

CHAPTER 6

LABOR MARKET IN THE FIFTH DEVELOPMENT PLAN

6. LABOR MARKET IN THE FIFTH DEVELOPMENT PLAN

During the two decades of planned development in the Kingdom, the labor market has undergone rapid and profound changes. Total employment has grown at an average annual rate of 8 percent, and 4.3 million new workers have been added to the work force over this period. The extensive structural shifts that have occurred in the economy have caused major changes in the sectoral, occupational, and nationality composition of the labor force.

During the early years of planned development, it was apparent that the Kingdom's population and the size of its national work force were insufficient to meet the total manpower requirements of the rapidly developing economy. Recognizing this constraint, the development strategy in the early phase opted for importing whatever non-Saudi labor was needed to facilitate achievement of the Kingdom's development objectives. As a result, from the beginning of the Second Plan to the end of the Third Plan, over 3 million non-Saudi workers were added to the labor force. At the same time, massive efforts were mounted to increase the supply of qualified Saudis through rapid expansion of the education and training systems.

As the economy slowed during the latter part of the Third Plan and in the Fourth Plan years, new Saudi entrants to the labor force continued to be able to find employment, but increasingly this was in the government rather than in the private sector. At the same time, the total number of non-Saudis employed in the economy increased, in contrast to the expected substantial decline called for in the Fourth Plan.

The Kingdom now has in place a modern infrastructure, a base of industrial facilities, and an education and training system that is almost five times larger than twenty years ago. Not surprisingly, then, in this very dynamic environment, the characteristics of both the manpower that is needed, and the size and composition of the Saudi labor supply, have been changing. The rapid changes of the past have created numerical imbalances in the labor market between the Saudi and non-Saudi components of the labor force, that pose serious challenges for the Fifth Plan.

6.1 LABOR MARKET OBJECTIVES OF THE FIFTH PLAN

The achievement of the structural changes targeted for the economy -- particularly those involving the private sector -- in the new phase of development encompassing the Fifth Plan years and beyond, will raise additional challenges for the labor market that must be addressed. The resolution of these issues will require the implementation of a broad range of labor market policies to rationalize labor force growth, to increase efficiency, and to improve the technical and productive skills of Saudi manpower.

These policies will be guided by the enduring basic objectives of the Kingdom's manpower strategy:

1. To develop a Saudi work force whose education and skill profile, remuneration expectations, and attitudes towards work are compatible with the realities of a dynamic labor market, by ensuring that the education and training systems are capable of producing high quality, motivated graduates with a skill mix that matches the manpower requirements of the economy.
2. To gradually increase the employment of Saudis in all sectors of the economy, with the ultimate objective of replacing most of the non-Saudi workers with Saudis, particularly in skilled and professional occupations.
3. To improve matching between Saudi workers and available jobs by ensuring the availability of needed labor market services and labor market information to individuals in the work force, to employers, and to students making career choices.
4. To increase the participation of women in the work force.

6.2 LABOR MARKET ISSUES IN THE FIFTH PLAN

An important goal of the Fifth Plan is to increase the participation of Saudi nationals in the private sector, to achieve a higher level of Saudiization of the work force. The achievement of this goal, however, will depend upon the implementation of appropriate policy measures to resolve the following major labor market issues.

- **Improving Saudi Employment Opportunities in the Private Sector**

The principal labor market policy objective during the high growth period of development was to attract the maximum number of Saudi university graduates entering the labor market into the public sector, where they were needed to meet rapidly growing requirements. However, with the maturing of the public sector and increased emphasis on private sector investment and growth, the focus of labor market policy has shifted to concerns about the employment of Saudis in the private sector, which, until recently, had to rely on non-Saudi labor to meet its manpower requirements. Although both the Third and Fourth Plans identified this need to refocus the thrust of labor market policies, the achievement of this objective has been limited, both by changing labor market conditions and by a lack of implementation of appropriate labor market measures.

- **The Gap Between Saudi and Non-Saudi Wages**

The process of downward adjustments in wages of non-Saudi workers that had started in the middle of the Third Plan, continued during the Fourth Plan years, and has resulted in a widening of the wage gap between Saudi and non-Saudi workers. This is now becoming a serious barrier to the employment of Saudis in the private sector, especially in low skill occupations, and is compounded by the ready availability of a large pool of non-Saudis, together with the demonstrated ability of the system to absorb large numbers of such low skill workers.

