EMPLOYMENT CHALLENGES IN SAUDI ARABIA: AN ATTITUDBINAL STUDY

Nannapaneni Siva Kumar\textsuperscript{1}, Mohammad Imdadul Haque\textsuperscript{2}, Koppada Venugopal\textsuperscript{3}

\textsuperscript{1}Department of English, K L University, Green Fields, Vaddeswaram, Andhra Pradesh 522502, India
\textsuperscript{2,3}College of Business Administration, Prince Sattam Bin Abdulaziz University, AlKharj, Saudi Arabia

Emails: \textsuperscript{1}dr.sivakumar.n@gmail.com, \textsuperscript{2}m.haque@psau.edu.sa, \textsuperscript{3}venugopal.crt@gmail.com

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Abstract. The urge to grow and oil price volatility lead Saudi Arabia to structurally reform itself. Among many things, this transformation calls for diversification away from oil and indigenization of the workforce. Saudi Arabia is one of the countries with considerable number of expatriate workers. The new policy is to replace expatriates with locals in various fields. Alas, are the Saudi students (prospective employees) ready to replace the expatriates in all the sectors? In this paper, the researchers tried to explore through a questionnaire the attitude of the students in replacing the expatriates with the help of Theory of Planned Behavior. In the process the study identifies the obstacles to overcome in order to achieve localization. The findings offer some insights to the academicians need to do more to prepare students for the workplace by providing basic skills and career orientation needed to succeed in private sector jobs after they graduate.

Keywords: labor market; saudization; theory of planned behavior; structural equation modeling (SEM)


JEL Classifications: J01

1. Introduction

The job market of Saudi Arabia is changing rapidly. The onus is to create more jobs in the private sector. The number of the Saudi graduates entering the job market is increasing day by day in the Kingdom. The acceleration of replacing the white-collar expatriates is at full swing. But there is a big gap in the number of Saudi graduates entering the job market and the available jobs by removing expatriates in the private and public sectors (Nereim, Algethami & Shahine 2018). The fact that government’s receding has been observed by studies (Sulphey and AlAkahtani, 2016). In addition, the fear is that government may not manage for long because the wage bill exceeds more than 50% of total expenditure of Saudi Arabia and 16% above gross domestic product (Fasano and Goyal 2004). In this scenario, many questions arise here such as: What kind of jobs do Saudi students are interested in? Are they ready to take up private sector jobs?
As per SAMA (2018), in the year 2017, the Saudis constituted 95% while non-Saudis constituted only 5% of the total number of employees in the government sector (1233856). But the labour force in the private sector (10211201) constitute of 81.40% of non-Saudis and only 18.59% of Saudis. Even the National Transformation Program 2020 plans to generate over 450,000 jobs in the non-government sector by the year 2020. Moreover, the public sector is almost saturated in terms of providing employment opportunities (Ministry of Economy and Planning. 2005). Hence, this study proceeds with the objective of studying the perception of prospective employees towards the job nature. Moreover, Looney (2004) says, care must be taken in replacing the skilled expatriates for achieving the target of Saudization, otherwise there could be brain drain which affects sensitive economy. Sadi (2013) says, to offset the negative impact of Saudization, appropriate people must be hired for selective jobs. Hence, preparing students for jobs is important.

The study tries to find out Saudi students’ attitude towards physical work, work on field or high mobility jobs. Their readiness towards rigid and long hours’ work. Is culture playing any role in determining a job? When the need arises, are they ready to take up a job which has low prestige value in the society? Are they ready to take up any nature of job or still want to have administrative jobs which offer security wherein employer cannot fire on his will? Are they ready to be employed of not their choice or like to be unemployed until they get a job of their choice? It is important to understand the factors influencing the students’ attitudes to take up the prospective careers in the Saudi context. Also, with the help of the principles of the Theory of Planned Behavior (TPB), the study tries to find the career intentions of participants.

