

**AN EXPLORATORY ANALYSIS OF HUMAN  
RESOURCE PLANNING IN THE SAUDI ARABIAN  
PRIVATE SECTOR**

**A thesis submitted in partial fulfilment of the requirements  
of Liverpool John Moores University for the degree of  
Doctor in Philosophy**

**by**

**ALI ABDULLATIF AL BAHLAL**

**LIVERPOOL BUSINESS SCHOOL  
LIVERPOOL JOHN MOORES UNIVERSITY  
MARCH 1996**

LIVERPOOL JMU LIBRARY



3 1111 00724 9087

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

*This thesis is dedicated to:  
my Father, Mother, Brothers, Sisters  
and my immediate family.*

## ACKNOWLEDGEMENTS

Praise be to Allah; the Cherisher and Sustainer of the worlds; most Gracious, most Merciful. He is the only one who has given me the ability to do this work..

I would like to express my sincere gratitude to my supervisor Dr. Desmond Hickie for his guidance, help, constructive criticisms and encouragement which have played a major part during my study and have been a main source of inspiration for the completion of this project. I am also deeply grateful to Professor Paul Iles for his helpful guidance, encouragement and readiness to discuss any aspect of this research.

I am particularly indebted to Professor John Thompson for being there when needed, and whose constant help has played a significant role in the completion of this work. I am also indebted to Dr. Alan Hackett, for his advice in the early stage of this project. Many thanks to all the staff of Liverpool Business School Office and the IT Suite, and the Aldham Robarts LRC. Special thanks to my fellow Mr. Terry Murray and Angela Millar for their help in different Phases of this research.

I also owe special thanks to Dr. Abdullah Al-Saderi, Dr. Hamed Al Shammari, Dr. Fayyadh Al Anazi, Dr. Khalid Al Meshal, Dr. Faisal Al-Shareef, Dr. Ali Al-Shehri, Dr. Ali Al-Ghamidi, Mr. Ahmad Al-Bahar and Mr. Zamil Attar for their helpful assistance during my study.

I owe special thanks also to Dr. Ali Al-Baker and Mr. Ibrahim Al-Duraibi of the Educational Research Centre, College of Education, King Saud University for their help in installing the collected data into the computer.

## ABSTRACT

This study aims to investigate current practices of human resource planning (HRP) in Saudi private sector organisations in the light of a general framework adopted from western models of HRP, and to identify means of improving private sector HRP in Saudi. To achieve the above aims the following procedures have been undertaken: first reviewing the western literature of HRP generally, and in particular the prerequisites of HRP, and proposed models of the HRP process, from which this study has selected and justified the choice of Bramham's model, which shows the various aspects of the HRP process. Based mainly on the Bramham model, and Pettman's prerequisites for effective HRP, a set of issues was then raised for examination in our sample firms. These include the availability of the necessary information, practising basic HRP activities which will help understanding current human resource situation (e.g. manpower classification, job descriptions, performance appraisal, manpower wastage analysis), HRP integration, and finally the organisational issue of responsibility for HRP.

Second, the Saudi social and economic situation, their influences on Saudi HRP, and the Saudi private sector were then reviewed to develop a full understanding of manpower problems in the country, and the need for HRP. Third, a sound research methodology was adopted to collect field data from private sector firms, about the presence of HRP features, raised from the western literature, in the light of Saudi cultural considerations. Given the exploratory nature of the study, and previous studies in western countries, the questionnaire was selected as the main research instrument, supported by semi-structured interviews. The questionnaire splits the firms into two groups, according to their engagement in formal HRP, to ask the right questions to the right groups, (e.g. the prerequisites, and basic HRP features for non-planner firms; and issues related to the planning process in planner firms, such the time horizon of the plans).

Fourth, the collected and analysed data indicates that the majority of our sample were not engaged in formal HRP. Regarding the non-planner firms, a general overview of the presence of the investigated prerequisites and features of HRP process, provides considerable evidence of the deficiencies in the practices of basic HRP among a large group of the participants. The deficiencies were mainly in aspects that can be classified under the first stage of Bramham model, or even some of Pettman *et al.* basic prerequisites, like updating or classifying personnel records. Deficiencies were also observed in practising many basic HRP activities, such as job descriptions, performance appraisal, and manpower wastage analysis. These can be considered basic personnel management tools, which could indicate the lack of a systematic approach to HRM, rather than planning as such.

However, the above mentioned aspects were not completely missing in our sample; as they were evident in many firms, which indicates a reasonably systematic approach to human resource management in at least some firms, which may provide a basis for effective HRP. The variations between the firms regarding these aspects can be a function of the size of the organisations and the other demographic characteristics. It was observed that these aspects are more likely to be present in large firms, firms with larger personnel departments and joint stock companies. Regarding the planner firms, it could be tentatively concluded that, although some weak points (like short-term planning, lack of integration, lack of plan monitoring, and some negligence of the external environment) have been observed, there are also other positive aspects which have been observed elsewhere in the sample, such as long-term planning, and integrated HRP. So, among at least some firms who are currently engaged in HRP, there is a reasonably firm basis upon which to build more effective planning practices. This study is the first study of HRP practices in the Saudi private sector. As such it has looked at issues very broadly. This has led to a series of recommendations for improvements in HRP in private sector firms, and at national level. It has finally set out a research agenda for the future study of HRP in Saudi Arabia.

## TABLE OF CONTENTS

<b>CHAPTER ONE INTRODUCTION.....</b>	<b>1</b>
INTRODUCTION.....	2
THE IMPORTANCE OF HUMAN RESOURCE PLANNING (HRP).....	2
THE NEED FOR HRP IN THE SAUDI PRIVATE SECTOR.....	8
A STATEMENT OF THE HUMAN RESOURCE PROBLEM IN SAUDI ARABIA :.....	11
THE AIMS AND OBJECTIVES OF THE STUDY.....	12
THE SIGNIFICANCE OF THE STUDY.....	13
THE ORGANISATION OF THE STUDY.....	14
<b>CHAPTER TWO HUMAN RESOURCE PLANNING LITERATURE.....</b>	<b>16</b>
INTRODUCTION.....	17
THE HISTORICAL DEVELOPMENT OF HUMAN RESOURCES PLANNING IN WESTERN COUNTRIES.....	17
DEFINITIONS OF HUMAN RESOURCE PLANNING.....	17
OBJECTIVES OF HUMAN RESOURCE PLANNING.....	27
DIFFERENT LEVELS OF HUMAN RESOURCE PLANNING.....	28
THE PRINCIPLES OF HUMAN RESOURCE PLANNING :.....	31
THE PREREQUISITES OF HUMAN RESOURCE PLANNING:.....	33
MODELS OF THE HRP PROCESS,.....	35
A FRAMEWORK FOR HUMAN RESOURCE PLANNING.....	41
INVESTIGATION OF CURRENT MANPOWER CONDITIONS:.....	41
FORECASTING THE FUTURE HUMAN RESOURCE SITUATION.....	52
DEMAND FORECASTING.....	54
SUPPLY FORECASTING.....	60
Internal manpower supply.....	61
External manpower supply.....	64
PLANNING ACTIONS.....	67
EVALUATION AND CONTROL.....	73
PLANNING PERIOD.....	75
PLAN FLEXIBILITY.....	77
INTEGRATED HRP.....	79
THE RESPONSIBILITY FOR HRP.....	84
SUMMARY AND CONCLUSION.....	89

<b>CHAPTER THREE THE SAUDI CONTEXT.....</b>	<b>93</b>
INTRODUCTION.....	94
GENERAL BACKGROUND TO SAUDI ARABIA .....	95
BACKGROUND TO PLANNING AND PLANS IN THE COUNTRY.....	107
BACKGROUND TO NATIONAL PLANNING IN SAUDI (MACRO LEVEL PLANNING).....	107
REVIEWING THE DEVELOPMENT PLANS.....	111
HUMAN RESOURCES DEVELOPMENT IN SAUDI ARABIA.....	121
THE SAUDI LABOUR MARKET.....	125
THE PRIVATE SECTOR AND THE BALANCE OF MANPOWER.....	133
HRP IN THE SAUDI PUBLIC SECTOR.....	135
BACKGROUND TO THE SAUDI PRIVATE SECTOR.....	141
THE PRIVATE SECTOR SITUATION.....	144
DEVELOPMENT OBJECTIVES FOR THE PRIVATE SECTOR.....	145
WEAKNESSES OF THE PRIVATE SECTOR.....	150
MANPOWER AND THE PRIVATE SECTOR.....	151
SUMMARY .....	154
<b>CHAPTER FOUR RESEARCH METHODOLOGY.....</b>	<b>156</b>
<u>CHAPTER FOUR RESEARCH METHODOLOGY .....</u>	<u>157</u>
INTRODUCTION.....	157
THE SCOPE OF THE STUDY.....	157
RESEARCH TECHNIQUES.....	158
THE QUESTIONNAIRES:.....	161
THE INTERVIEWS:.....	166
RESEARCH SAMPLE.....	168
DATA COLLECTION AND THE MAIN SURVEY.....	170
THE TECHNIQUES OF DATA ANALYSIS.....	172
SUMMARY .....	175
<b>CHAPTER FIVE PRESENTATION OF RESEARCH FINDINGS.....</b>	<b>176</b>
INTRODUCTION.....	177
SECTION ONE: GENERAL DESCRIPTIVE ANALYSIS OF SAMPLE FIRMS.....	178
DESCRIPTIVE ANALYSIS OF RESPONDENTS.....	178
DESCRIPTIVE ANALYSIS OF FIRMS.....	184
SECTION TWO: ANALYSIS OF MANAGEMENT ISSUES RELATED TO HRP.....	193
INFORMATION SYSTEMS.....	193
COMPUTER SYSTEMS.....	197

STRATEGIC BUSINESS PLANNING.....	201
THE RESPONSIBILITY FOR HUMAN RESOURCE PLANNING.....	206
METHODS OF ESTIMATING FUTURE MANPOWER REQUIREMENTS.....	219
SUMMARY AND CONCLUSION.....	222
<b>CHAPTER SIX ANALYSIS OF SPECIFIC ASPECTS OF HRP.....</b>	<b>225</b>
ANALYSIS OF SPECIFIC ASPECTS OF HRP.....	226
INTRODUCTION.....	226
ENGAGEMENT IN FORMAL HRP.....	226
SECTION ONE: ANALYSIS OF NON-PLANNER FIRMS.....	232
AVAILABILITY OF BASIC HRP PREREQUISITES:.....	233
Maintaining up-to-date personnel records.....	233
Clarity of firm's objectives.....	237
The existence of manpower classifications.....	240
Keeping records of products, services and / or sales.....	245
ASPECTS OF THE HRP PROCESS :.....	247
The existence of job descriptions and person specifications.....	247
The estimation of manpower wastage.....	254
Monitoring manpower productivity (performance appraisal).....	258
Evaluation of work methods and job design.....	263
Studying manpower resources.....	265
INTEGRATION OF HRP.....	267
The link between personnel activities and business plans.....	267
Participation of people involved in HRP in their firm's board meetings.....	272
Co-ordination between the personnel department and line departments.....	277
The clarity of personnel department objectives.....	278
Co-ordination of personnel department activities (functions).....	281
PERCEPTIONS TOWARD HRP :.....	287
The need for HRP.....	287
The barriers to formal HRP.....	288
Efficiency of manpower utilisation.....	289
Relating manpower costs to production costs.....	290
Effectiveness of manpower pay and benefits systems.....	291
Observation of manpower costs in terms of costs the employment of foreigners' and their training.....	291
Analysis of the perceptions towards HRP.....	292
SECTION TWO : ANALYSIS OF PLANNER FIRMS.....	302
THE TIME HORIZON OF THE PLAN.....	302
THE DEPARTMENT MOST RESPONSIBLE FOR HRP.....	304
THE SYSTEMATIC ANALYSIS OF EXTERNAL FACTORS.....	305

IDENTIFYING OBJECTIVES FOR THE PERSONNEL FUNCTION .....	308
THE INTEGRATION OF HRP WITH STRATEGIC BUSINESS PLANNING(SBP) .....	309
MONITORING THE PROGRESS OF ATTAINMENT OF PLAN OBJECTIVES.....	312
THE BENEFITS GAINED FROM SYSTEMATIC HRP. ....	312
THE IMPORTANCE OF THE HRP CONTRIBUTION TO FIRM PERFORMANCE .....	313

## LIST OF FIGURES

FIGURE 2-1 THE EARLIER MODEL OF HRP ( DEPARTMENT OF EMPLOYMENT (1971) P. 3) .....	38
FIGURE 2-2 A FRAMEWORK FOR HRP .....	42
FIGURE 3-1 SAUDI ARABIA .....	96
FIGURE 3-2 HISTORICAL DEVELOPMENT OF PLANNING IN SAUDI ARABIA .....	113
FIGURE 3-3 QUANTITATIVE DEVELOPMENT OF STUDENT NUMBERS IN SAUDI ARABIA, 1976-1992 .....	125
FIGURE 4-1 THE STRUCTURE OF THE QUESTIONNAIRE.....	114
FIGURE 5-1 DISTRIBUTION OF RESPONDENTS BY THEIR POSITIONS. ....	177
FIGURE 5-2 DISTRIBUTION OF THE RESPONDENTS BY LENGTH OF SERVICE. ....	180
FIGURE 5-3 DISTRIBUTION OF THE RESPONDENTS BY AGE GROUPS. ....	181
FIGURE 5-4 DISTRIBUTION OF RESPONDENTS BY EDUCATIONAL LEVEL .....	182
FIGURE 5-5 DISTRIBUTION OF PARTICIPANTS ACCORDING TO NATIONALITY.....	183
FIGURE 5-6 DISTRIBUTION OF FIRMS BY DATE OF ESTABLISHMENT. ....	185
FIGURE 5-7 DISTRIBUTION BY MAIN ACTIVITY OF THE FIRM. ....	187
FIGURE 5-8 DISTRIBUTION BY OWNERSHIP OF FIRM. ....	188
FIGURE 5-9 DISTRIBUTION BY NATIONALITY OF MANAGERIAL TEAM. ....	189
FIGURE 5-10 DISTRIBUTION BY NUMBER OF EMPLOYEES.....	190
FIGURE 5-11 DISTRIBUTION BY SIZE OF PERSONNEL DEPARTMENT STAFF.....	191
FIGURE 5-12 DISTRIBUTION OF THE FIRMS ACCORDING TO THE EXISTENCE OF INFORMATION SYSTEM.....	194
FIGURE 5-13 DESCRIPTION OF INFORMATION.....	195
FIGURE 5-14 MAPPING EXISTENCE OF INFORMATION SYSTEMS AND FIRM SIZE.....	197
FIGURE 5-15 EXISTENCE OF COMPUTER SYSTEMS IN THE FIRM. ....	199

FIGURE 5-16 MAPPING USE OF COMPUTER SYSTEMS AND FIRM SIZE. ....	200
FIGURE 5-17 MAPPING ENGAGEMENT IN FORMAL BUSINESS PLANNING AND FIRM SIZE. ....	203
FIGURE 5-18 MAPPING ENGAGEMENT IN FORMAL BUSINESS PLANNING AND FIRM OWNERSHIP. ....	204
FIGURE 5-19 DISTRIBUTION BY PEOPLE IN CHARGE IN ESTIMATING MANPOWER REQUIREMENTS. ....	207
FIGURE 5-20 DISTRIBUTION BY THE RESPONSIBILITY FOR DETERMINING LABOUR RESOURCES. ....	210
FIGURE 5-21 THE RESPONSIBILITY OF HRP ( REQUIREMENTS, STAFFING) .....	211
FIGURE 5-22 MAPPING RESPONSIBILITY FOR STAFFING AND NATIONALITY.....	213
FIGURE 5-23 MAPPING THE RESPONSIBILITY FOR STAFFING AND FIRM OWNERSHIP. ....	214
FIGURE 5-24 MAPPING THE RESPONSIBILITY FOR STAFFING AND PERSONNEL DEPARTMENT SIZE. ....	214
FIGURE 5-25 MOST IMPORTANT FACTORS IN THE SELECTION OF LABOUR SOURCES. ....	216
FIGURE 5-26 DISTRIBUTION BY METHODS OF ESTIMATION FUTURE MANPOWER REQUIREMENTS.....	218
FIGURE 6-1 MAPPING OF FIRM SIZE AND ENGAGEMENT IN FORMAL HRP. . .	223
FIGURE 6-2 MAPPING OF PERSONNEL DEPARTMENT STAFF AND ENGAGEMENT IN FORMAL HRP.....	230
FIGURE 6-3 DISTRIBUTION BY MAINTENANCE OF UP-TO-DATE PERSONNEL RECORDS. ....	234
FIGURE 6-4 MAPPING UPDATING PERSONNEL RECORDS AND THE FIRM SIZE. ....	235
FIGURE 6-5 MAPPING UPDATING PERSONNEL RECORDS AND THE SIZE OF THE PERSONNEL DEPARTMENT.....	236
FIGURE 6-6 MAPPING THE CLARITY OF FIRM OBJECTIVES AND RESPONDENT POSITION. ....	238
FIGURE 6-7 MAPPING CLARITY OF FIRM OBJECTIVES AND FIRM ACTIVITY. ....	240
FIGURE 6-8 MAPPING MANPOWER CLASSIFICATIONS BY PERSONNEL DEPARTMENT SIZE. ....	242
FIGURE 6-9 MAPPING MANPOWER CLASSIFICATIONS AND FIRM OWNERSHIP. ....	243
FIGURE 6-10 MAPPING MANPOWER CLASSIFICATIONS AND FIRM MANAGERIAL TEAM.....	244
FIGURE 6-11 KEEPING RECORDS OF PRODUCTS, SERVICES AND /OR SALES.....	246
FIGURE 6-12 MAPPING EXISTENCE OF JOB DESCRIPTIONS AND FIRM SIZE.....	249
FIGURE 6-13 MAPPING PERSONNEL DEPARTMENT SIZE AND JOB DESCRIPTIONS.....	250
FIGURE 6-14 MAPPING THE EXISTENCE OF JOB DESCRIPTIONS BY MANAGERIAL TEAM. ....	251
FIGURE 6-15 MAPPING THE EXISTENCE OF JOB DESCRIPTIONS AND FIRM OWNERSHIP. ....	252
FIGURE 6-16 MAPPING WASTAGE ANALYSIS AND PERSONNEL DEPARTMENT SIZE.....	254
FIGURE 6-17 MAPPING ESTIMATION OF MANPOWER WASTAGE AND FIRM OWNERSHIP. ....	255
FIGURE 6-18 MAPPING ESTIMATION OF MANPOWER WASTAGE AND THE MANAGERIAL TEAM OF THE FIRM.....	256
FIGURE 6-19 MAPPING ESTIMATION OF MANPOWER WASTAGE AND FIRM ACTIVITY. ....	258
FIGURE 6-20 DISTRIBUTION OF FIRMS BY MONITORING MANPOWER PRODUCTIVITY .....	259
FIGURE 6-21 MAPPING CONDUCTING PERFORMANCE APPRAISAL AND FIRM OWNERSHIP. ....	260
FIGURE 6-22 MAPPING CONDUCTING PERFORMANCE APPRAISAL AND FIRM ACTIVITY .....	262
FIGURE 6-23 MAPPING CONDUCTING PERFORMANCE APPRAISAL AND PERSONNEL DEPARTMENT SIZE. .	263
FIGURE 6-24 MAPPING EXTERNAL INTEGRATION AND FIRM SIZE. ....	269

FIGURE 6-25 MAPPING EXTERNAL INTEGRATION AND FIRM OWNERSHIP. ....	270
FIGURE 6-26 MAPPING EXTERNAL INTEGRATION AND PERSONNEL DEPARTMENT.....	271
FIGURE 6-27 MAPPING PARTICIPATION OF HR PLANNERS AND FIRM OWNERSHIP. ....	274
FIGURE 6-28 MAPPING PARTICIPATION OF HR PLANNERS IN BOARD MEETINGS AND FIRM ACTIVITY. ...	275
FIGURE 6-29 MAPPING PARTICIPATION OF HR PLANNERS AND THE MANAGERIAL TEAM.....	276
FIGURE 6-30 MAPPING CLARITY OF PERSONNEL DEPARTMENT OBJECTIVES AND FIRM ACTIVITY.....	280
FIGURE 6-31 MAPPING THE CLARITY OF PERSONNEL DEPARTMENT OBJECTIVES AND THE SIZE OF PERSONNEL DEPARTMENT. ....	281
FIGURE 6-32 MAPPING INTEGRATION OF PERSONNEL FUNCTIONS AND FIRM OWNERSHIP.....	284
FIGURE 6-33 MAPPING INTEGRATION OF PERSONNEL FUNCTIONS AND THE MANAGERIAL TEAM OF THE FIRM. .....	285
FIGURE 6-34 MAPPING INTERNAL INTEGRATION AND PERSONNEL DEPARTMENT. ....	286
FIGURE 6-35 MAPPING THE NECESSITY OF HRP FUNCTION AND THE FIRM SIZE. ....	293
FIGURE 6-36 MAPPING THE NECESSITY OF HRP FUNCTION FOR THE FIRM AND PERSONNEL DEPARTMENT SIZE. .....	294
FIGURE 6-37 MAPPING THE NECESSITY OF THE HRP FUNCTION AND FIRM OWNERSHIP. ....	295
FIGURE 6-38 MAPPING THE NECESSITY OF HRP FUNCTION AND RESPONDENT POSITION. ....	297
FIGURE 6-39 MAPPING THE NECESSITY OF THE HRP FUNCTION BY THE EFFICIENCY OF MANPOWER UTILISATION. ....	299
FIGURE 6-40 MAPPING THE NECESSITY OF THE HRP FUNCTION BY RELATING MANPOWER COSTS TO OUTPUT COSTS.	300
FIGURE 6-41 MAPPING THE NECESSITY OF HRP FUNCTION BY OBSERVATION OF FOREIGN LABOUR COSTS ( IMPORT AND TRAINING). ....	301
FIGURE 6-42 DISTRIBUTION OF THE EXTERNAL FACTORS ANALYSED. ....	307
FIGURE 6-43 DISTRIBUTION OF THE FIRMS BY THE NUMBER OF FACTORS ANALYSED. ....	308
FIGURE 6-44 DISTRIBUTION BY DEGREE OF HRP INTEGRATION WITH SBP. ....	311

## LIST OF TABLES

TABLE 3-1 VALUES OF THE FOUR INDICES FOR TEN COUNTRIES. ....	98
TABLE 3-2 ESTIMATED NON-SAUDI MANPOWER BY OCCUPATIONAL GROUP, 1975 AND 1980.....	115
TABLE 3-3 ESTIMATED SAUDI MANPOWER BY OCCUPATIONAL GROUP, 1975 AND 1980 .....	115
TABLE 3-4 GROSS DOMESTIC PRODUCT DURING THE THIRD PLAN. ....	116
TABLE 3-5 PROJECTED CIVILIAN EMPLOYMENT IN SAUDI ARABIA 1980 TO 1985. ....	118
TABLE 3-6 NATIONALITY COMPOSITION OF THE CIVILIAN LABOUR FORCE.....	120

TABLE 3-7 DEVELOPMENT OF STUDENT NUMBERS IN SAUDI ARABIA 1976-1992.....	123
TABLE 3-8 MANPOWER GROWTH IN PRIVATE AND PUBLIC SECTOR OVER THE PERIOD 1970-1990 - THOUSANDS. ....	124
TABLE 3-9 PROJECTED CIVILIAN EMPLOYMENT IN SAUDI ARABIA 1985 TO 1990 .....	129
TABLE 3-10 NUMBER OF JOB SEEKERS RECORDED IN LABOUR OFFICES AND THOSE OF WHOM WERE EMPLOYED DURING THE PERIOD 1985-1991 .....	132
TABLE 3-11 PROJECTED CIVILIAN EMPLOYMENT IN SAUDI ARABIA OVER THE PERIOD 1990 TO 1995 ..	132
TABLE 3-12 ESTIMATED GDP CONTRIBUTION BY THE PRIVATE SECTOR (IN CONSTANT 1404/05 (1985) PRICES).....	143
TABLE 4-1 DISTRIBUTION BY EMPLOYMENT AND LEGAL STATUS AS AT END OF 1412 A.H. (1992). .....	169
TABLE 5-1 RESPONDENT POSITION IN THE FIRM. ....	179
TABLE 5-2 DISTRIBUTION ACCORDING TO LENGTH OF SERVICE .....	180
TABLE 5-3 DISTRIBUTION OF RESPONDENTS BY AGE GROUP.....	181
TABLE 5-4 DISTRIBUTION OF RESPONDENTS BY EDUCATIONAL LEVEL. ....	182
TABLE 5-5 DISTRIBUTION OF RESPONDENTS ACCORDING TO NATIONALITY.....	183
TABLE 5-6 DISTRIBUTION OF FIRMS BY DATE OF ESTABLISHMENT. ....	186
TABLE 5-7 DISTRIBUTION BY MAIN ACTIVITY OF THE FIRM .....	186
TABLE 5-8 DISTRIBUTION BY OWNERSHIP OF FIRM.....	188
TABLE 5-9 DISTRIBUTION BY NATIONALITY OF MANAGERIAL TEAM. ....	189
TABLE 5-10 DISTRIBUTION BY NUMBER OF EMPLOYEES.....	190
TABLE 5-11 DISTRIBUTION BY SIZE OF PERSONNEL DEPARTMENT STAFF.....	191
TABLE 5-12 DISTRIBUTION OF THE FIRMS BY INFORMATION SYSTEM.....	195
TABLE 5-13 DESCRIPTION OF INFORMATION.....	195
TABLE 5-14 TABULATION OF OBSERVED (Fo ) AND EXPECTED (Fe) FREQUENCIES OF FIRM SIZE BY INFORMATION SYSTEMS. ....	197
TABLE 5-15 DISTRIBUTION OF THE AREAS IN WHICH COMPUTER IS USED.....	198
TABLE 5-16 TABULATION OF OBSERVED (Fo ) AND EXPECTED (Fe) FREQUENCIES OF FIRM SIZE BY USE OF COMPUTER SYSTEMS.....	200
TABLE 5-17 DISTRIBUTION ACCORDING TO ENGAGEMENT IN FORMAL BUSINESS PLANNING. ....	201
TABLE 5-18 DISTRIBUTION ACCORDING TO TIME HORIZON OF BUSINESS PLAN. ....	201
TABLE 5-19 DISTRIBUTION ACCORDING TO CONSIDERATIONS GIVEN TO HUMAN RESOURCE ISSUES IN BUSINESS PLANS.....	202
TABLE 5-20 TABULATION OF OBSERVED (Fo ) AND EXPECTED (Fe) FREQUENCIES OF FIRM SIZE BY ENGAGEMENT IN FORMAL BUSINESS PLANNING.....	203

TABLE 5-21 TABULATION OF OBSERVED (FO ) AND EXPECTED (FE) FREQUENCIES OF ENGAGEMENT IN FORMAL BUSINESS PLANNING BY FIRM OWNERSHIP. ....	203
TABLE 5-22 DISTRIBUTION BY THE IN CHARGED PEOPLE IN ESTIMATING MANPOWER REQUIREMENTS... ..	206
TABLE 5-23 DISTRIBUTION BY RESPONDENT’S RESPONSIBILITY FOR ESTIMATING MANPOWER REQUIREMENTS. ....	208
TABLE 5-24 DISTRIBUTION BY TRAINING ATTENDANCE.....	208
TABLE 5-25 DISTRIBUTION BY THE RESPONSIBILITY FOR DETERMINING LABOUR RESOURCES.....	210
TABLE 5-26 COMPARING RESPONSIBILITY OF DETERMINING MANPOWER REQUIREMENTS WITH RESPONSIBILITY OF DETERMINING LABOUR SOURCES (STAFFING). ....	212
TABLE 5-27 TABULATION OF RESPONSIBILITY FOR STAFFING AND NATIONALITY .....	213
TABLE 5-28 TABULATION OF OBSERVED (FO ) AND EXPECTED (FE) FREQUENCIES OF RESPONSIBILITY FOR STAFFING BY FIRM SIZE. ....	215
TABLE 5-29 THE MOST IMPORTANT FACTORS IN THE SELECTION OF LABOUR SOURCES. ....	216
TABLE 5-30 DISTRIBUTION OF THE METHODS OF ESTIMATING FUTURE MANPOWER REQUIREMENTS.....	217
TABLE 5-31 THE SATISFACTION ABOUT THE METHODS USED.....	221
TABLE 6-1 DISTRIBUTION BY ENGAGEMENT IN FORMAL HRP . ....	227
TABLE 6-2 TABULATION OF OBSERVED (FO) AND EXPECTED (FE) FREQUENCIES OF ENGAGEMENT IN HRP BY FIRM SIZE.....	228
TABLE 6-3 TABULATION OF OBSERVED (FO ) AND EXPECTED (FE) FREQUENCIES OF ENGAGEMENT IN HRP BY NUMBER OF PERSONNEL DEPARTMENT STAFF. ....	229
TABLE 6-4 THE DIFFERENCES OF ENGAGEMENT IN FORMAL HRP REGARDING THE EXISTENCE OF INFORMATION SYSTEMS, AND BUSINESS PLANNING.....	230
TABLE 6-5 DISTRIBUTION BY MAINTENANCE OF UP-TO-DATE PERSONNEL RECORDS. ....	234
TABLE 6-6 TABULATION OF OBSERVED (FO ) AND EXPECTED (FE) FREQUENCIES OF UPDATING PERSONNEL RECORDS BY THE FIRM SIZE. ....	235
TABLE 6-7 TABULATION OF OBSERVED (FO ) AND EXPECTED (FE) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY UPDATING PERSONNEL RECORDS. ....	236
TABLE 6-8 DISTRIBUTION BY CLARITY OF THE BUSINESS OBJECTIVES.....	238
TABLE 6-9 TABULATION OF OBSERVED (FO ) AND EXPECTED (FE) FREQUENCIES OF THE CLARITY OF FIRM OBJECTIVES AND THE RESPONDENT POSITION. ....	238
TABLE 6-10 TABULATION OF OBSERVED (FO ) AND EXPECTED (FE) FREQUENCIES OF FIRM SIZE BY CLARITY OF FIRM OBJECTIVES.....	239
TABLE 6-11 TABULATION OF OBSERVED (FO ) AND EXPECTED (FE) FREQUENCIES OF FIRM ACTIVITY BY CLARITY OF FIRM OBJECTIVES. ....	240
TABLE 6-12 DISTRIBUTION BY THE EXISTENCE OF SUCH MANPOWER CLASSIFICATIONS. ....	241

TABLE 6-13 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY MANPOWER CLASSIFICATIONS. ....	242
TABLE 6-14 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF MANPOWER CLASSIFICATIONS BY FIRM OWNERSHIP. ....	243
TABLE 6-15 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM MANAGERIAL TEAM BY MANPOWER CLASSIFICATIONS. ....	244
TABLE 6-16 DISTRIBUTION BY KEEPING RECORDS OF PRODUCTS, SERVICES AND / OR SALES. ....	245
TABLE 6-17 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY KEEPING RECORDS OF FIRM OUTPUTS. ....	246
TABLE 6-18 DISTRIBUTION BY EXISTENCE OF JOB DESCRIPTIONS AND PERSON SPECIFICATIONS.....	248
TABLE 6-19 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM SIZE BY EXISTENCE OF JOB DESCRIPTIONS. ....	248
TABLE 6-20 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY JOB DESCRIPTIONS. ....	249
TABLE 6-21 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM MANAGERIAL TEAM BY JOB DESCRIPTIONS. ....	251
TABLE 6-22 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM OWNERSHIP BY JOB DESCRIPTIONS. ....	252
TABLE 6-23 DISTRIBUTION BY THE ESTIMATION OF MANPOWER WASTAGE. ....	253
TABLE 6-24 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY ANALYSIS OF MANPOWER WASTAGE. ....	254
TABLE 6-25 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF MANPOWER WASTAGE ANALYSIS BY FIRM OWNERSHIP. ....	255
TABLE 6-26 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM MANAGERIAL TEAM BY MANPOWER WASTAGE ANALYSIS. ....	256
TABLE 6-27 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM ACTIVITY BY MANPOWER WASTAGE ANALYSIS. ....	257
TABLE 6-28 DISTRIBUTION BY MONITORING MANPOWER PRODUCTIVITY.....	259
TABLE 6-29 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM SIZE BY CONDUCTING PERFORMANCE APPRAISAL.....	260
TABLE 6-30 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF CONDUCTING PERFORMANCE APPRAISAL BY FIRM OWNERSHIP. ....	261
TABLE 6-31 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM ACTIVITY BY CONDUCTING PERFORMANCE APPRAISAL.....	261
TABLE 6-32 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY CONDUCTING PERFORMANCE APPRAISAL.....	262

TABLE 6-33: DISTRIBUTION BY EVALUATION OF WORK METHODS AND JOB DESIGN .....	264
TABLE 6-34 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF EVALUATING WORK METHODS BY FIRM OWNERSHIP.....	265
TABLE 6-35 DISTRIBUTION BY STUDYING MANPOWER RESOURCES. ....	266
TABLE 6-36 DISTRIBUTION BY LINKS THE PERSONNEL FUNCTIONS TO BUSINESS PLANS.....	268
TABLE 6-37 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM SIZE BY LINKING PERSONNEL FUNCTIONS TO BUSINESS PLANS.....	269
TABLE 6-38 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM OWNERSHIP BY LINKING PERSONNEL FUNCTIONS TO BUSINESS PLANS.....	270
TABLE 6-39 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY LINKING PERSONNEL FUNCTIONS TO BUSINESS PLANS.....	271
TABLE 6-40 DISTRIBUTION BY PARTICIPATION OF HR PLANNERS IN BOARD MEETINGS.....	273
TABLE 6-41 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM SIZE BY PARTICIPATION OF HR PLANNERS IN BOARD MEETINGS.....	273
TABLE 6-42 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM OWNERSHIP BY PARTICIPATION OF HR PLANNERS IN BOARD MEETINGS.....	273
TABLE 6-43 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM ACTIVITY BY PARTICIPATION OF HR PLANNERS IN BOARD MEETINGS.....	275
TABLE 6-44 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRMMANAGERIAL TEAMBY PARTICIPATION OF HR PLANNERS IN BOARD MEETINGS.....	276
TABLE 6-45 DISTRIBUTION BY CO-ORDINATION BETWEEN PERSONNEL DEPARTMENT AND LINE DEPARTMENTS. .....	277
TABLE 6-46 DISTRIBUTION BY CLARITY OF PERSONNEL DEPARTMENT OBJECTIVES. ....	279
TABLE 6-47 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM ACTIVITY BY CLARITY OF PERSONNEL DEPARTMENT OBJECTIVES. ....	279
TABLE 6-48 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY CLARITY OF PERSONNEL DEPARTMENT OBJECTIVES.....	280
TABLE 6-49 DISTRIBUTION BY THE EXISTENCE OF CO-ORDINATION BETWEEN PERSONNEL DEPARTMENT ACTIVITIES.....	282
TABLE 6-50 TABULATION OF FIRM SIZE BY THE INTEGRATION OF PERSONNEL FUNCTIONS. ....	283
TABLE 6-51 TABULATION OF FIRM OWNERSHIP BY INTEGRATING PERSONNEL FUNCTIONS. ....	283
TABLE 6-52 TABULATION OF MANAGERIAL TEAM BY INTEGRATING PERSONNEL FUNCTIONS.....	284
TABLE 6-53 PERSONNEL DEPARTMENT SIZE BY INTEGRATING PERSONNEL FUNCTIONS. ....	285
TABLE 6-54 DISTRIBUTION BY NEED FOR HRP.....	288
TABLE 6-55 DISTRIBUTION OF THE BARRIERS OF FORMAL HRP.....	289
TABLE 6-56 DISTRIBUTION BY EFFICIENCY OF MANPOWER UTILISATION.....	290

TABLE 6-57 DISTRIBUTION BY RELATING MANPOWER COSTS TO PRODUCTION COSTS. ....	290
TABLE 6-58 DISTRIBUTION BY EFFECTIVENESS OF MANPOWER PAY AND BENEFITS. ....	291
TABLE 6-59 DISTRIBUTION BY OBSERVATION OF MANPOWER COSTS IN TERMS OF IMPORTING AND TRAINING COSTS. ....	292
TABLE 6-60 THE NECESSITY OF THE HRP FUNCTION BY THE FIRM SIZE. ....	293
TABLE 6-61 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF PERSONNEL DEPARTMENT SIZE BY THE NECESSITY OF HRP FUNCTION. ....	294
TABLE 6-62 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF THE NECESSITY OF HRP FUNCTION FOR THE FIRM BY FIRM OWNERSHIP. ....	295
TABLE 6-63 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF FIRM ACTIVITY BY THE NECESSITY OF HRP FUNCTION FOR THE FIRM. ....	296
TABLE 6-64 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF RESPONDENT POSITION BY THE NECESSITY OF HRP FUNCTION FOR THE FIRM. ....	296
TABLE 6-65 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF NECESSITY OF HRP FUNCTION BY EFFICIENCY OF MANPOWER UTILISATION. ....	298
TABLE 6-66 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF NECESSITY OF HRP FUNCTION BY RELATING MANPOWER COSTS TO OUTPUT COSTS. ....	299
TABLE 6-67 TABULATION OF OBSERVED (Fo) AND EXPECTED (Fe) FREQUENCIES OF NECESSITY OF HRP FUNCTION BY OBSERVATION OF FOREIGN LABOUR COSTS (IMPORT AND TRAINING). ....	300
TABLE 6-68 DISTRIBUTION BY THE TIME HORIZON OF THE PLAN. ....	303
TABLE 6-69 DISTRIBUTION BY THE DEPARTMENT MOST RESPONSIBLE FOR PREPARING HUMAN RESOURCE PLANS. ....	305
TABLE 6-70 DISTRIBUTION OF THE ANALYSED EXTERNAL FACTORS. ....	307
TABLE 6-71 PERSONNEL ACTIVITIES BASED ON HRP OBJECTIVES. ....	309
TABLE 6-72 THE DEGREE OF HRP INTEGRATION WITH SBP. ....	311
TABLE 6-73 DISTRIBUTION OF THE FIRMS BY MONITORING OF THE PLANS. ....	312
TABLE 6-74 THE BENEFITS GAINED OF SYSTEMATIC HRP. ....	313

## LIST OF EQUATIONS

EQUATION 2-1 ANNUAL LABOUR TURNOVER INDEX FORMULA. ....	62
EQUATION 2-2 STABILITY INDEX FORMULA. ....	62
EQUATION 2-3 BOWEY'S STABILITY INDEX FORMULA. ....	63
EQUATION 4-1 THE CHI-SQUARE FORMULA. ....	174
EQUATION 4-2 THE EXPECTED FREQUENCIES FORMULA. ....	174

**Chapter One**  
**INTRODUCTION**

---

advantage which an organisation can have over its competitors (Porter 1985; Ellig 1986), even in the western countries, human resources planning (HRP) was not, until the 1960s, an issue of great concern, nor did its focus exceed the traditional, narrow perspective of employee replacement. In the contemporary view, the human resource is an asset to be invested like financial and material resources.