- **Improving Saudi Labor Skills**

The education and training systems need to be upgraded to provide students with the skills and work habits that will enable them to function effectively in their fields of specialization. The quality of graduates depends on both student efforts and attitudes, and the curriculum, quality of teaching staff, and teaching methods used in imparting knowledge, skills, and work habits. Less emphasis on problem solving and analytical skills, and regional imbalances in the quality of facilities and teaching resources affect the quality of education. In addition to improvements in overall skill levels, there is a need to minimize the skill mismatches between what the education and training systems are producing and the needs of employers in the private sector. It is becoming increasingly important to improve linkages between the education and training system and potential private sector employers to achieve better coordination between producers and users of skills and to influence the attitudes and expectations of students.

- **Reducing Wastage in the Education System**

The rapid expansion of the education and training system achieved over the last two decades, has not been without problems. Wastage, as reflected in the excessive number of dropouts and high repetition rates, adversely affect all levels of the general education system. The 'waste' is not only in financial resources, in terms of costs incurred for value not obtained, but also in terms of investment in human capital not developed. At the higher education level, protracted study and a low proportion of graduates relative to entrants constrain the universities from meeting the economy's manpower needs. The large numbers of students leaving the education and training system without completing their studies have limited skills to offer in a highly competitive and technology based economy, particularly in the private sector.

- **Improving Labor Market Information**

The role of timely and reliable labor market information and analysis in enhancing the efficiency of the labor market and in planning for human resources development

has been recognized since the First Plan. Despite considerable progress in this direction, the lack of current and reliable data and analyses on different aspects of the labor market remains a major obstacle to developing a better understanding of the dynamics of the labor market and to the formulation of appropriate policies that will ensure the optimal utilization and development of Saudi manpower. The scope of labor market information needs to be broadened beyond the traditional analyses based on censuses and periodical surveys providing information on labor force characteristics. It must also continuously monitor and analyze labor market imbalances, and establish feedback mechanisms to the education and training authorities on the labor market experiences of their graduates. Information on the informal sector and labor markets in the rural areas also needs improvement.

- **Expanding Labor Market Services**

Another constraint on the efficiency of the labor market is related to the nature, scope, and quality of labor market services available to facilitate the matching of Saudi workers with available jobs. Services currently available leave this important function to operate through informal networks of personal contacts and referrals.

6.3 EMPLOYMENT DURING THE FIFTH PLAN

6.3.1 Aggregate Employment

To achieve the economic growth objectives of the Fifth Plan, total civilian employment is targeted to increase from 5.77 million in 1409/10 to 5.98 million in 1414/15, representing an average annual rate of growth of 0.7 percent. Employment in the private sector is projected to increase by 204,800, while government sector employment is expected to increase by only 8,700 (see Table 6.1). Thus, the private sector is expected to account for almost 96 percent of the growth in employment, reflecting both the leading role of the private sector in the Plan and the emphasis on greater efficiency and recurrent expenditure restraint in the government sector.

TABLE 6.1

Civilian Employment in the Fifth Plan

	Employment		Net Change 1409/10 to 1414/15	
	1409/10 (000)	1414/15 (000)	(000)	(Percent Distribution)
Private Sector	5147.0	5351.8	204.8	95.9
Government	624.8	633.5	8.7	4.1
Total	5771.8	5985.3	213.5	100.0

Total Saudi employment is projected to increase by 4.2 per cent per year, while non-Saudi employment is expected to decline at a 1.2 percent annual rate. Employment growth for Saudi women is targeted to be higher than for Saudi men.

Although total employment is targeted to increase by 213,500, the Saudi labor force is projected to grow by 433,900 over the Fifth Plan period. Therefore, a reduction of 220,400 in the size of the non-Saudi labor force is expected. The successful absorption of these Saudi new entrants to the labor market during the Fifth Plan years will depend upon the ability and willingness of employers, primarily in the private sector, to:

- replace 220,400 non-Saudi workers with Saudis; and
- employ Saudis in the 213,500 new jobs that are expected to be created during the Fifth Plan period.