2. Literature Review

The nature of the job market is homogenous across GCC states. Shaban et al.1995 say, the citizens in GCC are ready to wait for the government job rather than to work in the private sector, though they have to wait for long. Al-Waqfi and Forstenlechner (2012) opine that the expectations of wages and working conditions are not matching with the market because they are used to high wages of public sector jobs that makes the private sector not interested in hiring them. And also, that public sector jobs are almost saturated. Mellahi (2006) says, there are cultural limitations in GCC countries that leads to increase in unsuitability of citizens for professional jobs. Jones (2008) argue that western management styles are interfere with local culture which influences perceptions of local graduates. Mellahi (2007) is of the opinion that the social status of an employee is determined by the type of work, sector, and social interactions in Gulf countries. As per Ali (2008) the citizens of GCC countries have the negative attitude on physical work, which is the biggest obstacle to the private sector employment.

The structure of the Saudi job market is such that it is dominated by expatriates. As per Harry (2007), there are 55% expatriate workers in Saudi Arabia. According to Fayad (et al. 2012), non-Saudi’s constitute more than 60% of the workforce in Saudi, whereas Saudis are only 36% of the entire workforce. The Kingdom is actively pursuing Saudization. Al-Dosary and Rahman (2005) says, one of the problems Saudi has been facing for several years is job creation. As per Looney (2004), Kingdom has taken many initiatives to involve locals to boost their economy, as the present economy depends on expatriates. Al-Harbi (1997) says, Saudization means replacing the foreign workers with skilled Saudi labor force gradually.

Saudi nationals prefer government jobs (Al Asmari, 2008). Welfare is a social contract between government and employees and the government is the largest employer in Saudi (Mellahi 2007). Job security is major attraction towards the public sector (Al Sulimani 2006). The public sector provides middle to upper level management positions to many Saudis as soon as they graduate from the college (Baki 2004). Alas, government job market is almost saturated (Al Sheikh, 2015). Private employers are also facing issues in implementing Saudization such as locals do not work for the same salary as an expatriate does, job security and locals are against to the long working hours in the private sector (Al-Shammari 2009). Mellahi (2007) points out that, many young people do
not accept private jobs rather they are ready to wait for indefinite time for a government job and issue of 'wasta' is more severe in Gulf states. Saudis have slight or no incentive to look for employment besides the government sector as employment conditions are not favourable (Grant, Golawala, and McKechnie 2007).

Career choice has been studied earlier by many a study. Different dimensions such as; culture, psychological, economic and social dimensions determine the contextual career choices. Researches of Amani & Mkumbo (2014) have proved that career choices have been influenced by different factors in various fields. Conner & Armitage (1998) say, intention and behavior can be influenced by the external variables like culture, personality, or demographics. Intention and behavior may be influenced indirectly by external variables, as perceived behavioral control (PBC), subjective norm, and attitude mediate (Conner & Armitage 1998). Relative weights may be influenced by the external variables as determinants of their intentions, individuals place normative and attitudinal components (Fishbein, 1980). Ajzen (1991) says, in the prediction of intention, the relative importance of PBC, subjective norm, and attitude vary across situations and behaviors, who prefer government jobs, private jobs or not yet decided.

In Saudi Arabia there are certain phenomenon like: high wage expectations of the locals, negative attitude towards manual work, employers' control expatriate workers and difficulty in social integration in the multicultural setup (Mellahi 2007). It is easy to fire an expatriate employee which is not possible in the case of locals in private sector (Al Ali 2008). Traditions, attitudes, beliefs, behaviour, and values constitute the concept of national culture (1) Saudis do not show any interest to take up low-skilled jobs because of culture. (2) Saudis have high regards for diploma and university qualification, and vocational training and manual jobs are inferior in their view. (3) Social mobility is restricted by the traditional and social ties (Torofdar n.d.).

The education system also plays an important role in preparing the students for the jobs. Education system does not produce productive workforce rather it focuses on national identity in the GCC. Most of the academicians are from Syria, Jordan, Palestine, and Egypt. Because of the pan Arabism it resulted in low quality of education and ‘Egyptianization’ of school systems (Kapiszewski, 2004). Modifications in the examination pattern in Saudi Arabia has been recommended in studies (Sulphey et al., 2018). Proper education system and suitable work ethics for the locals create productive jobs, employers should also support and transfer skills to the new graduates (Harry and Collings 2006). Al-Dosary and Rahman (2005) say, like Asian tiger economies, oil lead Saudi economy and its education system has not produced needed skills and attitudes for productive work ethics. The education system should be more practical oriented with additional 'time for learning at the working place' (Starineca & Voronchuk, 2015) enhancing 'learning beyond traditional education' (Tvaronaviciene, 2017).

