

Training Needs in Saudi Arabia— A Survey of Managers

UGUR YAVAS

East Tennessee State University
Johnson City, Tennessee

The discovery of oil and the ensuing economic boom of the 1970s triggered an unprecedented economic expansion in Saudi Arabia. Although rich in capital, Saudi Arabia was short on labor. Consequently, multinational as well as domestic companies had to depend on foreign labor to maintain and manage the oil fields, the petrochemical and infrastructural projects, and the service and manufacturing operations. All types of labor including administrative, professional, and managerial personnel had to be imported from all corners of the world (Bhuian & Abdul-Muhmin, 1997; Kassem, 1989). Initially, to reduce dependence on expatriate manpower and also to acquire the much-needed contemporary management know-how to run the booming economy, Saudi students were sent abroad (notably to the United States) to obtain their business education (Curtiss, 1995; Yavas, 1998a).

Saudi Arabia, however, cognizant that training its students abroad could only partially alleviate the skilled manpower crunch and that the nation's long-term prosperity ultimately depends on a skilled indigenous workforce rather than natural resources (*Sixth Development Plan*, 1995) or imported manpower, embarked on a massive program to build its school system at all levels. In the 1980–1985 development plan, for

ABSTRACT. This study examined to what extent the commerce/management education provided by Saudi universities is aligned with the needs of the Saudi private sector. Specifically, the study first identified the level of importance attached to a set of training/skill areas by the executives of Saudi private sector companies, and then sought their opinions concerning how well the present educational system satisfies those needs. Results highlight skill/training areas in which matches and mismatches exist. Implications of the results are discussed.

instance, about 25% of the Kingdom's resources were allocated to education and human resource development (*Kingdom of Saudi Arabia: History, Civilization, and Development*, 1990). By the 1990s, the government's efforts to build the national higher education system started to bear fruit. In 1995, the total number of students enrolled at Saudi institutions of higher learning reached 170,000, showing an average annual growth rate of 13% (*Sixth Development Plan*, 1995).

Though the phenomenal growth in enrollments is a commendable achievement, problems nevertheless exist. One is that in certain fields the universities produce an oversupply of graduates relative to the anticipated job openings (*Sixth Development Plan*, 1995). The Saudi government hopes to solve the oversupply problem by a two-pronged

approach: (a) terminating non-Saudis and replacing them with Saudi nationals (Saudization), and (b) taking measures to channel students to major in specializations demanded by the labor market. The second and perhaps more important problem, particularly in the context of management education, is whether the training/skill imparted to the Saudi students during their education is aligned with the needs of the private sector.

In this study, we address this decidedly critical issue by (a) determining the training/skill area emphasis most needed in the Saudi economy as perceived by the executives of Saudi private sector companies, and (b) assessing the executives' opinions concerning how well the training/skill area needs are being satisfied through the present education system.

A study focusing on these questions is relevant and significant for several reasons. First, the private sector, which is expected to spearhead economic growth (Al-Zamel, 1993; Yavas, Eroglu, & Eroglu, 1994) in the next millennium, has traditionally tended to favor recruitment of non-Saudis. This has been so in part because of the belief that the qualifications of foreigners better matched the sector's requirements and because of the high cost of training new Saudi graduates who were ill prepared (*Sixth Development Plan*, 1995). If Saudi uni-

versities offering programs in commerce/administration take the initiative to equip their students with the skills in demand by the private sector, that could lead to the young graduates' active recruitment by the private sector. Second, having a qualified indigenous managerial cadre is extremely important for adapting and absorbing the incoming technologies (Bamakhramah, 1981; Cavusgil & Yavas, 1984). Indeed, a recent study (Yavas, 1998a) shows that lack of qualified staff is a major factor impeding transfer of contemporary management know-how to Saudi organizations.