Because very little growth in employment in the public sector is envisaged over the Fifth Plan period, employment opportunities for Saudis in the public sector will be generated primarily through the implementation of active Saudiization programs.

6.3.2 Sectoral Composition of Employment

During the Fifth Plan period, the producing sectors' share of total employment is projected to increase from 35.0 percent at the beginning of the period to 36.0 percent at the end. The

services sectors and the government sector are expected to account for slightly smaller shares of total employment. Within the producing sectors, employment in manufacturing is targeted to grow by 85,600, or at an average annual rate of 4.2 percent (see Table 6.2). Manufacturing's share of total employment is expected to increase from 6.4 percent in 1409/10 to nearly 7.6 percent by 1414/15. Employment in the agricultural sector is expected to increase only modestly, by 27,400, reflecting the continuing growth in productivity as a result of the growth in the modern mechanized agriculture activities and a continuing decline in traditional and nomadic farming. By the end of the Fifth Plan period, agriculture will account for 10.0 percent of total employment in the Kingdom. Employment in the construction sector is expected to increase marginally at an average annual rate of 0.3 percent, after declining by over 35 percent over the Fourth Plan period.

Aggregate employment in the service sectors is targeted to increase by 0.4 percent per year. Employment in the community and personal services sector is projected to increase only modestly by 18,900 or at an average annual rate of 0.2 percent. Employment in the trade sector is targeted to increase by 23,900 or at an average annual rate of 0.5 percent. In the financial services sector, employment is expected to increase more rapidly, at an average annual rate of 2.5 percent, or by 13,200.

The share of the government sector in total employment is projected to decline slightly. However, in absolute numbers, it is expected to increase by 8,700, representing an average annual growth rate of 0.3 percent.

TABLE 6.2

Civilian Employment by Sector

	Employment		Percent Distribution		Average Annual Growth
	1409/10 (000)	1414/15 (000)	1409/10 (%)	1414/15 (%)	(%)
Producing Sectors					
Agriculture	569.2	596.6	9.9	10.0	0.9
Other Mining	3.5	3.8	0.1	0.1	1.7
Manufacturing	374.9	460.5	6.4	7.6	4.2
Petroleum Refining	14.6	15.0	0.2	0.2	0.5
Petrochemicals	6.2	6.5	0.1	0.1	0.9
Other Manufacturing	354.1	439.0	6.1	7.3	4.4
Public Utilities	126.9	136.7	2.2	2.3	1.5
Construction	944.1	959.9	16.4	16.0	0.3
Sub-total	2018.6	2157.5	35.0	36.0	1.3
Service Sectors					
Trade	898.3	922.2	15.6	15.4	0.5
Transport, Communications	262.3	271.3	4.5	4.5	0.7
Finance, Real Estate	99.0	112.2	1.7	1.9	2.5
Community and Personal Services	1822.0	1840.9	31.6	30.8	0.2
Sub-total	3081.6	3146.6	53.4	52.6	0.4
Government Services *	624.8	633.5	10.8	10.6	0.3
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Non-Oil Sectors	5725.0	5937.6	99.2	99.2	0.7
Crude Oil and Natural Gas	46.8	47.7	0.8	0.8	0.4
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Total	5771.8	5985.3	100.0	100.0	0.7

* Excludes non-civilian employment and includes daily wage workers, not classified as civil servants.

6.3.3 Occupational Composition of Employment

The occupational composition of total civilian employment is shown in Table 6.3. These projections for the years 1409/10 and 1414/15 show the effects of the planned structural changes in the economy on the occupational composition of employment. Over the Fifth Plan period, the total number of professional and technical workers is expected to increase by 68,600, representing around one-third of the total growth in employment. By the end of the Fifth Plan period, the civilian labor force will include around 800,000 highly qualified professional and technical workers, constituting 13.3 percent of the total labor force. The shares in total employment of the administrative and managerial, clerical, and sales workers are also projected to increase over the Fifth Plan period. Relatively lesser skilled workers in the services, production and construction related occupations will account for a slightly smaller share of total employment by the end of the Fifth Plan.