Rothwell (1991) and Bratton *et al.* (1994) have pointed out that if identical non-people resources in the form of raw material, technology, plants, hardware and software are available to competing organisations, then variations in economic performance between organisations must be attributed to variations in the performance of the workforce. It is the role of human resource planning to ensure capable personnel are in place to carry on this task.

Planning has a great deal to do with change. According to Sibson (1992) if there is no change in the environment surrounding a business, then there would be little need for planning. But the fact is, business is surrounded with ongoing changes and an increasing rate of change, due mostly to improved technology, that makes human resources management and planning much more important today than even a few years ago.

Alpander (1982) reported that the flexibility which organisations once enjoyed in acquiring and using human resources has changed as a consequence of the rapid change in the environment within which it functions. Rights of due process, lack of skilled personnel, unions, and the like, inhibit companies from

---

---

hiring and firing at will. The following will show that much of this could be the case of Saudi private firms if effective Saudiization took place. Alpander also adds that when organisations lose their flexibility in using resources, bottlenecks occur that slow down the planned production process. This consequently requires human resources, amongst other resources, to be handled very carefully. Further, the ultimate success or failure of an organisation will not only depend on the restrictions imposed by the problems of external environment, but also on its human resources. In this regard Bell (1974) has argued that the dynamic nature of the resource 'manpower' should be the most critical element to be planned.

The foregoing has explored the importance of HRP generally. In this study HRP is defined broadly in the manner of Caruth (1988) as:

*A systematic ongoing activity that ensures that an organisation has the right numbers and kinds of people in the right jobs at the right time so that the organisation can achieve its objectives. P.106*

Chapter two explains the implications of this definition further. Specific benefits can be gained from effective HRP. According to Lengnick-Hall *et al* (1990) reducing manufacturing costs, improving product development and expanding marketing and other functional activities, can result from effective HRP. Likewise, Adams *et al* (1992) have declared that:

*Effective planning techniques are crucial both in containing costs and in providing information that enables training systems to adjust to changing economic conditions and meet the demand for different kinds of skills. p.261*

---

Important roles can also be played by HRP in helping to solve specific problems. Examples of these were provided by the Institute of Personnel Management (IPM) (1993) as follows : lack of flexibility in the skills available to respond to changing circumstances; low personnel productivity; a poorly motivated workforce; confrontational employee relations; unexpected departure of people with key skills; retirement of people with key skills; high labour turnover; staff not being developed because this would result in a move out of their current area; and imbalance in organisation and individual needs when developing employees' careers.

The above are examples of the helping role of HRP in problem solving. This role will, doubtless, strengthen the competitive position of the organisation. This argument has been supported by many authors amongst them Porter (1985), when he argued that improving an organisation's competitive position can be done through human resources in variety of ways. Similarly, Cole (1993) and Ellig (1986) have asserted the importance of manpower planning in providing competitive advantage. But human resource planning can go beyond this role, in helping prevent problems rather than in solving them. In this regard Sibson (1992) has mentioned that planning information will support sound decisions about how and when to change or not to change, which in turn will prevent problems resulting from change. Furthermore, it plays an important role in identifying opportunities and threats which are the key to the success of the organisation. In this regard IPM (1993) has stated that:

---

---

*“.....human resource planning forms the basis of a plan of action for achieving change, solving anticipated human resource problems and identifying new opportunities which are, or are likely to become, key to the success of the organisation.” p. 37*

*According to Porter, companies are successful, in the sense that they are globally competitive, when they are part of an interrelated and interactive cluster consisting of demanding customers, strong rivals, innovative suppliers and support industries, as well as a highly skilled workforce and developed knowledge base. Stacey, (1993) p.114).*

A good example of the important role of HRP to the success of organisation is cited in Alpander (1982, p.18). He stated that the vice president of a large auto-parts manufacturing company has said

*the 1979 operations of his company were not restricted by their marketing, manufacturing, or technological capabilities but by their not having the right people at the right time to take advantage of the economic conditions to produce the products the market demanded.*

Therefore, as reported by Caruth *et al.* (1988), more organisations have become aware the need for human resources professionals in developing well-formulated business plans.

The preceding discussion shows the importance of HRP at the organisation level (micro level), HRP also has a comprehensive importance not only to the planned organisation, but also its employees, and the society within which it functions.

This has been argued by Smith (1985):

*Lack of manpower planning, however, can worsen the problems, of economic setbacks, and handicap progress towards success, for the employing organisation itself, for the families that look to it for their livelihoods and for the society in which it operates. It can be argued that there is now a widely perceived need for employing organisations not only to plan, but to be seen to be planning, to minimise employment crises and moderate the consequence of change. It is becoming a political (in the broadest sense) obligation so to do.*

---

---

Companies do not work in isolation from the local and national societies within which they function. Therefore, company level HRP has important relationships with national manpower planning objectives. NEDO (1978) has mentioned that this relation was reflected, for example, at industry level in the efforts of Industry Training Boards in the UK to encourage companies to develop their manpower planning activities, mainly, but not exclusively, with a view to obtaining a more accurate assessment of training needs. This is one example but there are others such as the implications for education policies (Lyons, 1976; Bramham, 1986; UN, 1989). National planners seek to close the gap between national quantitative and qualitative demand and supply, in order to use available manpower resources fully and efficiently to achieve social as well as economical objectives. NEDO (1978) has indicated that company HRP (micro level) could contribute to achieve the following national objectives (macro level): the use of available manpower more efficiently; increased security and stability of employment; increased and improved training; improving the regional distribution of employment opportunities; and better opportunities for disabled, young, and women workers.

It can be concluded that human resource planning in its different roles is very important to achieve national as well as company objectives. Company HRP can achieve competitive advantages by avoiding shortages in the numbers or skills of employees, by improving the utilisation of employees, and by identifying new opportunities or threats faced by organisation (IMS 1978). These in turn will improve the organisation's health. However, at worst it will provide information for decision making, and as Vickerstaff (1989) puts it, it will raise the quality of decisions made.

---

---

### THE NEED FOR HRP IN THE SAUDI PRIVATE SECTOR.

Having seen the importance of micro HRP for the accomplishment of company and national objectives, it is time to explore the needs of Saudi Arabia for this function. The following section will analyse the development of manpower problems in the country.

The Kingdom of Saudi Arabia, a new political entity was officially established in 1932. In 1959 the production of commercial amounts of oil started. A gradual increase in oil production paralleled by an increase in oil prices provided the major source for a real economic boom, which paved the way for a remarkable development revolution.

The need for planning, to ensure effective and efficient utilisation of oil income, was realised at an early stage. This resulted in launching the first five-year development plan in 1970, as the beginning of a series of comprehensive Five-year Development Plans in the country (macro-economic planning). This resulted in huge developmental programmes in all the various sectors, in order to lay down the physical infrastructure for social and economic development.

Neither the financial nor material resources were barriers to development efforts. It was the human resource that was, and is, the main barrier to planning and development. A severe manpower shortage (quantitative and qualitative) was the obstacle to the accomplishment of a wide range of developmental projects which involved a huge manpower demand, significantly exceeding the capacity of the Saudi labour market.

---

---

In order to achieve development projects, the following two policies were adopted to overcome the problem of manpower shortages:

1- Importing whatever non-Saudi manpower was required (Third Development Plan 1980-1985 shows that over three million of the work force were non-Saudi ).

2- Parallel to the importation of foreign personnel, there were massive efforts to enhance the Saudi labour force through rapid education and training programmes.

Thus, during the last two decades, the labour market in Saudi Arabia has witnessed rapid changes. Total employment has grown at an annual average of 8%, with the result of 4.3 million workers being added to the work force. The rapid structural changes in the national economy has resulted in big changes in the sector, occupation, and nationality of the labour force. The characteristics of the manpower needed, and the size and composition of the Saudi labour market have been changing as a direct result of this very dynamic environment.

Although problems of manpower shortage have been overcome by the above policies, another problem has emerged as a side effect of those policies: the increased growth rate of foreign manpower reached 21 percent and led to an imbalance between Saudi and non-Saudi manpower in the Saudi labour market. Olson (1989) has pointed out that foreign manpower surpassed Saudi manpower in the labour force by the early 1980s, the proportion of Saudis dropping from 72 percent as recently as 1975 to 40 percent in 1985. Despite the increased quality of Saudi manpower, as a result of the comprehensive education and training efforts, it was faced with competition from foreign manpower, which led to increased rates of unemployment among Saudis.

---

Macro economic planners realised the need to replace Saudi manpower with foreign manpower (Saudiization), which became an urgent social need, besides being a requirement of national economy. The transfer payments of foreign labour in Saudi leads to a decrease in the cumulative capital available to the Saudi economy. Saudiization was first introduced in the Third Development Plan (1980) and it remains a strategic aim of the Fifth Development Plan 1990-1995.

Implementation of Saudiization at the micro level was more effective in public sector organisations than in the private sector. Nowadays the public sector is overstaffed with Saudis, and the number of entrants into the labour market during the period of 1990-1995 was expected to exceed the total employment in the public sector (5DP,1990). The private sector, the largest employer in the country, which employs over 85 percent of the total employment, is still dependent on expatriates, and even resists the Saudiization of its jobs, blaming the educational system, and Saudi workers for not being well trained enough and for demanding higher wages.

The Fifth Plan, (1990) has focused upon this issue when it stated that:

*it can become an impediment to the employment of Saudi nationals if the issue is left entirely to market forces for its resolution. P.57*

This raises the need for government intervention, if effective Saudiization targets are to be achieved. The recent government decision which raised the cost of entry visas of foreigners by about ten times, is a sign of government action toward Saudiizing the private sector.

---

Thus, private sector firms which face external, or even internal, competition must search for a way to minimise the influence of this policy on their performance, and increase the efficiency of their manpower utilisation and as such their competitive position. HRP is as the best way to help the private sector to cope with this change. According to the western literature of HRP, it is this sort of problem which stimulated the creation of HRP as a managerial tool. Moreover, HRP at the organisational level will generate a most important input of information into the labour market. This study suggest that effective HRP at the organisation level will be vital for both the organisation and will assist to the achievement of national goals, as it will provide information which will increase the efficiency of national manpower planning for education and training.

***A STATEMENT OF THE HUMAN RESOURCE PROBLEM IN SAUDI ARABIA :***

The human resource problem in Saudi Arabia can be summarised as follows:

1- Increased unemployment among Saudi manpower due to:

- a- increased school, college and university leavers, whether graduates or dropouts;
- b- a mismatch between Saudi graduates and Saudi labour market needs.
- c- competition from foreign manpower.

2- The imbalance of manpower nationality composition between the public and private sector:

- a- as has been shown the public sector has actively Saudiized, to the point where it is overstaffed and unlikely to generate new jobs.
  - b- the continuous dependency of the private sector on foreign manpower.
-

- 3- The strong government emphasis on Saudiizing the private sector, to the extent of making it a strategic goal of the national development planning around which the labour market policies have been formulated :

*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.(SDP 1990) p.116.*

- 4- The private sector prefers foreign manpower due to it being ready trained and demanding lower wages than Saudis.

It is the contention of this study that HRP, if adopted, can help address these problems. However, this study does not claim that it will provide complete solutions to the above problems; but HRP can be considered a significant first step in tackling these above problems. Hence HRP at the organisation level will not only contribute to the organisation involved but further collectively will contribute to national HRP if good means of communication were established. Furthermore, it should be mentioned here that this study does not claim that HRP is a lifeline which can be thrown to a company in distress to enable it to recover. Nevertheless, HRP plays a very significant role in improving manpower utilisation and avoiding manpower related problems, which will, in turn, contribute to the success of the organisation.

#### **THE AIMS AND OBJECTIVES OF THE STUDY.**

The study aims to identify current practices of HRP in Saudi private sector organisations in the light of a general framework adopted from western models of HRP, and to identify means of improving private sector HRP in Saudi.

---

---

The achievement of the above aims involved the establishment of the following set of objectives:

- 1- adopting a comprehensive HRP framework from the models available in the western literature;
- 2- analysing the Saudi social and economic situations, and its influences on Saudi HRP and Saudi private sector;
- 3- adopting a sound research methodology to collect field data about the actual practices of HRP in private firms, in the light of Saudi culture considerations;
- 4- adopting a sound way of analysing the collected data to relate back to the adopted HRP model, so as to identify the strengths and weaknesses of Saudi private sector HRP approaches;
- 5- drawing conclusions based on a comparison between the current practices of a sample of Saudi private firms and those recommended by the western model, with the aim of making recommendations for improving Saudi private sector practices.

#### **THE SIGNIFICANCE OF THE STUDY.**

The significance of the study lies in its being the first general survey of the practices of HRP in the Saudi private sector. Such studies exist, but they mainly focus on the investigation of a single issue such as training. Thus, the above situation requires a more comprehensive study. Some comprehensive studies have been conducted, but only for the public sector. A broader study of this sort is important as it can highlight areas upon which more specific case studies should focus in future.

The improvement of micro level HRP will positively contribute to the achievement of the strategic national goal of Saudiization as well as helping improve the

---

efficiency of educational system. It would also be a significant contribution to the accuracy of macro level planning, which presently is mainly top-down. HRP at the organisation level will provide bottom-up feedback upon which a soundly based educational policy can be built.

### THE ORGANISATION OF THE STUDY.

This study is organised into seven chapters.

#### The first chapter :

This is an attempt to introduce a preliminary discussion of the importance of organisation level human resource planning for the organisation itself (micro level) and also for the national planning (macro level). This has been followed by a brief discussion of the human resource problem in Saudi Arabia and the need for micro HRP. In addition the chapter provides a statement of the problem, the main aim and objectives of the study, the significance of the study, and the study's organisation.

#### The second chapter:

This chapter will be devoted to the review of the literature related to HRP. Two main issues were targeted by this chapter: first, providing a general background of HRP in terms of its historical development, definition, objectives, levels, principles and prerequisites; and second, adopting HRP framework which can be used as a guide against which to examine the actual practices of Saudi private organisations.

This section will include a detailed review of the various stages of the process of

---

HRP, followed by a discussion of key issues, including the planning period, plan flexibility, integration of HRP, and the responsibility for HRP.

The third chapter :

The primary role of this chapter is to demonstrate the need for HRP in Saudi private firms, as well as for the national planning of education and the labour market. Thus, it will provide historical, geographical, political, social and economic background to Saudi Arabia, with reference to the influence of Saudi culture on this study and HRP in the country. It will also provide a review of the development of macro planning in the country, in addition to a review of human resources issues in the various national development plans and the need for Saudiization. In addition, analysis of the development of the Saudi labour market and related problems with general reference to the private sector shows the importance of that sector to the Saudi economy, and its dependency on foreign manpower.

The fourth chapter:

This chapter will explain the research design and methodology used to accomplish the study's objectives. It will clarify the scope and nature of the study, discuss research techniques and Saudi cultural considerations. A description of questionnaire design and interviews is given with the pilot study, procedures, and sampling procedures and data collection.

The fifth chapter :

This chapter aims to provide the findings pertaining to general issues related to HRP. It will be divided into two main sections. The first will present a general

---

description of the participants and a general description of the firms. The second section will present the empirical findings pertaining to issues related to HRP in the Saudi private sector with an attempt to relate it to the western model of HRP presented in chapter two in order to clarify the weak points in Saudi firms' practices. These issues include the existence of information systems, computer systems, strategic business planning, the responsibility for planning, and the methods for estimating manpower requirements.

The sixth chapter:

This chapter is focused on specific aspects of HRP in the participants' firms. It will begin by analysing the engagement of the participants in formal HRP upon which the participants will be split into two groups. Each will be analysed in separate section. The first section will focus on the firms which were not engaged in formal HRP. The issues to be addressed here include: the availability of HRP prerequisites, practice of HRP related tools, aspects of integration, and perceptions towards HRP. The second section will focus on the firms engaged in formal HRP. The time horizon of the plan, the department responsible for planning, analysis of external factors, integration with strategic business planning and the benefits and the importance of HRP, are all examined in this section.

The seventh chapter:

This chapter will provide final summary and conclusions of the study and make recommendations.

---

**Chapter Two**  
**HUMAN RESOURCE PLANNING**  
**REVIEW OF WESTERN LITERATURE**

## INTRODUCTION

There are two main issues targeted by this chapter, firstly providing general background of HRP, and secondly, establishing a HRP model which can be used as a guide against which to examine the actual practices of Saudi private organisations.

The focus of the first issue would be on reviewing and analysing the emergence, and development of HRP in the western context, so as to identify what is HRP, what it aims for, its different levels, and what appear to be essential prerequisites and features, to develop a HRP framework.

The focus of the second issue will be on reviewing various HRP models, in order to adopt a model, which shows comprehensively and simply the various steps of HRP process, and introduce some of the techniques often followed within these steps. This model will then be used to monitor current practices of Saudi private firms.

## THE HISTORICAL DEVELOPMENT OF HUMAN RESOURCES PLANNING IN WESTERN COUNTRIES.

Nearly three decades ago, Manpower Planning was a new notion for most personnel managers. Bell (1989) has stated that it did not figure in the Institute of Personnel Management professional examination and the term was not even known by most companies. Similarly, Ackoff (1970) and Brown *et al.* (1992) have mentioned that manpower planning acquired its name as an inheritance of the first industrial revolution, when manpower was considered as one of the inputs to the industrialisation process. However, interest in HRP has grown dramatically since the 1960s (Bennison *et al* 1984; Burack 1986; and Bell 1974, 1989) .

The manpower shortage of the 1960s was one of the main factors which stimulated the consideration of strategic approaches to tackle labour market problems. Consequently,

---

there has developed a much greater interest in HRP (Bell 1989). Bramham (1986) has pointed out that this interest in HRP has not evolved accidentally, but as a result of the rise of employment costs in terms of wages and training caused by rapid changes in technology, growth in the size of organisations (Smith, 1985; Cowling 1981), and changes in the environment in which the organisations operate (e.g., economic, legal, social) (Burack 1986; Brown *et al.* 1992). The above reasons, coupled with the development of planning methods (Cowling 1981) have created the need for HRP as a management tool.

Mahoney (1986) has reported that the roots of human resource planning can be traced back to the early practice of employment planning. As the latter matured in practice, it broadened in focus and shifted away from the specific concern for forecasting to a more inclusive, strategic perspective. Smith (1985) has declared that before 1965 the term 'manpower planning' was new but the practice was not, as it was used in some organisations.

Likewise, Bell (1989) points out that while the IPM was not active in promoting manpower planning, there was a lot of work going on in a small number of companies (for instance, Shell, ICI, and BP) and in the Royal Navy and Universities, particularly the University of Kent. Besides, practitioners in manpower planning formed the Manpower Society, which developed to form The Institute of Manpower Studies (IMS).

Because labour shortages occurred in certain skills, the main UK national response was the creation of the Industrial Training Boards and The Central Training Council. These in turn were faced by the need of organisations to forecast the skills needed; that is, HRP. However, the interest in HRP, which grew as a response to such factors, still remains.

---

In particular, the growth in the size of organisations (in terms of the numbers of employees), and technological changes, have created a continuing interest. These factors involve the continuity of HRP as an administrative instrument and its development to become more effective. Academic interest in human resource planning has risen since the 1960s and has developed through different stages. At earlier stages concern was much more with the development of numerical or quantitative techniques of human resource planning at the expense of a broader planning which took into account human factors. Recently, concern has been focused toward the linkage of human resource planning with business strategy as a whole, resulting in the emergence of Strategic Human Resource Management. Nevertheless, the history of HRP shows that it has developed from the restricted forecasting of supply and demand to a broader strategic planning.

Brown *et al.* (1992) have referred to four different phases of HRP over the last two decades, each associated with particular authorities. These phases are as follows:

1- The statistical phase. within which concentration was on the development of statistical techniques for issues such as large career structures to translate the career behaviour of people, moving through organisational structures into statistical equations, which in turn can be converted into computerised models. Bartholomew (1967) at the University of Kent, Morgan (1971) at Cambridge and Smith (1980) were the exponents of the statistical approach.<sup>1</sup>

The statistical approach was very complex, which delayed acceptance of HRP by managers. In addition it put too much emphasis on questionable mathematics rather

---

<sup>1</sup> See Brown *et al.* (1992) p.19; Smith (1985) P 1 ; Lawrence (1985) p18

---

than on a critical assessment of the categories which were used to classify people. Nevertheless, Brown *et al.* (1992) have argued that the application of quantitative methods to the management of human resource has much to commend it.

2- The corporate view, Brown *et al.* (1992) discuss two different arguments by Bell regarding the relationship between business planing and demand forecasting. The earliest argument of Bell was that manpower requirements should be derived from the business plan after the latter been agreed; simply, this means translating of the business objectives into manpower requirements ( Brown *et al.*, 1992; Bell, 1974)

Brown *et al.* (1992) have reported that Bell has realised the unrealistic hope of his first argument, in his more recent writing. Communication between corporate and manpower planners is less complete than might have been suggested in the early 1970s.

Mabey *et al.* (1993) have criticised this corporate view in terms of its ignoring the character of the human resource itself, by allowing business planners to dictate categorisations on the assumption that standardised skills had to be deployed or recruited. Further, it carries with it the dangerous assumption that human resources with whatever skills should not be allowed to dictate business objectives.

3- The tactical approach, Brown *et al.* (1992) reported that the two phases above, the corporate HRP and the statistical approaches, depended on the existence of large and stable organisations. However, regarding the conceptualisation of HRP as day-to-day tactical activity in smaller organisations, Brown *et al.* mention the original contribution been made by Bowey(1978) in her formula for the calculation of wastage rates in a way which is not dominated by statistical formulae. The ideas she presented were useful to managers who had problems of sudden shortages or who needed to change

---

the location of their businesses. Although Bowey did not say much about employee categorisation, she did advance theories to explain the behaviour demonstrated by her methods of analysis (Brown *et al.* 1992). Brown *et al.* (1992) have described these analyses as being a rationalisation of a number of questionable assumptions. According to Brown, there are two points of weakness in this method of HRP. Firstly, it concentrated more on numbers rather than on quality. and secondly it had limited validity to forecast the future.

4-Social research approach<sup>2</sup>. To understand the limitations of the categories used in human resource research and planning, they should be subject to regular assessment and reassessment. This addresses the need for a 'social research' model of human resource planning.

In this model there was a movement toward more understandable methods of collecting and relating data about manpower. Brown *et al.* has mentioned that this direction in UK was pioneered by Bramham(1988) and by Bennis and Casson (1984). Their models were characterised by emphasising the analysis of current human resources, instead of trying to forecast an uncertain future. Further, they recommend the use of scenarios in addition to the statistical analysis if forecasting is required.

HRP is a new concept, which has gained much attention since the 1960s. It did not emerge accidentally but as a response to many factors. The shortages of manpower, the growth of the size of the organisations, the changes in the environment surrounding the organisations (economical, legal, social), and the most rapid and critical changes in technology, have been major stimulation to its growth. HRP has passed through

---

<sup>2</sup> Open University (1992) for further reading.

---

several stages, starting from the narrower focus of the development of forecasting techniques through human resource planning (which considers manpower as assets rather than costs, Bramham 1989) up to the recent strategically integrated Human Resource Planning where the focus is upon integrating human resource with the corporate planning in a two way relationship.

### ***DEFINITIONS OF HUMAN RESOURCE PLANNING.***

HRP has been defined by The Department of Employment (1971) as :

*A strategy for the acquisition, utilisation, improvement and preservation of an enterprise's human resources. P.2*

The above definition could be applied to human resource management as a whole. However, Stainer (1971) has criticised it in two ways: firstly, being too general, and secondly, its lack of a linkage with the objectives of the organisation. Cowling *et al*(1981), Lynch (1982), and Mondy (1986) have defined HRP as the process by which the organisation can ensure the right numbers of employees in the right place at the right time to achieve the organisation's objectives. This definition indicates that HRP is a process, but it does not provide any description of this process. It is much focused on the importance of HRP for the achievement of organisation's objectives. This definition has been supported by Brown *et al*.(1992), when they related it to Taylor's work and described this sort of definition as a typical early definition, and as the best and most clear.

---

---

Furthermore, Statt (1991), in *The Concise Dictionary of Management*, has defined

Manpower Planning as

*the process of forecasting the numbers and types of Manpower which the organisation will need in a period of time and take the necessary actions to ensure the supply needed.*

This definition of Statt seems to be a broad description of the process of HRP without indication of its importance.

Another definition which seems to provide more detailed description of the process of HRP is that proposed by The Institute of Personnel Management IPM (1993) :

*Human Resource Planning is the systematic and continuing process of analysing an organisation's human resource needs under changing conditions and integrating this analysis with the development of Personnel Policies appropriate to meet these needs. p. 37*

Caruth (1988) has combined three definitions of HRP to make his own definition as follows:

*A systematic ongoing activity that ensures that an organisation has the right numbers and kinds of people in the right jobs at the right time so that the organisation can achieve its objectives. P.106*

This definition is more comprehensive than the previous ones, providing the two main characteristics of HRP 'systematic' and 'ongoing', besides showing its importance in achieving the organisation objectives.

Dawson *et al.* (1990) as well as Vickerstaff (1989) have summarised the various definitions into the following elements:

- (1) the integration of HRP into corporate planning;
  - (2) HRP aims to achieve the effective and efficient utilisation of organisation's human resources;
-

(3) HRP normally consists of three areas of activities as follows :

- determination of the organisation's demand for workers,
- assessment of the sources of supply of workers,
- reconciling the demands for labour with its supply.

However, the variations in the definition are due to the variation in emphasis of different authors on such issues like the HRP as a concept in itself and the process of planning required to make it (Brown *et al.*, 1992). Nevertheless, this study, as mentioned in the previous chapters, is an exploratory study, which involve a broad study of HRP, which in turn, involve a broad definition of HRP.

Thus, while this study can agree with what we have seen arising in the various definitions, the definition stated by Caruth (1988), more aptly describe the concept, and process of human resource planning, therefore, it is more appropriate than the others given the exploratory nature of this study, which aims to explore a wide range of HRP aspects ranging from its importance through the availability of its basic prerequisites to its integration with corporate planning.

The preceding was a discussion of the various definitions of HRP. The following is a discussion of the various terms.

The variation in the definitions of human resources planning has been coupled with variations in the term of human resources planning. Hence for similar definitions, there are a number of different names, for example, **Manpower Planning** (Cowling, 1981), **Human Resource Planning** Brown *et al.* (1992), **Employee Resource Planning** (Ellig, 1986). All these terms define the process by which the organisation ensures that the right people are in the right jobs at the right time.

---

Burack (1980), in his book "Human Resource Planning A Pragmatic Approach to Manpower Staffing and Development" has specific section under the title of "**Confusion of Terms and Definitions**", and states :

*"In recent years, much confusion has arisen over the terms used to describe planning and closely related activities affecting organisations' members - especially those future-orientated aspects related to "How many", "when", "where" and "with what abilities"..... One description gaining wide use is "Human Resource Planning". Another candidate is "Staffing", others include "Planning Staffing", "Staffing Manpower", "Human Resource Planning and Development", or even "Human Resource Management".*

Hence, Burack uses the terms "Manpower Planning" "Staffing Management" and "Planning Staffing" largely interchangeably.

The term "manpower planning" was used most often ,historically, to describe the planning activities of personnel management.

In recent years the term "human resource planning" has become most often used, or the most recent term "strategic human resource management".

The following are some reasons for the variation in the terms: (1) the considerable expansion of the scope and conceptualisation of the area; (2) the need to emphasise the positive view of labour as a basic corporate resource; (3) to minimise the sexist connotation of the term "manpower"; (4) pressures to implement human resource planning in response to legislation and policy of equal opportunities; (5) in response to the increasingly competitive environment faced many organisations, there was a need for human resource managers to play a more proactive role in developing organisational strategies and policies. (Brown *et al.*, 1992; and Nkomo, 1983).

---

However, Bramham (1989), has distinguished between Human Resource Planning and Manpower Planning. He argues that Manpower Planning places more emphasis on numerical aspects of forecasting demand and supply, whereas Human Resource Planning places in addition more emphasis on the human aspects, motivation of people, and personnel. This argument indicates that manpower planning is one component of a much wider human resource planning. Therefore, HRP would not only include the procurement of a labour force by the organisation, but it would also attempt to solve human resource problems with a comprehensive view of all personnel functions of the organisation and the external environmental factors such as the labour market.

Although Bramham's argument could be acceptable, the review of the development of manpower planning, indicates that the changes in its focus were not the only reason for the development of the term. Hence, there are those who argue for the rejection of the term 'manpower' for the reasons listed on page (25). Therefore, Bramham's classification of the terms will not be used in this study because this classification is not very much used by the many authors, from whom quotations might be taken. Thus, the term "Human Resource Planning" (HRP) is the one will be used in this study, bearing in mind that it is considered in this study as interchangeable with the term "manpower planning". Human resource planning (HRP) is considered wider than demand-supply balancing, which is in turn, already included as important part of the process.

---

---

## ***OBJECTIVES OF HUMAN RESOURCE PLANNING***

The objectives of HRP vary from the fairly general to the more specific. The overall purpose of HRP as stated by Stainer (1971) is :

*to maintain and improve the ability of the organisation to achieve corporate objectives, through the development of strategies designed to enhance the contribution of manpower at all times in the foreseeable future.*

Similarly, a very broad basic objective of HRP which was indicated by many authors like Finnigan (1973); Graham (1984); Torrington *et al*(1987) and McBeath, (1992) is to have the right people, available and trained to fill the job when it exists. McBeath, (1992) in addition, indicated that HRP aims to improve manpower utilisation.

Bell (1974) has mentioned two more specific objectives for HRP. The prime objective is to get the best from the company resources by incorporating manpower resources, planning and control into the company strategy (i.e. to integrate HRP with business planning). The second objective is to co-ordinate all the manpower policies in the company (i.e. to integrate all HR policies with each others). Morris (1994); Lengnick-Hall *et al*,(1990) have indicated that HRP aims to enable the company to discover at an early stage any manpower problems, such as shortages or poor utilisation (i.e. to provide an early warning of potential problems). Cullingford *et al.* (1985) have addressed some very specific objectives of human resource planning to achieve the most economical manpower structure, such as minimising the cost of replacing manpower; preparing for technological and economic changes like automation and the reduction of the manpower ; and maintaining a stable recruitment policy. Betts (1977) has pointed out the main objectives of human resource planning as follow:

---

- *To ensure that there is available sufficient information on staff for the purpose of accurate analysis.*
- *To present managers and senior management with regular, intelligible reports on the staffing situation.*
- *To recommend appropriate courses of action and budgets for the long and short term.*
- *To solve staffing problems associated with the manpower planning activity, such as redundancies, training difficulties, and suggestions for productivity bargaining. p. 133*

From the foregoing, it could be concluded that the objective of human resource planning is to adjust the personnel activities and policies to achieve the organisation's objectives. This can be done by setting objectives for each of the personnel activities (training, recruitment, and so on), and to integrate these with the business objectives, or plan.

#### ***DIFFERENT LEVELS OF HUMAN RESOURCE PLANNING.***

There are different levels of HRP set out in the literature. Some of them are externally classified, others are internally classified. An external classification is the one that classifies HRP according to the level of organisation involved in it (government, sector, organisation).

Using an external classification, Dawson *et al.* (1990) have mentioned two levels of HRP:

- Macro human resource planning (at the national or country level). This is carried out by government agencies and resides somewhere in the government organisational structure. It deals with human resources all over the country and should be a guide to education and training efforts.(UN, 1989).
-

- Micro human resource planning (at the organisation level) which deals with planning internal activities related to manpower in the firm.

Others have classified more levels. Aldoori, 1982 p 43 has identified the following levels:

- The national level of HRP, which is concerned with the demand and supply of labour at the national level to achieve development objectives.
- The regional level of HRP, which is concerned with creating the balance between the regions in terms of human resources needs and availability.
- The sectoral level of HRP, which is concerned with the balance of needs and availability of human resources for all the economic sectors in the country (the agriculture sector, the industrial sector, etc.).
- The organisation level of HRP, which he argued to be the base for all the above levels, and a very important input to achieve their objectives. This level will be the subject of this study and the one upon which this research will be built.

An internal classification is one which classifies HRP according to the level of the organisation within which it functions, its time horizon and so on.

Sibson (1992) has mentioned that there are levels of planning which could cause confusion. Then he listed the following levels as examples:

- *“Conceptual - pragmatic*
- *Externally driven - internally driven*
- *Problem-oriented - opportunity-oriented*
- *Input - output*
- *Long-term - near-term*
- *Operational - strategic” (Sibson 1992 p 8)*

Heineman *et al.* 1980 have stated two levels of HRP :

- strategic level of HRP , which is focused on strategic human resource management, determining the kinds of people needed to manage and run the
-

organisation in the future in order to achieve strategic business objectives.

This level is relatively long term.

- operational level of HRP, which focuses on the day-to-day functions of human resource management, the design of specific programs (such as the development of staffing and recruitment plans). This level is relatively short-term. (Nkomo, 1983; Sibson 1992)

Sibson (1992) has stated that the operational level is often geared to the fiscal year of business. Nkomo, (1983) has stated that strategic human resource planning has lagged behind planning for the other resources, such as finance and capital. The research literature in the business policy field provides evidence of the slow development of strategic human resource management, which has begun to gather pace in recent years.

Grant *et al.* (1982) have stated

*the assessment of human resources skills often receives less attention than almost any other set of factors in strategic planning systems.p. 93*

Both, the strategic and operational HRP levels will be taken into account in this study, although it will focus much more on the operational level.

---

---

**THE PRINCIPLES OF HUMAN RESOURCE PLANNING :**

Sibson (1992) has pointed out principles for HRP work which he mentioned to be applicable to all companies that do any type of planning:

- 1- Planning should be fact-based to the greatest extent possible.
- 2- The second principle of planning work is that it must be organised.
- 3- You should identify from the beginning the products of planning (i.e. what you expect to accomplish from your planning work).  
Unless there is a clear vision of what the result should be, why undertake human resources management planning at all?
- 4- A final basic matter of planning is the evaluation of results.

Sibson has asserted that planning must be fact-based. He describes this principle to be the most important. He has also emphasised the importance of having the correct structure, the proper process, and the right people. Furthermore, strategic human resource planning must be organised in the way that it is consciously done and on a consistent basis, not just when it is convenient or interesting. This should be followed by stating clear measurable objectives and the communication of this information to those who need it to do their jobs. It is very important to set up a system for evaluating the results of human resources planning work, and the evaluation system should be set up from the very beginning. Similarly, Zwailef (1983) has pointed out that planning should be realistic, comprehensive, flexible, and take into account priorities. Moreover, it should be co-operative, co-ordinative and organised work. The principles of HRP are implied in its definition<sup>3</sup>. It has been illustrated by Dawson *et al.* (1990) when they break down the definition of human resource planning into the following:

---

<sup>3</sup> Having the right people in the right place at the right time

---

- ensuring “the right people” may be thought of as those who have the necessary knowledge, skills, attributes and motivation to carry out effectively the tasks and duties of the job for which they are required.

From the foregoing, it could be understood that the phrase “the right people” is focused on the part of human resource planning which is concerned with human resources rather than jobs<sup>4</sup>. So, the right people are those who have the right skills, the right training, and well motivated to carry out the tasks for which they were employed.

- The second phrase “the right place” has been explained by Dawson *et al.* as the identification of job (s) within the organisation structure. Therefore, they asserted that :

*Jobs need to be defined carefully because an “aggregate” model calls for workers to be treated as homogeneous in terms of the attributes they possess Dawson et al. p 17*

However, “ the right place” refers to the job related aspects of human resource planning in terms of job analysis, description, classification, and so on. Therefore, human resource planning is not only concerned with employees, but also concerned with jobs in which they are/will be appointed.

The final phrase, mentioned by Dawson is the availability of worker (s) at “the right time” which ideally means that, neither before nor after the required time, fully competent workers should be in post and functioning at full effectiveness at the instant they are needed. This is the side concerned with the workers pay and benefits.

Briefly the main principles of HRP, as mentioned by Sibson (1992) and Zwailef (1983), are : to be fact-based, organised in the way that it is consciously done and on a consistent basis, realistic, flexible, and comprehensive. Thus, it should encompass all the elements mentioned above by Dawson.

---

<sup>4</sup> The right people focuses on human resources in terms of recruitment, training and development and motivation . Whereas the right job is concerned with jobs in terms of job analysis, description, classification, enrichment, etc.

---

---

### **THE PREREQUISITES OF HUMAN RESOURCE PLANNING:**

*“The first of these is that the manpower planning function must be satisfactorily integrated with other functions. The second pre-requisite is a sound system of personnel records and statistics” .D.E.<sup>5</sup>(1971)p.9*

The first and important prerequisite is the availability of accurate information. This point has been agreed by most of authors, amongst them Graham (1984). In this regard Bramham (1986) has stated that:

*Before making any forecasts, or plans, and policies to meet them, a clear picture of the organization is needed. The effectiveness of planning depends on the detail and accuracy of the information on which it is based. Any failure to grasp the problem at this stage will weaken the whole planning process. P 17*

The importance of information and its accuracy has gained the attention of many authors. This concern has developed into a special and individual field of science, with many text books dealing with human resource information systems (HRIS)<sup>6</sup>.