3. Methodology

This study plans to base its analysis on the Theory of Planned Behavior given by Ajzen (1991). According to the TPB three attributes influence human behavior: behavioral beliefs, normative beliefs, and control beliefs. Whereas behavioral beliefs guide favourable or unfavorable attitudes towards the behavior; normative beliefs result in perceived social pressure or subjective norm; while control beliefs give rise to perceived behavioral control (Ajzen, 1991). Three core constructs of TPB (attitude, subjective norm and perceived behavioral control) have been hypothesized to predict intentions related to career behaviors in different contexts (VanHooft, Born, Taris & Van der Flier, 2006).

A carefully chosen set of 8 statements’ questionnaire on students’ attitude towards nature of jobs, prepared in line with the TPB, has been administered in different colleges. The respondents are from different specialization namely; Engineering, Medicine, Business Administration, Computer Science, Law, Science and Pharmacy in Prince Sattam Bin Abdulaziz University. Using back translation method, the questionnaire was translated into
Arabic and distributed to the students. The respondents are supposed to respond on a Likert scale of 1 to 5, where 1 means strongly agree, 2 means agree, 3 means neutral, 4 means disagree and 5 means strongly disagree. The statements are tested for being significantly different from being neutral (score of 3) using one sample t-test. The results are analyzed at 5% level of significance using p-value approach.

In this paper the researchers also use structural equation modeling. It is used to apply the concept of TPB in the context of this study. The researchers preferred this method because in a single analysis it estimates the multiple and interrelated dependence. For data analysis structural equation modeling (SEM) is broad and flexible technique. This method combines both multiple regression or path analysis and factor analysis which is mainly used to analyze structural relationships. A structure is implied between covariances and the observed variables in this equation model. It is always used to analyze the latent constructs. TPB and SEM has been used to study intentions of students in Saudi Arabian context (Naushad, 2018).