6.3.4 Wages and Productivity

The achievement of the employment growth targets in the Fifth Plan is based on the assumption that GDP per worker in the non-oil economy will grow at an average annual rate of 3.0 percent. GDP per worker is targeted to grow at a 4.3 percent rate in the producing sectors and at 3.1 percent in the services sectors.

The attainment of the Fifth Plan targets for growth in GDP per worker for the services sectors will require employment growth to be concentrated in skilled and higher paying jobs, as compared to the past, when growth occurred primarily in unskilled, low paying jobs. This will mean that the contribution to sectoral GDP of each new job during the Fifth Plan period will be significantly higher than in the recent past.

The targets for growth in GDP per worker are also based on the assumption that the process of downward adjustments in wages and salaries of non-Saudi workers, that started in the later half of the Third Plan period, has reached its limit. To achieve these targets, administrative mechanisms regulating the importation of non-Saudi workers will be strengthened to ensure that only needed qualified workers are imported, that surplus non-Saudi workers are repatriated promptly, and that longer periods of residence and intersectoral mobility for the best qualified non-Saudi workers are encouraged.

TABLE 6.3

Civilian Employment by Occupation

Occupation	Employment		Percent Distribution		Net Change (000)
	1409/10 (000)	1414/15 (000)	1409/10 (%)	1414/15 (%)	
PROFESSIONAL AND TECHNICAL	729.8	798.4	12.7	13.3	68.6
Engineers	70.1	78.6	1.2	1.3	8.5
• Civil Engineers & Architects	23.2	26.2	0.4	0.4	3.0
• Electrical & Electronic Engineers	9.1	9.8	0.2	0.2	0.7
• Mechanical Engineers	6.5	7.3	0.1	0.1	0.8
• Industrial Engineers	2.1	2.5	0.0	0.0	0.4
• Chemical Engineers	1.4	1.6	0.0	0.0	0.2
• Other Engineers	27.8	31.2	0.5	0.5	3.4
Technicians	58.4	65.5	1.0	1.1	7.1
• Electrical & Electronic Technicians	5.6	6.2	0.1	0.1	0.6
• Mechanical Engineering Technicians	2.3	2.7	0.0	0.0	0.4
• Civil Engineering Technicians	7.9	9.0	0.1	0.2	1.1
• Surveyors	3.7	4.0	0.1	0.1	0.3
• Draftsmen & Designers	16.1	18.2	0.3	0.3	2.1
• Other Engineering Technicians	22.8	25.4	0.4	0.4	2.6
Others	601.3	654.3	10.5	10.9	53.0
• Chemists & Physicists	5.4	5.8	0.1	0.1	0.4
• Other Professional Natural Scientists	6.1	7.3	0.1	0.1	1.2
• Natural Science Technicians	10.9	12.6	0.2	0.2	1.7
• Accountants	39.8	43.6	0.7	0.7	3.8
• Economists, Statisticians, Mathematicians, Systems Analysts and Computer Programmers	62.2	67.5	1.1	1.1	5.3
• Medical & Health Workers	125.0	135.1	2.2	2.3	10.1
• Professors, Teachers & Instructors	192.2	208.1	3.3	3.5	15.9
• Other Professional Workers	159.7	174.3	2.8	2.9	14.6
ADMINISTRATORS AND MANAGERS	86.6	120.2	1.5	2.0	33.6
CLERICAL WORKERS	575.7	637.1	10.0	10.7	61.4
• Bookkeepers	45.0	51.1	0.8	0.9	6.1
• Cashiers	71.5	78.2	1.2	1.3	6.7
• Secretaries, Stenographers & Typists	82.4	91.6	1.4	1.5	9.2
• Receptionists & Telephone Operators	24.0	26.0	0.4	0.4	2.0

TABLE 6.3 (Continued)