Bramham *et al.* (1984) have stated the preceding prerequisites as follow:

*The analysis of information must be done in such a way as to highlight features of key importance to the organization.*

*Methods for analysing manpower movements are necessary particularly in the areas of promotion, recruitment and labour turnover.*

*It is important that assumptions on which present and future intentions are based are made explicit. p.131*

Preceding prerequisites have been asserted by many authors. Vickerstaff (1992) has pointed out that understanding the organisation's needs at the corporate, job and individual levels is the prerequisite for good employee resourcing. In addition to the need for a systematic approach to identifying its labour needs, he argues the importance of previous prerequisites saying:

---

<sup>5</sup> Department of Employment, HMSO

<sup>6</sup> For example HUMAN RESOURCE INFORMATION SYSTEMS: DEVELOPMENT AND APPLICATION. A book authored by Kavanagh *et al.* (1990)

---

*Even if the future is uncertain there is no excuse for not understanding the profile of the existing workforce and, at minimum, considering the extent to which this workforce can meet requirements in the short to medium term. p.78*

The prerequisites of HRP are listed more fully and more demandingly by Pettman *et al.*

(1985) as follows:

- 1- Manpower planning must be recognized as an integral part of corporate planning. Thus the manpower planner needs to be aware of the company's overall objectives.*
- 2- Top-management backing for manpower planning is absolutely essential.*
- 3- Manpower planning responsibilities should be centralized to coordinate consultation between different management levels.*
- 4- Personnel records must be complete, up-to-date and readily available.*
- 5- The planning period should be long enough to allow remedial action to be taken.*
- 6- The planning techniques used should be those best suited to the data available and the degree of accuracy required.*
- 7- Plans should be prepared by skill levels rather than by aggregates.*
- 8- Data collection, analysis, planning techniques and the plans themselves, need to be constantly revised and improved in the light of experience. P.4*

This study agrees with the above eight prerequisites as stated by Pettman *et al.*, (1985). They seem a sound way for analysing the conditions that need to be in place in order to conduct HRP effectively. This study will analyse the availability of these prerequisites in the targeted firms, particularly those not engaged in formal HRP. Thus, prerequisites like the integration of HRP with corporate planning, the personnel records, planning period, and top management commitment will be among the key issues analysed in this study. In this way it is hoped to present a clear picture of the readiness of the sample Saudi companies to undertake effective HRP.

---

### MODELS OF THE HRP PROCESS,

The early dominant model of employment was the 'hire and fire' practice built on the immediate availability of manpower from the labour market. Employees, with their individual goals and attitudes, were dealt with only on a reactive basis. Management allowed short-term production requirements to direct the 'hiring and firing' of personnel (Alpander 1982). Nevertheless, NEDO<sup>7</sup> (1978) has described this model as the extreme opposite of a human resource planning approach. The recruitment function was the dominant aspect of human resource planning activities in the 'hire and fire' model at that time. It was the source of the information needed for hiring purposes Peterson *et al.* (1979). Human resource planning was not of importance at that time, because according to Lawrence (1985: p.19) *the skills needed could be picked up easily in the market place and discarded later with equal ease*. Therefore, it is to be expected that large organisations which need highly skilled people would develop HRP before smaller organisations and those which did not require highly skilled manpower. The Royal Navy was an early organisation which developed HRP. The increased demand for, and shortage of, skilled people has produced the need for organised efforts to tackle these problems. The Department of Employment as early as 1968 established a basic model of human resource planning, as illustrated in Figure 2-1. Since then, much effort has been spent to enrich its role in the organisation.

To date, theoretically, there is no single frame-work for human resource planning, which could be generalised as the HRP model. Instead, there are many models developed by many authors. These models are different, due to the interrelated nature of the human resource planning activities, and the variation of viewpoints from which

<sup>7</sup> National Economic Development Office



the authors deal with the process of human resource planning<sup>8</sup> (Mahoney *et al.* 1986). Different models will be reviewed briefly in this section in order to highlight key issues of the process which will be used as the guide to identify current practices in Saudi private sector organisations.

However, the process of human resource planning like any other planning process has many elements, and it will not work effectively without the full integration of all the elements. Burack, (1986) ; and Walker,(1980) have indicated that the process of human resource planning consists of two basic activities:

- (a) Forecasting, which is concerned with determining the numbers, types and qualities of personnel required by an organisation at a given time. In this regard, Walker has pointed out the following four key issues:
1. external conditions analysis;
  2. future requirements of the human resource;
  3. future availability of the human resource; and
  4. forecasting of the human resource needs.
- (b) Programming, the process of implementing the forecast. It involves setting up a people plan which integrates overall personnel activities (e.g., recruitment, training).

Smith (1985) has pointed out that the process of manpower planning consists of three key functions :

- (a) demand work - analyzing, reviewing and attempting to predict the numbers, by kind, of manpower needed by the organisation to achieve its objectives;*

---

<sup>8</sup> human resource planning is a multi-discipline activity, it has economic aspects, industrial relation aspects, organizational aspects, behavioural aspects (Mahoney *et al.* 1986)

---

*(b) supply work - attempting to predict what action is and will be necessary to ensure that the manpower needed is available when required;*

*(c) designing the interaction between demand and supply, so that skills are utilised to the best possible advantage and the legitimate aspirations of the individual are taken into account. p.7*

Similarly, Caruth (1988) has stated that there are three basic elements involved in the process of HRP:

- (1) identifying the number and kinds of manpower the organisation will need in the future. This is the stage of forecasting the requirements.
- (2) the determination of the future availability of qualified people to staff the organisation. This is the stage of supply forecasting.
- (3) the development of the policy to ensure correct staffing of the organisation with the appropriate numbers and kinds of people required to achieve the strategic business plan.

Brown *et al.* (1992) have mentioned that HRP involves the following three stages:

*1-reconciling future staffing needs with future personnel flows and availabilities so as to set human resource planning objectives.*

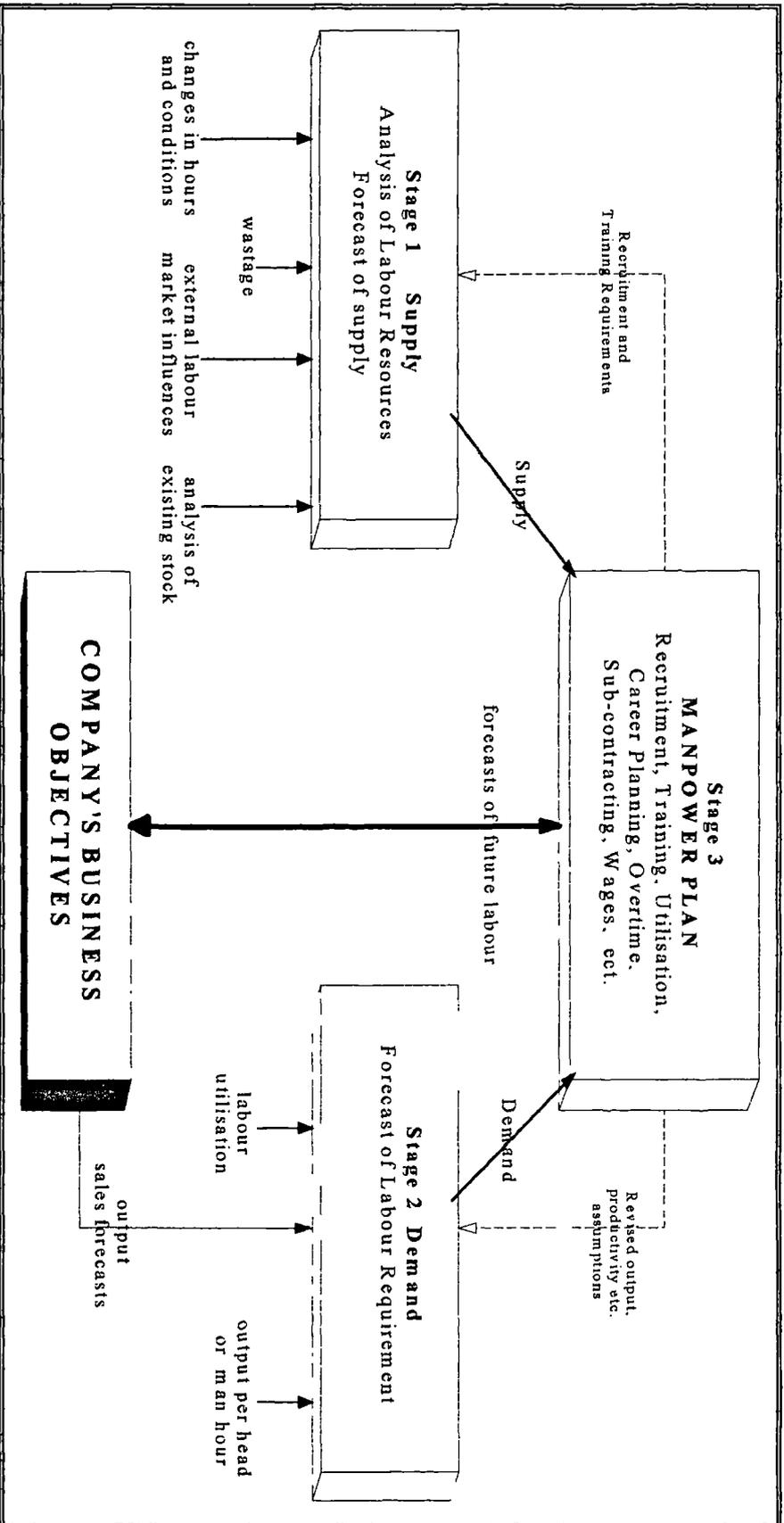
*2-considering and evaluating programmes of recruitment, selection, training, development and reward so as to plan human resource programmes.*

*3-assessing the objectives and effectiveness of the programmes so as to evaluate and control the process. p. 26.*

Bramham (1989) sees the process in four phases. The first is the investigation of the internal and external environment and organisational and commercial circumstances in which the company operate. The second phase is the forecasting of the demand and supply of manpower. The third phase is the planning phase which means drawing plans for each of the personnel activities such as the recruitment, training and so on in light of the forecasting result. The fourth and last phase in the circle is the utilisation

---

Figure 2-1 The Earlier Model of HRP (Department of Employment (1971) p. 3)



during which the plans in phase three will be implemented and evaluated. Similarly, Casson (1977), has suggested a four phase model, forecasting the future manpower requirement, analysing manpower availability, matching the demand with supply and monitoring and control. Armstrong (1992) sees the process in six interrelated phases :-

(1) forecasting demand; (2) forecasting supply; (3) forecasting requirements<sup>9</sup>; (4) analysing costs and productivity; (5) drawing action plans; (6) budgeting and control. However, D.E. <sup>10</sup>(1971); Pratt *et al.* (1986); and Armstrong (1992), amongst others, have commented that in practice the divisions between supply, demand and the other activities does not exist as all the areas are interrelated.

It is not the core theme of this study to analyse all the different models of human resource planning. Nevertheless, one model, in our opinion, appears to be more comprehensive and includes the major elements of the process in a clear sequence (Figure 2-2). Furthermore, it appears to be dominant and more practical model. Consequently, it will be used as a starting point towards a more detailed analysis of HRP process. This is the model stated by Bramham (1986), (1994) and supported by Brown *et al.* (1992) as a more accessible and understandable method of gathering and communicating data about a work force. Furthermore, that model has been assessed by O'Doherty (1994) as a one which synthesises the major components of the human resource planning process. Similarly, Rothwell (1995) describes this model as one illustrating the classic approach of HRP.

---

<sup>9</sup> It is clear that Armstrong has made difference between forecasting requirement and forecasting demand, where he called identifying the whole manpower requirement before matching the supply (forecasting demand). And referred to the process of estimating the gap between supply and demand as (forecasting requirement). This was not used by many authors amongst them Bramham (1986)

<sup>10</sup> D.E. = The Department of Employment, HMSO.

---

Bramham's (1986) model reveals that the process of HRP is consist of four major components :

- 1 *investigating - in which an awareness is built up*
- 2 *forecasting - when predictions of the future are made*
- 3 *planning - when policies to meet the future are agreed*
- 4 *utilizing - where the success of the policies is measured. p 15*

This model, in our opinion, appears to be thorough, and integrates most of the main, and even detailed aspects of HRP in very straitforeward sequence, it appears to be a more practical model. These were the reasons for which it was adopted in this study.

However, it is important before proceed talking about the model to address the caution stated by Bramham (1986) about his model<sup>11</sup>:

*It is unlikely that the process represented here can be applied straightforwardly to any given firm. Diagrams of processes tend to suggest a beginning and an end, whereas in practice manpower planning is unlikely to work like that. If it did, it would be tempting to suggest that the activity was not involved in the day to day problems of the firm. p 15.*

This caution is true for most models. Hence, organisations are different in their objectives and their internal and external environment. Furthermore, it is necessary to mention the interrelatedness of each stage with the others of Bramham's framework, which could be due to the interrelated nature of HRP. The study will now enumerate some of the major features of the model, and the model will subsequently be used to explore HRP in Saudi firms.

---

<sup>11</sup> Pratt et al. (1986) p.102 have address similar caution. This is also, confirmation to the fact mentioned earlier about lack of theoretical frame-work for HRP.

---

---

### A FRAMEWORK FOR HUMAN RESOURCE PLANNING.

The previous section provides a general review of the various models of HRP, from which Bramham model was adopted for many reasons, range from being thorough, more practical, to being supported by many authors like Brown *et al.*, (1992); O'Doherty, (1994) and Rothwell, (1995). This section will explain the steps of HRP, fundamentally using the steps of Bramham model elaborated with ideas from other authors. Thus, within the following four main steps of Bramham model light will shed on the western model of HRP:

- Investigation of current manpower conditions;
- Forecasting the Future Human Resource Situation;
- Planning actions; and
- Implementation and evaluation .

#### ***INVESTIGATION OF CURRENT MANPOWER CONDITIONS:***

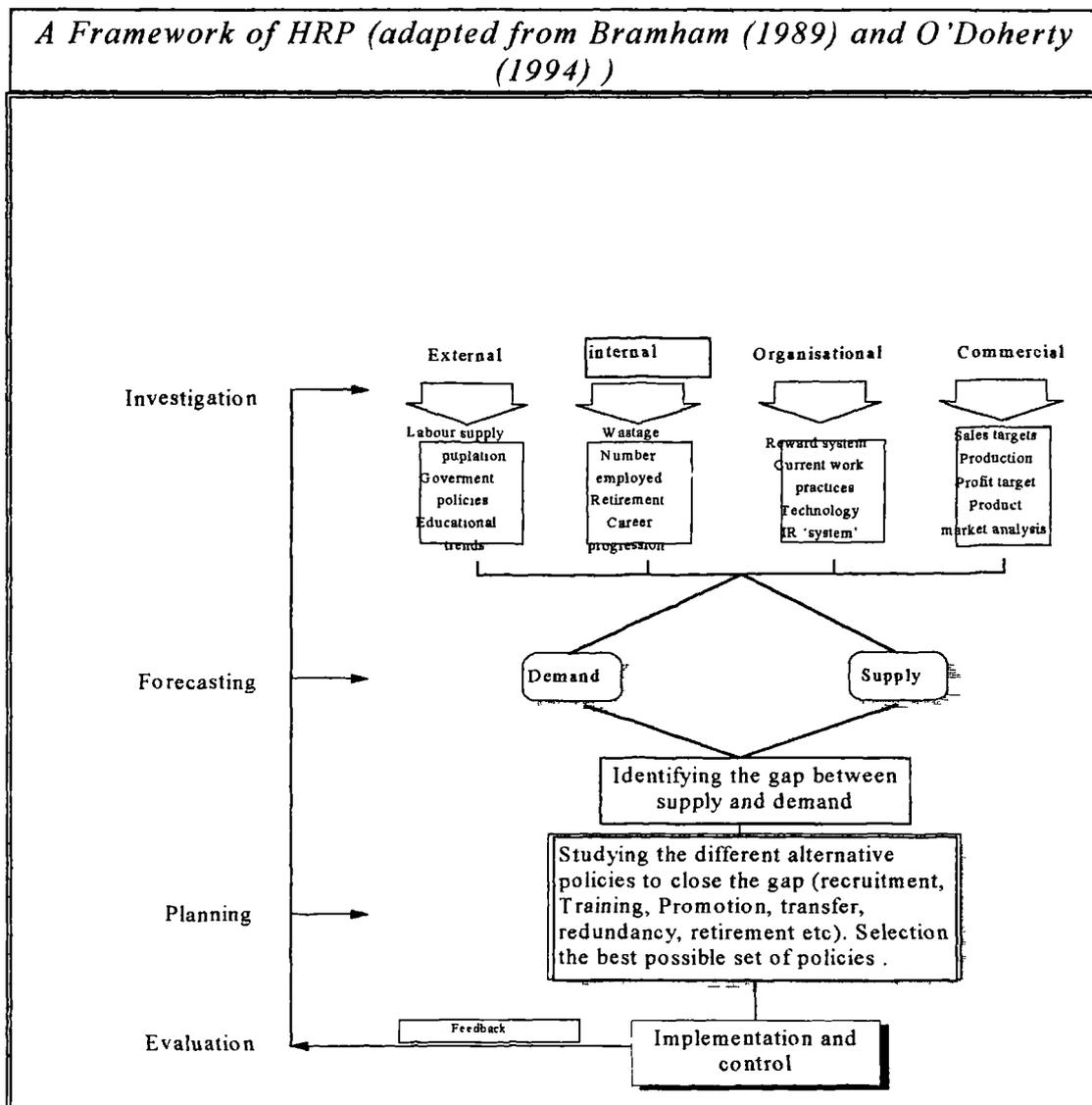
*The starting point for a manpower plan must be a statement of the firm's business objectives, and the overall strategy through which it hopes to achieve these. D.E. (1971) p. 23.*

Before planning where to go, it is very important to know where we are. The investigation of current manpower situations (and related factors which affect manpower) is necessary in order to assess the organisation's strengths and weaknesses and the opportunities and threats, the so-called SWOT analysis (Bratton *et al.* 1994). Bramham has emphasised that effectiveness of planning process depends on the ability to grasp all related problems at this stage. Investigation will not result in any change to current situations; its core aim is to highlight the strengths and weaknesses of different

---

factors affecting the organisation's manpower (Alpander 1982; Bramham 1986; Bratton *et al.* 1994).

Figure 2-2 A Framework for HRP



Vickerstaff (1992) has emphasised the importance of identifying current human resource conditions saying:

*..... there is no excuse for not understanding the profile of the existing workforce and, at minimum, considering the extent to which this workforce can meet requirements in the short to medium term. p.78*

The same author has indicated that the investigation of current human resource conditions is the beginning of HRP:

*Human resource planning can begin by analysis of current stocks and flows of employees within the organization. By focusing on current patterns of productivity - labour turnover, absenteeism, promotion, transfer, retirement, etc.*

Bramham (1986& 1994) and O'Doherty (1994) have classified the issues to be investigated into four main areas, namely: internal, external, organisational and commercial situations. Within each of these areas the Bramham model and O'Doherty's modifications, list the relevant factors which need to be analysed. Below is a review of the issues to be analysed as classified by Bramham :

- Commercial

*The essential first step in company manpower planning is a statement of company objectives which covers products, methods, markets, etc.*  
*Graham (1984) p.115*

The importance of relating human resource planning to business planning is a key factor in the effectiveness of both HRP and of business planning. This involves analysing the business plan in terms of the financial position of the organisation, targeted production levels, sales targeted, profits targeted, and the sensitivity of the organisation to manpower problems. All of these issues should be analysed by manpower planners, while business planners should be aware of the potential problems of manpower in their plans. This might require changes in business plans in order to avoid those problems The organisation's production, sales, and profit targets are key issues in determining the number and skills needed of manpower.(Burack 1980; Graham 1984; Bramham 1986; Pratt *et al.* 1986; Vickerstaff 1989; Rothwell 1991; McBeath 1992)

---

- Organisation

Issues to be analysed in this section include the organisation structure, productivity, and work methods (Bramham 1986; Torrington *et al.* 1987). These issues have organisational and individual aspects. Hence, changing work methods will affect the numbers employed both quantitatively and qualitatively, such as introducing updated computer systems in order to replace outdated systems of credit control. Furthermore, planners must take into account that the success of any organisational change depends on the acceptance by the employees of that change (Bramham, 1986) .

- External environment

In this regard Edwards (1983) has commented that :

*Fluctuations in the environment in which the organization operates are really what makes manpower modelling necessary and equally, are what makes it difficult. p.201*

Studying the external environment is quite common in terms of its effects on business plans (Burack, 1980; Bramham, 1986). Organisations do so in order to discover potential markets for their products. Compared to the effort directed to studying marketing operations, Bramham was surprised by the lack of development of studies of the external manpower environment. This could be related to the lack of information available to managers (Edwards, 1983; Bramham, 1986; Sibson, 1992). Government manpower policies and trade unions play very significant role, which might affect the external supply of manpower and the stability of the organisation's internal manpower. Reviewing changes in the labour market is important in order to know the availability of manpower now and in future. For example, the growth of population and its implications, such as future increase in manpower supply are very important for

---

organisations considering expansion or relocation to another area (Pratt *et al.*, 1986; Bramham, 1986; Torrington *et al.*, 1987; Sibson, 1992; and Rothwell, 1995).

Educational trends are indicators of the future availability of different types of manpower. The manager should be aware of the shortages of certain skills in the labour market, which might mean that s/he needs to develop policies to avoid such problems in future. Such shortages would also be a good guide to government educational policies at national or local level. In this regard Bramham (1986) has commented that

*though this is not to say that the education system is expected to provide employees solely to the specification of industry - that would be far too narrow a view. But perhaps the student might be equally well educated in a subject more directly useful to his subsequent employer to the benefit of industry, society and the student himself.*  
p.21

More recently, Rothwell (1995) has concluded that international changes in the terms of world trade and in political affairs should be reviewed, particularly, by those medium to large-size companies, which are likely to be trading internationally. For example, for European employers, the European Unions is a major international political influence (e.g. regarding the Social Chapter of the Maastricht Treaty).

- Internal manpower review

*M.P<sup>12</sup>. is directly associated with organisational processes and full use is essential of job descriptions, work analysis, organisation records, personnel records, systems and procedures, job design, and personnel development. Betts (1977) p.133*

Internal manpower audit is the most important single factor in determining both internal manpower supply and demand. It is concerned with identifying problems and

---

<sup>12</sup> M.P.= manpower planning

---

opportunities which are inherent in the current manpower stock (Bramham, 1986; Torrington *et al.*, 1987), including issues like under-utilisation, high cost and turnover. The structure of the workforce should be analysed in order to highlight problems, such as lack of organisational response to the growth of one departmental activity and the decline of another. This activity has attracted much attention from manpower researchers, practitioners, and academics, because of the availability of the data required. According to Bell (1974), Pettman *et al.* (1985), Bramham (1986), Torrington *et al.* (1987) many techniques have been developed in order to clarify internal issues such as manpower wastage and flow, which in turn are key issues in planning for recruitment, training, wages, promotion and so on. The personnel record is the mine of data for these techniques. Such aggregate analysis of currently employed manpower will be very important in providing information, which will be very useful as a base for manpower forecasting. An example of these analyses are, age distribution of the workers and length of service. (Edwards 1983; Bramham 1986; Pratt *et al.* 1986; Torrington *et al.* (1987); Sibson (1992); O'Doherty 1994).

### **Age distribution.**

Age distribution of current employees is a very important indicator for issues like recruitment, promotion, training, wastage, absenteeism and sickness. For instance, using age analysis it should be possible to estimate how many managers within an organisation will be retired in the next few years. Age distribution is also indicator for the experience of employees in the organisation. Experience has a positive relation with age. The older the employee the more experienced he will be. On the other hand, wastage also has a positive relation with the age. The older the employees, the more likely they are to leave. Moreover, analysing the age of employees will show the

---

predominant age, if the predominant age is young, then it may indicate that promotion problems are likely. Bramham, (1986); Gallagher, (1986) ; Pratt *et al.*, (1986); McBeath, (1978) & (1992); Millar, (1986); Attwood, (1989).

### **Skill analysis**

Skill analysis is a supplementary analysis which, jointly with age distribution, will present information which will be important for management. Skill analysis indicates the age distribution within a specific occupation or department. Personnel records are a good source of data for this analysis. Therefore, they should be updated regularly. Pettman *et al.*, (1985); Bramham, (1986); Attwood, (1989); Gallagher, (1986); Pratt *et al.*, (1986); Alpander, (1982).

### **Length of service.**

Length of service is concerned with categorising the manpower according to period of service. It can be of great value when it is related to a particular department or job categories. It can be helpful in determining problems of wastage from particular department or occupation, and so on. Bell (1974); Pettman *et al.* (1985); Torrington *et al.* (1987) ; and McBeath (1992).

### **The productivity of manpower**

An assessment of the productivity of manpower is an essential part of internal manpower analysis. It has implications for manpower training needs, mechanisation, etc., in addition to the important role its plays in planning remuneration strategies. Estimation of productivity potential is rather complex but it will allow comparison with remuneration costs to ensure that a pay agreement is economically feasible. According

---

to Pettman *et al.* (1985) productivity could be measured using a series of logical production ratios. Work-study techniques and comparison with other organisations could provide the criteria needed for assessment. In addition productivity assessment provides substantial information for the HRP process. It has direct affect on the output of manpower plans, and policies. Pratt *et al.* (1986); Attwood, (1989); Pettman *et al.* (1985);Alpander (1982).

### **Manpower costs**

It is unacceptable to treat manpower without considering its financial implications. This is certainly true for business organisations, in which financial aspects are key constraint on HRP. Therefore, Stacey (1993) has asserted that the planner must determine in advance whether the plan is likely to be financially acceptable or not. Manpower planners should set out the costs of different policies. Financial criteria can be key elements in the assessment of alternative manpower policies. Examples of manpower costs, listed by Pratt *et al.* (1986), include: recruitment costs, training costs, costs of remuneration, sub-divided into basic pay, overtime, etc., fringe benefits, personnel administration costs, relocation and severance costs, accommodation and other 'on' costs, such as pensions sports, facilities, canteens, and car parks.

It is also important to make cost projections for labour against capital, which O'Doherty mentions as a task of the economically prudent manpower planner. However, Lengnick-Hall *et al.* (1990) have mentioned that, in practice, the accurate evaluation of costs and benefits is rarely presented by proponents of specific human resource management practices.

---

### Wastage analysis

wastage analysis, or turnover analysis has received great attention from manpower planners, because of the availability of the data needed coupled with the powerful statistical techniques<sup>13</sup> developed to deal with this data. Wastage analysis has a direct influence on organisation and management strategies (recruitment, training and promotion). For instance, if wastage among new staff is very high in the first few weeks, it could be due to poor selection techniques. If wastage is high in the early months it could be due to poor training methods, or the length of the training period.

There are many ways of measuring wastage. For example, the crude turnover rate, survival curves, and a stability index. The use of a combination of two or more techniques is recommended to give a true picture of wastage in a company. Bell (1974); Pettman *et al.* (1985); Bramham (1986); Pratt *et al.* (1986); Gallagher (1986); McBeath (1992); O'Doherty (1994)

### Human Resource Information Systems (HRIS)

*The key to effective planning of manpower and improvement of productivity, however, is an effective manpower information system, based on individual records, which will provide aggregate figures on groups of employees according to predetermined characteristics. Pettman (1985) p.6.*

HRIS is considered as the indispensable "data base" of HRP. It consists of historical and up-to-date data about the organisation's personnel. Individual's records are the major input to the system, personal data of employees, in terms of age, education, past experience, job, grade, performance, training and pay. It could also comprise data about jobs in terms of location, duties, responsibilities and so on. This information is an

---

<sup>13</sup> Trends of the past are projected into the future in order to simulate the situation of current manpower within a period of one, two, or more years. Torrington *et al.* (1987)

---

input for most HRP activities, and the one upon which the planner can identify the current position and forecast the future situation. Therefore, it is important to keep past information about personnel.

It is important to define clear objectives for the system to insure that the data provided will meet the organisation's needs, and the results worth the effort spent in gathering the data. The policies and general objectives of the organisation are keys in defining the system objectives. Therefore, the system objectives should be reviewed periodically.

The output of HRP activities in terms of plans, implementation, and feedback will be an input to the information system. Therefore, it is not surprising to find many authors emphasise the importance of information system as a key prerequisite for effective HRP. So it is important to ensure that the communication system feeds in the information for HRP. However, it has also been argued that the lack of information should not prevent an organisation attempting to plan using the available data (Bell 1971). Hence, starting planning will help in setting objectives for an information system.

Within the system data could be categorised in many ways, depending on the focus of the planner. It could be grouped around the professions, individuals, functions, or the organisational structure. Mainly, the system should consist of a personnel inventory classified in a framework suitable for diagnosis, forecasting, and planning. Accumulated data, coupled with using various statistical techniques have formed the basis for deeper analyses, which allow the presentation of data in many ways, such as the interrelation of two or more variables or as a time series.

---

HRIS should be examined in terms of cost / benefit analysis. Therefore, issues like the size of the system and its relation to clear objectives of data collection is of critical importance. Hence, collecting and up-dating will involve effort and cost, which in turn will increase according to the size of the system. Therefore, avoiding a bureaucratic system is essential, because of it comprises to huge amount of unnecessary data. Furthermore, a high degree of reliability should be ensured, or the effort and cost will be lost.

The development of many computerised human resource information systems can provide easy access to huge amount of information. Various systems have the ability to store, retrieve, and analyse data, generate reports and go beyond that to provide facilities for 'what if' analysis. (Betts 1977; McBeath 1974, 1978, 1992; Brown 1992; Smith 1985; Burack 1980; Pettman *et al.* 1985; Heiken 1986; Pratt *et al.* 1986; Kavanagh 1990; Bramham 1986).

The preceding discussion has demonstrated some of the issues that should be investigated. Each organisation has different assumptions and a different environment. Therefore, it should collect information related to its own condition. Burack *et al.* (1980) have stated that:

*Different organisations of course have different manpower needs. Manpower planning (including forecasting and data development) must be tailor-made to fit the specific needs of a particular organisation. P.22*

This will require organised work to collect the information needed and to present it in such a way to elicit its implications. Information about current manpower, in terms of wastage, turnover and recruitment, and information about jobs in terms of job descriptions and classifications is very important. There many ways of doing such as

---

wastage analyses, such as length of service analysis, geographical location analysis, and labour turnover analysis (Pettman *et al.* 1985). In addition Bramham has refer to the importance of studying the culture of the organisation in terms of the styles and assumptions which shape the organisational behaviour. Bramham has pointed out that lack of reliable information about manpower should not prevent a trail of planning taking place, even though, it will limit the effectiveness of the output.

Having considered the significance of HR data collection and analysis, it is now necessary to proceed to look at the role of forecasting in HRP.

### ***FORECASTING THE FUTURE HUMAN RESOURCE SITUATION.***

The early stages of HRP were dominated by the development of forecasting techniques and models which created confusion with an overemphasis on forecasting<sup>14</sup> rather than the broader nature of human resource planning.

*Mahoney has argued that the more sophisticated human resource planning models have been directed toward forecasts, not the formulation of objectives , the generation of strategies, or the evaluation of alternative human resource strategies. Cited in Nkomo (1983)*

Therefore, distinction must be made between forecasting and planning, where forecasting is an attempt to predict the future, an important and indispensable step of the planning process, and not planning in itself (Millar, 1986; Nkomo, 1986; Brown et al., 1992).

Furthermore, Burack *et al.* (1980, p.113) have clarified the position and development of manpower forecasting as follows:

---

<sup>14</sup> Burack et al. (1980) p.113 Have stated that at one time some manpower planners and personnel officials took manpower *forecasting* to be the same as manpower *planning*. After all, what is planning if not having the "numbers" and "when" people are needed?

---

---

*forecasting has been changed greatly and stands today as part of a more complex human resource planning system along with manpower information and management development. The traditional manpower forecasting activities still exist, but new approaches have been added and the role of manpower forecasting has been substantially modified.*

Burack *et al.* have related the changes and modification of manpower forecasting to changes in the goals and needs of organisations which have become more complex, as a reflection of additional pressures, and of competing demands on organisational resources. Greer *et al.* (1992) mentioned that forecasting capabilities of companies vary according to the level of experience they have. Furthermore, accuracy of forecasting varies across industries. Schuler (1986) has stated that forecasting of demand for and supply of manpower tend to be short-term and mainly used for budgeting and controlling costs.

Bartholomew *et al.* (1980) stated that forecasting is the way to achieve appropriate design and control of the manpower plan. They have also pointed out that the uncertainty involved in forecasting evolves from the uncertainty of the social and economic situation in which the firm functions, and the unpredictability of human behaviour. This uncertainty requires the involvement of the statistician. Even so, forecasting of future events is built on probabilities, which in turn reduce the accuracy of forecasts (Stacey, 1993). In this regard Bramham has stated that:

*Forecasts are unlikely to be accurate but they are a useful discipline and provide a necessary basis for budgets and identifying recruitment and training requirements.*

Burack *et al.* (1980) have listed forecasting procedures as follows:

1. *Business or enterprise forecast (units or \$)*
  2. *Direct labor hours required (labor hours per unit or \$)*
  3. *Required hours reduced by productivity improvement*
    - *new methods*
-

- *new technology*
- 4. *Required hours adjusted for overtime, absenteeism, etc.*
- 5. *Total adjusted direct labor hours*
  - *ratios of indirect to direct*
- 6. *Average number of required employees in forecast period*
  - *by relevant classification*
  - *exempt/nonexempt*
  - *line-staff, etc. p.134*

However, forecasting efforts have usually been divided by many authors, (amongst them Bratton *et al.*, 1994), into two sections:

- Forecasting manpower demand (requirement); and
- Forecasting manpower supply

It is important to refer to the earlier comments of Armstrong and others in which he declared that, in practice, the divisions between supply, demand and the other activities are conceptual, as in reality all the areas are interrelated.

### **DEMAND FORECASTING**

*Demand forecasting is the process of estimating the future quantity and quality of people required. Armstrong, (1992), p292*

He also has stated that the annual budget, sales production and longer term plan should be the basis for forecasting. Similarly, D.E. (1971); Bramham (1986); Torrington *et al.* (1987) have reported that forecasting future manpower requirements involves analysing the implications of many factors such as business plans and the work load.

*"Manpower planning is of little value unless it is closely related to a set of clearly specified sales or production targets". Pettman et al. (1985), p23*

---

According to the D.E. (1971), as well as Pettman *et al.* (1985), the main elements of long-term business planning to be considered in forecasting manpower requirements are:

1. A decision related to determining the field in which the company should concentrate its main efforts.
2. The size of the overall market and the company's possible share.
3. Estimates of the resources, manufacturing and sales capacity which would be needed by the firm.
4. Preparation of advance general production and marketing targets and plans.
5. Detailed performance targets for each level of management.

The company must take into account the available resources of manpower, materials and money at each of the above stages of the long-term business plan (D.E. 1971).

The importance of considering changes in manpower utilisation in relation to demand forecasting has been emphasised by many authors (Bramham 1986; Torrington *et al.* 1987; McBeath 1992). Changes in utilisation can result from many issues, like changes in the actual tasks performed, (e.g. increased or decreased or altered), changes in the time spent on each task, and changes in the level at which the tasks are carried out. Changes in utilisation could be due to improvements in productivity ( in terms of improvement of quality or increased product per man hour); introduction of new technology, material or equipment; and changes in legislation. Changes in manpower utilisation, as Torrington (1987) says, are rather difficult to implement and involve long-term planning.

---

***Demand Forecasting Methods:***

There are many techniques that have been developed to determine the demand for manpower within organisations. These range from the use of simple handy calculations, to more complex computerised models. Such techniques tend to have a quantitative emphasis. There are also some more qualitative approaches. The D.E. (1971) has broadly described four main approaches of manpower forecasting which could be classified as follows:

- 1- approaches relying on the informed opinion of the company's managers.
- 2- approaches based on projecting past employment trends.
- 3- approaches based on the results of work study.
- 4- predictions based on measures of labour productivity.

The D.E. has commented that these approach are not alternatives but should be practised in support of each other. However, Armstrong (1992), amongst others, has detailed four general methods to forecast the demand for manpower:

1. Managerial judgement.
2. Ratio trends analysis.
3. Work study techniques.
4. Modelling.

**Managerial Judgement.**

This method can serve as a quantitative as well as qualitative approach. It has been described as the simplest approach to estimate future manpower needs. According to the D.E. (1971), this method depends on the informed opinion of departmental or line managers. Managerial estimate can be either 'bottom up' approaches, in which junior managers estimate their requirements and pass them up through the hierarchy for collection and comments, or they can be 'top down' approaches where the estimates

---

made by the highest level of management go down the company's hierarchy for discussion (D.E. 1971; Torrington *et al.* 1987).

Both approaches will provide comments from the different levels of the managerial chain, which in turn may produce considerable revisions of the original estimate. However, a combination of the two approaches ('bottom up' and 'top down') could be used. The D.E. has referred to the need for evidence from managers to support their forecasts and to gain credence.

This method is relatively short-term, and it might be the choice of the small companies. This method has been criticised by Torrington *et al.* as being unsuitable to cope with changes which are different from past experience, as it is built on the past experience of managers. The D.E. has mentioned that better forecasts can result from combinations of this method with other methods such as sales forecasting. Stainer (1971) has asserted the importance of this method, even if statistical techniques are used.

There are other judgmental methods such as the Delphi technique. This method is based on a group of managers independently answering questions about predictions of manpower requirements. The collected answers are fed back to the individuals who in turn make revisions in their forecasts. This process continues until the answers converge. Schuler *et al.*(1986) mentioned that judgmental methods are built on less of data and are simpler than statistical methods. In practice they are the most commonly used approach. (D.E. 1971; Pettman *et al.* 1985; Schuler *et al.* 1986; Torrington *et al.* 1987; Armstrong 1993).

---

**The Work Study Method.**

This method is concerned with time study and an analysis of work in order to get the required man hours per unit of output. This method is used only when it is possible to measure the time or the amount of labour needed to complete a task (Cole, 1993; Torrington *et al.* 1987; Armstrong 1993). Cole, (1993) has pointed out that supervisory, specialist, and managerial tasks are not easily measured in this way, hence it is much more likely that judgement will have to be exercised. The manning standards<sup>15</sup> are important to be developed by specialist, either inside the organisation or elsewhere. Pettman *et al.* (1985) has mentioned that it is important for personnel staff to be familiar with the problems, and the results obtained using the work measurement and their implications for HRP process. Furthermore, the manning standards should be checked regularly to assure their appropriateness. Pettman *et al.* (1985) regard work study as useful for short-term forecasting. Armstrong (1993) has stated that although work study techniques are concerned with measurable work they can also be used in combination with ratio trend analysis, discussed below, to estimate the requirements of indirect workers ( D.E. 1971; Pettman *et al.* 1985; Torrington *et al.* 1987; Armstrong 1993).

**Ratio-trends analysis**

According to Armstrong (1993) this method is based on studying past ratios of activity levels and numbers of staff. It is built on the assumption that the past situation will continue in the future (Torrington *et al.* 1987). Therefore it could be used, for instance, to study past ratios between direct and indirect number of workers, in order

---

<sup>15</sup> the norms of work measurement used to estimate manpower requirement.

---

to develop future ratios after allowance for changes in methods or organisation. Armstrong (1993) has described this approach as being easy to understand and use, but its value depends on the availability of accurate records and realistic estimates of future activity levels and changes in performance and methods. (D.E. 1971; Bell 1974; Torrington *et al.* 1987; Caruth *et al.* 1988; Armstrong 1993).