Third, reducing dependence on expatriate manpower and being able to provide the needed education to the young Saudis locally also carry social ramifications. Despite its recent economic development, Saudi Arabia is a very traditional country. Its historical legacy and cultural heritage are closely identified with Islamic values. Expatriates who bring their managerial skills to the Kingdom also bring along their ways of life and values, many of which are at variance with those subscribed to by the local population. Expatriates are a source of uneasiness and are perceived as a threat to the Saudi way of life. Many Saudis and expatriates agree that expatriates are outsiders who are needed but not really wanted. Likewise, especially after the Gulf War, there is growing sentiment against sending Saudi students to receive an education in the West, where, according to the religious authorities, waywardness prevails. These clerics believe that exposure to the West for extended periods harms young Saudis' morals and puts them on a path of debauchery and deviation. Fearing that their sons will fall prey to cultural marginalism, many parents as well want their sons to stay home and attend Saudi schools.

Data Gathering

I collected data for the study through questionnaires self-administered by senior executives from a sample of Saudi private sector companies located in the tri-cities of Dhahran, Dammam, and Al-Khobar in the Eastern Province. We used the drop-off and pick-up

method commonly employed in conducting surveys among executives in Saudi Arabia (Ali & Al-Aali, 1991; Bhuian & Abdul-Muhmin, 1997; Bhuian, 1997; Yavas, 1987, 1992, 1998a; Yavas, Luqmani, & Quraeshi, 1989) for gathering data. Up to three call-backs were made in securing the completed questionnaires. Of the 175 questionnaires distributed, 107 were retrieved, for a response rate of 61%. This response rate is comparable to those of other studies conducted among managers and administrators in Saudi Arabia (Abdul Ghani & Al-Meer, 1989; Al-Hegelan & Palmer, 1985; Al-Nimir & Palmer, 1982; Bhuian, 1997; Eroglu & Yavas, 1996; Yavas, Luqmani, & Quraeshi, 1989).

First, managers were asked to indicate whether they considered a total of 15 skills *very important*, *important*, *unimportant*, or *not important at all* when hiring young Saudi managers. Responses were scored 4, 3, 2, and 1, respectively. Second, again on 4-point scales ranging from 1 (*very well prepared*) to 4 (*very poorly prepared*), they were asked to indicate how well prepared they found recently hired Saudi graduates of Saudi colleges of commerce/administration in the same training/skill areas. A two-stage approach was followed in developing the list of training/skill areas. In the first stage, a bank of 22 training areas/skills was pre-

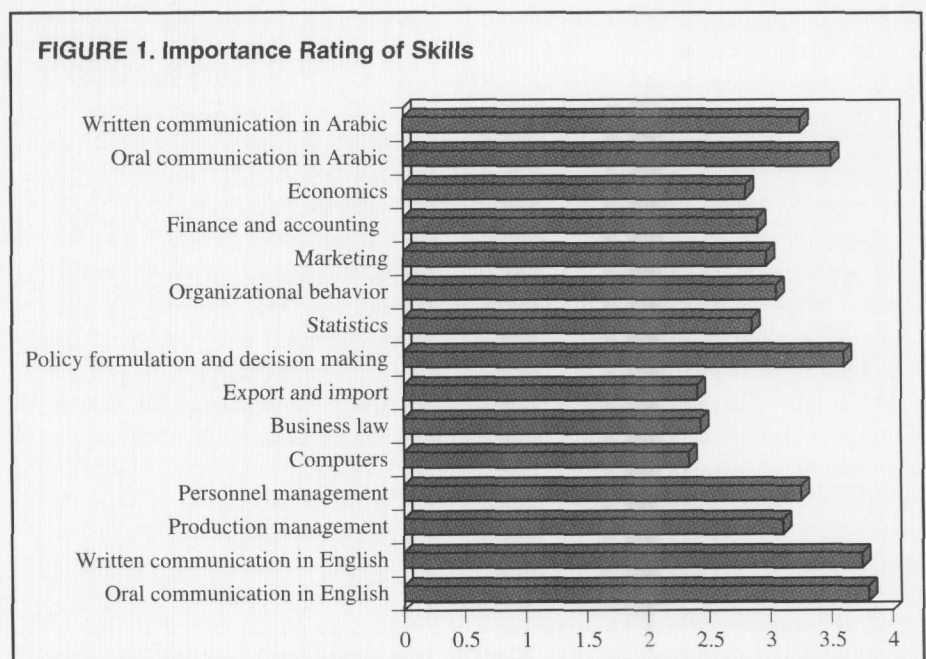
pared after canvassing related writings. In the second stage, a panel of Saudi academicians and executives were asked to make comments on the relevance of the training/skill areas to the Saudi business environment. Based on their responses, the list was reduced to 15 areas. The third part of the questionnaire was designed to gather background data about the companies.