Civilian Employment by Occupation

Occupation	Employment		Percent Distribution		Net Change (000)
	1409/10 (000)	1414/15 (000)	1409/10 (%)	1414/15 (%)	
• Office Machine Operators	5.5	6.0	0.1	0.1	0.5
• Data Processing Machine Operators	3.8	4.2	0.1	0.1	0.4
• Other Clerical Workers	343.5	380.0	6.0	6.3	36.5
SALES WORKERS	527.5	563.1	9.1	9.4	35.6
SERVICE WORKERS	1314.1	1269.5	22.8	21.2	(44.6)
AGRICULTURE AND RELATED WORKERS	458.7	469.9	7.9	7.9	11.2
PRODUCTION, CONSTRUCTION, TRANSPORTATION, AND RELATED WORKERS	2079.4	2127.1	36.0	35.5	47.7
• Carpenters & Joiners	78.9	79.9	1.4	1.3	1.0
• Electricians	75.7	76.3	1.3	1.3	0.6
• Plumbers & Pipefitters	55.4	55.7	1.0	0.9	0.3
• Mechanics	31.4	32.6	0.5	0.5	1.2
• Auto Mechanics	80.9	84.0	1.4	1.4	3.1
• Machinery Mechanics	43.0	44.5	0.7	0.7	1.5
• Other Occupations	1714.1	1754.1	29.7	29.3	40.0
Total	5771.8	5985.3	100.0	100.0	213.5

6.4 THE SAUDI CIVILIAN LABOR FORCE

6.4.1 Aggregate Labor Supply

The overall supply of Saudi civilian labor is determined by two factors -- the size of the working-age population, and the participation rates of individuals in these age groups in the civilian economic sectors. As Table 6.4 indicates, the total Saudi population of working-age (persons over 12 years of age) is projected to increase from about 6.4 million in 1409/10 to over 7.8 million in 1414/15. This represents an average annual rate of increase of 4.1 percent during the Fifth Plan period, slightly higher than the growth rate of just under 4 percent in the Fourth Plan years.

The participation rates of Saudis in the civilian labor force, after declining in the earlier years, had recovered in the second half of the Fourth Plan period. The projections for the Fifth Plan assume a stabilization of this trend. As a result, the total Saudi national labor force is projected to increase by 433,900, or at an average annual rate of 4.2 percent during the Fifth Plan period.

TABLE 6.4
Saudi Working Age Population and Civilian Labor Force

	Working Age Population (000)	Labor Force Participation Rate (%)	Civilian Labor Force (000)
1409/10			
Males	3223.7	54.4	1754.3
Females	3200.5	5.3	168.9
Total	<hr/> 6424.2	<hr/> 29.9	<hr/> 1923.2
1414/15			
Males	3937.6	54.4	2142.1
Females	3909.1	5.5	215.0
Total	<hr/> 7846.7	<hr/> 30.0	<hr/> 2357.1
Net Increase:			
1409/10 - 1414/15			
Males	713.9		387.8
Females	708.6		46.1
Total	<hr/> 1422.5		<hr/> 433.9
Average Annual Growth Rate (%):			
1409/10 - 1414/15			
Males	4.1 %		4.1 %
Females	4.1 %		4.9 %
Total	<hr/> 4.1 %		<hr/> 4.2 %

6.4.2 Labor Supply by Education

Projections of labor force growth provide only a partial picture of changes within the labor force because they merely reflect changes in the stock between two points in time. In reality, however, there is a continuous flow of individuals into and out of the labor force. People withdraw from the labor force because of retirement or death, to return to school, or because of illness, family responsibilities, or personal reasons. People entering the labor force come from a variety of sources: students who have finished their education and have entered the labor market full-time, people from households who have decided to enter or re-enter the labor force, and former armed forces personnel returning to civilian life.

During the Fifth Plan period, the total number of Saudis entering the labor market from all sources is estimated to be about 574,800 (see Table 6.5). Of this, 83.6 percent will be supplied by the formal education and training system, with the remainder coming from the household sector and other sources. The number of Saudi nationals leaving the labor force due to retirements and deaths during the Fifth Plan period is estimated to be 140,900, which would result in a net increase of 433,900 in the Saudi national labor force.

The number of Saudi females who could enter the labor market during the Fifth Plan years is estimated to be 60,200, or 10.5 percent of the total Saudi labor supply. Just over half of these Saudi females will be university graduates. In some fields of study, such as natural and social sciences, the number of Saudi female university graduates exceeds the number of Saudi males. In these areas, Saudi females now represent a major human resource.