### **Statistical approaches.**

These approaches have been mentioned by many authors, they were much developed during the early stages of HRP. Mainly, they are applications of basic statistical techniques to particular issues within an organisation (Kavanagh 1990). The D.E. (1971) mentioned that these techniques could be found in any good statistical text book. Bartholomew *et al.* (1979) have applied statistical techniques to estimate manpower requirements in terms of forecasting manpower trends, forecasting workloads, and relating workloads to manning levels. These techniques range from the use of simple extrapolation methods, through correlation or regression analysis, to econometric modelling. The validity of these methods depends on the assumption that the future situation will exhibit some continuity with the past. For instance, simple extrapolation assumes that past trends will continue in the future; regression analysis assumes that particular relationships will hold firm; and econometric models assume that the basic interrelationships between a whole range of variables will continue into the future (D.E., 1971; Torrington *et al.*, 1987; Caruth *et al.*, 1988). However, the main disadvantage of these methods, according to Caruth *et al.* (1988), is the assumption that future will resemble the past. This assumption might not be valid due to technological changes, economic changes, etc.. The other main disadvantage is that these methods depend on the availability of accurate data of past trends, which might

---

not be available in some organisations (Bell, 1974). Furthermore, it is very complicated, as Vickerstaff (1992) has mentioned

*In practice, human resource planning is often maligned as a set of over-complicated statistical techniques that try to predict an essentially unpredictable future. p78*

Therefore, Brown *et al.* (1992) have stated that statistical techniques have severe disadvantages. For instance, they delayed acceptance of HRP by management by their “disconcerting complexity”.

Briefly this section of manpower demand forecasting, was focused onto discussion of the manpower demand forecasting, in terms of the determinant factors of manpower requirement, and the various methods of manpower demand forecasting. Finally it is of importance to refer to Smith (1985) when has stated that:

*There is no ready made methodology for forecasting manpower demand which can be taken off the peg by any organisation coming new to manpower planning. Each organisation must evolve its own methods to suit its circumstances.*

### **SUPPLY FORECASTING**

Armstrong (1992) has stated that forecasting manpower supply is an estimation of the numbers and skills of employees which will be available to the organisation, either from within or outside. This takes into account internal movements, absenteeism, promotions, manpower wastage, changes in hours, and other working conditions. Manpower requirements in the short-term might be covered to a great extent from within the current work-force.

Bell (1974), amongst others, has divided the activities of forecasting manpower supply into two categories:

- forecasting the internal supply
  - forecasting the external supply
-

### *Internal manpower supply*

*Although supply forecasts can be derived from both internal and external sources of information, internal information is generally most crucial and more readily available. Schuler (1986), p51.*

*"The search for manpower should always begin within the organisation. This can take the form of a 'manpower audit' . . . . a thorough check on the quantity and quality of existing employees". Cowling et al(1981), p192.*

Forecasting the internal manpower supply involves analysing the patterns<sup>16</sup> of internal manpower changes over the planning period. It is an attempt to forecast future internal manpower based on past and current manpower trends (Bell 1974; Bramham 1986; Torrington *et al.* 1987; Rothwell 1995). Issues like personnel flows in, up, over and out of the organisation are of fundamental importance to indicate the availability of manpower from within the organisation in the future, (McBeath 1992).

### **Methods of Forecasting Internal Manpower Supply**

*The basic numerical forecast can be derived in a variety of ways from statistics to guesswork. Bramham et al. (1984) p. 131*

There are many approaches of forecasting internal manpower supply mentioned by many authors ( Bell 1974; Burack *et al.* 1980; Torrington *et al.* 1987; Caruth *et al.* 1988; Rothwell 1995). This side of forecasting has received a great attention from statisticians. Therefore, many statistical techniques have been developed, which could

---

<sup>16</sup> In general there are certain patterns known. For example young people are more likely to leave than older people, people in low-level jobs are likely to leave than those in responsible jobs.

---

be categorised broadly, into two categories: analysis of manpower wastage or turnover, and analysis of internal movements (Bell, 1974; Torrington *et al.*, 1987).

#### Analysis manpower wastage .

here a number of indices can be used:

#### *The annual labour turnover index*

This approach has many terms, it is called the BIM turnover index, the percentage wastage rate, the conventional turnover index. This can be derived using the simple formula (Equation 2-1)

#### *Equation 2-1 Annual labour turnover index formula.*

$$\text{Per cent wastage rate} = \frac{\text{Leavers in year}}{\text{Average staff in post in year}} \times 100$$

This index has been criticised for providing aggregate information; hence it does not relate leavers to specific jobs (i.e. if five people leave an organisation this index does not mention whether they left the same job, or left different jobs). Nor does it take length of service into account, yet length of service has a considerable influence on leaving patterns (e.g. new recruits are likely to leave in their initial period-the so-called 'induction crisis') ( Bell 1974; Torrington *et al.* 1987; and O'Doherty 1994).

#### *The stability index.*

This index is concerned with the numbers staying within a period of time ( e.g. a year ). It could be calculated using formula (Equation 2-2)

#### *Equation 2-2 Stability index formula.*

$$\text{Per cent stability} = \frac{\text{number of staff with one year's service at time } (t)}{\text{number of staff in post at time } (t-1)} \times 100$$

Bell (1974) has mentioned that this index is not suitable for forecasting, due to its failure to distinguish the length of service of leavers and its not taking into account all the staff who joined during the year.

*Bowey's stability index.*

This is a different stability index where Bowey (1978) attempted to take into account the length of service in her formula (Equation 2-3).

*Equation 2-3 Bowey's stability index formula.*

$$\text{Per cent stability} = \frac{\text{Length of service in months over two years period of all staff added together}}{\text{Length of service in months over two years period of a full complement of staff added together}} \times 100$$

Bell has mentioned that this index is to be used in conjunction with the labour turnover index. Further, he has indicated that this index has the advantage of including all staff employed, unlike the stability index. At the same time Bell has declared that this index is more concerned with manpower morale than with forecasting.

These indices, (and others such as Cohort analysis, the Census method, and the Retention profile) could be considered as applications of a unique variable statistical techniques to HRP.

The analysis of internal manpower movements.

The above approaches were concerned with staff movements out of the manpower system or with staff retention in the system. But retained staff will move within the manpower system either vertically or horizontally. Therefore, this category is

---

concerned with forecasting movements within the system. These techniques are applications of very sophisticated statistical techniques. However, as mentioned by Betts, the various statistical control techniques that may be applied to HRP are sufficient to fill volumes. Therefore, it is not the intention of this study to detail these techniques, which include Markov chains, Renewal models, Stationary population models, age and length of service distributions, and Salary progression curves. Two of these techniques will be presented briefly as examples.

#### *Markov chain*

This technique is concerned with the projecting of past promotion patterns onto the future. Using specific statistical techniques, the probability of staff movement from one grade to another in the organisation and the time period involved, could be identified. (Bell 1974; Bartholomew *et al.* 1979; Torrington *et al.* 1987)

#### *Salary progression curves*

This technique uses salary curves to forecast status levels in the future. Using salary curves, which show corrected salary in relation to age, planners can predict future salary changes, and thus roughly the future grade of individuals on the basis of their age and salaries at present (Bell 1974; Torrington *et al.* 1987).

#### *External manpower supply*

If the internal supply of manpower is less than the demand for manpower in any occupational area, due to expansion in the organisation or any other reason, then the planner will seek external manpower resources (Torrington *et al.* 1987). In this regard the IPM (1993) and O'Doherty (1994) have emphasised the analysis and forecasting

---

of the external labour supply in terms of skills, locality, nationality, and internationalism with the effects of these on the business and on human resources. Bell (1974) has added that this also involves forecasting competition for the available manpower. Brown *et al.* (1992) have addressed such external factors as political, economic, social and market trends of which planners should be aware. However, Dawson *et al.* (1990) have stated that the external labour supply at the level of the organisation is out of the planners' control, therefore the techniques of its measurement have been poorly developed. The result of this has been that traditionally it has attracted the attention of macro manpower planners, resulting in statistical data which classify the population in terms of age, regions, number of students in each level, and field of education, and many other classifications, which could be useful indicators of external supply for the organisation's manpower planners (Sibson 1992). Moreover, issues like scanning journals and newspapers in order to collect information about events may be useful. Pettman *et al.* (1985) have indicated that the statistical data available is to a large extent historical, and very little exists regarding local manpower forecasts. HRP may be of great value to particular companies. However, Pettman, in regard to external supply has reported that:

*Unfortunately, this is one area where the planner has to rely more on his experience concerning the local supply and demand condition. p.*

*46*

Burack *et al.* (1980) have stated that the large numbers of factors, the complex relationships between them, and irregular occurrences in the external labour market cause big challenges to the manpower planner.

*Yet environments have become more turbulent and complex so that if anything is predictable it is that change will take place. Burack p.127*

---

However, there are many factors influencing the external manpower supply, both locally and nationally. For instance locally, population densities, current and future competition from other employers for staff, and local unemployment. At the national level, factors such as national demand for particular categories of employees, the impact of national government training schemes, and the impact of government employment regulation (Armstrong 1992; Bratton *et al.* 1994). Similarly, Caruth has listed ten factors, and mentioned that information about these factors is available through government agencies in the United States. The manpower planner should sift through the amounts of information to determine the future availability of employees. This should be a continuous function, particularly for organisations which employ many new employees.

As mentioned earlier in this chapter HRP can be classified rationally into four main stages. Namely,

- Investigation;
- Forecasting;
- Planning; and
- Implementation and control.

So far, the first and second stages of the process have been reviewed. These stages, as Caruth *et al.* (1988) states, are analytical and conceptual in nature. These are the areas with which this study is more concerned, as they are very important prerequisites for successful HRP. Hence, HRP is considered as *an organization's attempt to pre-empt and deal with identified problems and uncertainty, and numbers are certain, precise and simple to comprehend* (Bratton *et al.* 1994, P.123). Therefore, as Bratton *et al.* state, the emphasis will be on data which can be quantified. Thus, this study is more concerned with the existence of data and any organised efforts to analyse it.

---

Nevertheless, this is only the diagnostic side of the process, in which no substantive actions would be made or suggested. The following stages are action oriented, involving the solution of the problems raised. Having explored the forecasting phase, then the next section will be analysing the third phase, planning.

### ***PLANNING ACTIONS.***

Although, the matching of requirements with availability is rather a simple step in the process of planning, it is nevertheless important because it reveals the staffing situation that will confront the enterprise in the future. So after an investigation of the current situation, and forecasting of the future circumstances of manpower demand and supply, knowledge of impending problems can then be a guide for appropriate actions. This matching process will reveal one of the following phases: (1) demand forecasts will be equal to supply forecasts; (2) demand forecasts will be higher than supply forecasts; or (3) demand forecasts will be less than supply forecasts. Each of these results will require a different course of actions.

According to Caruth the first circumstance could occur in very small firms which operate in a stable environment. But it is unlikely to happen in large organisations which face dynamic conditions. If this was the case then no action need to be taken. William<sup>17</sup> has declared that there is almost always a gap between the demand and supply. Thus, a balance must be found between the demand for and supply of manpower, and the gap must be closed. (Pratt *et al.* 1986; Torrington *et al.* 1987; Caruth *et al.* 1988).

---

<sup>17</sup> cassette published by Holdsworth, R. F. Library No. 658.301 HOL.

---

However, it is of importance to mention that, so far, the activities of the HRP process have been dealt with as static whereas, in reality, as Heyel (1980), Pratt *et al.* (1986), Bramham (1986), Torrington *et al.* (1987) point out, they are all continuous and interdependent activities and, hence, dynamic. In this regard Torrington *et al.* (1987) have pointed out that in reality the process of matching demand and supply is partly a process of continuous feedback between the different activities of HRP. In this regard, Bratton *et al.* (1994) have stated that

*There have been many attempts to rationalise this process to provide a set of easy-to-follow linear steps so that efficient decisions can be made to formulate a plan from a choice of alternatives prior to implementation. p. 123*

The actions to be taken depend on the gap existing in terms of its direction and size. The size of the gap is important because it might involve adjustment of business plans, or only adjustment of personnel policies (Torrington *et al.* 1987; Caruth *et al.* 1988).

However, Torrington *et al.* (1987) have identified general possibilities to be considered if the demand forecast is higher than the supply forecast as follows:

1. demand adjustment through changing manpower utilisation, in terms of training and productivity;
  2. demand adjustment through using different levels of manpower to meet corporate objectives, for instance employing a smaller number of manpower with higher level skills, or employing a staff with insufficient skills and training them immediately;
  3. changing the business objectives, because these will be prevented from realisation by the lack of manpower. Therefore, realistic business objectives should consider current, and forecast manpower availability.
-

Whereas, in contrast, if the internal forecast of manpower supply in some areas is higher than demand forecast, then other possibilities should be considered :

1. the cost of overmanning over different time spans.
2. changes in manpower utilisation, in terms of the feasibility and costs of redeployment, retraining and so on;
3. the ways and costs of losing manpower;
4. possibilities of changes in business objectives, such as a move into new markets.

To deal with such gap, management needs to make decisions regarding the alternatives to be followed up, which are to be adopted as basis for manpower action plans, and which will result in the reconciliation of demand and supply ( Pratt *et al.* 1986; Torrington *et al.* 1987; Bratton *et al.* 1994).

However, in regard to the sequence of different personnel functions and policies, Cash *et al.* (1986) have mentioned that companies typically, look first to internal manpower to see what candidates are available which can be trained to fill anticipated openings. Second the company may plan to recruit necessary personnel from external resources. Third, it may decide to improve manpower utilisation, of the existing work force.

Nevertheless, as mentioned earlier, the gap will determine the action plans needed. Therefore, if the demand forecast is higher than supply forecast, then this shortage of manpower will lead to the organisation's effort being intensified to obtain the required supply of manpower. There are several choices of actions can be taken to ensure the necessary supply (Caruth *et al.* 1988; Rothwell 1995). The following are examples of these actions:

---

- 
- **Creative Recruiting** : this action can take many forms, such as trying new approaches of recruiting, recruiting in different geographical areas, and seeking different kind of candidates.
  - **Compensation Incentives** : when the organisation is in an environment of high demand and short supply, and in order to compete for skilled manpower, various forms of compensation incentives can be used to attract manpower. These can take different forms, such as premium pay methods, which might cause a bidding war, and compensatory rewards, such as four-day work weeks, flexible working hours, child care centres and so on.
  - **Training Programmes** : a high shortage of manpower may involve the implementation of special training programmes to prepare previously unemployable individuals for work within the organisation's positions. Skills training and remedial education are two kinds of programmes that might help in attracting people to the organisation.
  - **Different Selection Standards**: employment standards would be lowered in order to deal with shortages. Changes should be made to the selection criteria which eliminate workers. This approach may need to be coupled with training programmes to prepare employees for the jobs for which they are hired.

However, if the organisation is downsizing, restructuring, planning to cut costs, increase efficiency and improve productivity, this may help it to remain competitive. This could result in the demand forecast being less than the supply forecast, in which case a reduction in employee numbers must be made.

---

There are several alternative courses of action which can be taken to balance the supply with the demand for manpower (Caruth *et al.* 1988; Rothwell 1995). The following are examples of these actions:

- **Restricted Hiring:** if the surplus is not great, then restricting hiring is the simplest way of reducing the number of employees. In this approach reduction will be through the natural wastage, not allowing to replacement of leavers. Wastage rates could provide indications of the period needed to achieve the desired reduction in manpower. There will be exceptions for critical positions which must be excluded from the no-hiring policy. When there are a large surplus of personnel, other approaches should be used in addition to this approach.
  - **Reduced Hours :** the effective number of salaried employees can not be reduced using this approach, because they are paid on a weekly or monthly basis. This approach is only concerned with reduction in hourly workers' costs, which can effectively result in cutting the hours without cutting the work force. For instance a reduction of forty working hours weekly to thirty five working hours a week is tantamount to a 12 percent reduction in the total number of employees.
  - **Early Retirement :** incentives can be used to encourage employees to retire at an earlier age than normal. This approach will result in a reduction of the numbers, in addition to the advantage of reduction of personnel costs, as those who are entitled to early retirement are generally higher paid.
  - **Layoffs :** if the personnel surplus was very great, then there may be no alternative to this approach. Layoffs can be implemented in different ways, such as a certain percentage to be laid off in each department, or to reduce the numbers of
-

departments in surplus. In nonunionised organisations the layoffs can be in the hand of the employer, whereas in unionised organisation usually there are strict procedures which must be followed.

However, consideration of the gap and different alternative solutions leads to the setting of co-ordinated objectives for the personnel function's plans and policies (Armstrong 1993, Pratt *et al.* 1986). For example, in the following areas:

- Recruitment - the numbers and types of employees required over the planning period together with details of any potential supply problems.
- Training - the types and amount of training required for both existing employees and new recruits.
- Employee development - closely linked to training, this programme must provide for projected transfers and promotions
- Productivity - methods for improving or maintaining productivity including work methods, productivity bargaining, incentives and other methods of improving motivation
- Redundancy - specific plans regarding the number of potential redundancies and the ways in which it will be dealt with.
- Accommodation - plans for expansion, contraction or re-location including buildings, equipment and for improving working conditions.

In the light of these objectives, the personnel function's plans and policies should be reviewed. If they are not able to achieve the new objectives then they may need to be amended (Pratt *et al.* 1986). This will lead to the production of a set of co-ordinated functional plans (Bramham 1986). The preceding discussion reveals the important role of HRP in co-ordinating and integrating the various activities of human resource

---

management and giving them a sense of direction<sup>18</sup>. Having looked at planning, there will be a discussion of the final stage, that of evaluation, particularly in relation to the implementation and control of HR plan.

### ***EVALUATION AND CONTROL***

Preparing the plan is not the end of the process, hence the desired results will not be achieved unless the plan is implemented. There are factors which might affect the implementation of the plan, for instance, the acceptability of its results, by the most powerful stakeholders in the organisation (owners, managers, employees and so on), and its feasibility in terms of the availability of financial and other resources needed to implement it (Betts 1980; Stacey 1993).

The plan according to Sibson (1992) is a set of predetermined work methods. McBeath (1992) as well as Armstrong (1993) have mentioned that the human resource plan should include targets, budgets, and standards and the responsibility for its implementation and control should also be clarified.

Therefore, planning, as Ashton (1974) says, should not be seen as a passive function which separate and distinct from 'doing' , it has a more active role in which it goes beyond the production of plans toward their achievement. Therefore, Caruth *et al.* (1988) have pointed out that :

*The success of any organization depends not only on the formulation and execution of well-thought-out plans, but also on the continuous evaluation of progress toward accomplishment of specified goals and objectives. p. 283*

---

<sup>18</sup> this side will be detailed in later section.

Similarly, Sibson (1992) has stated that:

*Human resources management planning work must be organized in the sense that work is assigned and evaluated, and that there is accountability for results. p. 7*

Thus, achievements should be evaluated against the plan on a regular basis, and feedback of the result of evaluation is necessary to all the earlier stages of the process (Bramham 1986; Pratt *et al.* 1986; McBeath 1992; Rothwell 1995). The basic assumptions on which plans are based should be monitored closely. Any change in those assumptions may involve modification to the total business, not just for a single functional element (McBeath 1992).

Thus, control involves measuring the projected position against the actual, in order to take remedial actions where necessary. However, controls should be reasonably flexible, since one is dealing with a changing and uncertain environment (Bramham 1986). Control procedures are concerned with monitoring personnel activities, such as the numbers employed, and their productivity against given objectives.

There are number of criteria against which the level of manpower can be measured. For instance: (1) control against cost, which is an attempt to meet the financial criteria of the firm by converting employees into cost centres; (2) manning ratios or productivity indices which are attempts to compare manpower utilisation with targets. Productivity monitoring appears to be an essential tool of manpower control, hence it is useful for comparing different areas or departments; (3) the head-counts-establishment method is concerned with comparing the rational staff who have been allocated to a particular department by the manpower plan with the actual establishment (Bell 1974; Bramham 1986; Pratt *et al.* 1986).

---

Whatever method is used, it should be what has been argued by many authors, amongst them Sibson (1992) that is a :

*measure of accomplishments, not just that the process was completed and a report was written. p.8*

### **PLANNING PERIOD**

There are two time periods which generally dominate the literature of HRP<sup>19</sup>, namely

- Short-term planning; and
- Long-term planning

The length of a short-term plan is usually one year (Graham 1984; Sibson 1992). In addition, Sibson has suggested that operational planning be done once every six months and reported once every fiscal year. Similarly Betts has mentioned that six months period will be reasonably secure, because of the time-lag which generally exists before the full effect of external events are felt. Vickerstaff (1989) has pointed out that an organisation should regularly assess the short-term implications of its existing workforce and identify future possible issues, such as succession problems and career blockages. Graham (1984) has observed that :

*Short-term company manpower planning.... is much more common than a long-term plan. Many firms do not have the quality of management to forecast long-term objectives, or they feel that the nature of their business makes it impossible to look ahead for more than one year. A short-term manpower plan is comparatively easy because a firm will usually make a production or marketing plan for a year ahead involving budgets, orders for new materials and components, and sales quotas. From this can be derived the amount of direct labour in terms of man-hours required in future. p. 118*

---

<sup>19</sup> Betts (1977)p. 140; Graham (1984)p.116; Vickerstaff (1989); Sibson (1992)p.6.

Short-term HRP is relatively straightforward compared with long-term, and has the advantage of allowing for comparison between the forecasts and actual manpower required. Nevertheless, Sibson (1992) has related short-term planning to operational planning, and relate the long-term to the strategic planning.

Long-term HRP is most often for five years Graham (1984); Sibson (1992). Graham (1984) has declared that long-term HRP is concerned with forecasting for about five years ahead. Bramham *et al.* (1984) in his discussion about forecasting has mentioned that :

*It should also be registered that, however difficult the process and though it may well turn out in the longer term to be inaccurate, some statement of future levels cannot be avoided if financial and manpower budgets are to be established and if recruitment levels for jobs requiring longer lead-time training are to be determined. P.129*

Bramham *et al.* have alluded to the importance of long-term forecasting, even though, the longer the period of forecast, the less the degree of accuracy of the result. Similarly, Betts (1977) has stated that

*A three or five year plan, however, is obviously going to run into difficulties, considering the current world economic situation. This does not give grounds for abandoning M.P., because a good plan should be resilient enough to cope with unforeseen changes and it provides an essential requirement for control. P.140*

However, the planning period is determined by factors such as why, and how far you can forecast, and the time needed to achieve the objectives of the plans. So dealing with short-term manpower problems, such as looking for an occupational group which has a very short training period, involves short-term planning. Whereas if the concern is with a professional intake then this will involve long-term planning, because their full training may take five years. Therefore, Heyel (1980) has pointed out that

*Human resources planning ....must be sufficiently long-range to be able to provide the proper manpower resources in the right place, in the right amount, at the right time. p.6*

---

Betts (1977) has indicated that long-term plans need to be flexible to cope with future changes and events. This involves a continuity of planning effort in order to control and adjust plans to cope with change.

### ***PLAN FLEXIBILITY.***

*In preparing 'plans' the need for flexibility is stressed. No plan in any fixed sense will be relevant for long. The success of planning in an organization will be judged by how well the organization can anticipate or adapt to the unforeseen. Bramham (1986) p.198 and (1994) p.62*

Flexibility is the ability to adjust manpower plans in response to changes out of the planner's control. In this regard Pratt *et al.* (1986) have argued that flexibility gives advantages to HRP in the face of uncertainty. Edwards (1983) has pointed out that because of difficulties in changing the environment's characteristics, organisations which operate in unstable environments should aim to develop flexible planning systems rather than detailed manpower models. Frequent proactive revision to the plans should be carried out by the planners in the light of the changing circumstances.

Armstrong (1993) has stated that

*Human resource strategy is justified by the corporate strategy. It should be business driven, imaginative, bold, clear and action oriented. It must also be selective, focusing on priorities, and flexible, rapidly adjusting to change. p.89*

O'Doherty (1994) has noted some debate within academic journals over the precise nature of flexibility. He classifies three forms of flexibility which have been introduced by flexible manpower planners:

- Functional flexibility;
  - Financial flexibility; and,
  - Numerical flexibility.
-

Similarly the Institute of Personnel Management (1986) has addressed the three kinds of flexibility listed above which they found were being developed by many firms:

- *functional flexibility in order that employees with the appropriate training or retraining can be redeployed quickly to different activities and crafts. Examples include the multiskilled craftsman or career changes among management and professional staff.*
- *numerical flexibility, which enables the organization to increase or decrease employee numbers quickly in response to short-term changes in the demand for labour. Examples include temporary employment, subcontracting and part-time staff.*
- *financial flexibility, which involves the establishment of payment systems which reinforces the organization's greater requirement for flexibility. Thus, for example, there have been a greater emphasis on the market rate for the job, rather than 'across the board' increases in pay, and a shift towards rewarding performance or rewarding on the basis of the range of skills possessed and individual performance. Cited in Armstrong (1993) p.318.*

Bratton *et al.* (1994) have addressed the flexibility model presented by Atkinson and Meager (1985) in which four types of flexibility been addressed. Those include the three above, plus distancing strategies, which are concerned with

*the replacement of internal workers with external sub-contractors, that is, putting some work such as running the firm's canteen, out to contract. p.134*

An additional important elements in a strategic approach to HRP not clearly brought out in Figure 2-2 is the concept of the integration of HRP. The next section will explore this concept more fully.

---

### INTEGRATED HRP

*Planning must be done for an organization overall , and it must be done for each business area and each business function. You can't plan the whole without consideration of the parts. this is one reason why human resources management planning must be conducted. Personnel planning must be done as a part of the overall organizational planning because it is part of the organization. Sibson, 1992 p. 5*

As far back as 1971 the Department of Employment suggested the link between HRP and strategic planning in order to communicate corporate objectives, and more recently, this linkage has been asserted by the IPM (1993). The importance of integration has been pointed out by many authors (Alpander, 1982; Bramham, 1986; Pratt *et al.*, 1986; Gallagher, 1986; Greer *et al.*, 1989, 1992; Donk *et al.*, 1992; McBeath, 1992; Mabey *et al.*, 1993; Guest, 1993; O'Doherty, 1994; and Rothwell 1995). Pratt *et al.* (1986) have argued that HRP must of necessity be linked to the organisation's broader objectives. They also pointed out that

*It should be stressed from the outset that manpower planning is only an integral part of the overall corporate planning and is no way independent. P.103*

Similarly, McBeath (1992) p.26 has argued that

*As manpower planning is concerned with manning in the business, it cannot be stand-alone activity, but must exist as a part of the planning process for the business itself.*

Therefore, organisations that have recognised manpower as one of their key resources and are aware of its dynamic nature will try not to exclude it from the planning process. Otherwise their planning will not be as effective as it should be, because manpower needs have been overlooked. Alpander (1982) has illustrated an example in

---

which he described a problem encountered by an auto-parts company which was in a very good environment, but could not take advantage of this environment, because it was restricted by not having the right people at the right place. So he commented that:

*This bottleneck encountered by many organizations might have been avoided if the human resources had been given their due importance among other resources in the strategic business plans. P. 18*

However, on the one hand, HRP should be integrated with the other key disciplines of the business ( legal, sales, marketing, production and so on ) (Ellig 1986; Vickerstaff 1989). On the other hand, HRP is seen as the cornerstone of other personnel activities ( Walker,1980; Vickerstaff, 1989; Brown *et al.* (1992); Mabey *et al.* (1993); Lengnick-Hall *et al.* 1990).

Alpander (1982) has classified the integration of HRP into two sections

1. horizontal integration; the need to integrate the personnel management functions (recruitment and selection training and development , wage and salary administration,) to the HRP in the organisation in order to direct the day-to-day personnel activities to achieve long-term goals and policies of the organisation.
2. vertical integration; the relation between strategic business planning and human resource planning. The traditional relationship was one-way and downward. In other words, the outputs of the strategic business plan was the input to the human resource plan.

Previously human resource planning was often considered as a one way activity in which, as stated by Bramham (1986) and by O'Doherty (1994), managers formulate business plans and expect manpower to adjust accordingly either by redundancy or

---

recruitment. This is an aspect of the earlier 'hire and fire' employment model. In this regard Burack *et al.* (1980) has stated that

*Manpower planning was seen as the servant of business forecasting, the immediate problem being one of interpreting financial figures in manpower terms or helping to meet budgets. p. 113*

As the Department of Employment (1971) has argued that:

*it is misleading to say that management first determines sales and production and then derives manpower requirements. p.23*

According to Bramham (1986) one way HRP integration is no longer possible because the operations of many organisations are dependent on manpower supply, either quantitatively or qualitatively. So Bramham said that even though there is the right supply of manpower in the market, the organisation may have problem in attracting and retaining them. Therefore, human resource issues will cause obstacles to the company's business plan, which in turn leads to the need to consider these issues before the business plan been formulated and decisions made (D.E. 1971; Graham 1984; Pettman *et al.* 1985). This means the involvement of human resource planners in the process of business planning, which in turn will result in a two way relationship, in which HRP and SBP are integrated. Thus, Cash *et al.* (1986) have declared that

*human resource planning is part of a company's total resource planning. It influences and influenced by business plans, interacts with organisation plans, and contributes to business decisions concerning, for example, the development of new products, markets, facilities, and production process,..... p. 5*

Alpander (1982 : p29) has asserted a two way relationship in order to achieve realistic human resource planning. Further he describes the way in which to integrate as follows:

---

*In truly integrated relationship, strategic business planning are not completed until information on human resources is provided for the SBP process. Planners formulate organizational objectives only after they have considered relevant data on the quantity and potential of available human resources, both within and outside the organization.*

Stacey (1993) has pointed out that managers can only be said to be planning when, as a group they share common intentions to select aims and objectives for the business. From this point of view it can be said that integration is more than exchange of information. It is also a shared commitment from all managers.

Lengnick-Hall *et al.* (1990) have declared that the desire to integrate HRP evolves from the following :

- integration provides a wider range of solutions to solve complex organisational problems.
- integration insures that human resources will be considered among other resources (financial, technological) in goals setting, assessing implementation capabilities, and evaluating organisational potential.
- It is the employees, who will implement organisational policies and experience the consequences of that organisational choices. Therefore, integration recognises that organisations should explicitly consider them.
- reciprocity in integration limits the subordination of strategic considerations to human resource preferences.(e.g. reciprocity reduces the probability that human resources will be neglected as a vital source of organisational competence and competitive advantage.)

For example, Greer *et al.* (1992) have pointed out that linking HRP with strategic planning will make hiring more likely to serve a strategic purposes. which in turn will allow the organisation to take advantage of hiring opportunities during downturns.

---

The above discussion asserts the importance of integrating HRP with business planning to achieve the organisation objectives, this is the first aspect of integration. The other aspect is the integration of personnel management functions to HRP in the organisation to co-ordinate the day-to-day activities of these functions, and to direct them to serve long-term goals.

Also the discussion reveals two ways of HRP integration with business planning. The traditional one, in which HRP was a one way integrated with SBP. In this way it was considered as a servant of business plan (i.e. managers formulate business plans and expect manpower to adjust accordingly either by redundancy or recruitment). This is an aspect of the early 'hire and fire' model of employment. According to Bramham the one way integration is no longer possible since the operations of many organisations have been influenced by manpower related issues. Thus, HRP should be two ways integrated with SBP. This is important to avoid HR issues causing obstacles to the company's business planning. In the two ways HRP integration with business planning, HR issues will be considered before the formulation of business plan, which means the involvement of human resource planners in the process of business planning. The two ways integration indicates a strategic consideration of human resource.

Another important issue which may not be clearly presented in Figure 2-2 is the issue of where the responsibility for HRP lies (or should lie) in organisation. The next section considers this issue in more detail.

---

---

### THE RESPONSIBILITY FOR HRP

Responsibility for HRP, and its location in the organisation has been discussed by many authors. Some of them claim it to be the personnel department's responsibility (Bell, 1974; Bramham, 1986; Gridley, 1986). Others claim it to be shared with line management (Bowey, 1978; Ellig, 1986; O'Doherty, 1994). The D.E. (1971) has stated that

*In any sizeable company there are at least five functional departments or divisions whose senior managers play an important part in determining the company's manpower needs for the future: production; finance and accounts; sales and marketing; personnel and industrial relations; and work study. Manpower planning therefore inevitably and properly involves these managers. p. 9*

The IPM (1993) has stated that

*Effective human resource planning (HRP) requires the involvement of corporate management and chief executives, personnel specialists and line management, and, when appropriate, employees and their representatives. p. 38*

However, it is not surprising to find this variation, because according to Pratt *et al.* (1986), HRP in essence is a multi-disciplinary activity, in which as Bell (1974) and Bowey (1978) put it, the involvement of the line manager is important regarding short-term planning, the involvement of management accountant is necessary regarding HRP-budget, corporate planners are involved in long-term planning work, and other personnel staff should be involved, to provide data and put plans into actions.

Senior management decision, is the meeting point of the above groups, therefore, Bell has mentioned that HRP may stem from top management level or their advisers. Smith (1971) has mentioned that HRP has been considered in different places. Some companies left it to the line manager, without effective co-ordination and at the

---

---

expense of long-term planning. In some organisations it was viewed as a financial function. The short-term and long-term financial planning are usually located in the financial department, where emphasis will be on finance. Other organisations regarded it as a branch of corporate planning. Connecting long-term HRP with corporate planning is very important but linking the two in one unit might result in losing the close connection with short-term work (Bell, 1974). Therefore, Bell has stated that the suitable place for HRP responsibility is to be vested in the personnel function.

However, variations in the location of responsibility have been partially attributed to historical accidents (Smith, 1971), cited in Bell (1974). Walker (1980) has declared that in some organisations which have practised HRP for several years, human resource issues have become routinely treated as component of business planning. Whereas, in other organisations this is the task of personnel staff who report to their managers, or to the business planning staff as an input to operational or strategic planning.

Bramham (1986) has asserted that the position of the personnel director in the hierarchy of the firm should be on the board. Further, he comments that the personnel director will be useful on the board only if he has experience, a professional attitude and is backed up by competent staff.

Bramham (1986) has mentioned that in organisations which are undertaking business planning process, often the same manager does HRP. Similarly, William (not dated) regarding the level of HRP in small companies has said that :

*for a lot companies the argument is academic because the corporate department and personnel department is in fact one man the managing director or the who is running the organisation.*

In regard to large organisations William sees the responsibility of HRP falling somewhere between the corporate department and personnel department because the

---

personnel function is not notably strong or numerous enough, while corporate planners are powerful in the personnel area. Bell (1974) has mentioned that the responsibility from all aspects of HRP in a large organisations might be carried out and co-ordinated by a central team, whereas, in a small organisation this might be the task of one manpower planner or a small group which might do all aspects of the work. O'Doherty (1994) has declared that in organisations where no personnel department exists, HRP would be conducted by the manager of the organisation. Sibson (1992) has concluded that, wherever responsibility lies,

*One person must be accountable for the planning work, however that work is organized. For the company overall, general business planning is the responsibility of the chief executive officer. It seems reasonable to conclude that the accountability for human resources management planning must be with the vice president of human resources. P.6*

Bowey(1978); Ellig (1986); O'Doherty (1994) have mentioned that the exercise of HRP should be co-ordinated and undertaken by a person or group of people who have some experience in the field. The knowledge and information which must be taken into account is widely spread throughout the organisation, and involves the participation of the marketing specialist, decision makers, economists, and all line managers in the process. William regarding the role of manpower planner has mentioned that :

*Manpower planning has to be an advisory function, because personnel people are advisory, corporate planners are advisory, and all one can do is to point out the dangerus the difficulties or the opportunities in various plans.*

Bell also has indicated that the decisions are management's , and the role of manpower planner is to provide the data. Similarly, Ellig (1986) has stated that manpower planner should provide the experience and guidance to line management which will in turn determine their needs.

---

Of the above discussion it could be concluded that HRP can not be done by one person or specialist, or by individual departments. It requires the involvement of all organisational levels. But the responsibility for HRP should be centralised (i.e. someone in the firm should be responsible for co-ordinating the planning activities, since HRP is a multi-disciplinary activity). Pettman *et al.* (1985) have set the centralisation of the HRP responsibility among the prerequisites of HRP. Although the location of the responsibility is arguable, the prevalent opinion among the authors, is that it should be in the personnel department, because it supports decisions related to manpower. However, unless the position of the personnel manager in the hierarchy of the firm is on the board, locating the responsibility in the personnel department might not support the two ways HRP integration with SBP. That is due to the personnel function being weak, which probably makes it less effective in co-ordinating HRP activities. However, it does not seem that line management is suitable place for the responsibility of HRP because they have other priorities than HR issues, and they lack the comprehensive view of the whole HR in the firm.

Nevertheless, another issue which has been raised by many authors, as demonstrated above, is that the people responsible for HRP should have some experience in the field. Pratt, for instance, has mentioned that personnel managers should develop statistical knowledge.

Torrington (1987) has mentioned that using sophisticated methods of planning in large organisations requires the involvement of specialist staff, which might be located in the personnel department. Alternatively, they might be located at corporate planning department, or might form a specialist HRP unit. Often, HRP is co-ordinated by personnel department. Nevertheless, This study agree with Bramham (1989); Armstrong (1993) and Sibson (1992) among others regarding locating the responsibility for HRP in the personnel department, on the condition of Bramham that

---

is that the personnel manager in on the board. It may worth finalising this section with the following quotations:

*The personnel function is the organizational force that has to drive and plan a human resource strategy to the point where the prosperity and benefit is there for all (customers, employees and other stakeholders) to see. Bramham (1989) p.182.*

*If human resources management department is not doing planning , then it is probably not doing its work correctly. Sibson (1992) p. 1*

*the head of the personnel or HR function has the prime responsibility for making HR strategy work. Armstrong (1993) p89.*

The location of the responsibility is related to the size of the organisation, in small organisation it could be with the personnel manager or general manager, and where there is no personnel manager it would be the general manager's responsibility. In large organisation, it could be the personnel manager's or corporate planner's responsibility, or even the responsibility of specialist HRP department.

---

### SUMMARY AND CONCLUSION

The historical development of HRP shows that it has developed from the early narrow focus on the development of quantitative techniques of forecasting demand and supply, to dealing with recent wider issues like the integration with corporate planning and the strategic view of HRP. The discussion showed that HRP is a very useful managerial tool, which can prevent emergence of many human resource related problems, besides improving the efficiency of manpower utilisation. However, this can be achieved by the systematic continuing use of set of techniques which will produce very useful information to develop better understanding of the manpower situations, and as such to provide base for integrated set of personnel policies which better deal with the raising and expected issues. At worst, it will provide useful information to improve decision making process .

Two main issues were targeted by this chapter, providing general background of HRP, and establishing a HRP model which can be used as a guide against which to examine the actual practices of Saudi private organisations.

