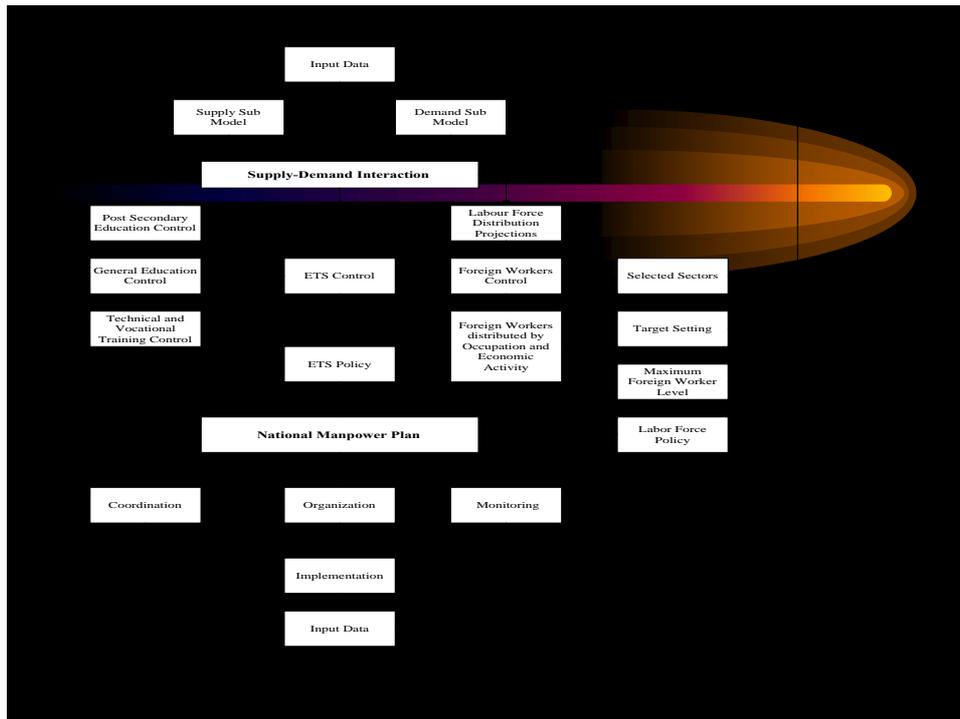
- A Pragmatic and effective solution MUST:
  - Have Comprehensive approaches as outlined earlier
  - Attract both sides LM and MPC to share Decision Making
  - Build a national LM data base and share it
  - Conduct aggressive research on the LM and Alternatives
  - Implement the IOC mechanism for the ETS to be efficient
  - Update the data base periodically by the LM private sector
  - Link the Importation of labor with New MPC data base
  - Hold workshops and conferences annually about the issue
  - Strictly enforce New MPC decisions on ETS and LM
  - Create follow up crisis management team to update the New MPC
  - Revise rules and regulations periodically as per New MPC

## A Socio-Economic Input Output Model for Forecasting the Supply and Demand of The Labor Force In Saudi Arabia



## Model Application Demonstration

- The previous model was tested and the generated spread sheet calculations were then used to generate Labor Force Statistics
- The Labor Force statistics were then used to set ETS output target controls, to regulate admissions to the ETS various majors
- This Backward Forecasting Method BFD is a very logical and effective method for medium term policy options



## Summary Sheet

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