4. Analysis

A total of 460 questionnaires were administered. Questionnaires with incomplete entries were neglected, making the final sample size 435. Out of 435 students across 7 colleges in the university, 171 students wanted to take up government jobs. Whereas only 90 students are ready to take up private sector jobs and 174 students are not yet decided the sector of the job they want to do.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>t-statistic</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1 I can take a job which requires physical work/ work on field/high mobility</td>
<td>3.29</td>
<td>1.17</td>
<td>5.25</td>
<td>0.00</td>
</tr>
<tr>
<td>S2 I will take up a job which has reasonable working hours with better work culture</td>
<td>1.80</td>
<td>0.87</td>
<td>-28.69</td>
<td>0.00</td>
</tr>
<tr>
<td>S3 I will take up a job that my friends and family don't approve</td>
<td>4.01</td>
<td>1.10</td>
<td>19.12</td>
<td>0.00</td>
</tr>
<tr>
<td>S4 Even if need arises, I will not take up a job that has low prestige value in society</td>
<td>2.83</td>
<td>1.21</td>
<td>-2.89</td>
<td>0.00</td>
</tr>
<tr>
<td>S5 I will prefer a job of administrative nature wherein I would be the boss</td>
<td>2.52</td>
<td>1.07</td>
<td>-9.48</td>
<td>0.00</td>
</tr>
<tr>
<td>S6 I can take up a job which has low security and where the employer can fire at his will</td>
<td>2.76</td>
<td>1.03</td>
<td>-4.97</td>
<td>0.00</td>
</tr>
<tr>
<td>S7 I like to be unemployed until I get a job of my choice</td>
<td>1.72</td>
<td>0.92</td>
<td>-28.69</td>
<td>0.00</td>
</tr>
<tr>
<td>S8 I like to take a job which offers higher perks and pay, no matter whether it is government or private sector job</td>
<td>1.83</td>
<td>1.00</td>
<td>-24.85</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statements</th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>S5</th>
<th>S6</th>
<th>S7</th>
<th>S8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>7.6</td>
<td>43.4</td>
<td>4.1</td>
<td>11.3</td>
<td>19.1</td>
<td>16.1</td>
<td>51.3</td>
<td>47.4</td>
</tr>
<tr>
<td>Agree</td>
<td>16.8</td>
<td>38.6</td>
<td>5.5</td>
<td>35.9</td>
<td>31</td>
<td>15.9</td>
<td>32</td>
<td>32.2</td>
</tr>
<tr>
<td>Strongly agree &amp; agree</td>
<td>24.4</td>
<td>82</td>
<td>9.6</td>
<td>47.2</td>
<td>50.1</td>
<td>32</td>
<td>83.5</td>
<td>79.6</td>
</tr>
<tr>
<td>Neutral</td>
<td>32.9</td>
<td>14.3</td>
<td>18.4</td>
<td>24.8</td>
<td>33.6</td>
<td>48.3</td>
<td>11.5</td>
<td>14.3</td>
</tr>
</tbody>
</table>
Table 1 shows the scores of the mean and standard deviation of the respondents for the eight statements used in the questionnaire. Whereas table 2 shows the Likert five-point scale preferences (ranging from strongly agree to strongly disagree) of the respondents in terms of percentage for the statements in the questionnaire. Around 24.4 percent of the sample respondents are willing to take a job which requires physical work/work on field/high mobility. 82 percent of the sample respondents wish to take a job which has reasonable working hours with better work culture. Only 9.6 percent of the sample respondents are willing to take up a job that their friends and family don't approve. 47.2 percent of the sample respondents will not take up a job that has low prestige value in society. 50.1 percent of the sample respondents prefer a job of administrative nature wherein he would be the boss. 32 percent of the sample respondents are willing to take up a job which has low security and where the employer can fire at his will. A great majority of the sample respondents (83.5 percent) are willing to be unemployed until they get a job of choice. But a good percentage of sample respondents (79.6 percent) like to take a job which offers higher perks and pay, no matter whether it is government or private sector job.

Next, another set of hypotheses are tested. It contains 8 hypotheses related to any significant difference between the respondents who preferred government job, private job or are still undecided in terms of the eight statements of the questionnaire. Only for two items there was a significant difference. They are:

**Hypothesis 1a:** There is a significant difference between respondents who prefer government jobs, private jobs and are still undecided in terms of 'I can take a job which requires physical work/work on field/high mobility'. The hypothesis is significant as the p-value is 0.007. People who preferred government jobs had the highest mean score (4.21) followed by respondents who are still undecided (3.89) and respondents who preferred private sector jobs (3.83).

**Hypothesis 2a:** There is a significant difference between respondents who prefer government jobs, private jobs and are still undecided in terms of “I will prefer a job of administrative nature wherein I would be the boss”. The hypothesis is significant as the p-value is 0.04. People who preferred government jobs had the highest mean score (2.34) followed by respondents who are still undecided (2.45) and respondents who preferred private sector jobs (2.67).

Next an attempt is made to formulate the path diagram using SEM. It is assumed that the statements related to attitude, subjective norm, and perceived behavioral control would impact the job intentions of the respondents. In the path diagram A, B, C, D, E, F, G, and H stands for the eight statements of the questionnaire namely, S1, S2, S3, S4, S5, S6, S7, and S8 respectively. L1, L2, and L3 denotes attitude, subjective norm, and perceived behavioral control respectively and L4 denotes job intentions. It is assumed that S1 and S2 indicates attitude; S3 and S4 indicate subjective norm; S5 and S6 indicate perceived behavioral control; and S7 and S8 indicate job intention. It is also assumed that attitude (L1), subjective norm (L2), and perceived behavioral control (L3) determines job intention (L4). The estimated path diagram is given below (Figure 1):
Figure 1. Path Diagram

SEM results indicate that for attitude the coefficient is 1.6, for subjective norm the coefficient is -1.1 and for perceived behavioral control the coefficient is 2. In other words, a 1 percent change in attitude in terms physical work/work on field/high mobility working hours and work culture leads to 1.6 percent change in intent of doing a job. Similarly, a 1 percent change in subjective norm in terms of approval from friends and family, prestige value of job leads to a -1.1 percent change in intent of doing a job. Finally, a one percent change in perceived behavioral control in terms of administrative nature and job security leads to a 2 percent change in intent of doing a job.
Conclusion