The HRP literature has proposed a number of models of HRP process, of which this study has selected and justified the choice of Bramham's model, which shows the tactical and operational issues related to the process of HRP.

The four stages Bramham's HRP model, which include: investigation of current manpower conditions; forecasting future manpower condition; planning actions; and evaluation and control, will be used as a framework for the study of Saudi practices.

In the Saudi private sector context, whereas the situation of HRP is unknown, which emphasised the exploratory nature of this study, and taking into account that HRP might not generally be very sophisticated, certain elements of Bramham's model seem to be more

---

relevant and more important, so it can show if the companies have even established the basic grounding or foundations upon which to develop HRP. These include the availability of very basic personnel records and classifications, through job description and performance appraisal. These issues asserted by the literature to be fundamental (Pettman *et al.*, 1985; Bramham, 1986; Pratt *et al.*, 1986; McBeath, 1992; and O'Doherty, 1994). These issues will be examined in the non-planning Saudi private firms.

In order to deliver a more sophisticated and effective form of western model of HRP, Pettman *et al.* (1985) have listed eight factors presented in page ( 34 ), in the researcher view, certain of these are fundamental prerequisites (e.g. updating personnel records) for the very basic features of HRP that might expect to be found in company with (100 and over of employees) such as those targeted by this study. Questions have specifically been asked to see if these very basic prerequisites are presents.

However, this study is also concerned to see what potential there is for developing a more sophisticated approach to HRP in Saudi companies. Therefore, this study has addressed some others of Pettman's *et al.* (1985) prerequisites, such as planning techniques, top-management commitment to HRP, and the responsibility for HRP, because it seems to the researcher, that if Saudi companies are going to be willing to develop more sophisticated HRP, these issues will be fundamental prerequisites for the next step.

Other prerequisites for effective HRP listed by Pettman *et al.* (1985) were much related to planning firms. Thus, they will be examined only in the Saudi planning firms. These prerequisites include planning period, the responsibility of HRP, and integration of HRP.

However, the main issues raised in this chapter, and will be examined in Saudi context are as follow:

---

The availability of information, as shown in (Figure 2-2), this involves general accurate information about the firm activities (production, services and sales objectives) in addition to accurate human resource related information (number available, skills, age, etc.).

The practices of basic HRP activities. There are many HRP aspects presented in the literature, these range from the very basic manpower classification (i.e. age and skills classification) to a more sophisticated manpower forecasting.

HRP integration. The integration of HRP with business planning to achieve the organisation objectives, this is the first aspect of integration. The other aspect is the integration of personnel management functions to HRP in the organisation to co-ordinate the day-to-day activities of these functions, and to direct them to serve long-term goals. The literature asserts the importance of these issues to ensure effective HRP.

Other issues, these include some of Pettman's *et al.* (1985), like the responsibility for HRP, and top-management commitment.

Briefly, three main issues were discussed in this chapter, the development of HRP, the models of HRP process, and the basic prerequisites of effective HRP. This study aims in the first place, to use the adopted Bramham's model of HRP and the prerequisites of Pettman *et al.* (1985) in the following respects. Firstly the Saudi firms will be split according to their engagement in formal HRP into two groups. In those non-engaged firms in formal HRP the focus will be on the availability of the very basic prerequisites of HRP listed by Pettman *et al.* (1985) and the practices of the basic techniques indicated by the HRP model. However, the firms engaged in formal HRP, their

---

practices will be examined against Pettman *et al.* (1985) prerequisites for effective HRP, which related to planning firms.

So far, discussion was about HRP. The need of Saudi private sector to HRP is the subject of the next chapter which will, in addition, provide background to this sector and the environment within which it is functions.

---

**Chapter Three**  
**GENERAL BACKGROUND TO SAUDI ARABIA**  
**AND A REVIEW OF ISSUES RELATED TO THE**  
**MACRO AND MICRO LEVEL HRP IN THE**  
**SAUDI CONTEXT**

---

## INTRODUCTION

As this study is concerned with HRP in Saudi private sector, it is essential to introduce the reader to the environment within which it functions, before going into detail. Thus, it is necessary to provide background about the country which encompasses this sector. For this purpose the reader will be provided with general background information about Saudi Arabia in terms of historical, geographical, political, social and economic characteristics. This type of information is necessary for a better understanding of the relevant issues in this study. In addition macro level planning will be discussed, particularly that related to macro HRP to clarify HR related problems which demonstrate the need for micro level HRP (in particular, the roots of the Saudiization).

The previous chapter was mainly directed to preparing the necessary background for a better understanding of the issues raised in this study, particularly the issues presented in this chapter, which will concentrate on matters related to human resource development and planning in Saudi Arabia. In addition, the development of the Saudi labour market and related problems with general reference to the private sector will be discussed to show the importance of that sector to the Saudi economy, and its dependency on foreign manpower. The primary role of this chapter is to demonstrate the need for HRP in Saudi private firms as well as in the national planning of education and the labour market.

---

---

## **GENERAL BACKGROUND TO SAUDI ARABIA .**

This section aims to provide the reader with general demographic information about Saudi Arabia include its political structure, population, culture, economy and development.

### ***HISTORICAL AND GEOGRAPHICAL BACKGROUND***

The Kingdom of Saudi Arabia, a new political entity, was officially established by King Abdulaziz Ibn Saud when he extended his power by uniting the tribes on the basis of a strict sect of Islam. He declared this state under the name of "The Kingdom of Saudi Arabia" on the twenty-third of September 1932 (Al-Farsy 1990).

The Kingdom of Saudi Arabia is located in the heart of the Arabian Peninsula in the Middle East (Figure 3-1). It occupies an area of about 2,240,000 square kilometres, about 80% of the Arabian Peninsula. To the north it borders on Jordan, Iraq and Kuwait; to the south, the Yemen and the Sultanate of Oman. To the east lie the United Arab Emirates, Qatar, and the island state of Bahrain.

The importance of Saudi Arabia to the world can be attributed to: its strategic location, oil reserves and production, and its religious position for the Islamic nations.

### ***POPULATION***

For any study of human resources, an accurate census of the population will be necessary. This should break down the population into different categories such as economic activity, regional, occupational group etc. . According to the 1974 census, the total population was estimated to be about seven million persons, of whom 75% were settled and 25% were classified as bedouins. Foreign workers in the country were estimated to be 1 to 1.5 million, included in the estimated population. The 1984

---

estimation puts the population at 9 million, with an estimated annual growth rate of 3.5 per cent (Saudi Arabia: Facts and Figures, 1985 ).

**Figure 3-1 Saudi Arabia**



The most recent population census in the country was conducted in 1992 by the Ministry of Finance and National Economy represented by the Saudi Central Department of Statistics. The census reveals that the overall population of Saudi Arabia is 16,929,294. Of this, 12,304,835 were Saudis, and 4,624,459 were non-Saudis living in the Kingdom. 50.4% of Saudis were males compared to 70.4% of the non-Saudis (Statistical Yearbook, Ministry of Finance, 1992).

---

### ***POLITICAL STRUCTURE***

The paramount central administrative body of the Kingdom is the Saudi Council of Ministers, which was established in 1953, under the King's presidency, consisting of all active Ministers and Advisers. It is the natural political outcome of King Abdulaziz bin Saud's final consolidation of power and unity over the Kingdom (Al-Farsy, 1990). The functions of the government are carried out by a cabinet which is headed by the Custodian of the two Holy Mosques, the King. The cabinet combines both administrative and executive responsibilities. State policy within the country and abroad are under the surveillance of the Council and it can examine any matters in the kingdom. Its decisions are referred to the King for adoption. Control, supervision, and direction of state policies are among the responsibilities carried out by the cabinet. All government departments work under its authority and supervision. The Saudi Arabian constitution is based on the Holy Quran and the Prophet Muhammad's ( Peace be upon Him ) traditions.

### ***SAUDI SOCIETY AND CULTURE***

The culture refers to a community's shared way of life, including shared values and symbols( Meek in Anthony *et al.*, 1992). Fleishman (1967) has mentioned that the importance of understanding culture lies in the important role it plays in shaping people's lives, and the fact that it is a man-made part of man's environment. Culture represents the total sum of people's beliefs, knowledge, and customs. It characterises the life of a group of people living in a specific geographical area (Coffey 1975). Consequently, distinctions exist between countries and even between regions within the same country. According to Anthony *et al.*, (1992), culture has direct impact on management in general and human resources strategies in particular, thus this section

---

will shed light on the influence of culture on the way organisations are managed, and HRP in Saudi.

Regarding the general influence of culture on management, Laurent (1983) found differences in managerial style in his study of management students of different countries, upon which he was able to classify nationalities concerned regarding different organisations theories. Hofstede in his study of IBM employees across more than 60 countries was able to show four fundamental dimensions of differences correlated with nationality. The four dimensions named by him are: power distance (PDI), uncertainty avoidance (UAI), individualism (IDV) and masculinity (MAS). These dimensions were used by Hofstede as indices of differences between countries (see Table 3-1). These dimensions are discussed here to show the cultural impact on the managerial values.

**Table 3-1 Values of the four indices for ten countries.**

Country	PDI	UAI	IDV	MAS
Denmark	18	23	74	16
France	68	86	71	43
Germany (FR)	35	65	67	66
Great Britain	35	35	89	66
India	77	40	48	56
Japan	54	92	46	95
Pakistan	55	70	14	50
Philippines	94	44	32	64
South Africa	49	49	65	63
USA	40	46	91	62
Standard deviation of the source *	20	24	25	20

\* in the source the values of the four indices are provided for 40 countries.

Source: Hofstede 1980 cited in Anthony *et al.*, 1992 p22.

Below are examples of the potential problems which could be ascribed to above differences, as mentioned by Anthony *et al.*, (1992) :

- 
- Societies which are high on power distance will find the involvement of employees difficult to achieve. Whereas those low on power distance will find uncomfortable the idea of single leader who should be obeyed in all circumstances. It may be worth saying here that the involvement of employees is an important requirement for successful HRP.
  - Societies which have high uncertainty avoidance will find it unreasonable to bend the rules to achieve an objective; better to follow the rules even if the result is unfortunate. In contrast, a country with low uncertainty avoidance will find the thought of formalising and writing everything down could be unnecessary bureaucracy.
  - A country with a high individualism index will consider lots of meetings and discussion to clarify people's feelings a waste of time, whereas a country which is low on individualism will think that there is a real value in ensuring the widest possible consultation.
  - Societies where there is a high assertiveness and achievement orientation will be responsive to the idea of assessing regular performance and career planning, whereas other societies will be happier with a firm that accepts responsibility for its workers well-being and welfare.

The above discussion shows that differences of managerial values which correlated with culture. The impact of culture on managerial values was also studied by other researchers using different methods and they found similar evidence. Although this type of study is subject to criticisms, the impact of culture on management is clear.

Having discussed the impact of culture it is the time to shed light on Saudi culture. Bearing in mind the Meek definition of culture (the shared way of life, values and

---

---

symbols), therefore, studying Saudi culture involves studying three factors which play a key role in composing the culture of Saudi society. These are religion, family and traditions. Studying these factors is considered to be important in understanding Saudi society.

The religion of the whole Saudi population is Islam. In fact Saudi Arabia contains the two Holy Cities (Makkah) in which Islam emerged and toward which all Muslims pray, and Madinah to which Prophet Mohammed (peace be upon him) migrated. Islam has a strong impact on Saudi society. This impact has been observed by Nyrop (1977) when stated that: *Religion is the single most important factor in Saudi culture.*

In Saudi Arabia Islam is more than a religion. It is a way of life, or a complete social system which organises and regulates every small aspect of the daily life, with due rewards or penalties according to the fulfilment or not of these rules. Al-Awaji (1971) has clarified the extent to which Islam governs Saudi life as follows:

*Islam is the source of political legitimacy, the judicial system and the moral code of the society. Islam is the primary political and social form of reference, on the one hand, it is the formal religion of the state and therefore, its principles are the supreme authority. On the other hand, it is a social and cultural institution whose system of social conduct and spiritual forces penetrates every aspect of Muslim life.*

Moliver and Abbondante (1980); and Looney (1982) amongst others have also reported the domination of Islamic principles of all political, institutions, social and economic aspects of Saudi. Walpole (1971) has described Islam and the comprehensiveness of Islamic effects on a Muslim's life as follows :

---

---

*Islam is based on belief in one God, a warm transcendent God to whom man must submit, or resign, his fate. Submission to this God joins men into one community, the House of God (Dar al-Islam) Islam gives man a total explanation of his existence and propounds a moral system which is not so much a set of general principles as a series of practical obligations and prohibitions. Members of the Islamic community do not separate the spiritual from the temporal; everything in society is believed to partake of the religious essence, and all elements of the society are part of the collectivity of Islam. P.106*

Therefore, it is not surprising to find that the first objective of each of the national development plans, is to maintain Islamic values in the society. This is evidence of the dominance of Islamic impacts on Saudi economic and social activities.

The family is the basic unit of Arabic societies. Saudi society is no exception; it is a collection of families rather than individuals. The social relations are much tied to the family consideration, thus family obligations have priority over any other obligations (Lipsky, 1959). This phenomenon has also observed by Hodgetts *et al.*, (1991) :

*the people there [ Middle Eastern countries ] do not relate to and communicate with each other in a loose , general way as they do in the United States. p.349*

The nature of this relationship makes the individual more committed to the family's goals than her/his own. Declining to do so will create a negative attitude toward the person, and becoming undesirable in the community. This commitment is in some cases could be extended to lineage and even tribe. Tribal relations are also close, although they are less close among some urban communities. Kinship, as well, has a very important connecting role in Saudi society; in some cases it might be more close than family relations. However, in return, kinship and family will provide individuals with their well-being in the community. A western observer has pointed out that :

*....It becomes evident that an individual derives both status and role entirely from the position of his family and from his position within the family. The greater part of his activities are related to some degree or other with those of other members of this group.(Davis, 1949, p249)*

---

It is of importance to mention that the Arab family extends from the immediate members of the nuclear unit of procreation ( the parents and the children ) to include uncles, aunts, and ascendant, collateral relatives to the third or fourth degree. Distinction between the Arab and Western concepts of family has been outlined by Davis, 1949 as follows:

*It also became apparent that the Arab concept of all (kin) differs from the lineal concept typical of our culture and includes individuals other than those of immediate family of procreation and orientation and that a much closer degree of relationship exists between the individual and his collateral relatives. p249*

Although the family system plays a very important role in terms of social coherence and the political stability, the strong commitment of Saudi individuals to their families has affected the Saudi bureaucracy, in one way or another (e.g. through nepotism in public affairs). This has been observed by Koninghaure, 1963 of the Ford Foundation Mission<sup>1</sup> when he pointed out that :

*Since the entire social structure has historically been based on kinship, it is not surprising to find a certain amount of influence being exercised in favor of relatives. In this society, it is taken for granted that an individual will use his position to benefit his relatives, and failure to do so would generally be regarded as morally irresponsible. p.8*

This shows that the family's interest is seen as more important than that of the public services. This problem could be considered amongst the reasons for the centralisation of many of civil service activities in one organisation, that is the General Bureau of the Civil Service.

Further to the role of religion and family there are also the traditions, which have historical deep roots in Saudi society. Many of these Arab traditions predate Islam. A heritage of traditions is passed on from one generation to another, and participates in

---

<sup>1</sup> Due to rapid expansion of Saudi Government services and structure a group of experts of Ford Foundation of the USA have been invited to the Kingdom to study the Saudi administrative system and the planning and implementation of the country's administrative programmes.

---

---

forming the total family and social values. However, the interdependence of the role and influence of each of the religion, family and tradition sub-systems in the social system makes it difficult to consider each of these three factors individually.

The differences existing between Arab and Western cultures implies different attitudes and work-related values. An example of the attitude differences was provided by Bartlett, in Hodgetts (1991) when he mentioned that :

*In North American society, the generally professed prevalent pattern is one of nonclass-consciousness, as far as work is concerned. Students, for example, make extra pocket money by taking all sorts of part-time jobs-manual and otherwise-regardless of the socioeconomic stratum to which the individual belongs. The attitude is uninhibited. In the Middle East, the overruling obsession is how the money is made and via what kind of job. p349*

However, the discussion of Saudi culture is very important because it influences the methodology of this study and it also influences HRP in Saudi. An example of its influence on the study is the need to make personal contact in order to get the commitment of senior people for the replies to the questionnaires before the distribution of the questionnaire (for more details about these issues see Chapter four). Indeed a significant effort had to be invested in personal relationships in order to obtain a suitable sample of potential respondents. Another example of cultural influences on the study is that people's commitment to their families and friends caused many interruption to the interviews, as a results of social visits during working hours. Another point of cultural influence on the study is, that none of our respondents were women, and as such there was not a need for a gender questions, because of the absence of women in the managerial cadre of the private sector in Saudi.

The simplest example of Saudi culture's influence on HRP in the country is the limited role of women in the labour force generally, and the limited fields of work for women

---

(e.g. like teaching in girl's schools and some medical and public jobs which are isolated of men). Apart from nurseries, and possibly some hospital jobs, there is no significant role for women in the private sector, although some private firms are owned by women. This means that, to date HRP in private sector is really manpower planning with no reservations in using the term. It is worth saying that in the Saudi context the term 'manpower planning' has no sexist implication.

However, the issue of limited participation by women in the labour force has been raised among human resources problems in the Third Development Plan, which addressed the need to increase women's participation in the workforce.

### ***ECONOMY AND DEVELOPMENT***

Oil was discovered in commercial quantities in Saudi Arabia in 1938, but World War II interrupted the development of the petroleum industry. In the period that immediately followed the end of the war, production increased rapidly. This can be considered as a major shift in the history of Saudi economy. Prior to that the Kingdom had no integrated national economy. Economic activity was limited to primitive agriculture, livestock (sheep, camel, and goats) raised by bedouins, the production of simple tools by craftsmen who lived in small towns concentrated around sources of water, and to income generated from the Hajj pilgrimages, visiting the holy places ( Makkah and Madinah ) every year. These were important sources of revenue, as well as pearl fishing along the East and West Coasts. Dates were the main crop. Camel caravans traversed the Arabian peninsula and sailing vessels traded at seaports. ( Chamieh, 1983; Nyrop, 1977 ). However, after the unification of Saudi Arabia, oil production has gradually increased. The real income started to flow since 1959. The gradual increase in oil production was paralleled by an increase in oil prices. This provides a

---

---

major source of revenue for both the public and private sectors. In order to utilise the oil income effectively and to expand and diversify industrial and agricultural potential, the government of Saudi Arabia adopted a series of comprehensive Five-year Development Plans, starting in 1970. The specific objectives the government hoped to achieve through its planning strategies were :

- 1) to increase the rate of growth of the gross domestic product (GDP).
- 2) to develop human resources and to form productive citizen-workers by providing them with education and health services so that the various elements of society would be able to contribute more effectively to production and to participate fully in the process of development.
- 3) to diversify the sources of national income with reduced dependence on oil through increasing the share of other sectors in the gross domestic product.

A great increase in oil revenues and a higher percentage of Saudi ownership in the oil sector provided the base for the First Development Plan (1970-1975) in Saudi. This helped to lay the foundation for phenomenal social change which took place in the Kingdom, resulting in a real economic boom. Consequently, modern roads were built, new telephone networks covered all the country, and new airports were constructed to serve a regularly ever-growing fleet of modern planes. The expansion of ports, construction of dams - water drilling, desalination projects, intensified industrial activities, as well as education development and expansion were all carried out. These are examples of a wide range of projects which were carried out at times in which national human resources were not sufficient either quantitatively nor qualitatively to match their requirements ( SDP, 1976 ).

---

---

The preceding discussion shows how Saudi Arabia is wedded nationally to human resources planning. During the first four plans (1970-1990), significant progress has been made in each major area of development and a progressive and intensive evolution has taken place in all sectors. For instance, before 1989 Saudi Arabia was one of the main wheat importing countries in the region, whilst today it exports commercial quantities of grain to neighbouring countries (Statistical Year Book, 1991 ). Similarly, the industrial sector has been developed to broaden the country's economic base, and two major industrial cities have been established, Jubail Industrial City and Yanbu Industrial City. In this regard El-Mallakh, (1982) has pointed out that:

*Saudi Arabia is involved not in a move or thrust, but a stampede toward economic development; the transformation taking place in Yanbu and Jubail perhaps best epitomizes this almost cataclysmic restructuring of an economy on an unprecedented scale and with dizzying speed. The construction of industrial complexes on the Red Sea and Gulf sites is the most massive new undertaking of its kind world-wide. p13*

Thus, the establishment of these two cities is considered as a step toward producing for international markets in order to diversify income sources. Consequently, the Saudi Basic Industries Corporation ( SABIC ) is considered to be the largest industrial organisation, not only in the immediate area, but also compared to many other developing countries.

Development efforts have led to a dramatic economic, political and social changes in the country. Substantial progress in the field of education, health, social services and infrastructure have been made (Chamieh, 1983 ). Saudi Arabia is considered as one of the major oil-producer countries and as having rich reserves.

---

---

It should be mentioned that HR problems and fluctuations are closely associated with the economic and development efforts of the country. Thus it might be difficult to discuss HR issues without reference to the economic factors.

### **BACKGROUND TO PLANNING AND PLANS IN THE COUNTRY.**

This section will shed light on the development of macro level planning in Saudi Arabia (national level planning). This discussion will start by reviewing the development of national level planning process (macro level). This will be followed by reviewing of the macro plans to show the human resources - related issues in the plans, as well as issues related to the private sector the target of this study.

Micro level HRP has been classified into two parts micro level public sector HRP, and micro level private sector HRP. The available literature about these two parts will be reviewed within this section.

### ***BACKGROUND TO NATIONAL PLANNING IN SAUDI (MACRO LEVEL PLANNING)***

This study is concerned with HRP in the Saudi private sector (organisation level HRP - micro level). But this is directly influenced by macro level HRP (national HRP), which has implications for micro level planning in both private and public sectors. Therefore, this section will discuss the development of macro level planning, the next section will discuss the issues macro HRP has raised for micro HRP in public and private sectors.

National Planning implies the efficient use of a country's available resources in order to reach the general goals of the nation. Prior to 1965, there was no central planning agency or department responsible for the country's development planning; instead each

---

---

individual ministry designed its own plan according to its allocated budget. In 1958 however and due to the recommendations of the President of the Saudi Arabia Monetary Agency to solve the country's financial problem, the President of the Council of Ministers issued an order to form a financial and economic committee to study and set up the economic development of the country (Al-Mazroa, 1980 ).

The financial and Economic Committee was made up of six foreign financial, economic, and industrial advisors headed by the President of the Saudi Arabia Monetary Agency. The committee hoped to evaluate the productivity prospects of the different projects, studying the financial system and drawing a five year program for economic development ( Al-Awaji, 1967 ). This committee was not able to achieve its goals, due to its limited capacity as well as lack of adequate and accurate data. Al-Awaji has noted that:

*It is obvious that the declared assignment was too large for such a committee to carry out. It would require a well organized and capable institution supported by the mutual efforts of all involved organizations. It would be impossible for a committee of six advisors, who have other important responsibilities in their respective departments to do all the job. p.67*

However, despite the failure of the committee to achieve any of its assigned goals and objectives, it had accomplished a very important task, drafting the establishment and regulations of a new economic development board.

In 1960 due to the government's great desire for development as well as the failure of the financial and economic committee, the King asked the International Bank for Reconstruction and Development ( IBRD ) for a consultative mission to Saudi Arabia to study the country's problems and to make recommendations for the best feasible plan for developing the country's resources ( El-Mallakh, 1982 ). The recommendations of IBRD combined with the draft which was submitted by the

---

---

financial and economic committee resulted in establishment of the Supreme Planning Board in 1961. This board functioned as a committee and was chaired by the Prime Minister and its membership was various ministers concerned with development. Its responsibilities were:

1. To plan and draw up the policies of economic development amongst the various ministries and departments.
2. To supervise and follow up their execution.

The responsibilities given to the Supreme Planning Board were mainly economic planning in the public sector and the follow up of the implementation of the plans, disregarding two major issues that should have been included in its responsibilities, the private sector and the desire for social development (Al-Tawail, 1977; ). However, Al-Hamoud (1987) has mentioned that this could be ascribed to the general prevailing belief that economic development is a prerequisite for any social development and that the private sector can not significantly contribute to the process of development.

Lack of skilled and trained manpower, a clear definition of the goals and objectives, an effective budgeting process, and planning experience have all contributed to the failure of the Supreme Planning Board to accomplish its basic goals and objectives (Al-Hamoud,1987). This did not reduce the strong desire of government to assist the development and modernisation of the country. The Crown Prince, acting as the Prime Minister, issued the Ten Point Program for the development of the country on 6th of November 1962 (Al-Hamoud, 1987). Although, some of the Ten Point Program objectives were not accomplished, most of its points have been achieved. The most successful thing it achieved is that it eventually led the country logically, and practically, to systematic programmed development planning, overcoming most of previous failures, by launching the first Five Year Development Plan in 1970 ( Safran,

---

---

1985 cited in Al-Hamoud, 1987 ). The reform was essential in order to overcome all those factors which were contributing to the failure of the planning process in the country. Therefore, an invitation was sent to a United Nation Reconnaissance Mission, to help in reorganising the planning process. Another invitation was sent to the Ford Foundation, to help analyse problems facing public administration. The United Nations and Ford Foundations suggested different steps to enhance the country's development process. These included the establishment of a central planning organisation really capable of planning. Consequently, the Central Planning Organisation (CPO) was established in 1965, by reorganising the Supreme Planning Board, in addition to raising the status of the President of the Central Planning Organisation to a ministerial level, attached directly to the King (Al-Tawail, 1977; Al-Hamoud, 1987 ). The government's desire to plan is reflected in the attaching of the President of (CPO) to the King directly. Without the backing of the King for the plans, planning efforts will be valueless. The responsibilities of CPO, as outlined by Adam *et al.* ( 1965 ), are as follows :

1. To design and issue a periodic economic report about the economic situation in Saudi Arabia.
2. To issue the first five year development plan.
3. To estimate the capital needed for undertaking the country's development plan after the approval of the Council of Ministers.
4. To study and investigate the economic situation and make appropriate recommendations.
5. To assess the Government Ministries and related departments with regard to planning affairs and implementation of the development plans.
6. To help and provide technical advice on matters emerging from the King and other ministry departments.

The preparation of the First Development Plan in 1970 was launched through the co-operation of the Central Planning Organisation with the Stanford Research Institute in 1969. The Second Development Plan was also the result of the co-operation with the

---

---

Stanford Research Institute, launched in 1975. Further development has been made to the Central Planning Organisation in 1975, was raised to be the Ministry of Planning, responsible for adopting and implementing the country's development plans for economic, social, and public services. The Ministry of Planning prepared the Third, Fourth, and Fifth Development Plans, in 1980, 1985, and 1990 respectively (see Figure 3-2). This is abroad review of the development of macro level planning in the country, below is a review of the various development plans, in order to reveal development efforts and their consequences in terms of national manpower demand and supply (macro level HRP) and the fluctuations of the labour market which results in a need for expatriate workers.

#### ***REVIEWING THE DEVELOPMENT PLANS***

Having reviewed the historical development of the planning process in Saudi Arabia, it is the time to shed some light on the development and human resource issues which were raised by macro level planning in the five development plans. These show the roots of human resources problems in Saudi which create the need for Saudiization. In addition this section will provide hints about privatisation which will be discussed in more detail in other sections.

The first national development plan ( FDP ) was issued in 1970. It covered the period 1970 - 1975. The FDP was not intended to be specific, but rather, to ensure co-ordinative as well as integrative development activities. Therefore, the various ministries were asked to study and rank their programmes and policies according to their priorities. They were also given the opportunity to co-ordinate their activities. The general objectives of the First Development Plan were to maintain the country's religious and moral values ( this reflects cultural influences, particularly the religion)

---

---

and raise the standards of living and welfare of its people while providing for national security and maintaining economic and social stability ( Development Plan, 1970).

These objectives were to be achieved by :

1. Increasing the rate of growth of gross domestic product (GDP);
2. Developing human resources to make the several elements of society will be able to contribute more effectively to production, and the development; and
3. Diversifying the sources of national income and reducing the dependence on oil through increasing the share of other productive sectors in gross domestic product. ( Development Plan, 1970).

It is very apparent that if these objectives were to be met, then appropriate human resources had to be developed. The First Development Plan was mainly focused on building the essential infrastructure to maximise the benefits from oil revenue. From this point of view the FDP recognised the problem of manpower shortages, especially in areas which require a high level of training and education. Consequently, the FDP showed awareness of the need to develop human resources in order to achieve above development objectives. But the dominance of other economic objectives led to a complete reliance on expatriate labour, which had meant that a specific focused strategy to develop human resources did not play a major part in the plan.

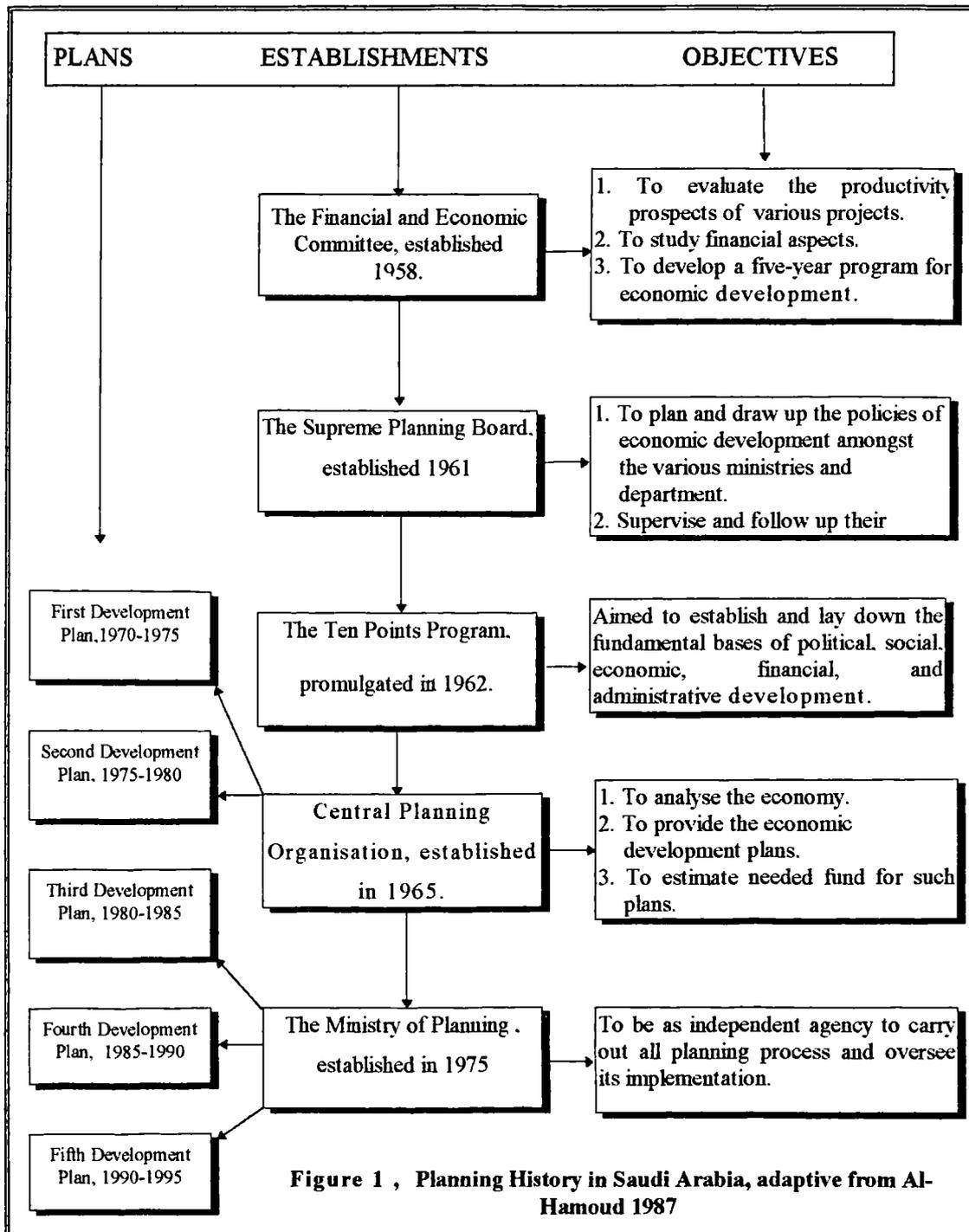
The Second Development Plan was issued in 1975, covering the period 1975 to 1980. Its broad goals were a continuation of those of the FDP.

The concept of human resource planning was first introduced in the Second Development Plan (SDP), to enhance the national labour force. This can be considered as a very significant characteristic of this plan, which included a useful analysis of the contemporary manpower situation. The analysis encompassed the following:

---

- *a high proportion of the Saudi labour force needed to be trained in skills and serve in high productivity occupations.*
- *About 20 percent of the total labour force - largely in the skilled and technical occupations- already have to be imported.*

**Figure 3-2 Historical Development of Planning in Saudi Arabia.**



- 
- *Rapid development is greatly increasing manpower demand in the construction trades and in technical and managerial occupations.*
  - *Wages are rising rapidly, particularly in the private sector, owing to the extremely tight labour market.*
  - *The participation of women in the labour force remains marginal.*
  - *Many of the new labour-force entrants come from rural areas. They are often unable to be fully productive due to a lack of training opportunities in the rural environment.*
  - *Although greatly expanded in the past few years, training and educational programmes are insufficient, both quantitatively and qualitatively, to produce graduates capable of productive work in either the private or public sectors without further training.*
  - *In-service training programmes are largely undeveloped in the private sector, with the exception of the oil companies and a few others.*
  - *University training of Saudis abroad is extensive in the government and private sectors but is still insufficient to meet the demand for managerial and technical skills. (SDP, 1976 p.215)*

Although, the development of human resources was a primary objective of the Second Development Plan, the desire for rapid growth and social change placed a need for continuing dependency on foreign personnel to carry out the development projects throughout the SDP. This is clearly stated in the SDP, among the objectives of manpower development:

*Supplement the labor force with non-Saudis to the extent required for diversified industrial development. Foreign workers of high quality must be attracted to the Kingdom in sufficient numbers and with the appropriate skills to meet the predicted shortfall in the Saudi labor force. p.216*

The estimated quantity of foreign manpower required to carry out development activities, based on an assumed structure of employment, is shown in Table 3-2. Thus, importing foreign manpower was among the objectives of the SDP, as a prerequisite to

---

ensure rapid development. Table 3-3 shows breakdown of Saudi manpower by occupational group at the beginning and end of the SDP.

**Table 3-2 Estimated non-Saudi manpower by occupational group, 1975 and 1980**

Occupational group	1975 (000)	1980 (000)	Increase 1975-1980
Managers	6.3	12.4	6.1
Professionals	15.7	23.5	7.8
Technicians and sub-professionals	31.4	81.3	49.9
Clerical workers	31.4	121.8	90.4
Sales workers	47.1	112.6	65.5
Service workers	47.1	145.2	98.1
Operatives	25.1	51.4	26.3
Skilled workers	47.1	101.9	54.8
Semi-skilled workers	62.8	162.5	99.7
Total	314.0	812.6	498.6

Source: Ministry of Planning, Second Development Plan, p .216

Comparison of Table 3-2 and Table 3-3 reveals the high estimated growth of foreign manpower comparing by Saudi manpower.

**Table 3-3 Estimated Saudi manpower by occupational group, 1975 and 1980**

Occupational group	1975 (000)	1980 (000)	Increase 1975-1980
Managers	7.4	8.7	1.3
Professionals	48.4	52.9	4.5
Technicians and sub-professionals	25.0	33.4	8.4
Clerical workers	67.5	99.6	32.1
Sales workers	82.3	97.2	14.9
Service workers	105.2	134.5	29.3
Operatives	40.0	57.1	17.1
Skilled workers	70.1	93.5	23.4
Semi-skills workers	170.0	265.0	95.0
Unskilled workers	244.0	296.4	52.4
farmers	311.2	281.0	(30.2)
Bedouins	114.9	98.7	(16.2)
Total	1,286	1,518	232.0

Source: Ministry of Planning, Second Development Plan, p .216

The Third Development Plan (TDP) was the starting point of sectoral manpower changes. During the TDP crude oil production declined from 9 million barrels per day to about 4 million barrels per day, which led to a decline in the annual growth of GDP for the oil sector from 65.2% in 1980 to 39.8% in 1985, though there was an increase in the annual growth of GDP for non-oil sectors (see Table 3-4). The result was more concentration on the government policy of income source diversification to avoid oil market fluctuations which, in turn, led to a shift from physical infrastructure projects toward maximising investment in the industrial and agricultural sectors. This implies sectoral manpower changes due to expansion in one sector and decline of others.

**Table 3-4 Gross Domestic Product During the Third Plan.**

Value (SR billions)	1980 *	1981	1982	1983	1984	1985
Oil sector	250.0	359.0	336.6	206.2	166.2	142.5
Non-oil sector	133.5	159.0	185.6	205.6	214.2	215.6
Total **	383.5	518.0	522.2	411.8	380.4	358.1
Oil sector (%)	65.2	69.3	64.5	50.1	43.7	39.8
Non-oil sector (%)	34.8	30.7	35.5	49.9	56.3	60.2
Total **	100.0	100.0	100.0	100.0	100.0	100.0

Source: Ministry of Planning, Fourth Development Plan, p.14.

\* Last year of Second Plan.

\*\* Exclude import duties.

Human resource development also was emphasised due to the shortages of skilled and semi-skilled labour in the Kingdom. Nevertheless, the TDP admitted, in a very explicit way, the following serious manpower-related problems, which affected the SDP, and are likely to dominate the TDP period:

1. A continuing imbalance between the economy's growing manpower requirements and the number of new Saudi entrants into the labour force.
2. The dependence on outmigration from agriculture as an important source of Saudi labour supply for new employment.
3. The restrictive effects of the Government's own demand for Saudi labour on the availability of manpower for private sector.
4. The concentration of demand for non-Saudi labour in the private services sectors (Third Development Plan p.15).

---

The First and Second plans emphasised high growth rates in all sectors, which resulted in the free importing of personnel from foreign labour markets. The TDP, introduced a new strategy which emphasised high rates of growth more selectively, in which foreign labour will be consolidated rather than expanding further. Thus, the TDP places a deliberate limitation on future growth of the total quantity of foreign manpower. It aims to restrict the growth of foreign labour to a rate of 0.2 percent (see Table 3-5). This was the first limitation on importing foreign labour, which were grew by 21 percent during the SDP period.

The TDP intended to pursue the planning and development of human resources by concentration on maximising the utilisation of domestic and foreign skilled manpower, besides the preparation of nationals to replace foreign manpower. The process was later given the name "Saudiization".