In terms of the level of educational attainment of the 574,800 Saudis who are expected to enter the labor market during the Fifth Plan period:

- 12.0 percent, or 68,600, will have completed a university degree. Saudi females will account for 44 percent, or 30,300, of this total.
- 1.3 percent, or 7,400, will have completed a post-secondary technical education program.
- 25.8 percent, or 148,500, will have completed secondary school or will have an incomplete post-secondary education.
- 10.5 percent, or 60,500, will have completed intermediate school or will have an incomplete secondary education.
- 22.1 percent, or 127,000, will have completed elementary school or will have an incomplete intermediate education.

- 15.7 percent, or 90,400, will have less than an elementary school education.
- 12.6 percent, or 72,400, will have completed a short-term adult vocational training program.

TABLE 6.5

**Saudi New Entrants to the Labor
Force by Level of Education**

Highest Level of Education Completed	New Entrants to the Labor Force			
	Male	Female	Total	
	(000)	(000)	(000)	(%)
University	38.3	30.3	68.6	12.0
Engineering	4.7	0.0	4.7	0.8
Natural Sciences	4.1	4.7	8.8	1.5
Medical Science and Health	2.3	1.0	3.3	0.6
Statistics, Mathematics, Computer Science	3.0	2.1	5.1	0.9
Economics and Business	3.7	1.6	5.3	0.9
Social Sciences	8.6	10.4	19.0	3.3
Teacher Education	5.4	5.2	10.6	1.9
Religious Studies	6.5	5.3	11.8	2.1
Junior Colleges: Technical	7.4	0.0	7.4	1.3
Industrial	5.7	0.0	5.7	1.0
Commercial	1.7	0.0	1.7	0.3
Secondary School *	139.5	9.0	148.5	25.8
General	103.1	7.5	110.6	19.2
Technical and Vocational	36.4	1.5	37.9	6.6
Intermediate School *	56.7	3.8	60.5	10.5
Elementary School *	114.8	12.2	127.0	22.1
Less Than Elementary	85.5	4.9	90.4	15.7
Pre-Service Adult Vocational Training	72.4	0.0	72.4	12.6
Total	514.6	60.2	574.8	100.0

* Includes students who have withdrawn without completing the next level of education or training program.

6.5 BALANCE BETWEEN THE SAUDI LABOR SUPPLY AND JOB OPENINGS

The number of job openings that become available in an occupation is the sum of the net changes in employment in the occupation, and the replacement needs resulting from retirements, deaths, and inter-occupational mobility. In the case of Saudis entering the labor market, however, all jobs that are currently filled by non-Saudi workers are also potentially available to Saudis if their education, skills, and expectations effectively match the requirements of these jobs. Given the size of the non-Saudi labor force, at least theoretically, all the Saudi new entrants to the labor market could be productively employed, unless there are serious mismatches between the needs of the marketplace and the capabilities of the Saudi new entrants to the labor force.

Table 6.6 presents an analysis of the balance between the number of job openings in different occupations that are expected to become available as a result of changes in the level of economic activity in the different sectors of the economy, and the number of Saudis in different skill categories who are expected to enter the labor market during the Fifth Plan period. A comparison of the two indicates the job classifications in which changes in the size and composition of the non-Saudi labor force can be expected.

TABLE 6. 6

Job Openings and the Saudi Labor Supply

Occupation	Job Openings (000)	Saudi Labor Supply (000)	Demand in Excess of Supply (000)
Professional and Technical	81.5	83.6	(2.1)
Administrators and Managers	36.5	38.7	(2.2)
Clerical Workers	71.7	129.6	(57.9)
Sales Workers	52.0	82.8	(30.8)
Service Workers	(23.9)	128.4	(152.3)
Agricultural and Related Workers	69.4	33.1	36.3
Production, Construction, and Related Workers	67.2	78.6	(11.4)
Total	354.4	574.8	(220.4)

The sectoral GDP and GDP per worker growth targets in the Fifth Plan are projected to provide a total of 354,400 job openings during this period. As Table 6.6 shows, nearly 23 percent, or 81,500 of these job openings are expected to be in professional and technical occupations. The teaching, medical, and health-related professions will account for around 40 percent of the positions in the professional and technical category.