The questionnaire was written in English and then translated into Arabic. To help ensure that the instrument was properly translated, I used back-translation (Aulakh & Kotabe, 1993): A bilingual translator first translated the questions into Arabic, then a second bilingual translator translated the questionnaire back into English. The process was repeated until the same meaning was achieved in the two versions of the questions. Both the Arabic and the English versions of the questionnaire were made available to the respondents.

Results

Skill Importance and Preparation

In the initial stage of data analysis, mean scores were computed for the importance and preparation ratings of the 15 skills. To determine whether these ratings were significantly different, repeated-measures MANOVAs were run for each set. The results



proved to be significant (importance: $F = 23.74, p < .00001$; preparation: $F = 19.86, p < .00001$).

In Figures 1 and 2, I graphically depict the Saudi executives' perceptions of the relative importance of managerial skills and their opinions on the level of preparedness of the young Saudi graduates. As can be seen from Figure 1, Saudi executives perceived communication skills in English (both written and oral) as the most important skills. These were followed by policy formulation and oral and written communication skills in Arabic. As can be gleaned from Figure 2, respondents also believed that

the young Saudi graduates have excellent preparations in written and oral communication skills, both in English and Arabic.

To delve beyond this unidimensional picture and identify the matches and mismatches between skill importance and preparation levels, skills were rank-ordered separately in terms of their perceived importance and preparation levels (see Table 1). Then, by using the median rankings as split-points, they were dichotomized into high and low importance and high and low preparation groups. Finally, the importance and preparation rankings were paired across

skill areas, as shown in Figure 3. Skills ranked high in both importance and preparation level (HI/HP) included written and oral communications in both Arabic and English, policy formulation and decisionmaking, and production management. Personnel management, however, was ranked high in importance but low in preparation level (HI/HP), making it the most critical training area. Not only was this skill perceived as important by the respondents, but they also found young graduates poorly trained in it (see Figure 3).

Correlates of Personnel Management Skills

What types of companies find personnel management skills more critical? To address this issue, I formed an index by summing the importance and preparation scores assigned to personnel management skills by each respondent. Because of the scoring system used, a respondent's score could range from a high of 8 to a low of 2. A score of 8 was attained by those respondents who rated this skill very important and found young graduates very poorly prepared. The index scores were then dichotomized. Respondents whose scores were above the mean composed the "high," and those who scored below average made up the "low" group. Differences between the two groups across company characteristics were tested via two-tailed t and chi-square tests.

As summarized in Table 2, two of the six company characteristics yielded significant differences at a .05 or better level of significance. Executives of service establishments that employed a large number of expatriates perceived personnel management skills as more critical than did their manufacturing counterparts, who had a smaller expatriate workforce. Size of a company measured in terms of sales or number of employees, type of ownership, and date of establishment did not reveal significant differences.