As a result of above strategy, the percent of share of foreign manpower was projected to decline from 43 percent at the beginning of the plan to 41 percent at the end of the plan (see Table 3-5).

In spite of the efforts mentioned above, employment in the country grew by 1,420,000. Saudi manpower formed only about 21 percent of total increase see (Table 3-6 ). The foreign manpower share of the total labour force rose from about 50 percent in 1980 to about 60 percent in 1985 the last year in the TDP. By comparing that with the projected percentage in same plan, shown in Table 3-5, it is revealed that the whole projection in Table 3-5 proved to be incorrect. The actual annual rate of foreign labour growth has almost reached 12 percent, instead of the 0.2 percent projected annual growth rate. This indicated that the TDP had not achieved its objectives in

---

terms of Saudiization and limitation of growth of foreign manpower (TDP, 1980, 4DP 1985, and Al-Hamoud, 1987).

**Table 3-5 Projected civilian employment in Saudi Arabia 1980 to 1985.**

	Civilian Employment (Thousand)		Net Change Thousand	Percent Share of the Total		Annual Growth Rate (percent)
	1980	1985		1980	1985	
Saudi manpower	1,411.4	1,557.4	146.0	57%	59%	1.9
Non-Saudi manpower	1,059.8	1,068.8	9.0	43%	41%	0.2
Total	2,471.2	2,626.2	155.0	100	100	1.2

Source: Ministry of Planning, Third Development Plan, p.98

The objectives of the Fourth Development Plan ( 4DP ) emphasised the efficiency of the government sector and more development of the private sector, which was given increased importance. This was clearly stated among the strategic principles of the 4DP as follows:

- The second strategic principle is giving the private sector the opportunity to undertake many of the economic tasks which were undertaken by the government, with the government's commitment not to engage in any economic activities undertaken by the private sector.
- The fourth strategic principle is that the government's investment and expenditure decisions should be dominated by the consideration of economics.
- The fifth strategic principle is to continue the development of Saudi manpower through evaluation of the curricula and programmes for education and training as well as through further development and modification of these to cope with changing needs of society and the requirements of the development process.

The above strategies are clearly influenced by the decline of oil revenues. This can be seen in the domination of the economic considerations, and looking for the efficient utilisation of available resources, particularly human resources through the fifth strategic principle.

---

However, at the time of Fourth Plan's preparation it was apparent that the revenues available to the government would be substantially less than that during the Third Plan, which in turn, involved the adoption of a more realistic approach in financing both recurrent and project expenditures. Further worsening of world oil markets in the early years of the implementation of the 4DP caused government revenues to fall short of their anticipated levels. Consequently, government expenditures declined by 20 percent below the 4DP target. This resulted in the postponement of some new projects. It re-emphasised the strategic importance of the fundamental long-term goal of economic diversification in reducing dependence on oil revenues. In other words, as stated clearly in the principles of the plan above, more development of private sector activities as a key player in terms of non-oil products was envisaged.

The failure of the TDP to achieve projected human resource objectives can be attributed to the decline in oil revenues, which emphasised the need to accelerate the process of diversifying the economic infrastructure and to maintain the high growth rate, which in turn was on the expense of Saudiization and the limitation of foreign manpower growth. Other factors have also influenced the success of Saudiization; those include the low participation of women in the labour force, the high rate of school drop outs, which combine with the previous manpower-related problems listed above which dominated the FDP and the SDP (TDP, 1980; 4DP 1985; and Al-Hamoud, 1987). These issues were acknowledged by the 4DP, in which diversified infrastructure for the economy was almost completed. Moreover, an increased number of Saudi entrants to the labour market as a result of earliest policies of human resource development was noted. Therefore, 4DP was the first plan, aim to reduce foreign manpower (4DP 1985).

---

**Table 3-6 Nationality Composition of the Civilian Labour Force**

	Labour force (Thousand)		Labour force growth	
	1980	1985	Increase (Thousand)	A. A. R.* (Percent)
Saudi	1,493.2	1,786.0	292.8	3.7
Non-Saudi	1,532.8	2,660.0	1,127.2	11.7
Total	3,026.0	4,446.0	1,420.0	8.0

\* Average Annual Rate

Source: Ministry of Planning, Fourth Development Plan, p.36

The objectives of the Fifth Development Plan (5DP) were a continuation of the 4DP, with more emphasise and stress on certain strategic principles, including:

1. To make the national economy more dependent on private sector activities and its available resources and potential, through:
  - encouraging the participation of Saudi private sector capital in domestic investment;
  - the development of rules and regulations for financing certain development programs and projects through private firms and establishments under state supervision and underwriting;
2. To develop appropriate means of stimulating the private sector to provide employment opportunities for citizens;
3. To adopt the necessary measures for the welcome replacement of non-Saudi manpower by Saudi nationals.” (M.O.P., 1990, p.7)

These principles, amongst others, were asserted by the Council of Ministers, which reveals the level of importance of these issues related to the Saudiization and manpower utilisation, as well as privatisation and the role of private sector. Thus, the major objectives of the 5DP are as those of the 4DP, but with even more emphasis on encouraging the private sector’s participation in socio-economic development.

Regarding human resources, the 5DP has admitted the impressive progress made in developing Saudi labour skills. Thus, the plan places high priority on further

---

broadening and deepening of the skills which are compatible with the technology base of Saudi economy. The Plan (1990) has stated that :

*As the focus of economic development shifts increasingly to the private sector, the need to further develop Saudi labor and management skills required in the private sector becomes more critical. p.49*

However, the 5DP has taken place at a time when the country has completed twenty years of planned development, which has resulted in an almost completed modern physical infrastructure as well as economic diversification and restructuring. Most of the institutional framework for development has been established. So the private sector should take its place and absorb more of the activities which were handled by the government.

Nevertheless the development of the private sector still needs to be greatly enhanced, and much remains to be done fully to develop and use the skills of the Saudi labour force.

#### ***HUMAN RESOURCES DEVELOPMENT IN SAUDI ARABIA***

*There is now greater insight into the importance of the human factor in development, and urgent need to mobilize human resources. Economic growth in the advanced countries appears to be attributable in large part than was previously supposed to human skills rather than to capital. The United Nation's Development Review (1965).*

This section aims to provide evidence about educational developments and attempts to increase Saudi manpower supply. It also illustrates the need for HRP, both at macro and micro levels, to improve educational policies and to cope with the labour market needs, particularly of the private sector as the largest employer in the country.

Education is no longer conducted just to achieve social needs. Nowadays, education also needs to be an investment in people, and serve economic objectives, so people are in education to get a job and to invest their knowledge (Al-Bakary, 1980). Education polices in the Kingdom are carried out by the Ministry of Education, the General

---

---

Presidency of Girls Education, the Ministry of Higher Education, and the General Organisation for Technical Education and Vocational Training, in addition to many other schools/ institutes/ colleges distributed among other Ministries. Education in the Kingdom is free of charge and the government, according to the educational policy of 1970, will not charge tuition fees. This discussion of education system aims to show the costs of this sector, the significance of mismatch with labour market needs; and the huge number of graduates from this system. It was an important goal of all four previous development plans to develop the educational system to provide good quality education to all the people of Saudi Arabia; furthermore, to encourage people to participate and to be part of the country's workforce by providing them with various types of education and training. The Fifth Development Plan in particular has reaffirmed the Kingdom's commitment to the full development of its people. The plan has set two strategic objectives stated below:

- *to form a productive national workforce by encouraging citizens to avail themselves of the benefits from the infrastructure and institutions provided for them by the state, ensuring their livelihood and rewarding them on the basis of their work;*
- *to develop human resources, thus ensuring a constant supply of manpower, upgrading its quality and improving its efficiency to meet the requirements of the national economy. 5DP, 1990 p.255*

The number of students has considerably increased from 983,808 students in 1976 to 2,913,087 students in 1992. Table 3-7 shows a time series analysis of the development of student numbers in the Saudi school system. These numbers exclude university students, adult education, special education and other education students. The grand total in 1992 including these was 3,249,351 students. The rapid growth of student numbers has been accompanied by a similar expansion in the infrastructure of the Ministries of Education and Higher Education, the General Presidency of Girls

---

Education and the Girls colleges. For instance, the number of secondary schools for boys and girls increased from 23 to 1,171 over the last two decades. Public expenditure on education has substantially grown from SR 600 million in 1970 to almost SR 22 billion in 1990 ( 5DP, 1990 ).

**Table 3-7 Development of Student Numbers in Saudi Arabia 1976-1992**

	1976	1980	1984	1988	1992
Elementary	726063	930436	1262953	1694394	1922072
Intermediate	177921	256724	373134	494849	616560
Secondary	59933	100023	164186	244306	313576
Teachers Edu.	15343	20997	17181	25780	33525
Tech. Edu.	4548	6920	11116	23860	27354
Total*	983808	1315100	1828570	2483189	2913087

\* Exclude universities students, adult education, special education and other education. The grand total in 1992 including these was 3,249,351. Source: Calculated from Education Statistics 1986 & Statistical Yearbook 1992, Ministry of Finance.

Student numbers have increased three fold within the period of sixteen years see (Figure 3-3). These numbers of students will finally be new entrants to the labour market, and if they do not, to some extent, match the labour market's demand, then the result will be high wastage in the national educational and training resources, as well as the social consequences of an increased rates of unemployment. Unfortunately, this is the case, as stated by 5DP 1990:

*The internal efficiency and external effectiveness of the high education system are low, .....through some mismatch between the skills acquired by graduates and those needed by the national economy (5DP p.262).*

HRP plays a key role in directing national educational policy to achieve economic and social objectives, and to balance the numbers by types of manpower supplied by educational and training establishments with that needed by the labour market.

*Manpower planning is carried out as a component part of national development planning in order to set targets for the education sector, i.e., the national education training system viewed comprehensively,..... Manpower planning is used to provide direction for policies, and to improve the design and management of vocational, technical and professional programmes and training institutions. (UN, 1989, p.65)*

National HRP is concerned with demand and supply at the macro level. Thus, as is well known, the Saudi private sector is the largest employer in the country (see Table 3-8). It employs over 85 percent of the total work force. Therefore, it is the determinant sector for national manpower demand. This means that national manpower planners must consider its quantitative and qualitative needs in their long-term planning for human resource development. Issues to be raised are whether or not the private sector plans its future needs, knows its immediate needs, and whether or not its needs are in way or another are communicated to the macro planners. If not, this will be reflected in human resource development programmes which will not be very supportive of national demands. It is of the aim of this study to find answers to these questions.

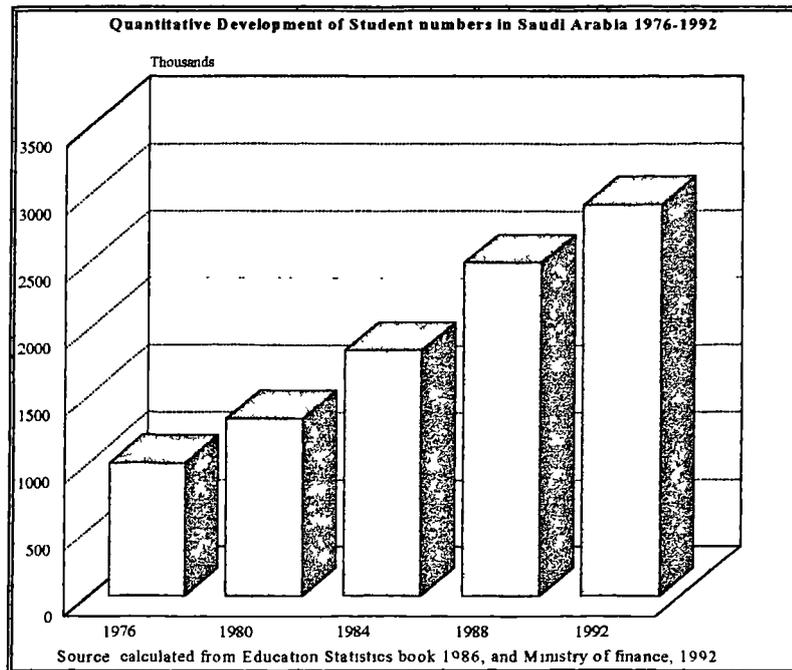
**Table 3-8 Manpower growth in private and public sector over the period 1970-1990 - thousands.**

Years	Public Sector	Private Sector	Total
1970	143.3	1352.6	1525.9
1975	250.1	1716.0	1966.1
1980	388.7	3349.2	3737.9
1985	614.9	4718.0	5332.9
1990	624.8	5147.0	5771.8
1995*	633.5	5351.8	5985.3

\* 1995 is projected by Ministry of Planning.

Source : CDS, Ministry of Planning.

**Figure 3-3 Quantitative Development of Student numbers in Saudi Arabia, 1976-1992**



### ***THE SAUDI LABOUR MARKET.***

Major quantitative and qualitative changes have taken place in the Saudi labour market since the launching of the FDP in 1970. These changes have evolved for many reasons, ranging from the discovery of oil and its increased revenues during the FDP and the SDP, through the fluctuation of oil markets and its consequences on national economy during the TDP, to the shrinking of oil revenues during the 4DP and the 5DP. So, during the last two decades, the labour market in Saudi Arabia has witnessed rapid changes. Total employment has grown at an annual average of 8%, with the result of 4.3 million workers being added to the work force. The rapid structural changes in the national economy have resulted in big changes in the sector, occupation, and nationality of the labour force. The characteristics of the manpower needed, and the size and composition of the Saudi labour market have been changing as a direct result of this very dynamic environment.

---

This section aims to discuss labour market changes in terms of the balance of demand and supply and the influence of development efforts, and oil fluctuations on the labour market. So, it will start with a general review of the total demand and supply, in addition to more analysis of the sectoral distribution ( public sector - private sector ) of manpower. In addition the need for foreigners and the imbalance between Saudi and non-Saudi labour will be discussed.

### **The early stage of manpower shortage**

*A major constraint to industrial development in Saudi Arabia is the shortage of manpower in all grades, from managerial and technological to the unskilled levels. Ever-increasing numbers of Saudi citizens are benefiting from increased educational opportunities and more are studying in universities and in technical schools, but the demand for these trained and skilled people still exceeds the supply by a considerable factor. (Business International, 1981, p.59)*

This stage of severe manpower quantitative and qualitative shortage emerged as a result of launching the huge developmental programmes in order to lay down the physical infrastructure for social and economic development. The huge number of programmes created a huge quantitative and qualitative manpower demand, exceeding the capacity of the Saudi labour market.

The lack of a national workforce necessary to meet rapid development requirements during the First Development Plan was resolved by:

1- Importing whatever non-Saudi manpower was required (Third Development Plan 1980-1985 shows that over three million of the work force were non-Saudi ). The SDP 1975-1980 deliberately aimed to import foreign manpower to avoid the problems of manpower shortages and to ensure the achievement of the plan's objectives. This was clearly stated in the SDP among the objectives for manpower development:

---

---

*Supplement the labor force with non-Saudis to the extent required for diversified industrial development. Foreign workers of high quality must be attracted to the Kingdom in sufficient numbers and with the appropriate skills to meet the predicted shortfall in the Saudi labor force. p.216*

The Second Plan explicitly asserted the importance of importing foreign personnel.

This was also experienced within the First Plan, 1970 which mentioned that :

*...The demand has inevitably outpaced the supply. As a result large numbers of foreign personnel are employed in many important areas of the economy particularly those requiring high level of education and training. p.22*

Al-Hamoud, 1987, in this regard, has pointed out that:

*The desire to execute the huge projects that were laid down by the SDP supported by the strong financial position of the country had initiated more dependency on the imported personnel.*

Similarly, Al-Yousef *et al.*, 1983 have mentioned that:

*the most important economic factors that caused the importation of foreign manpower is the availability of money which created a very strong desire among various government officials to launch different large programs to enhance the country's development which in turn have demanded for its execution great numbers of manpower exceeding the available local manpower. p.18*

2- Parallel to the importation of foreign personnel, there were massive efforts to increase the Saudi labour force through rapid education and training programmes, as shown in a previous section of this chapter.

### **The nationality imbalance in the labour market**

Although the problems of manpower shortage have been overcome by the above policies, another problem has emerged as a side effect of those policies: the increased growth rate of foreign manpower during the years of the Second Plan which reached 21 percent and led to an imbalance between Saudi and non-Saudi manpower in the Saudi labour market. Olson (1989) has pointed out that foreign manpower surpassed Saudi manpower in the labour

---

---

force by the early 1980s, the proportion of Saudis dropping from 72 percent as recently as 1975 to 40 percent in 1985.

Although foreign manpower often provides a competitive advantage (cheap labour) for employers, and has a positive effect on the process of diversification as mentioned in the Fifth Plan, it should be mentioned also that Saudiization is an urgent social need, besides being national economic requirement. Hence the transfer payments by the huge numbers of foreign workers in Saudi leads to a decrease in the cumulative capital of the Saudi economy (CCIR, 1993). The problem of foreign manpower is represented in its strong competitiveness to domestic manpower for available jobs, which prevented Saudi manpower from practical involvement in economic activities which were necessary to develop their technical skills through participation in a unique period of development in the history of Saudi, so they lacked such skills as might be gained from this unrepeatable experience. This in turn prevents the country from developing its own well diversified flexible labour force. Furthermore, the instability of the foreign manpower, and its responsiveness to any changes in its nature countries or in Saudi Arabia<sup>2</sup>, is a threat to the stability of Saudi economic activities. The reduction of foreign manpower is also a social requirement to maintain the social system, values and traditions (CCIR<sup>3</sup>,1993; Al-Ghamdi, 1985). The Third Plan, (1980) realised this problem. Thus, it was the first attempt to propose a deliberate limitation on the future growth of the total number of foreign manpower. It aimed to restrict the growth of foreign manpower to a projected annual rate of 0.2 percent, (Table 3-5) by consolidating rather than expanding the foreign labour force. The Fourth Plan, (1985) has shown that the projected growth of foreign manpower in Table 3-5 has not been achieved, and that foreign manpower grew at an actual annual rate

---

<sup>2</sup> Such as that of the Gulf War, hence many foreign manpower left to their countries due to the War.

<sup>3</sup> Chamber of Commerce and Industry-Riyadh (CCIR).

---

reaching about 12 percent, instead of the projected 0.2 percent<sup>4</sup>. The Fourth Plan has also acknowledged this problem, beside the fact of declined oil revenues. Therefore, total employment during the years of Fourth Plan was projected to decline from 4,446,000 in 1985 to 4,220,000 in 1990 see (Table 3-9). The decrease was projected to be in the amount of foreign manpower, due to the completion of the infrastructure projects which resulting in a reduction in the work force of that sector which mainly employs foreign manpower. The Fifth Plan, (1990) proved that the total employment had increased during the years of the Fourth Plan at an actual annual rate of 1.9 percent, instead of that projected annual decrease by one percent. The Fifth Plan has related this mismatch between the projected target and the actual achievement of the Fourth Plan to the growth of employment in other sectors ( community services and trade sectors ) which exceeded the reduction of the construction sector.

Although the Fifth Plan has asserted Saudiization, it does not show detailed information about the national composition of the labour force, nor the achievement of the Fourth Plan in terms of the share of foreign manpower in the national labour market, nor the projections of that during the years of the Fifth Plan.

**Table 3-9 Projected Civilian Employment in Saudi Arabia 1985 to 1990**

	Civilian Employment (Thousand)		Net Change Thousand	Percent Share of the Total		Annual Growth Rate (percent)
	1985	1990		1985	1990	
Saudi manpower	1,786.0	2,160.7	374.7	40	51	3.9
Non-Saudi manpower	2,660.0	2,059.8	-600.2	60	49	-5.0
Total	4,446.0	4,220.5	-225.5	100	100	-1.0

Source: Ministry of Planning, Fourth Development Plan, p.84.

<sup>4</sup> This can be an indication of either, sacrificing this policy duo to other prior policies (diversification of economic base), or the inaccuracy of the projections which appear to be more probable giving the lack of the necessary manpower information. Al-Hamoud,1987 has related that to the accuracy of the projection.

### Saudiization in the public and private sectors

The concept of Saudiization refers to the appointment of Saudi manpower in newly created jobs, besides the replacement of non-Saudi manpower with Saudi manpower. This concept was first introduced in the Third Plan, (1980) which recognised the influences of foreign manpower on the development of Saudi manpower. The Fourth Plan, (1985) also emphasised Saudiization, as did the Fifth Plan, (1990). Although the priority for Saudiization in the plans may vary according to the priority of other strategic goals<sup>5</sup>, it has gradually increased to become a top priority of the Fifth Plan.

However, the Fifth Plan, (1990) in regard to Saudiization has acknowledged the fact that, during the later part of the Third Plan and Fourth Plan years, most new Saudi labour market entrants were employed in the government rather than the private sector. At the same time the numbers of non- Saudis increased, which led to Saudiizing as well as overstaffing of some government agencies, whereas, the private sector is still dependent on foreign manpower(5DP, 1990). This has also been observed by Olson, (1989) who has pointed out that:

*Although government officials, publications and Saudi press have given a great deal of emphasis to the importance of "hiring Saudi," Saudiization has in reality rarely extend to the private sector. p.9*

Saudiization in the public sector was active and more effective than in the private sector, hence the public sector considers jobs occupied by non-Saudis as vacant for Saudis as long as Saudis have this the right qualifications and skills. Thus, previously the public sector was absorbing most graduates. Nowadays the public sector is overstaffed, and the number of entrants to the labour market during the period of the Fifth Plan is about to exceed the total employed in that sector. This addresses the

---

<sup>5</sup> The urgent need to reduce the dependence on oil through economic diversification.

---

importance of Saudiizing the private sector. This imbalance of manpower distribution between public and private sectors has been realised in the Fifth Plan. The projections of the Fifth Plan indicate a modest growth of 354,400 in the number of available new job openings during the years of the Plan, about 96 percent of which are expected to be in the private sector (Table 3-11). At the same time, about 574,800 Saudis are projected to enter the labour market. Thus, the Plan has indicated that if these new entrants are to be successfully absorbed, employers must not only employ Saudis in the 354,400 newly created jobs, but they also must replace 220,400 foreign workers with Saudis (SDP, 1990).

The Fifth Plan has acknowledged the problem of a wage gap between Saudi and non-Saudi manpower. The Plan has admitted the fact that employers have easy access to cheaper and more experienced non-Saudi workers ( This is a sign that the employers<sup>6</sup>, currently, do not face a real manpower shortage in terms of labour supply, rather they enjoy a period of high supply as long as they can recruit from world labour markets). This may influence their perceptions as regards employing Saudis. Thus, the Fifth Plan, (1990) has stated that:

*it can become an impediment to the employment of Saudi nationals if the issue is left entirely to market forces for its resolution. p.57*

This raises the need for government intervention, if effective Saudiization targets are to be achieved, otherwise unemployment will increase among Saudis due to increased rates of Saudi manpower supply (see Table 3-10), as a direct result of the growth of education output. This is a major challenge to the Fifth Development Plan which stated the following goal:

---

<sup>6</sup> Particularly the private sector as the largest employer in the country,

---

*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 Saudization of the work force. p.116*

Therefore, the Fifth Plan has projected that manpower distribution over the private and public sector as presented in Table 3-11 . The table reveals no significant increase of employment in the public sector. The Plan has clearly stated that :

*employment opportunities for Saudis in the public sector will be generated primarily through the implementation of active Saudiization programs. p.119*

In the light of the Saudiization goal, the Fifth Plan has pointed out that Saudiization will depend upon the implementation of appropriate policy measures to resolve the following major labour market issues:

1. To improve labour market information.
2. To improve Saudi labour skills.
3. To close the gap between Saudi and non-Saudi wages.
4. To improve Saudi employment opportunities.
5. To reduce wastage in the education system.
6. To expand labour market services.

**Table 3-10 Number of Job seekers recorded in Labour Offices and those of whom were employed during the period 1985-1991**

Year	Job Seekers	Employed	Percent
1985	18807	16062	85.4
1988	26832	17266	64.3
1989	34763	17659	50.8
1990	42894	19063	44.4
1991	39280	19958	50.8

Source: The reports of the achievements of the Labour Agency.

**Table 3-11 Projected Civilian Employment in Saudi Arabia over the period 1990 to 1995**

	Civilian Employment (Thousand)		Net Change 1990 - 1995	
	1990	1995	Thousand	Percent
Private Sector	5147	5351.8	204.8	95.9
Government	624.8	633.5	8.7	4.1
Total	5771.8	5985.3	213.5	100

Source: Ministry of Planning, Fifth Development Plan, p.119

---

***THE PRIVATE SECTOR AND THE BALANCE OF MANPOWER***

It should be mentioned that the public sector has shared the responsibility for private sector dependence on foreign manpower, because the principal labour market policy objective during the high growth period of development, was to attract the maximum number of Saudi university graduates entering the labour market into the public sector<sup>7</sup>. This prevented the growing private sector from getting its needs from Saudi graduates, and as such needed to seek other sources in the international labour markets. Johany *et al.*,(1986) have pointed out that:

*A large number of private recruitment offices have been set up throughout Asia. Such agencies typically are paid a fee by the Saudi firm employing its workers. p.95*

Thus, the structure of the private sector has been built upon the utilisation of cheap foreign manpower (The Labour Agency, 1993; CCIR, 1988; The Second Business men Conference, 1985).<sup>8</sup> Therefore, the private sector in order to enjoy cheap and flexible<sup>9</sup> foreign manpower claims that Saudi manpower has many disadvantages, ranging from lower productivity, through being influenced by the social relations, to their need to be retrained. Some of these issues can not be denied ( such as the need for retraining due to the mismatch between graduates and the needs of that sector as stated in the 4DP ):

*The quality gap between skills required and skills offered is likely to become wider in future, and is the most important potential obstacle to increasing Saudi employment in all occupational categories, this being the central issue of Saudiization, (4DP, p. 51)*

---

<sup>7</sup> The graduates must serve in the public sector for a minimum period equal to that they spent to get their degrees.

<sup>8</sup> The calculation of work costs and benefits are built on foreign manpower wages.

<sup>9</sup> The foreign manpower are mainly contractors, and thus easy to get rid of it, this flexibility is a key advantage of foreign labour.

---

---

Although this quality gap<sup>10</sup> is a real problem needs immediate attention, it does not seem to be only reason for private sector dependency on foreign manpower. Hence, Al-Abdulqader, (1995) has pointed out that the majority of the imported manpower does not meet the minimum need for efficiency, due to being imported from countries less developed than Saudi, so they are not well educated, particularly in terms of advanced specialist technical education, which is needed to operate the advanced, automated Saudi economic sectors.

He has mentioned that the importation of foreign manpower was mainly due to its low levels of wages, without consideration of the long-term costs resulting from using quantitative to cover qualitative shortages, which led to an underutilisation of that manpower.

According to the western literature on HRP, it is this sort of problem which stimulated the existence of HRP as a managerial tool. HRP at the organisation level will generate the most important input information to the labour market. Thus, this study proposes that effective HRP at the organisation level will be vital for both the organisation and national planning. As a reaction to current circumstances it will support the firm in reducing any probable ill-effects of Saudiization. This will lead to the achievement of national goals, as it will provide information to increase the efficiency of national manpower planning for education.

#### **Summary of the problems mentioned above:**

The above mentioned evidence indicate the need for HRP. This section is an attempt to clarify the whole picture by tying those sections to each other further to refer to HRP contributions in particular.

---

<sup>10</sup> quality gap between Saudi skills and private sector needs.

---

---

The current situation is as follows:

- 1- Increased unemployment among Saudi manpower due to:
  - a- Increased education output, either graduates or school leavers.
  - b- A mismatch between Saudi graduates and the Saudi labour market.
  - c- competition of foreign manpower.
- 2- The imbalance of manpower nationality composition between the public and private sectors:
  - a- The overstaffing of Saudi manpower in government offices, due to active Saudiization to absorb the education system's output, so that there are now few opportunities government employment .
  - b- the continuous dependency of the private sector, which employs over 85 percent of the total employed manpower, on foreign manpower.
- 3- The strong government emphasis on Saudiizing the private sector to the extent of making it a strategic goal of national development planning,

*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 Saudization of the work force.(5DP 1990) p.116.*

The labour market policies have been formulated around the above goal.

- 4- The private sector prefers foreign manpower due to its being ready trained and demanding lower wages than Saudis.

This study does not claim that it will provide solutions to all the above problems; but HRP can be considered a significant first step in the right way to tackle them. Hence HRP at the organisation level will not only contribute to the organisation involved but further collectively will contribute to national HRP, if good means of communication were established.

### ***HRP IN THE SAUDI PUBLIC SECTOR***

Previously, discussion was about macro level HRP. The following is a discussion of micro level HRP in public sector organisations.

However, before going into the details of HRP in the public and private sectors, it is important to provide the reader with a brief review of the organisations responsible for it. Macro level HRP is among the responsibilities held by the Ministry of Planning

---

---

which is responsible for the central planning in the country. But also in the 1980s and as response to the urgent manpower problem a new, specialised governmental body was established to be responsible for macro HRP in the country, that is the Manpower Council. The Council aims to supervise and direct human resource planning and training and education programmes in the country. At the public sector level the responsibility for HRP is held by two independent centralised governmental bodies, the Civil Service Council (which is mainly a legislative authority) and the General Bureau of the Civil Service (which is responsible for the implementation and supervision of the regulations and policies of the Civil Service Council in micro HRP level i.e. personnel departments in the government organisations). Currently, personnel affairs including recruitment, selection, promotion and other issues related to civil servants in the public sector all over the country are centralised in the *autonomous Bureau to ensure effective implementation of Civil Service regulations and more control over personnel / jobs related issues*. This contributed positively to the success of Saudiization efforts in the public sector.

The government body most involved in HRP for the private sector is the Ministry of Labour and Social Affairs - Labour Affairs Agency (LAA). This agency is responsible for supervising the means by which manpower is utilised and dealt with in the private sector through monitoring the implementation of the "Labour and Workmen Law".

This is a very brief review of the organisation involved in HRP at macro and sectoral level. Although the public sector is a smaller employer than the private sector, the responsibility for its HRP and control are carried out by many organisations, whereas the private sector the largest employer is itself responsible for its HRP and control (i.e. each firm is responsible for its HRP ), although the Ministry of Labour is incharged, it

---

---

is much concerned with employee-employer relationship, and the implementation of Labour Law, further efforts is needed in terms of micro HRP in private firm, and guidance of public sector.

Having provided the reader with brief information about the organisations involved in HRP, it is the time to discuss micro level HRP in the public sector. Government organisations suffer a lack of the practice of HRP activities which leads, on the one hand to an over estimation of manpower requirements and consequently an over estimation of budgets, and on the other hand to the unplanned competition of government organisations for the importation of foreign manpower. This problem amongst others has previously had a negative influence not only on the development of human resources, but also on the comprehensive development of the country. A most recent study of HRP in Saudi public sector, carried out by Al-Aboud *et al.* (1993), indicates that the emergence of this problem could be attributed to the following reasons:

- Absence of the principles, norms and tools of manpower planning in government organisations.
- Absence of specialist departments in manpower planning activities in government organisations.
- Lack of qualified and trained people in the field of manpower planning activities.
- Absence of a related information base needing to undertake manpower activities.

Al-Tawail, (1981) has also provided the following parameters as an indication of the absence of scientific human resources planning:

1. Unknown manpower requirements by location, either number or qualifications in governmental sector.
  2. Absence of co-ordination between manpower requirements and educational curricula.
  3. Absence of co-ordination between manpower requirements and student numbers accepted in the various educational establishments.
  4. Absence of co-ordination between manpower requirements and the types of education and training available.
  5. Mismatch between employees and the jobs.
-

6. Poor distribution of manpower due to the absence of quantitative and qualitative procedures for determining the manpower needs of each individual organisation or department.
7. The overstaffing phenomenon in government organisations due to unplanned job creation.

Mansor, (1983) has mentioned that estimating manpower requirements is not subject to actual demand and productivity norms, but to the ability of the managers to convince their seniors.

Ghariani *et al.*, (1990) have found that a large number of those departments responsible for manpower planning in government organisations do not perform their planning tasks. They also reported that manpower planning is conducted on an *ad hoc* basis rather than a regular activity; in other words, it takes place only if there is a problem to be solved. Moreover, studies of manpower requirements in each government organisation did not exist, thus, there was a maldistribution of manpower in organisations which led to unbalanced manpower distribution in the economy. Whereas hidden unemployment exists in some locations, other locations suffer manpower shortages.

Mansor (1983) has emphasised the need for studying manpower requirements, productivity, distribution and utilisation in government organisations.

Al-Aboud *et al.*, (1993) in their study of manpower planning in government organisations found the following problems:

- Lack of effective participation of the central organisations responsible for manpower planning ( Ministry of Planning, the Manpower Council, and the General Bureau of the Civil Service ) in establishing the principles, norms and tools needed to prepare manpower plans ( i.e. establishing unified procedures and forms for all government organisations ).
  - The relationships between the departments responsible for manpower planning in government organisations and the Manpower Council are weak, which in turn leads to :
-

- 
1. Unreliability of plans due to the absence of unified manpower planning principles and norms.
  2. Over estimation in preparing strategies and plans which leads to a waste of financial and human resources.
  3. Inability to follow up and evaluate plans due to lack of feedback information of the results of the plans.
- Absence of specialist departments for manpower planning in government organisations. Therefore, planning activities are considered as secondary activities, carried out by the personnel department, on which A-Aboud *et al.* commented as is not a suitable place for the consultant role of planning, which should be located in a higher organisational position to gain the support of top management. However, the absence of specialist departments could be attributed to the insensitivity of the responsible managers to its significant role in achieving the short as well as long-term objectives of the organisation. They remain happy with the limited manpower planning played by personnel department.
  - Incomplete manpower planning activities undertaken by responsible departments. Hence those departments mainly concentrate on determining the type of jobs needed, ignoring other activities like manpower data collection, analysis, up-dating and classifying. This is due to the responsible departments having other priorities, therefore, they are busy with their main activities, and do not have much time to deal with the perceived secondary activity of manpower planning.
  - Shortage of specialist people in manpower planning activities which leads to delays in preparing the plans.
-

- 
- Inappropriate qualifications of the people involved in manpower planning for the nature of that work, which means an absence of a scientific approach for preparing plans. This in turn reflects on the effectiveness and reliability of the plans.
  - Jobs in the responsible departments are not suitable for the nature of manpower planning, due to the executive role usually played by those departments. This sometimes makes manpower planning specialists avoid being appointed in such departments.
  - A lack of incentives for people involved in manpower planning results in a lack of people with the appropriate specialist skills.
  - The people involved in manpower planning lack the necessary experience and training, which has an influence on the effectiveness and efficiency of the plans.
  - The people involved are not fully aware the duties and responsibilities of their jobs.
  - The people involved in manpower planning suffer the problem of lack of awareness of the other departments of the importance of planning, which sometimes places obstacles in the way of the process.
  - A lack of important information like job descriptions and information about organisation plans, which results in inaccurate estimations of manpower requirements.
  - Although available, information is not as accurate as it should be.

Summing up the situation of micro-level HRP in public organisations, reported by Al-Aboud *et al.*, (1993) amongst others, shows that the micro level public sector has not set good example for the private sector. This does not justify the absence of HRP in the private sector, where the profit oriented nature should motivate the efficient conduct of HRP as means for achieving efficient manpower utilisation. But the setting of a good example by public sector may encourage the private sector to conduct this activity. It is clear that there is a gap between macro and micro-level HRP which was

---

---

evident in failure to achieve macro-level HR objectives, since micro HRP should be the base for macro-level HRP. Macro-level HRP is not only concerned with the public sector, the private sector is also included in the plans. Thus light should be shed on this sector and on HRP in it, which represents a huge part of potential Saudi micro-level HRP. This will be the main focus of this study, after discussing the available literature. Thus the following section will introduce the reader to the Saudi private sector before going into detail of HRP in that sector.

#### BACKGROUND TO THE SAUDI PRIVATE SECTOR.

The concept of the private sector refers to all economic activities which are not performed by government owned organisations. So it includes all formal or informal private firms whether operating for profit, such as the industrial, agricultural or service sectors, or non-profit private organisations such as chambers of commerce and co-operative societies which are engaged in economic activity. The size, and structure of the private sector consists of a large number of commercial establishments, ranging from many one-man businesses to some very powerful and diverse multinational corporations ( 4DP, 1985). The private sector is organised along free market lines. There are no significant detailed restrictions on the day-to-day individuals' economic activities. Even so, to a great extent the government does influence the private sector. The most direct government effect is via government expenditure for investment and consumer goods and services. In addition the government influences private decisions in ways such as providing interest-free loans for projects.

---

---

The activities of the private sector traditionally centred on commerce and the provision of the country's imported requirements, in addition to the establishment and running of the earliest electricity networks. The importance of the private sector can be ascribed to its increased contribution to the GDP. Nowadays, the private sector (excluding government companies and activities) is estimated to account for about 77 percent of the value added in the producing / service sectors, 58 percent of the non-oil GDP, and 38 percent of total GDP in 1990 (Table 3-12). Also the private sector is projected to increase its share of value added during the Fifth Plan, in real terms by 0.3 percent in the producing / service sectors, about three percent in the non-oil GDP, and about two percent in total GDP. These shares could be considerably increased through the implementation of the privatisation (5DP, 1990). Saudi private sector companies, in terms of manufacturing, mining and agricultural have crossed the country's boundaries to export into international markets. This involves strong a competitive ability, if these markets are to be maintained or even expanded, which emphasises the need for HRP to increase the efficiency of manpower utilisation. The structural changes of the economy over the period of the 4DP have stimulated the diversification of the private sector. So the earlier concentration of private business on construction and trade activities has broadened to include major agricultural and manufacturing firms. The creation of a number of new investment companies, such as the National Industrialisation Company (NIC), and the Saudi Advanced Industries Company (SAIC), has assisted the establishment of these new manufacturing activities (5DP, 1990). However, the need for economic diversification and greater mobilisation of private capital will require the private sector to assume a more leading role in future economic development ( 5DP, 1990 ). Thus, the previous leading executive role of the government, especially in developing the country's infrastructure and in the large

---

**Table 3-12 Estimated GDP contribution by the private Sector<sup>11</sup>**  
**(in constant 1404/05 (1985) prices)**

	Value Added (SR billion) 1409/10A.H. (1990) A.D.	Estimated Private sector Share (%)	Estimated Private Sector, Value Added (SR billion)	
			1990	1995*
<b>Producing Sectors</b>	<b>88.0</b>	<b>79.4</b>	<b>69.9</b>	<b>92.1</b>
Agriculture	22.2	99.0	22.0	30.9
Other Mining	1.7	95.0	1.6	1.9
<b>Manufacturing</b>	<b>33.1</b>	<b>48.6</b>	<b>16.1</b>	<b>22.9</b>
Petroleum Refining	17.9	18.0	3.2	4.2
Petrochemicals	4.9	63.0	3.1	4.6
Other Manufacturing	10.3	95.0	9.8	14.1
Public Utilities	(0.8)	18.0	-	-
Construction	31.8	95.0	30.2	36.4
<b>Service Sectors</b>	<b>82.8</b>	<b>74.9</b>	<b>62.0</b>	<b>74.0</b>
Trade	28.2	99.0	27.9	32.3
Transport, Communications	21.7	15.0	3.3	3.9
Finance, Real Estate	23.0	95.0	21.9	28.1
Community and Personal Services	9.9	90.0	8.9	9.7
<b>Sub-total : Non-Oil Producing/ Service Sectors</b>	<b>170.8</b>	<b>77.2</b>	<b>131.9</b>	<b>166.1</b>
Government Services	56.2	-	-	-
<b>Sub-total : Non-Oil Sectors</b>	<b>227.0</b>	<b>58.1</b>	<b>131.9</b>	<b>166.1</b>
Crude Oil/Gas Sector	122.3	-	-	-
Gross Domestic Product	349.3	37.8	131.9	166.1

\* Private sector value added excludes the impact of potential privatisation.