The study claims that around 40% of the respondents prefer to be employed in government jobs and only 20% prefer private jobs. The study acknowledges that government jobs market is already saturated. It also identifies the element in the economic transformation going on in the Kingdom, which calls for the need to generate more employment in the private sector. Using Azjen's Theory of Planned Behavior, this research attempts to study the attitude of sample respondents in Saudi Arabia towards job preference. This theory proposes that three attributes namely behavioral beliefs, normative beliefs, and control beliefs influence human behavior. This research studies the attitude of prospective employees (students) in terms of behavior, subjective norms, and perceived behavioral control towards their intention to join a job in future. Behavior in terms of physical work/ work on field/high mobility working hours and work culture is positively related with the intent of doing a job. But the contribution is less than the perceived behavioral control which consists of administrative job position and job security. And job intentions are negatively related with approval of friends and family, and prestige value.

Saudi students prefer jobs with reasonable working hours and good culture; jobs with prestige value and, jobs of administrative nature. Working hours and work culture of the private sector can be improved through interference of the government and labor laws. Prestige value of private sector jobs can be improved through increased awareness in the society at large, again with the efforts from government. Universities have a crucial role to play with reference to the preference for administrative nature jobs. These universities need to mentor the students and prepare them for challenging jobs.

The study identifies prospective elements related to attitude towards job. There is a difference between respondents who preferred government jobs and those who prefer private jobs. Respondents who preferred government jobs were least like to take a job that requires physical work/ work on field/high mobility. Also, respondents who preferred government jobs are more likely to prefer administrative job.

A good percentage of sample respondents like to take a job that offers higher perks and pay, no matter whether it is a government or private sector job. Hence, if the government wishes to improve the participation in the private sector, it needs to monitor the perks and pay in the private sector and makes it at par with the government sector. Also, as a great majority of the sample respondents are willing to be unemployed until they get a job of choice. Hence, proper mentoring of the university students is required to change their attitude towards private sector jobs.

The researchers would like to suggest that it is the high time that all the universities in the Kingdom should have career guidance or counselling cells. This liaison between university and incubators has been recommended by other studies also (Naushad et. al., 2018). These centers should conduct career awareness programs regarding opportunities and advantages in the private sector to the students twice every year. So, this study recommends the mentoring to help these students who are not yet decided about their career. These recommendations hold a fair chance, as around 40% of the students are still undecided about which type of job to join in future. These students can be mentored to provide their services in the private sector.

References


Dr. Nannapaneni Siva KUMAR, is an Associate Professor of English, in K L University, India. He received an M.A. degree in English from Nagarjuna University, and an M.B.A in Human Resource Management from Pondicherry University and a Ph.D from Sri Venkateswara University. Prior to joining the Department, he worked as an Assistant Professor of English, in College of Business Administration, Prince Sattam Bin Abdulaziz University, KSA.

https://orcid.org/0000-0002-5951-6306

Mohammad Imdadul HAQUE is an Associate Professor and Head of Management Department, College of Business Administration at Prince Sattam Bin Abdulaziz University, Kingdom of Saudi Arabia. He is a Ph.D. in Economics from Aligarh Muslim University, India. He has around twenty-five research papers, over six conference presentations and another six funded university projects to his credit. He has a rich experience of using software like SPSS, Stata, and Eviews for both multivariate analysis and econometric analysis. His research interests are macroeconomics and developmental economics

https://orcid.org/0000-0001-6323-032X

Koppada VENUGOPAL is a lecture of English at College of Business Administration, Prince Sattam Bin Abdulaziz University. He received his Masters Degree in English from Acharya Nagarjuna University, and also a Masters Degree in Marketing Management from Pondicherry University. He has been working in this current position from 2014, and prior to that he worked as a Soft Skills Trainer/ NLP Trainer in Malla Reddy College of Engineering, Hyderabad.

https://orcid.org/0000-0002-2545-4821

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