The data indicate that a net 220,400 non-Saudi workers will need to be replaced with Saudis who are expected to enter the labor market during the Fifth Plan period. The achievement of these targets for increased Saudi employment is contingent on 60,200 Saudi females finding employment.

6.6 LABOR MARKET POLICIES AND MEASURES

To achieve these employment targets, and to ensure the successful placement into employment in the private sector of increasingly larger numbers of Saudis, a comprehensive set of labor market policies and measures will be implemented.

Efforts to ensure the development of Saudi national manpower will be reinforced through the implementation of the following policy measures:

- Shifting emphasis from expansion to enhancement of quality, by continuing improvement in curriculum and quality of teaching staff, and through the introduction of new technologies in the learning process.
- Giving a high priority to the development of technical manpower through expansion of technical post-secondary education.
- Establishing standards which will ensure the preparation of graduates of acceptable quality.
- Placing special emphasis on improvement of the internal efficiency of the education and training system by reducing dropout and repetition rates, increasing the utilization of available resources, and strengthening coordination between and within agencies providing education and training services at the national, regional, and local levels.
- Establishing career counselling centers in the secondary and post-secondary education and training institutions, and strengthening the linkages between employers in the private sector and the education and training institutions to ensure that graduates of these institutions meet the requirements of the employers.

- Developing a policy framework or a 'Master Plan' for a coordinated development and expansion of the various segments of the education and training system.
- Developing a comprehensive policy framework for the coordinated development of the universities over the long-term and to ensure that the activities of these institutions are geared to meet the manpower requirements of the private sector.
- Developing a comprehensive policy framework for the expansion of the technical and vocational training programs at the secondary and post-secondary levels.

To facilitate the successful placement into employment in the private sector of Saudis seeking jobs, the appropriate government agencies will:

- Review the Labor and Workmen Law to ensure that its provisions are appropriate for dealing with the current labor market conditions and that they provide for increased participation of Saudi nationals in the private sector.
- Establish annual targets for the enforcement of the provisions of the Labor and Workmen Law. The related agencies, in conjunction with the Ministry of Planning, will prepare annually a Saudiization plan establishing targets for the minimum number of Saudi nationals that private sector business establishments of various sizes must employ.
- Expand labor market services to improve the matching of Saudi workers looking for work in the private sector with available jobs. The Ministry of Labor and Social Affairs will:
 - establish independent units within its Labor Offices to provide employment placement and job counselling services to Saudis looking for work in the private sector. These units will be linked through a central computerized job vacancy information system.
 - issue licenses to private sector entrepreneurs to establish companies to provide employment placement services to Saudis, and will be responsible for regulating and monitoring the activities of these companies.
- Consider regulations requiring contractors to increase the number of Saudis employed on government contracts, which take into account the cost implications of increased participation of Saudi nationals in the execution of the contract, especially in the area of operations and maintenance.

- Develop and periodically disseminate to job seekers, employers, and students labor market information and analyses on such topics as average wages and salaries by occupation, job vacancies by location, and employment prospects for various occupations.
- Study the feasibility of providing wage subsidies to employers in the private sector who are willing to provide on-the-job training in designated occupations; and resumption of the Private Sector Subsidies Committee activities so as to encourage the private sector to provide training to Saudi employees.

To improve the utilization of available Saudi manpower in the public sector and to affect an orderly replacement of non-Saudi workers with Saudis, the Civil Service Bureau will:

- Undertake a comprehensive review of the utilization of manpower in each ministry and agency to establish levels of manpower needed to efficiently deliver programs and services.
- Develop annual Saudiization plans in consultation with each ministry and agency. The Saudiization plans should identify specific positions targeted for replacement, training requirements for the Saudi employees, and the time period and resources required to implement the plans.

To enhance the participation of Saudi women in the development of the Kingdom, the following policy measures will be implemented:

- A Saudiization plan will be prepared each year to gradually increase the employment of Saudi women in the public sector.
- Periodic reviews of the occupations, in both the public and private sectors, in which employment of women is deemed to be in accordance with the Sharia, will be undertaken. This information will be disseminated widely to the public through the media.
- A study examining the feasibility of allowing women to teach boys up to grade four at the elementary school level will be carried out.