Source: The Fifth Development Plan, (1990 ), p.138

<sup>11</sup> It should be mentioned that official sectoral data based on an institutional classification do not exist. Therefore, as a first step in developing a more useful private sector data base, the Ministry of Planning has developed an independent estimate of private sector GDP.

---

industrial developments at Jubail and Yanbu, will change to concentrate mainly on regulatory and promotional functions, and will allow the growth and strengthening of private sector through the market system to meet the country's demand for goods, services and facilities (4DP, 1985).

### ***THE PRIVATE SECTOR SITUATION.***

At the beginning of the Third Plan, the nature of the problems reported by the private sector (which reflected its expansive environment) were: maintaining sufficient throughput to meet demand in the face of manpower and raw material shortages, bureaucracy in government procedures, and inadequate information about government policy generally (4DP, 1985).

By the time of launching the 5DP, although the private sector had developed rapidly, the plan indicated the following factors and conditions which would enhance private investment, productivity and organisational capabilities. These included:

- the existence of a large number of diversified companies with experienced management;
- extensive capital resources for investment;
- efficiency (in investment, productivity, organisation and management) resulting from competition during the recent economic downturn; and,
- a favourable environment that has laid the foundation for more extensive efforts to strengthen growth and diversification during the Fifth Plan period.

Also the 5DP admitted several constraints facing the private sector, these include:

1. The private sector's historical dependence on government expenditure, particularly on the part of contracting companies, which affects its ability to diversify into production activities that are independent of government expenditures;
  2. Under-utilisation of existing capacity because of the small domestic market and problems related to the development of non-oil exports;
-

---

High average production costs and the lack of internal and external economies of large-scale production, in addition to marketing problems, particularly for agricultural products.

These constraints, in order to be overcome, require further efforts and initiatives from both private and public sectors and improved co-ordination between the two, not least in HRP.

### ***DEVELOPMENT OBJECTIVES FOR THE PRIVATE SECTOR***

The structure resulting from economic restructuring places greater responsibilities on the private sector during the 5DP. The strategic long-term private sector-oriented objectives dictate that this sector should continue expanding its share in the economy and its position as a leading force for economic progress and growth beyond the years of the 5DP. Thus, there are four principal contributions identified by the 5DP to the long-term economic objectives of the Kingdom, which are expected to be fulfilled by the private sector. Below are the principles as listed in the 5DP, (1990):

1. Diversifying the economy;
2. Providing productive employment for the Saudi labour force;
3. Deploying private capital in the economy; and
4. Strengthening the adaptive capacity of the economy.

These principles are evidence of the increased importance of the private sector. The second principle is of particular importance for our context, as it shows the HR issue raised by macro-planners, to which micro-HRP in private sector needs to respond. The issue is, employing Saudi manpower, or Saudiizing the private sector. It is not an easy matter for the private sector to do so. The obvious evidence of this difficulty, as will be shown later, is the blame thrown by the private sector on the higher wages of Saudi manpower, the quality of Saudi manpower and the education system in the country. It may worth indicating that a key advantage of foreign labour is its flexibility, it is easy

---

---

to get rid of foreign labour, while this is not the case with Saudi labour. This study argues that effective HRP will help the private sector to approach confidently the replacement of its foreign manpower without severe influence on its performance.

However, the 5DP has also emphasised the importance of the following major strategic elements in order to achieve the above objectives:

1. Encourage private sector participation in a broader range of activities;
2. Encourage competitiveness among Saudi producers;
3. Develop domestic financial markets; and
4. Strengthen private sector business capabilities.

The attention paid to the private sector in 5DP indicates the importance of this sector in achieving the Plan objectives. Thus, the following actions are to be taken during the 5DP to establish a more sound foundation for the private sector support and its communications with the government:

#### **1. Establishment of a government department for the private sector**

Effective co-ordination between the private and public sector initiatives is required in both the private and government sectors. In terms of the government's part, sensitivity to private sector issues will be elevated and the range of supporting policies and institutional structures widened. At the time of launching the 5DP (1990) the government realised the importance of rationalising its approach for dealing with the private sector and its needs, since private enterprise activities cut across almost all sectors of the economy. To overcome this problem, a high level policy co-ordinating body will be considered. The 5DP has mentioned the establishment of such a body, a Private Sector Department within the Ministry of Planning. The main function of the Department will be to ensure the co-ordinated development and implementation of policies affecting the investment climate and operations of the private sector. The Department

---

---

will provide a forum for consultation and dialogue between the government and leaders of the private sector, sponsor policy research on private sector issues which cross ministry and agency functions, and initiate actions within the government sphere to facilitate the development of the private sector.

The Private Sector Department will also carry out policy evaluations and research, monitor the continuing development of the private sector and the implementation of private sector policies, and disseminate information on private sector strategic issues to ministries and private sector organisations. Attention will be paid to the following key functions: evaluation of private sector conditions; conducting policy impact assessments; providing business, financial and economic information services; and suggesting proposals for action programmes.

## **2. Privatisation:**

Privatisation is one of the government approaches to economic diversification which aims to increase private sector participation in economic development. Thus, the objective of reducing government involvement in economic activities that can be efficiently and profitably performed by the private sector was a feature of the 4DP and was given more emphasis in the 5DP. The appropriateness of public versus private sector ownership and management control for many economic enterprises will be determined on the basis of which sector is more likely to produce a higher level of efficiency and innovation<sup>12</sup>.

According to the 5DP, experience around the world has demonstrated that private enterprises, operating in a competitive environment, are usually more likely to meet

---

<sup>12</sup> An examples of the suggested enterprises for privatisation are Saudi Arabian Airlines, Saudi Telecommunications, some petrochemicals companies.

---

---

goals of economic efficiency and growth. The 5DP assumes that an effective privatisation programme will contribute to the achievement of the following key goals of the Fifth Plan: increasing private sector investment in the economy; increasing economic efficiency and innovation; increasing competition; reducing subsidies; and encouraging a wider distribution of ownership of economic resources.

The procedures for implementing privatisation will be as follows:

1. to increase the number of leading businessmen on the governing boards of government owned enterprises;
2. to sell selected government enterprises to the private sector;
3. to sell shares in selected government enterprises to private investors;
4. to encourage the private sector to compete with certain government monopolies;
5. to contract with private businesses for services currently provided by the government, where possible;
6. to encourage the private sector to offer new services in sectors such as communications, that traditionally have been provided only by the government; and
7. to identify projects that can be undertaken through lease-purchase or build-and-operate agreements with the private sector, or other creative forms of private sector participation in development financing.

It was decided that, during the early years of the Fifth Plan, the government will establish a privatisation strategy and implementation plan in consultation with representatives of the private sector. The longer term objective is for the private sector to have 70 to 80 percent ownership in most government joint venture enterprises. The most important goal is to introduce commercial discipline to the operation of joint venture and government-owned companies.

---

---

### **3. Business Services**

The emphasis on improved competitiveness for Saudi industry in national, regional, and world markets, as a key element in the diversification strategy of the Fifth Plan, requires that the business services sector be strengthened. An in-depth analysis of the incidence of business services in the economy will be considered in the Fifth Plan period, and will include their technical capacities, government regulatory and administrative constraints, available incentives, financing requirements, skill needs, and linkages to customers. Based on the findings, policies and development strategies can then be recommended to foster the integration of these business services more effectively with the development process. The objective is to enhance and improve the expertise already present in many of these services, and to create a comprehensive infrastructure of business services in support of an expanding, efficient and competitive private sector. So, the availability of modern business services is a necessary condition for enhancing the competitiveness of the producing sectors.

Briefly, the primary role of the private sector has always been to seek out, invest in, develop and manage profitable enterprises; its previous main activity was construction, because of the nature of that period of the country's development which was mainly concentrated on building the physical infrastructure. During this stage the private sector was, to a large extent, dependent on government expenditures which were affected by oil market fluctuations. So the government has become aware of the need for diversifying private sector activities and reducing dependence on government expenditure, if it is to extend and strengthen its existing productive and export capacities. Thus, it is clearly stated in the Fifth Plan that the main economic sectors will be manufacturing, finance, construction and agriculture, and will all firmly be in the

---

---

private domain. So in order to facilitate a stronger and more diversified private sector, the Saudi government will create a positive environment for private sector activity, implement a wide range of policies and incentives to support the private sector, and will establish new institutions to further private sector interests.

### ***WEAKNESSES OF THE PRIVATE SECTOR***

This section will show some internal weak points of private sector organisations which raise a need for effective micro-HRP.

The increased rates of general government expenditure to push forward all economic sectors, during the FDP, SDP, and even the early years of the TDP, led to the establishment of number of companies which have many weaknesses, such as the lack of a complete organisational structure, an absence of a long-term planning framework, and an absence of marketing strategies. These weaknesses were covered by high demand, as well as the government subsidies. So the companies were not established on sound economic principles, with the exception of some joint stock companies and few private firms. Thus, when the oil revolution finished and the economy returned to its normal growth rates, these weaknesses started to arise by companies which lacked a realistic view of the future, which were established speculatively without previous relevant experience. The creation was for quick profit, from the huge government expenditures, without conducting essential studies of market needs, and suitable organisational structures. Often organisational structures are built upon the utilisation of foreign manpower, equally in joint stock companies, private firms, large and small (Council of Chambers, 1988<sup>13</sup>). The Business men represented by Council of Chambers

---

<sup>13</sup> Symposium of Role of the Private Sector in the Development.

---

---

of Commerce and Industry in the Symposium of “Role of the Private Sector in the Development” held in the Ministry of Planning in 1988 outlined and discussed the problems of financial and organisational structures which affect the performance of the private sector, and asserted that market forces and competitiveness will not allow to companies with poor-structures to survive. So survival and growth will be for those companies with well run organisational and financial structures which are flexible and can cope with sudden market changes. Therefore, the Council recommended that private sector firms should first improve their structures, to ensure efficient flows of information to improve the processes of decision making, and the achievement of short as well as long-term objectives. The Council also asserted the need for an inventory of current manpower in terms of education, specialisms, and experience, and the suitability of the organisational structure to ensure maximum utilisation of its labour resources.

The above is another evidence of the importance of HRP for the Saudi private sector to help that sector to develop itself, to maintain efficient utilisation of its manpower and to improve its competitiveness.

### ***MANPOWER AND THE PRIVATE SECTOR.***

It is important to provide the reader with information about the share of Saudi manpower in the private sector and its role in manpower training and development.

The Saudi private sector is the largest employer in the country. It utilises over 85 percent of the total employment (Table 3-11). Although Labour Law, Article 45, has clearly stated that:

*The number of Saudi workmen of the employer shall not be less than 75% of the total number of his workmen, and their wages shall not be less than 51% of the total wages of his workmen. p.21*

---

---

The same Article has also mentioned that The Minister of Labour has the right to temporary exemption from this ratio, if technical skills or educational qualifications are not available. It was clear that the early years of development saw huge manpower quantitative and qualitative shortages, and this has asserted the exemptions of this act. But, nowadays the situation is different as shown in (Table 3-7 and Table 3-10), Saudi manpower supply has increased to the extent exceeding labour market demand for them, and as such unemployment among Saudis has increased as foreign manpower numbers continue to grow.

*The Fourth Plan states the Government's intention to reduce the non-Saudi labor force, while improving its skill composition. This calls for corresponding attitudes on the part of the private sector as a sponsor of many expatriates.*

*.....the private sector will need to adopt a more positive approach to investment in labor-saving technology and a deeper commitment to upgrading the skills of Saudis, through on-the-job training and through greater participation in government schemes for Saudis. (ADP, 1985 p.112)*

The 5DP, (1990) marked a departure from the previous pattern of a growing proportion of Saudi manpower being employed in the government sector, to place limits on further growth in government employment, with the expectation that over 95 percent of employment growth during the Plan years will take place in the private sector. Thus, the private sector will increasingly be the locus of employment opportunities and longer term career aspirations of Saudi nationals, in this new stage of development.

It should be mentioned that the private sector has no significant participation in manpower development, although the Labour Law Article (44) has asserted the employer's responsibility for training of at least 5 percent of his Saudi employees, which should not be less than 75 percent of his total employees. Al-Osaimi, (1989) has mentioned that the private sector does not play a significant role in terms of manpower

---

---

training and development, although few large scale firms and the Chambers practice some sorts of “short training programme or information injections” which can not be considered a significant contribution as regards building national manpower.

The 5DP showed awareness of the lack of participation of the private sector in manpower training and development. Therefore, it stated that:

*The private sector must place more emphasis on manpower development through training, and on developing non-oil exports. In the past, these roles have been performed mainly by the government, but the private sector has increasingly taken on a more direct participation, mainly through the Chambers of Commerce and Industry. p140*

The preceding discussion reveals the importance of HRP at the organisational level, particularly for private sector organisations if they are to cope with the government intention to replace expatriates in private sector organisations, and to reduce the impact of Saudiization on the production and profitability levels of the firm, as well as to participating in national HRP by providing more accurate information of their manpower requirements.

It should be mentioned that the private sector too complains of shortages of important information and statistics (CCIR 1988), as such information is becoming important an urgent need for decision making, a determinant for the success of the business (Curtis 1995). Saudi business men, in their first conference held in Al-Dammam, have classified three information related problems: lack of published statistics, particularly those related to population, and the natural resources of the country; lack of information about the investment possibility in the various business fields, particularly those in which private sector can participate; and finally, the refusal of some government agencies to provide business men with statistics and information even

---

---

where it was available<sup>14</sup>. Regarding the quality of the statistics, Moliver *et al.*, (1980) have reported that Saudi Arabia does not have a well-organised system for the data collection, which means that there is a long lag between the end of a period and the statistics reported for that period. Moliver *et al.*, (1980) as well as Johany *et al.*, (1986) have also reported that the Saudi data are not as reliable as those reported by industrialised countries.

### SUMMARY

This chapter aims to provide the reader with the necessary background to the Kingdom of Saudi Arabia which is thought to be important for a full understanding of the subject under investigation. Therefore, the reader was provided with two types of information, firstly general background information about Saudi Arabia in terms of historical, geographical, population, culture and the political structure of the country. Secondly, more specific information about Saudi economics, planning and development, particularly the earlier huge developmental revolution to establish the infrastructure for modern public services in the country which involved huge construction efforts in all sectors. These efforts were hindered by the qualitative and quantitative shortage of manpower, as a consequence, remedial policies have been implemented to match sharp rise in manpower demand. These policies aimed at the introduction of foreign labour and making a great efforts to develop national manpower. These policies in addition to other environmental changes, led to great

---

<sup>14</sup> The first Conference of the Saudi Business Men, entitled "The Private Sector in the Kingdom of Saudi Arabia" held in Al-Dammam, 1983, p.34.

---

---

changes in the Saudi labour market, (e.g. the imbalance between Saudi and non-Saudi manpower).

In this chapter the development of the education system and student numbers, which increased more than three times within sixteen years, have been reviewed to show the increased national manpower supply, and the volume of the mismatch problem between education outputs and the needs of the labour market, which emphasises the need for human resource planning, in relating national educational output to labour market demand.

National HRP is concerned with demand and supply at the national level. Thus, it is well known that the private sector is the largest employer in the country see (Table 3-8) and employs more than 85 percent of the total workforce in the country. Therefore, it is the dominant sector for national manpower demand. This means that national manpower planners must consider its quantitative and qualitative needs in their long-term planning for human resource development. In this chapter, light also has been shed on the private sector, its activities and role in economic development, and private sector related strategies in the Fifth Development Plan, which show the increased importance of the private sector's role, to diversify other sources of national income and to reduce the influence of oil market fluctuations on the national economy.

---

**Chapter Four**  
**RESEARCH METHODOLOGY**

---

## **CHAPTER FOUR** **RESEARCH METHODOLOGY**

### **INTRODUCTION**

This chapter explains the research design and methodology used to accomplish the study's objectives. It will start by clarifying the scope and nature of the study. Discussion of research techniques is the second stage, which discusses examples of Saudi cultural considerations which should be taken into account in designing a research methodology. In addition, a description of questionnaire design and interviews, as well as of the pilot study procedures, will be provided. Furthermore, light will be shed on sampling procedures and data collection.

### **THE SCOPE OF THE STUDY**

This study mainly aims to identify current practices of HRP in the Saudi private sector. The main issues under investigation are: the state of the art of HRP in terms of frameworks and techniques; the extent to which Saudi firms are engaged in formal HRP; strategic consideration of HRP in Saudi private firms; consideration of external environmental influences on human resources; the availability of HRP prerequisites in non-planner firms; and the barriers to effective HRP as seen by the people involved. There are no previous studies of the above issues in a Saudi private sector context, though some of these issues were studied in the Saudi public sector context, as shown in chapter three. It is not possible to generalise the practices of micro HRP in public sector

---

---

organisations to private sector firms, as the private sector firms have different objectives and structures and operate in a market-oriented environment. The private sector firm is its own entity, and has more freedom in decision making, while in public organisations decisions related to issues like manpower recruitment and appointment are influenced by outside governmental bodies. The lack of previous studies in the Saudi private sector context involves the need to conduct an exploratory study. As mentioned by Sekaran (1981) an exploratory study is necessary when nothing is known or there is no available information about the problem under investigation. Thus, since no previous studies have been undertaken, a descriptive and analytical approach has been adopted. The object is to identify the location of the issues and problems, to clarify their nature and to suggest possible remedial actions, as well as to pave a way for deeper case studies of the issues raised. Given the nature of the study, the scope was, following Dixson *et al.* (1987) concerned with understanding and identifying problematic areas rather than with the measurement of causal relationships or the testing of strictly formulated hypotheses.

#### RESEARCH TECHNIQUES.

The research techniques implemented mostly depend on the nature of the research, and the environment in which the study has been conducted (Easterby-Smith *et al.*, 1993). Having shown the nature of the study it is now time to shed light on such factors related to Saudi culture, which should be considered in the selection, design, and implementation of research techniques. One of the most obvious characteristics

---

---

of Saudi society is sensitivity to, and consideration of, the feelings of others. This could be attributed to the factors shaping Saudi culture (presented in chapter three), namely, Islam, family relations and traditions, which generally shape many aspects of Saudi Arabian lives and behaviour. These characteristics should be considered in the selection, design, and implementation of the research methodology. Therefore, establishment of personal relationships and trust between a researcher and the participants is key factor in conducting research in Saudi Arabia. Al-Rahaimi (1990) has pointed out that Saudis in general mask their attitudes and feelings towards others, work related topics and personal feelings. Building trust and a personal relationship can decrease the influence of these barriers. He also added that this may take time, but gaining trust means that the respondents will be helpful in providing a substantial amount of information. The other point to be taken into account by any researcher in Saudi Arabia is the problem of time management. In general, Saudis lack punctuality in appointments and schedules. Social pressures in terms of the expectations, demands, and constraints placed by Saudi society on its members (see Chapter Three) could be the reason for the lack of punctuality. Thus, a researcher should not be surprised if her/his personal appointment was somewhat delayed, or even when s/he gets there discovering that the person with whom the meeting was arranged will not come. The other key point to be considered is that the meeting might be interrupted many times even by social visitors, which may result in delay or even cancellation of a prearranged meeting, since the long Saudi tradition of hospitality requires the interviewee to meet visitors personally. Also the meeting may take place in the presence of other people with by whom the interview may be interrupted. Another example of cultural consideration in this study is that none of

---

respondents were women, which made putting any gender-related questions unhelpful in this context. In general the participation of the Saudi women in the workforce (5.5)<sup>1</sup>, compared with men (54.4), is so small. Besides women workers in Saudi Arabia are not mixed with men. They mainly work in public sector jobs, like nursing, teaching and administrating girls schools and other public organisations, which do not involve mixing with men. In the private sector, the target of this study, although some firms might be owned by women, they are not generally involved in the management, thus, there were no women in this study's population.

These are examples of the factors should be considered in the selection, design, and implementation of research methodology in the Saudi context. Having discussed Saudi considerations related to research, it is time to address the procedures taken by this study as regards to research techniques. This study started with a survey of the western HRP literature, in order to develop a HRP framework (see chapter two). This was followed by the collection of relevant documentation on the external and internal environments of Saudi private firms to help identify current HRP issues. A problem of lack of reliable information was experienced at this stage. This is a common problem in developing countries, which is often considered to be the main difficulty confronting researchers. Hence, in addition to the above mentioned procedures, a cross-sectional field work survey was conducted on a sample of Saudi private firms, using the techniques mentioned by Sekaran (1984) and Nachmias, *et al.*, (1992) as the main methods of data collection in survey research, questionnaires and interviews.

---

<sup>1</sup> of the total women in work-age for the year 1990.

---

***THE QUESTIONNAIRES:***

Self-administrative questionnaires (SAQ) are of the most popular research instruments in social studies. They are an ideal research methodology which can produce valid and reliable results, which are relatively easy and inexpensive to obtain (Sekaran, 1984; Williamson *et al.*, 1977). According to Sekaran (1984) the questionnaire is economical in terms of time and costs, and its administration is relatively simple. Thus, this suggest that it well suits studies with time limitations, as in this case. Furthermore, SAQ has the following further advantages:

- elimination of interviewer bias, which results from limited skills, or personal characteristics;
- it allows respondents enough time to consider the questions carefully; and ,
- it provides more confidentiality for responses, which helps to get reactions on more sensitive personal topics.

However, there are also disadvantages associated with the questionnaire, such as the possibility that respondents may seek the aid of family members or friends to answer the questions. SAQ does not allow for probing of the respondent for more information or the elaboration of incomplete answers. In addition there can be low response rates. Williamson *et al.*, (1977) have pointed out that a ten percent response rate from SAQs is not uncommon. The following sections will show the procedures taken to reduce the influence of these disadvantages.

### Questionnaire design

Preparing the questionnaire was one of the major tasks of this study. Questionnaires used in previous researches on human resources planning in Western countries were inspected in the *development of the questionnaire used* in this study (WHO, 1986; IPM, 1988; NADO<sup>2</sup>,1978; and Nkomo, 1983). Its aims were to develop an instrument would take into account both the firms involved in HRP and those which were not. The aim was in part that a developed questionnaire itself would be of value to others concerning HRP surveys in future, particularly investigating HRP in areas which were not investigated before. The questionnaire (appendix 2 ) was structured in three main sections, as presented in (Figure 4-1). These are :

- Section one demographic information about the respondent in terms of position, experience, age, qualifications, and nationality;
- Section two demographic information about the firm in terms of date of establishment, activity, ownership, managerial team, size (number of employees), and percentage of Saudi employees. Further this section encompasses general issues related to HRP such as information systems, business planning and the people involved in HRP;
- Section three divides the participants into two parts, using a filter question on the engagement in formal HRP;

Then Part One was directed to the firms which were not engaged in HRP, to monitor the availability of the prerequisites of HRP in these firms and to

---

<sup>2</sup> National Economic Development Office in UK (1978).

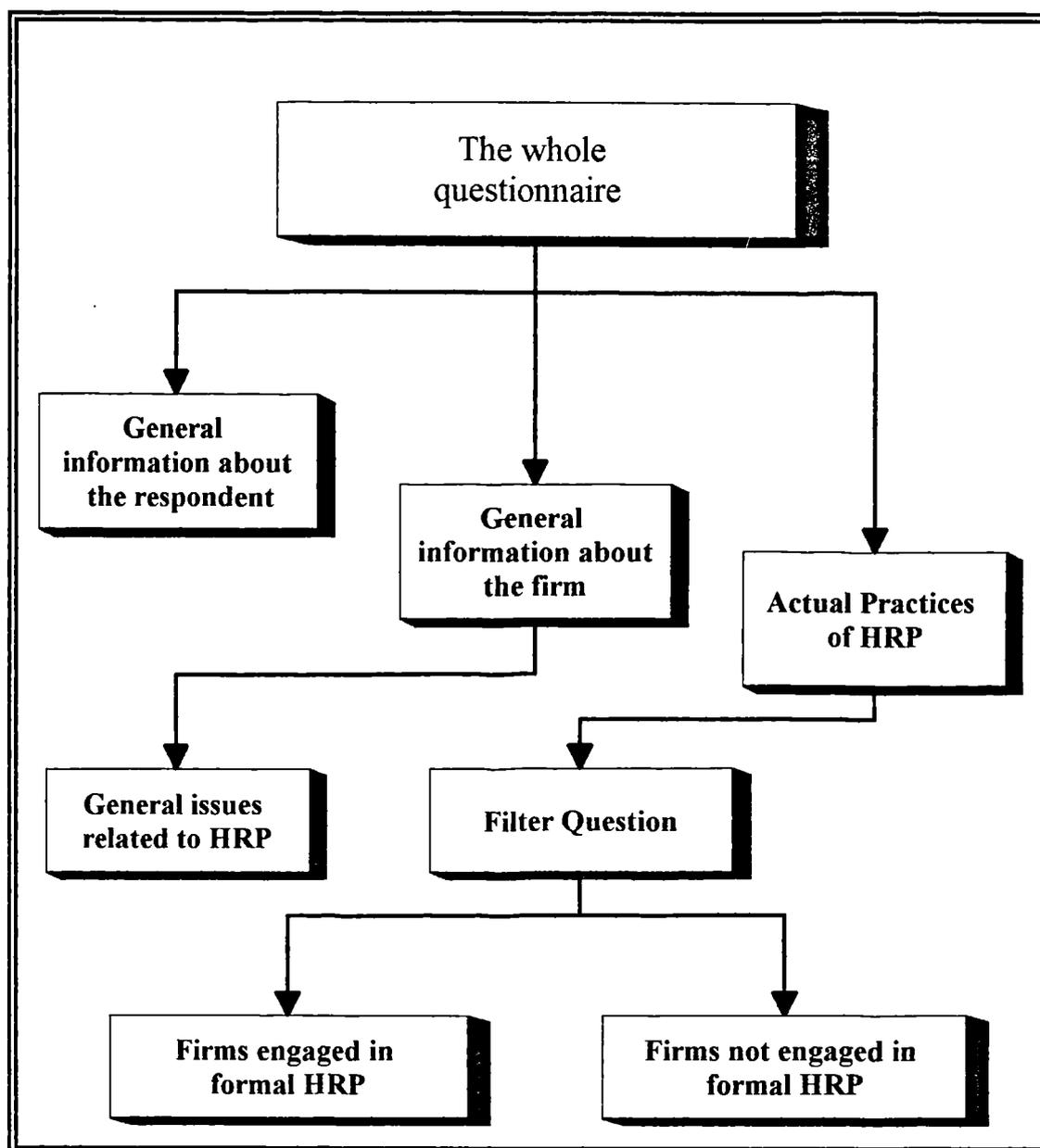
---

evaluate their practices and the consideration given to human resources in these firms.

Part Two was directed to the firms which reported engagement in formal HRP, to evaluate their planning against the model presented in chapter two and identify the weak points (if any) in their practices.

The questionnaire then was translated into the Arabic language (appendix 3). This task was performed by the researcher, then the translation and the original issue were handed to two Ph.D. Saudi students of public administration in the UK to verify the translation. This procedure was followed by discussion of the final translation, which was later subjected to the pilot study and subsequent improvements.

---

**Figure 4-1 The structure of the questionnaire**

### The Pilot Study

Pilot study was important in order to discover any possible problems related to the design of the questionnaire in terms of the degree of clarity of the questions, length of questionnaire and the relevance of questions to the study investigations. Furthermore, results of the pilot study were useful in designing realistic interview questions, and in discovering better approaches to the study

sample. However, for the purpose of testing the validity, objectivity and clarity of the questionnaire, a two stage pilot study was conducted. Firstly ten questionnaires were handed to personnel managers and other involved people<sup>3</sup>. They were asked to answer the questionnaires in the presence of the researcher. This procedure was to allow the researcher to observe and take note of the clarity and relevance of the questions. In this section of the pilot study the participants were asked to mark and pass any question which they believed were not clear during the answering process. After finishing the answers, unstructured interviews were conducted with them in which they were encouraged to assess the relevance of the questions to the subject under investigation and to give their comments and suggestions about the questions and substance of the questionnaire. Based on the results of this section there were amendments to the questionnaire, in which some questions which were not clear or led to a misunderstanding were modified, and a few others were discarded, because they did not appear to be relevant to the actual practices of the firms. After this modification, the second section of the pilot study was conducted in which twenty modified questionnaires were distributed to twenty companies. These did not include the ten companies in the first section. The basic aim was to evaluate the validity and objectivity of the study. Based on the results of this section, it was clear that this study was not relevant to small firms. Therefore, this group has been excluded from the research sample. This involved minor amendment to the questionnaire.

---

<sup>3</sup> In some companies there are no personnel manager, and this responsibility is held by either line managers or the general manager himself.

---

---

***THE INTERVIEWS:***

Interviews are considered to be one of the most effective data collection techniques, in which interviewer directly communicates with the respondents. The presence of the interviewer is believed to have implications for the quality and quantity of the information obtained (Williamson *et al.*, 1977; Sekaran, 1984). The interview can obtain more information than SAQs, and increases response rates. Although the face-to-face interview is a very effective technique of data collection, it has many disadvantages ranging from higher costs (e.g. training and paying interviewers) and the problem of the time needed, as mentioned by Easterby-Smith *et al.*, (1993), as well as by respondents' reluctance to talk openly and frankly in the less than anonymous interview situation, particularly if the subject considered is sensitive. This involves the need to gain the respondent's trust by establishing a good relationship and providing convincing guarantees of anonymity and confidentiality. Given the exploratory nature of this study, which involves a large number of respondents, questionnaires were the most appropriate technique to collect the relevant data. But also, as a validation to the questionnaires, the interview technique was used. The interviews aimed to verify the questionnaire findings and gather additional data and developing a better understanding of the situation.

The first arrangement for the interviews, was during the early telephone contact with the respondents to gain their commitment to respond to the questionnaires, so, they were also asked if they would mind being interviewed by the researcher. This procedure resulted in listing about 42 persons who agreed to be interviewed, or to arrange for an interview with the appropriate person in their

---

---

firms. Interviews were planned to take place after the return of the completed questionnaires as they were mainly aimed to verify the questionnaires findings. Thus, based on the primary review of each returned questionnaire from those committed to interviews, a group of interviewees was selected to clarify their responses, and to develop a clear picture of their situation. Then they were contacted again to arrange the interview's time and place. This was the beginning of interviewing difficulties. Initially, it was not easy to get hold of all those committed to being interviewed. Even some of those who were reached were unable to participate. This resulted in the researcher's listing about twenty persons for interview of whom only fifteen were actually interviewed. There were interviewees who were very co-operative in preparing a good environment for the interview and providing the information. However, some of the interviewees lacked punctuality in regard to interview scheduling, to the extent that their smallest available time units were morning, afternoon, or evening. This caused a waste of time in waiting, and even then it might finish with a polite apology, and delay until next time. This is an example of the difficulties pertaining to interview planning. Other difficulties, were also encountered within the interviews. These included interruptions, interviewing while others were in the same place, and the reluctance of some interviewees to speak openly and frankly. The attempts to overcome these difficulties include: leaving the arrangement of the time and duration of the interview to the interviewee; providing the interviewee with a verbal explanation of subject of the study, in addition to a copy of the original letter of the Research Director and its Arabic translation assuring them of the confidentiality of the information provided and

---

that it will only used for academic purposes. Although the scheduling of the interviews were left to the interviewees, due to above mentioned reasons, some of them could not keep to the scheduled time, or even cancelled just before the interview took place. The interviews were semi-structured. The questions were mainly based on the responses received in the questionnaires, but also raised specific questions, about the key HRP factors investigated in this study. The questions were aimed to elicit discussion and to stimulate interviewees to give as much information as possible, rather than being restricted to specific answers.

### RESEARCH SAMPLE

The research unit has been determined as being Saudi business firms with at least one hundred employees, and economically active during the time in which this study was in progress. The number of one hundred employees was determined as an indicator of the size of the firm, hence the researcher, based on the western literature believed that smaller organisations were not likely to engage in formal HRP<sup>4</sup>. However, this did not prevent the inclusion of some small firms in the pilot study, which demonstrated that our focus of study was not relevant to those firms.

The only available two Saudi directories have been used as a frame for the research population. Those are, Top 1000 Saudi Companies (1993)<sup>5</sup>, and the Directory of Productive Factories, which was published by the Riyadh Chamber of

---

<sup>4</sup>See for instance Bramham 1986.

<sup>5</sup> Top 1000 Saudi Companies (1993), International Information and Trading Services Company (IIT), Saudi Arabia.

---

Commerce and Industries ( 1991). Five hundred firms were randomly selected as a sample for this study. Those firms which were not applicable as research units, due to small number of employees, were replaced with other firms. This sample is not a representative sample of the Saudi private sector firms. Since this sector is highly dominated by small firms as shown in Table 4-1. The sample size was determined in the light of a similar study of US firms conducted by Nkomo, of five hundred firms, because of the time limitation of the study, the lack of related studies in a Saudi context, and the nature of the study.

**Table 4-1 Distribution of private sector firms by employment and legal Status as at end of 1412 A.H. (1992).**

Employment size	Sole proprietorship	Stock Co.	Ltd. Liability Co.	Others *	Total
less than 60	7190	637	2158	860	10854
60-99	513	53	306	103	975
100-499	580	110	581	165	1435
500 and over	78	54	129	37	298
Total	8361	854	3174	1165	13554

\* Mainly partnership companies.

Source: Calculated from report of the General Organisation for Social Insurance (1992).

#### The observed firm size by the firm ownership.

firm size	Firm Ownership				Total
	Sole Proprietorship	Stock Co.	Ltd. Liability	Partnership	
Small (less than 500)	37	19	101	29	186
Medium (500-1000)	4	47	22	2	75
Large (over than 1000)	0	12	1	3	16
Total	41	78	124	34	277

The study sample is based on firms employing 100 or more people. The western HRP literature indicates that small firms tend to be less involved in HRP activities. This was supported by the pilot study which found that the issues under investigation were not relevant to small firms. Hence such firms were excluded from the study, because it was more sensible to concentrate activity on

---

those areas where there was at least the probability that firms might be ready to begin HRP by ensuring that all the required prerequisites are in place. In practice interviewees from small firms in the pilot study showed little interest in HRP referring as “idealistic”, “unrealistic” or “theoretical”. As for firms with more than 100 employees, the sample of 500 firms were chosen at random using the only two available Saudi directories of companies. In practice the sample of return questionnaires, does not conform to the structural characteristics of Saudi firms as published in government statistics (see Table 4-1). The variations may be due to the unrepresentativeness of the two available directories, or the inadequacies of the national statistical data, or both. To reflect these issues, the conclusions of the study are generally stated tentatively. It seems likely that the most significant consequence will be that joint stock companies appear to be somewhat more fully engaged in HRP than is really the case, because in the study joint stock companies are over-represented, and larger companies tend to be more involved in HRP.

#### DATA COLLECTION AND THE MAIN SURVEY

The most important effort of any researcher is the collection of relevant data, upon which s/he is going to build up her/his knowledge of accurate information about her/his topic. Therefore, the quality of the research will depend on the quantity and quality of the information, which in turn will enable that the researcher draws realistic conclusions. Nevertheless the most popular methods of collecting data, based on the opinions of the personnel involved, are the

---

---

questionnaires and interviews. These methods, as mentioned earlier, have been used in this study in order to collect relevant data which is not available in any other documented sources. The sources of data for this study can be classified into the following two sources:

- 1- the questionnaire and interviews as primary sources of data, as mentioned above.
- 2- other data collected from secondary sources. This data includes literature on human resource planning which was collected from the Library of Liverpool John Moores University and, using the Inter-Library Loans, data obtained from the British Library and other UK Libraries. Data related to Saudi Arabia, especially those related to the human resources situation was obtained from the Ministry of Planning Library, Institute of Public Administration Library, King Abd-Ulaziz City for Science and Technology Library, King Saud University Library, the Manpower Council, Riyadh Chamber of Commerce and Industry , and Ministry of Labour and Social Affairs.

The return of completed questionnaires presented some problems. Following the complaints of many researchers of the low co-operation of their respondents, such as that mentioned by Al-Ranaimi (1990), personal phone calls were conducted with one of the key staff of each of the selected firms to ensure their response and commitment to accurate answers before sending them the questionnaires, and to arrange with them for the interview. In addition, the questionnaire was covered by a translated letter from the Director of the Study to support the researcher, as well as another covering letter explaining the aim and importance of the study, encouraging the participants to co-operate by

---

---

providing as accurate information as possible and urging the return of the complete questionnaire as soon as possible (Appendix 1). However, 500 questionnaires were mailed to the selected firms. Replies took a long time, although they were followed up by telephone to urge their response. A very few respondents claimed they had lost the questionnaire and so were sent another. Others claimed that their firm had no general manager and that they were not authorised to fill in the questionnaire. One asked for the English version of the questionnaire, so he was sent an English copy of the questionnaire, but did not reply. In contrast, there were also a few participants showed much interest and were very co-operative. They rang to ask for more details about the study and whether it was possible to provide them with the final conclusions. However, a total of 292 questionnaires were received which represents a response rate of 58 percent. Of these 277 questionnaires were usable. These questionnaires were coded by the researcher, and installed into the computer by the Educational Research Centre, College of Education, King Saud University. Data manipulation using the SPSS statistical package has been performed by the researcher.

#### THE TECHNIQUES OF DATA ANALYSIS.

Selltiz *et al.* (1976) have indicated that the purpose of data analysis is to summarise and analyse the completed answers to questionnaire items in order to make an interpretation for the broader meaning of these answers. Three statistical techniques were selected for the purposes of the analysis. These were the frequencies analysis technique, chi-square technique, and correspondence analysis. These seem to be the most suitable techniques

---

---

to be used to achieve the study objectives taking in account the nominal level of data collected.