Conclusions

Although the limited scope of the study, which was restricted to one region of the country, does not permit

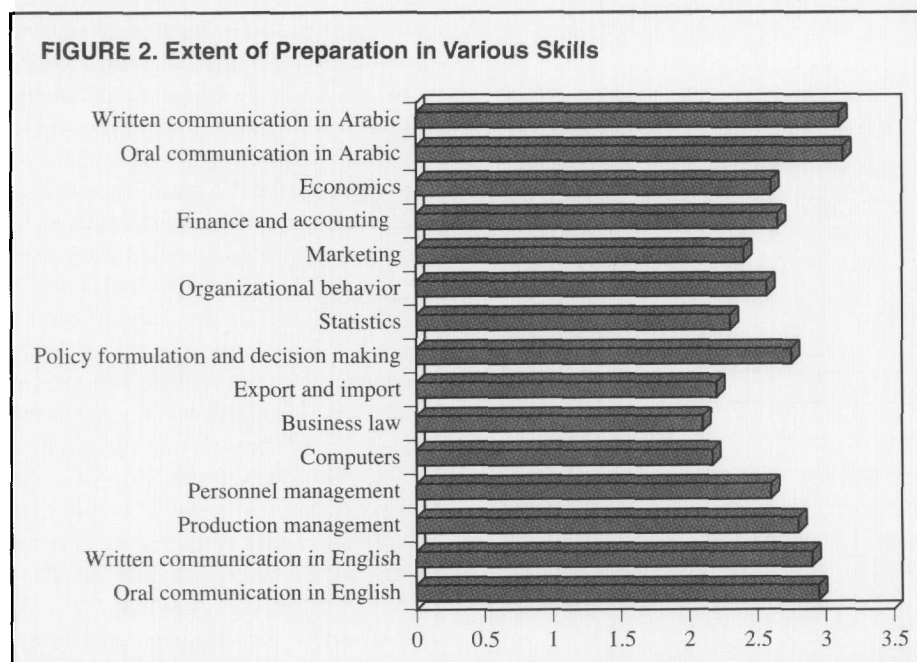


TABLE 1. Importance/Preparation Rankings

Importance rank	Skill	Preparation rank
1	Oral communication in English	3
2	Written communication in English	4
3	Policy formulation and decisionmaking	6
4	Oral communication in Arabic	1
5	Written communication in Arabic	2
6	Personnel management	8
7	Production management	5
8	Organizational behavior	10
9	Marketing	11
10	Finance and accounting	7
11	Statistics	12
12	Economics	9
13	Business law	15
14	Export and import	13
15	Computers	14

FIGURE 3. Importance/Preparation Grid

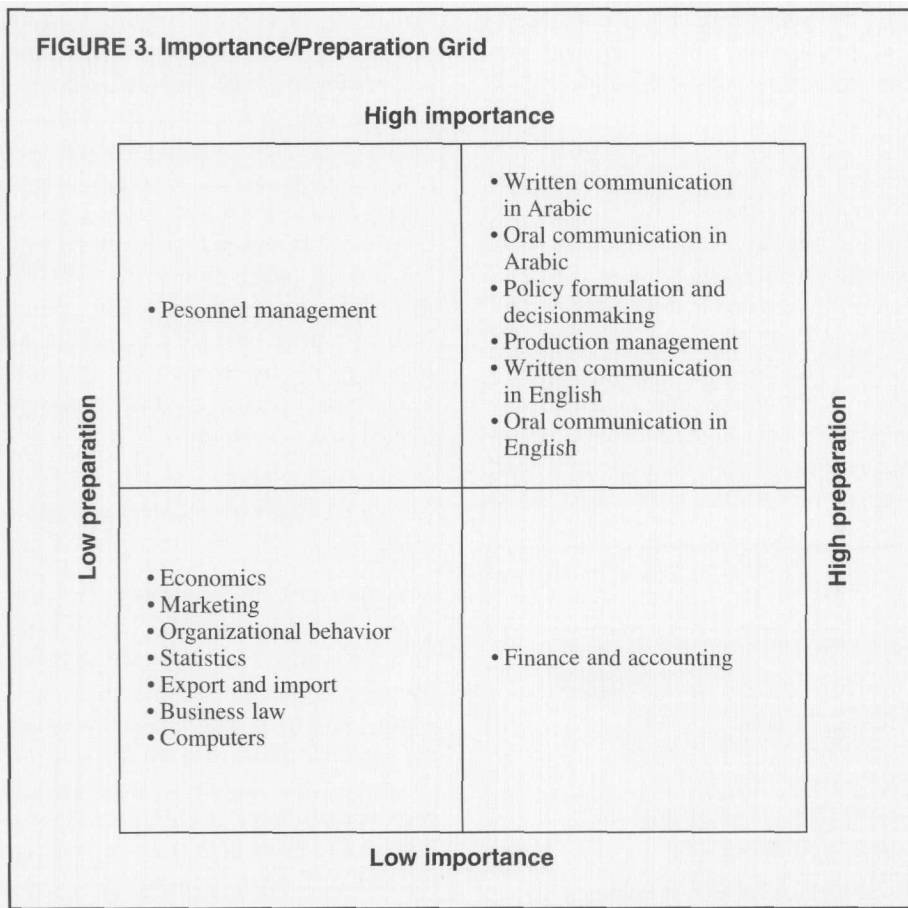


TABLE 2. Correlates of Personnel Skills

Correlate	Test statistic	Statistical test used	Decision to accept/reject hypothesis of no difference based on $\alpha = .05$
No. of employees	-.50	<i>t</i> test	Accept
No. of expatriate managers	-2.75	<i>t</i> test	Reject
Industry	4.26	χ^2	Reject
Gross sales	1.77	χ^2	Accept
Type of ownership	.50	χ^2	Accept
Date of establishment	.81	χ^2	Accept

sweeping generalizations, the results nevertheless are enlightening. First, they show which skills are important and which are unimportant, as perceived by the executives of private sector companies. Second, they highlight areas of strength and deficit in preparation. Third, they signal areas where matches and mismatches exist.

Results indicate several bright spots in the performance of local colleges in imparting management education to the students. Therefore, the colleges should keep up the good work in communication skills, decisionmaking, and produc-

tion management. These skills are important to the private sector, and it appears that local colleges are doing an effective job with them. Currently managers are also satisfied with the preparation levels of the students in finance and accounting. These strong showings, however, should not lead to complacency; college administrators must continuously monitor industry demands and make adaptations to their course offerings and curricula.

Some areas of concern for the local colleges should be economics, marketing, organizational behavior, statistics,

export and import, business law, and computers. Although presently executives do not consider skills in these areas very salient, they nevertheless feel that students are not well prepared in them. Therefore, while taking improvement actions, administrators must be vigilant about changes in industry perceptions of the importance of various skills.

The study results point out that currently the major challenge facing Saudi universities offering management degrees is to improve the competencies of their students in personnel management.

Though this study's results do not yield any definitive directions, given that the textbooks used in business courses are translations of Western textbooks (in the case of King Fahd University of Petroleum and Minerals, where the medium of instruction is English, American textbooks were used), it is likely that students are not deficient in functional knowledge. What they may be lacking is the contextual knowledge—an ability to translate, integrate, operationalize, and adapt functional knowledge to meet work environment conditions. Incongruity was apparent between importance and preparation levels, particularly in the case of companies employing a large number of expatriates. Despite the Saudi government's long-standing goal of Saudization, expatriates continue to be employed by the Saudi organizations. Hence the unique complexities of managing a multicultural workforce with special challenges in the areas of motivation, compensation, and leadership will persist in the years to come. To improve their students' contextual knowledge, Saudi educators should supplement their lectures with teaching tools that stimulate experiential learning. In this context, multinational management games, cross-cultural training exercises, leadership and team-building activities, role playing, and group projects can be put to effective use.

For Saudi management education to yield the results required by the private sector, it should first address priority needs and then offer well-designed programs that match the requirements. The study described in this article is a first step in that direction. Saudi Arabia's

future prospects as recognized by the government will largely depend on its success in developing managerial capabilities that will meet the economy's needs, eventually reversing the reliance on expatriate expertise.

REFERENCES

- Abdul Ghani, J., & Al-Meer, A. R. (1989). Effect of end-user computing on job satisfaction: An exploratory study. *Information and Management*, 17(4), 191-195.
- Al-Hegelan, A., & Palmer, M. (1985). Bureaucracy and development in Saudi Arabia. *The Middle East Journal*, 39(1), 48-68.
- Al-Nimir, S., & Palmer, M. (1982). Bureaucracy and development in Saudi Arabia: A behavioral analysis. *Public Administration and Development*, No. 2, 93-104.
- Al-Zamel, K. M. (1993). *The need for marketing training in Saudi Arabia—An overview*. Paper presented at the World Marketing Congress, Academy of Marketing Science, Istanbul.
- Ali, A. J., & Al-Aali, A. (1991). Expatriate and Saudi managers' perceptions of Japanese and U.S. competitiveness: A survey. *Business Horizons*, 34(6), 35-42.
- Aulakh, P. S., & Kotabe, M. (1993). An assessment of theoretical and methodological developments in international marketing. *Journal of International Marketing*, 1(2), 5-28.
- Bamakhramah, A. S. (1981). *Policies for transfer of technology to developing countries: The case of Middle Eastern oil-exporting countries*. Unpublished PhD Dissertation, University of Miami, Miami, FL.
- Bhuiyan, S. N., & Abdul-Muhmin, A. G. (1997). Job satisfaction and organizational commitment among "guest worker" salesforces: The case of Saudi Arabia. *Journal of Global Marketing*, 10(3), 27-43.
- Bhuiyan, S. N. (1997). Exploring market orientation in banks: An empirical examination in Saudi Arabia. *Journal of Services Marketing*, 11(5), 317-328.
- Cavusgil, S. T., & Yavas, U. (1984). Transfer of management knowhow to developing countries: An empirical investigation. *Journal of Business Research*, 12(March), 35-50.
- Curtiss, R. H. (1995). Four years after massive war expenses Saudi Arabia gets its second wind. *The Washington Report on Middle East Affairs*, 14(September), 48-52.
- Eroglu, D., & Yavas, U. (1996). Determinants of satisfaction with partnership in international joint ventures: A channels perspective. *Journal of Marketing Channels*, 5(2), 63-80.
- Kassem, S. M. (1989). Services marketing: The Arabian Gulf experience. *Journal of Services Marketing*, 3(Summer), 61-71.
- Kingdom of Saudi Arabia: *History, civilization, and development*. (1991). Riyadh: National Offset Printing Press.
- Sixth Development Plan*. (1995). Riyadh: Ministry of Planning Press.
- Yavas, U. (1992). Adoption of marketing orientation in Saudi Arabia. In *Proceedings of the Fourth Gulf Marketing Conference* (pp. 71-88). Manama, Bahrain: Gulf Marketing Association.
- Yavas, U. (1987). Marketing research in an Arabian Gulf country. *Journal of the Market Research Society*, 29(October), 458-461.
- Yavas, U., Luqmani, M., & Quraeshi, Z. A. (1989). Purchasing efficacy in an Arabian Gulf country. *International Journal of Physical Distribution and Materials Management*, 19(4), 20-25.
- Yavas, U. (1998a). The efficacy of U.S. business education in the transfer of management technology—The case of Saudi Arabia. *Journal of Education for Business*, 74(1), 50-53.
- Yavas, U. (1998b). The bases of power in international channels. *International Marketing Review*, 15(2), 140-150.
- Yavas, U., Eroglu, D., & Eroglu, S. (1994). Sources and management of conflict: The case of Saudi-U.S. joint ventures. *Journal of International Marketing*, 2(3), 61-82.