The first statistical technique used was frequencies analysis. According to Dometrius (1992) frequencies analysis is highly useful for descriptive information - how respondents answered a specific question, the average of responses, and the dispersion of the responses. Frequency analysis displays the univariate description of a variable. It can count how many gave each of the possible responses to a question. Thus, it has been used to summarise the responses to each question, and to provide a descriptive analysis of the data. The frequencies of the various categories of a variable have been tabulated and in many cases presented in graphical form.

The second technique used is a chi-square test. Chi-square is a statistical significance test used to evaluate the probability that any sample relationship might be due solely to sampling error (Dometrius, 1992). Isaac *et al.*, (1977) have indicated that chi-square is a measure of squared deviations between observed and theoretical numbers in terms of frequencies in categories or cells of a table, determining whether such deviations are due to sampling error or some interdependence or correlation among the frequencies. According to Isaac *et al.*, (1977) this test is very useful in tables involving frequencies of Yes-No answers. Hence, most the answers in the data are Yes-No, and the chi-square test will indicate whether the difference between two issues is statistically significant. Thus, this test has been used here to examine the significance of the differences between the various variables in tabulated form. The statistical formula for the chi-square ( $X^2$ ) is as presented in Equation 4-1:

---

**Equation 4-1 The chi-square formula.**

$$X^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

The interpretation of the above formula is  $f_o$  = observed frequencies and  $f_e$  expected frequencies. To obtain the expected frequencies ( $f_e$ ), the formula presented in Equation 4-2 is used:

**Equation 4-2 The expected frequencies formula.**

$$f_e = \frac{(\text{total row})(\text{total column})}{n}$$

Further, the Degrees of Freedom (D.F.) can be calculated, based on the following formula:  $D.F. = (r - 1)(c - 1)$ , where  $r$  = the number of rows and  $c$  = the number of columns.

It should be mentioned that chi-square has its limitation, since it is used to test the hypothesis that the row and column variables are independent. The statistical package was used in this study has stated the following limitations of this test:

*should not be used if any cell has an expected value less than 1, or if more than 20% of the cells have expected values less than 5.<sup>6</sup>*

Therefore, any test does not satisfy these conditions will be considered unreliable, and as such no conclusion will be built upon which.

It may be worth saying that the Pearson chi-square is the most widely used form, as stated in SPSS thus it is used in this study, unless each of the tested

---

<sup>6</sup> the source is : the help file, SPSS for windows, release 6, June 1993.

variables is consist of two categories, in this case the continuity correction will be considered.

The last statistical technique used is correspondence analysis. This was used to analyse correspondence tables (such as crosstabulation) to best measure the distances between categories or between variables. Thus, it was used to explore, in a plotted form, the tabulated relationships explicitly (i.e. to identify which of the tabulated categories of a certain variable were most associated with others of the other variable) (SPSS help file).

### SUMMARY

This chapter focused on the research design and methodology used to accomplish the study objectives. Firstly, the scope and nature of the study was presented, because it is the key factor in the selection of research design and methodology. In addition, Saudi cultural factors were considered as being important in regard to research design and methodology. This was followed by a detailed description of the structure of the research techniques employed in this study. Then the sampling procedures, in term of research unit, sample size and frame of study were presented. This then followed by reviewing of data collection and the main survey procedures. Finally, the techniques of data analysis (frequencies analysis, chi-square test, and correspondence analysis) used in this study were discussed.

---

**Chapter Five**  
**PRESENTATION OF RESEARCH**  
**FINDINGS: ANALYSIS OF GENERAL**  
**ISSUES RELATED TO HRP IN THE FIRM**

---

## INTRODUCTION

The purpose of this chapter is to present the general characteristics of the participants and their firms, as well as the general empirical findings related to the firms' practices of HRP. This data will then be related to the western model of HRP presented in chapter two, in order to clarify the strengths and weaknesses in the practices of HRP in these firms.

A total of 292 responses were received. This represent a response rate of 58 percent of the 500 firms contacted. Of the 292 responses, 15 responses were excluded because of missing key information. This left a total of 277 usable questionnaires. This sample might be skewed in favour of firms that do practice HRP, as the case of many questionnaires, those who did respond are most likely be more committed to the subject (Isaac et al., 1977).

This chapter is mainly concerned with presenting the general research findings classified into two sections: the first section will show general descriptive analysis of the respondents and their firms; the second section will present analysis of their activities related to HRP.

A descriptive analysis, using the statistics of frequency distribution, will be generated for the general dimensions in this survey. The frequency distribution is a description of the sample characteristics. Furthermore the data in Section Two will be analysed to detect any significant relationships between the variable identified there and the main descriptive categories used in Section One. Two statistical techniques, as mentioned in chapter four, were used to examine the differences, chi square test, and correspondence analysis.

---

---

## **SECTION ONE: GENERAL DESCRIPTIVE ANALYSIS OF SAMPLE FIRMS**

This section aims to provide general information about respondents and participant firms. It will be classified into the following two subsections:

- Descriptive analysis of respondents.
- Descriptive analysis of firms.

### ***DESCRIPTIVE ANALYSIS OF RESPONDENTS.***

This section provides a descriptive analysis of the respondents, using the frequency distributions of the following group of variables:

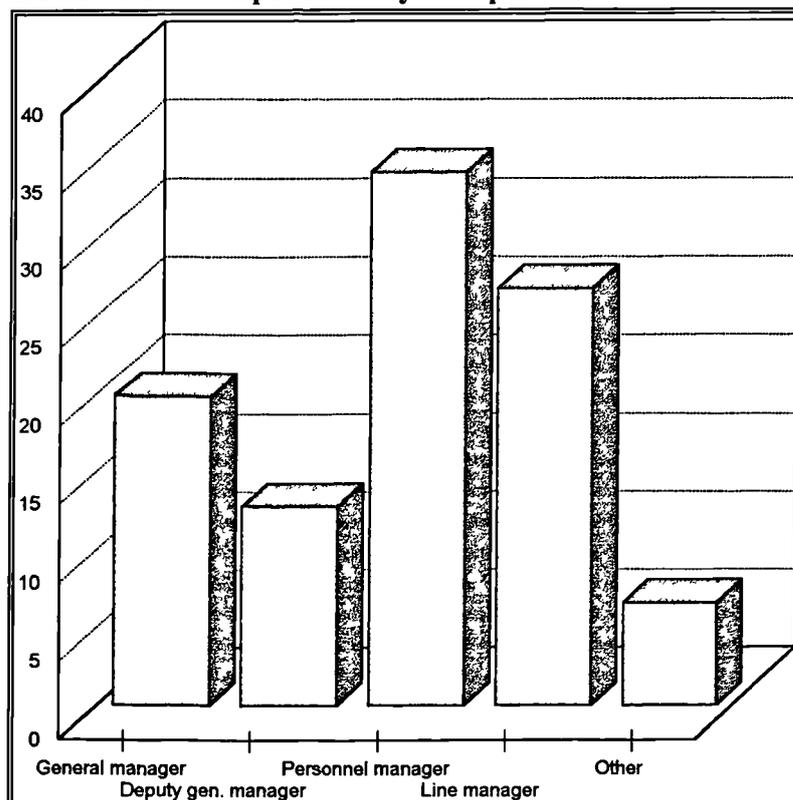
- 1- Respondent's position in the firm.
- 2- Length of service of the respondent.
- 3- Respondent's age.
- 4- Educational achievements of the respondent.
- 5- Nationality of the respondent.

### **Distribution of the participants by their position in the firm.**

Figure 5-1 shows the distribution of the respondents by their positions in the firm. The responses are spread over variety of positions, representing mainly senior or functional management as well as personnel managers. (These cumulatively are about 90 percent of the respondents.) The rest, however, are either personnel subordinates or other department's subordinates. Although the questionnaires were mainly directed to the personnel managers, or anyone else who held this functional responsibility<sup>1</sup> in the firm, it was surprising that only 34.1 percent of the respondents reported their position as being personnel manager. This might be attributed to firms having no personnel manager.

---

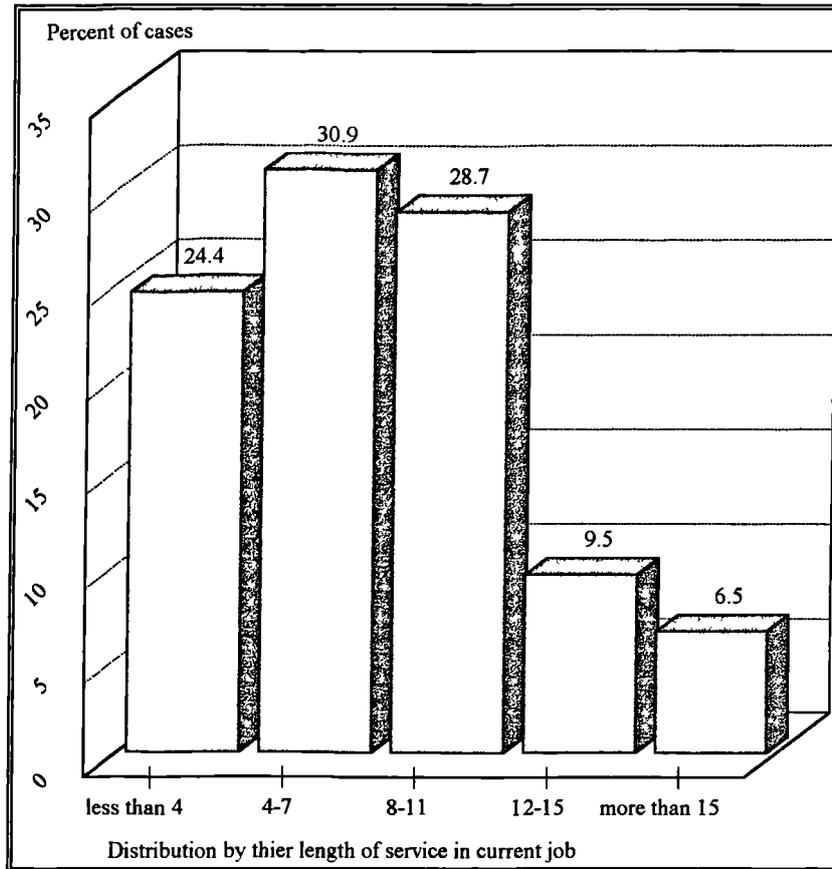
<sup>1</sup> this direction has been mentioned in the answering instructions and the covering letter of the questionnaire.

**Figure 5-1** Distribution of respondents by their positions.**Table 5-1** Respondent position in the firm.

	Frequency	Percent
General manager	54	19.8
Deputy gen. manager	35	12.8
Personnel manager	93	34.1
Line manager	73	26.7
Other	18	6.6
Total	273	100.0

**Distribution of the participants by length of service in current position.**

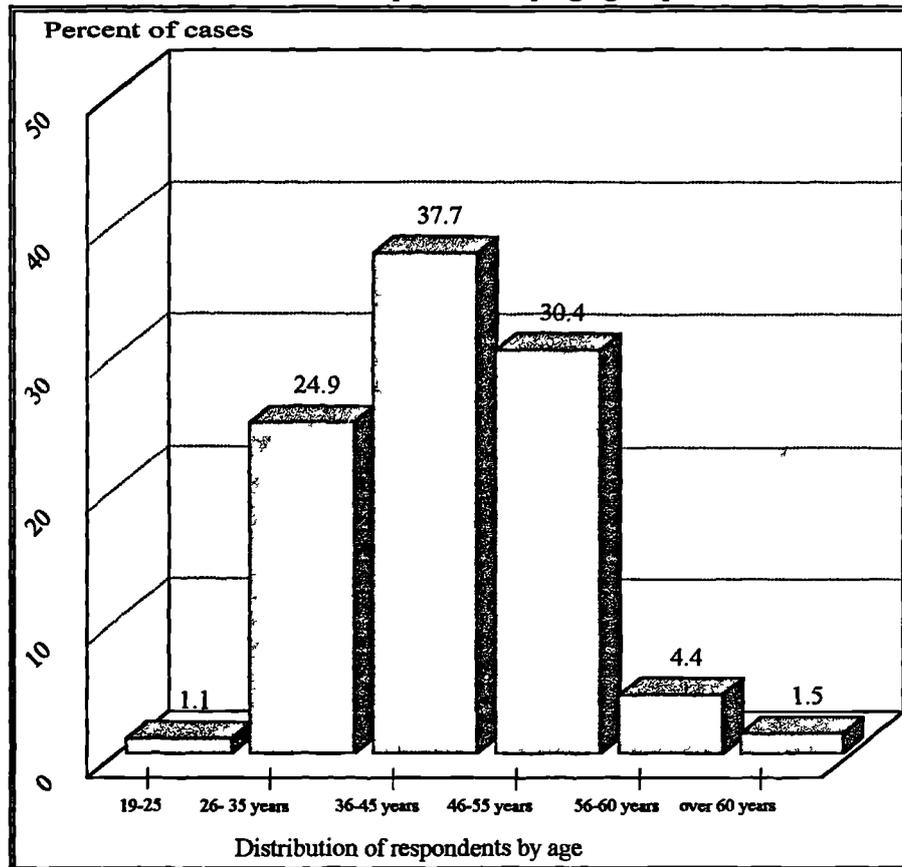
Figure 5-2 shows the distribution of length of service of the respondents. There is no dominant length of service in our sample, but it is distributed mainly between less than 4 and 11 years. This information may well reflect the experience of the people involved in making judgmental forecasts of the firms needs of manpower. More experienced managers are likely to be better placed to make such judgements.

**Figure 5-2** Distribution of the respondents by length of service.**Table 5-2** Distribution according to Length of Service

	Frequency	Percent
Less than 4 years	67	24.4
4-7 years	85	30.9
8-11 years	79	28.7
12-15 years	26	9.5
More than 15	18	6.5
Total	275	100

**Distribution of the participants according to age.**

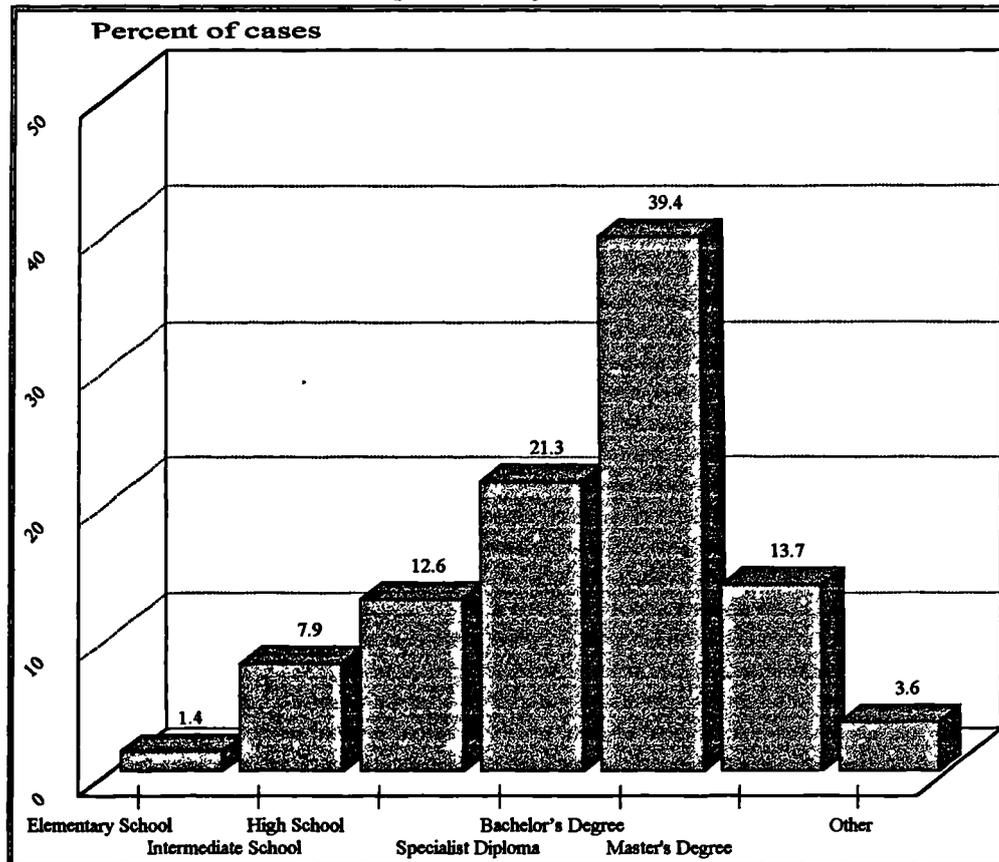
The survey results for age are presented in Figure 5-3, which reveals that the majority of respondents ( 68 percent ) were between the age of 36 and 55. The next largest group ( 25 percent ) were those aged 26 to 35.

**Figure 5-3** Distribution of the respondents by age groups.**Table 5-3** Distribution of respondents by age group

Age	Frequency	Percent
19-25	3	1.1
26-35 years	68	24.9
36-45 years	103	37.7
46-55 years	83	30.4
56-60 years	12	4.4
over 60 years	4	1.5
Total	273	100

**Distribution of participants by educational level.**

Figure 5-4 shows the distribution of the educational level of the respondents. 56.7 percent of the respondents reported possessing a bachelor's degrees or a higher educational level. 21.3 percent reported possessing specialist diplomas, mainly accounting, law, and vocational diplomas.

**Figure 5-4** Distribution of respondents by educational level**Table 5-4** Distribution of respondents by educational level.

Educational Achievements	Frequency	Percent
Elementary School	4	1.4
Intermediate School	22	7.9
High School	35	12.6
Specialist Diploma*	59	21.3
Bachelor's Degree	109	39.4
Master's Degree	38	13.7
Other	10	3.6
Total	277	100.0

\* mainly technical and accountant diplomas

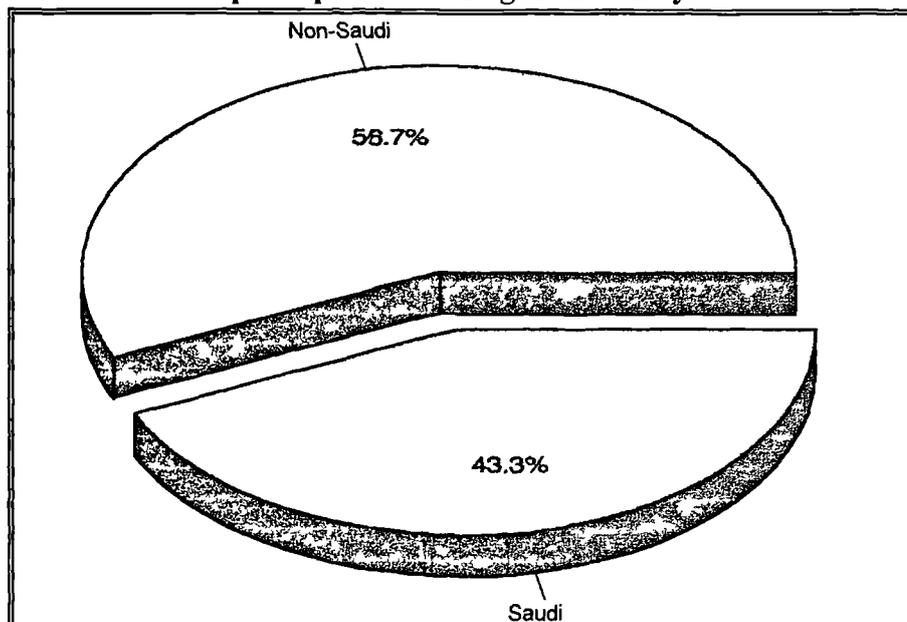
#### Distribution of participants according to nationality.

Figure 5-5 shows very valuable information, for it shows the percentages of Saudis and non-Saudis in managerial posts responsible for HRP in our sample of Saudi companies<sup>2</sup>,

<sup>2</sup> hence, the respondents according to Figure 1 are mainly general managers or their deputy, or line managers.

which has its implications regarding Saudiization in the private sector. It shows that 157 of our participants ( 56.7 percent ) are non-Saudis, as against 120 of the participants ( 43.3 percent ) who reported their nationalities as Saudis.

**Figure 5-5 Distribution of participants according to nationality.**



**Table 5-5 Distribution of respondents according to nationality**

Nationality	Frequency	Percent
Saudi	120	43.3
Non-Saudi	157	56.7
Total	277	100.0

### Summary of this section

Generally speaking the main findings of this section can be summarised as follows: the respondents are mainly senior managers, have been served in their position between four to eleven years, their main age group is 34 - 45 years, the majority of them are graduates, and the largest group of them are non-Saudis (56.7 percent). It is clear from

the analysis that the majority of the respondents were non-Saudis and therefore, it is logical that the responses reflect their perspectives and experiences. For example, is Saudiization a problem of any interest to them? It is also clear that as long as the international labour market is open to them to recruit the required staff, they will always have an alternative to Saudiization.

Something also worth noting is that, although the questionnaires were directed to personnel managers, the majority of the respondents reported that they held other positions like general manager, or line manager. This may indicate the absence of personnel manager, either temporarily or permanently. If the latter is true, it will indicate less awareness of the importance of personnel management by the firms concerned. However Table 5-25 proves the existence of personnel departments, even where some of the respondents were not personnel managers. This may indicate the respondent's wish to respond despite his not being a personnel officer, or the personnel manager's lack of interest or willingness to respond. The precise role played by personnel managers and departments is a significant issue for further study.

### ***DESCRIPTIVE ANALYSIS OF FIRMS.***

This section includes a descriptive analysis of the participant firms. It aims to give a brief description of the firms participating in our study. Frequency analysis will also be used to distribute the participants according to the following characteristics:

- the date of establishment;
  - the main activity of the firm;
  - the type of firm (ownership);
-

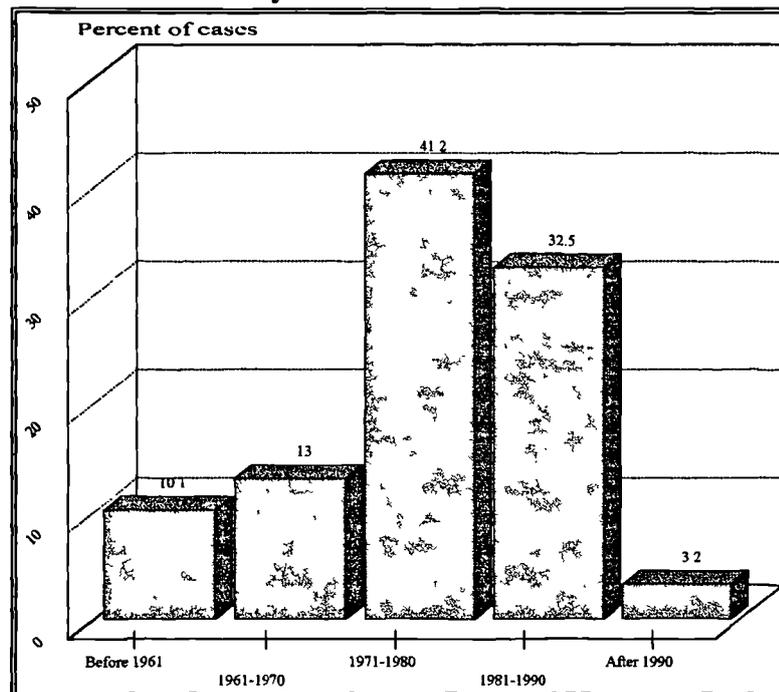
- the nationality of the firm's managerial team;
- the size of the firm ( number of employees );
- the total number of personnel department employees in the firm; and,
- the percentage of Saudi employees in the firm.

These characteristics are important to show the sort of firms represented in our sample, and to help in providing an explanation of the points raised in the following investigation of the issues related to HRP, in Section Two of this chapter and in Chapter Six.

### Distribution by date of establishment.

Figure 5-6 shows the distribution of firms by their date of establishment. The majority of respondents ( 41.2 percent ) reported that their firms were established between 1971 and 1980. This could be attributed to the early years of the rush to development in Saudi Arabia (see also Table 5-6 ).

**Figure 5-6 Distribution of firms by date of establishment.**



**Table 5-6**      **Distribution of firms by date of establishment.**

	Frequency	Percent
Before 1961	28	10.1
1961-1970	36	13.0
1971-1980	114	41.2
1981-1990	90	32.5
After 1990	9	3.2
Total	277	100

**Distribution of firms by main activity.**

Table 5-7 presents the distribution of the participants by the main activity of their firms. The largest group of participants ( 36.8 percent ) are manufacturing firms. The next largest group ( 26.0 percent ) are trading firms. The rest are almost equally distributed between agriculture, public services, and other firms. Some of the participants reported their activity as other and specified activities which could be classified under the categories listed above. Therefore, those which could be classified under one of the listed categories have been transferred to it. The remainder in the category other are mainly banks, financial and insurance companies (see Figure 5-7).

**Table 5-7**      **Distribution by main activity of the firm**

The activity of the firm	Frequency	Percent
Agriculture	31	11.2
Trading	72	26.0
Public services	36	13.0
Manufacturing	102	36.8
Other *	36	13.0
Total	277	100.0

\* mainly, banks and finance services firms

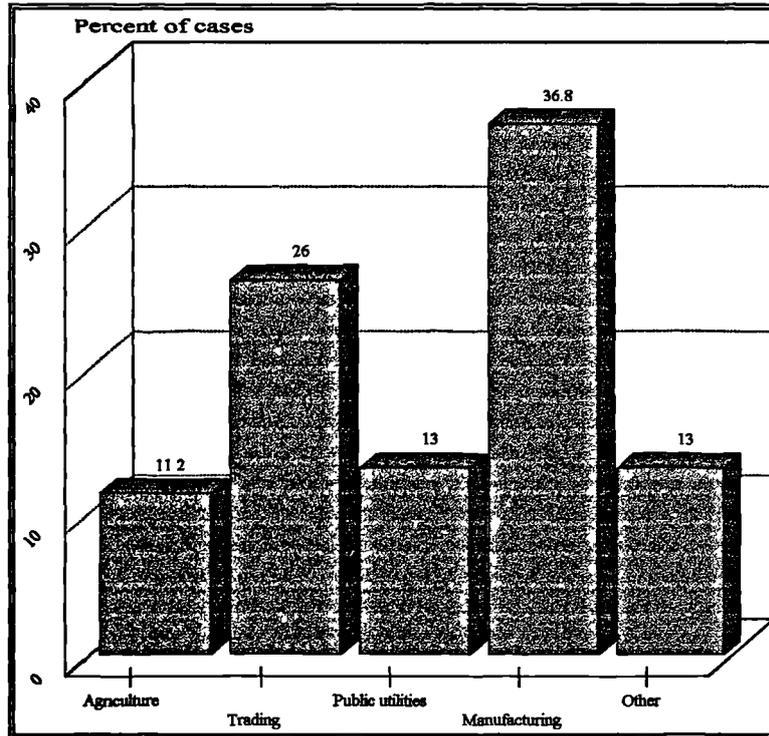
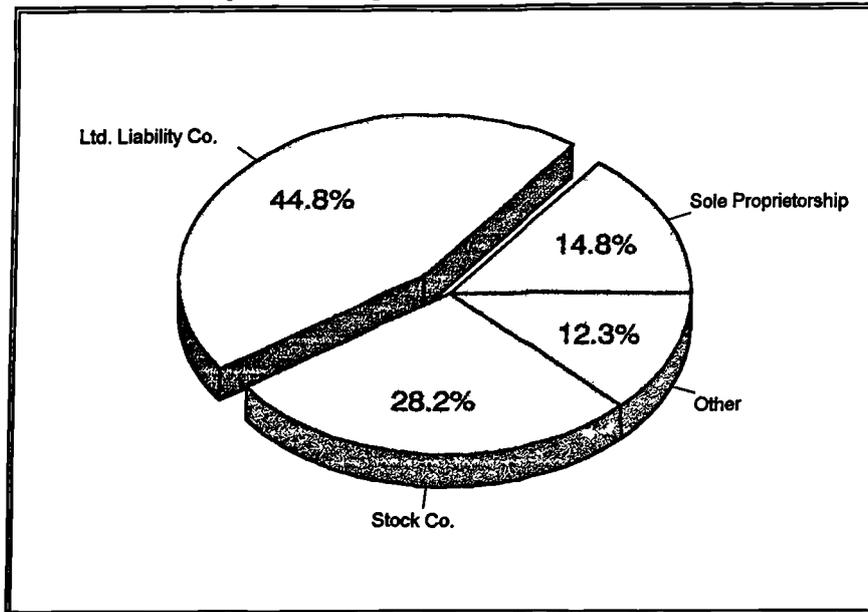
**Figure 5-7** Distribution by main activity of the firm.**Distribution of firms according to their ownership.**

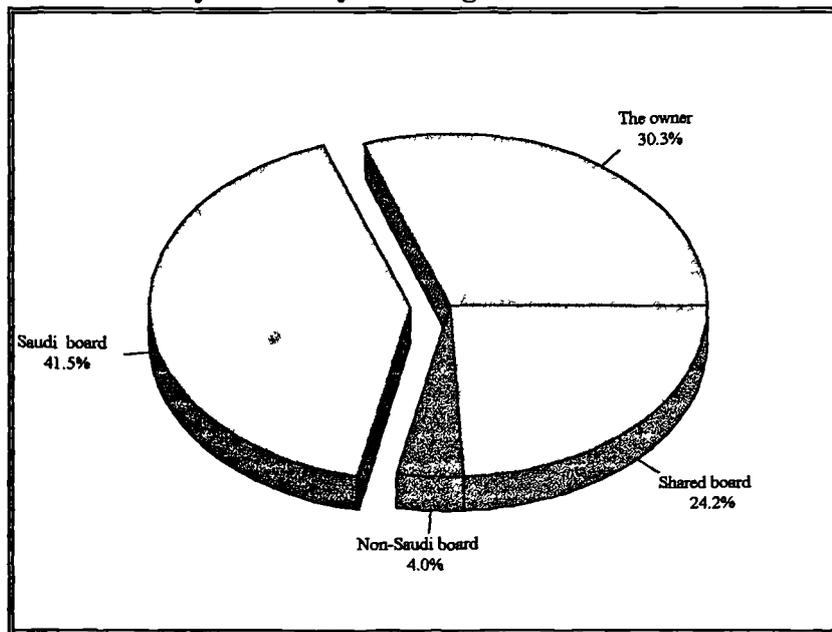
Figure 5-8 presents the distribution of the participant firms according to their ownership. The majority of our sample (44.8 percent) reported their firms to be limited liability companies. The next largest group (28.2 percent) reported themselves as public joint stock companies. The smallest group are those who reported as other. 34 participants (12.3 percent) reported other types of ownership. They mainly specified that their firms were partnerships of various kinds.

**Figure 5-8 Distribution by Ownership of firm.****Table 5-8 Distribution by Ownership of firm**

	Frequency	Percent
Sole Proprietorship	41	14.8
Ltd. Liability Co.	124	44.8
Stock Co.	78	28.2
Other	34	12.3
Total	277	100.0

**Distribution of firms by nationality of managerial team.**

The respondents were asked to state which of the following constituted the managerial team of their firms: the owner and relatives, Saudi board, Non-Saudi board, and shared board (Saudi and Non-Saudi). The different responses are presented in Figure 5-9 which shows a majority of the participants' firms ( 41.5 percent ) were managed by a Saudi board. The next largest group of participants ( 30.3 percent ) reported their that firms were managed by the owner, whereas 67 of the participants (24.2 percent ) reported their firms were managed by a shared team (Saudi and Non-Saudi board). Few participants ( 11 ) reported that their firms were managed by a Non-Saudi managerial team.

**Figure 5-9 Distribution by nationality of managerial team.****Table 5-9 Distribution by nationality of managerial team.**

Managerial Type	Frequency	Percent
The owner	84	30.3
Saudi board	115	41.5
Non-Saudi board	11	4.0
Shared board	67	24.2
Total	277	100.0

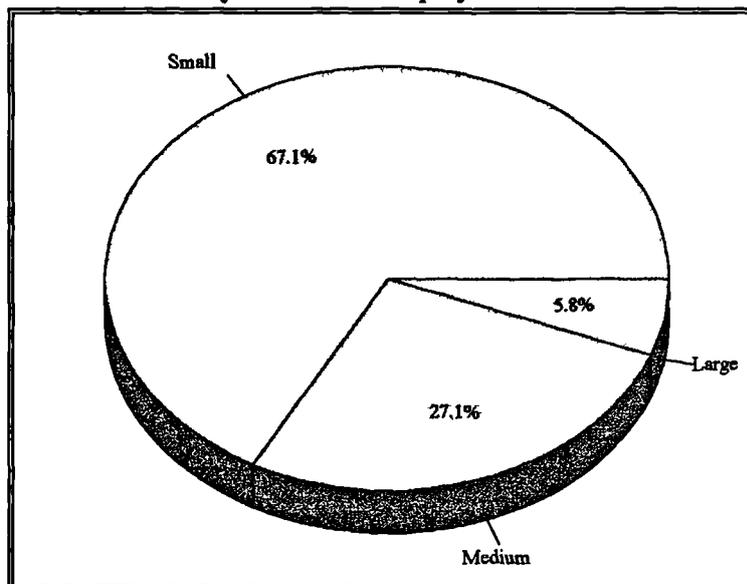
**Distribution of firms by number of employees.**

The participants were asked to determine the number of employees in their firms. Here we show the distribution of responses received, presented in Table 5-10, in which the different responses were grouped into three categories in order to present it in a way which makes sense for the reader. Therefore, firms with employees numbering less than ( 500 ), were categorised as small firms. Those who reported 501 to 1000 employees were categorised as medium sized firms. Those participants who reported over 1000 employees were categorised as large firms.

Figure 5-10 shows that the vast majority of the participants' firms 186 (67.1 percent ) reported less than 500 employees, categorised as small firms. The next largest group of

the participants 75 ( 27.1 percent ) reported that their firms have 501 to 1000 employees, which has been categorised here as medium sized firms . Few participants (16 of the participants, 5.8 percent ) reported that their firms had more than 1000 employees, ( large firms ).

**Figure 5-10**      **Distribution by number of employees.**



**Table 5-10**      **Distribution by number of employees**

Size of firm (number of employees)	Frequency	Percent
Small (less than 500 employees)	186	67.1
Medium (501-1000 employees)	75	27.1
Large (over 1000 employees)	16	5.8
Total	277	100

**Distribution of firms by the size of the personnel Department.**

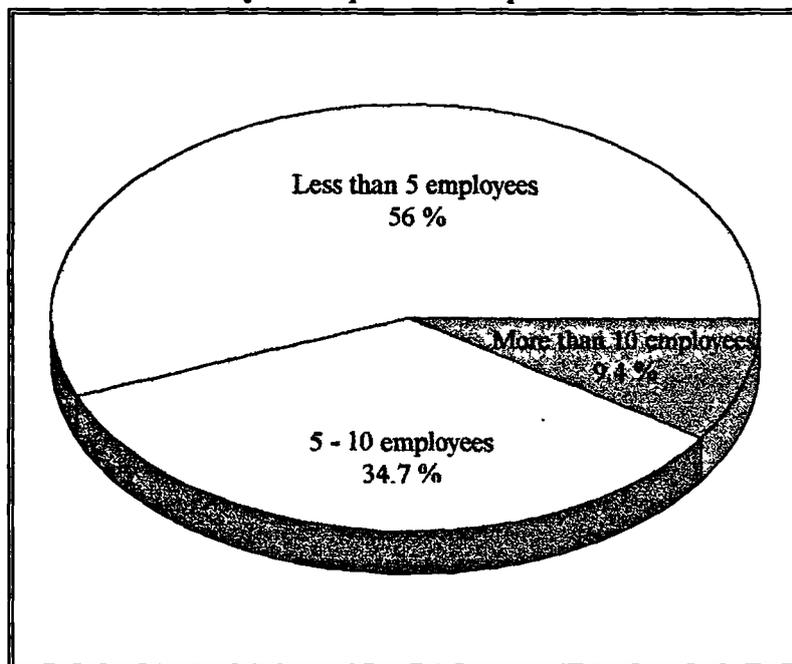
The participants were asked to indicate the number of employees in their personnel department. The personnel department is likely to be the main department concerned with human resource management, and conducting human resource planning will require more effort and, in turn, more staff. Nevertheless, the responses are presented

in Figure 5-11. This figure shows that 155 of the participants ( 56.0 percent ) reported that the staff of the personnel department in their firms is less than five employees. The second largest group of the participants 96 ( 34.7 percent) indicated that their personnel departments had five to ten employees. The smallest group of the participants 26 ( 9.4 percent ) reported more than ten employees in their personnel department (the data tabulated in Table 5-11).

**Table 5-11**      **Distribution by size of personnel department staff**

	Frequency	Percent
Less than 5 employees	155	56
5-10 employees	96	34.7
More than 10 employees	26	9.4
Total	277	100

**Figure 5-11**      **Distribution by size of personnel department staff.**



**Summary of this section**

In general the main characteristics of the firms found in this section can be summarised as follows: the majority of firms were mainly established between 1970 and 1990, very few reported otherwise; manufacturing is the main activity of the firms, followed by trading; in respects of firm's ownership the largest group of the firms are limited liability companies, followed by stock companies; most of the firms are mainly managed by a Saudi board but a large group are managed by the owner, few reported a non-Saudi board; the majority of our sample (67 percent ) are small firms (100-500 employees), the large firms ( over 1000) are small minority among our sample; the personnel department in the majority of sample firms consists of less than five employees, the next large group reported 5 - 10 employees. These are the main characteristics of the sample firms which are included in this study.

---

---

## SECTION TWO: ANALYSIS OF MANAGEMENT ISSUES RELATED TO HRP.

The purpose of this section is to present the empirical findings about management issues concerning HRP in our sample firms, to inspect the degree of correspondence of these firms to the model of HRP presented in chapter two. The aspects raised within this section are:

- Information systems;
- Computer systems;
- Strategic business planning;
- the responsibility for HRP; and,
- the methods of estimating manpower requirements.

### *INFORMATION SYSTEMS.*

Human resource planning would not be efficient and effective if it is not based on accurate information. The importance of the information to HRP has been raised by most of the authors, as presented in chapter two, such as The Department of Employment (1971), Graham (1984), Bramham (1986) &(1994), Armstrong (1992)& (1992), McBeath (1978) & (1992), and Kavanagh *et al.* (1990). In this regard Bramham (1986) has stated that:

*Before making any forecasts, or, plan, and policies to meet them, a clear picture of the organization is needed. The effectiveness of planning depends on the detail and accuracy of the information on which it is based. P 17*

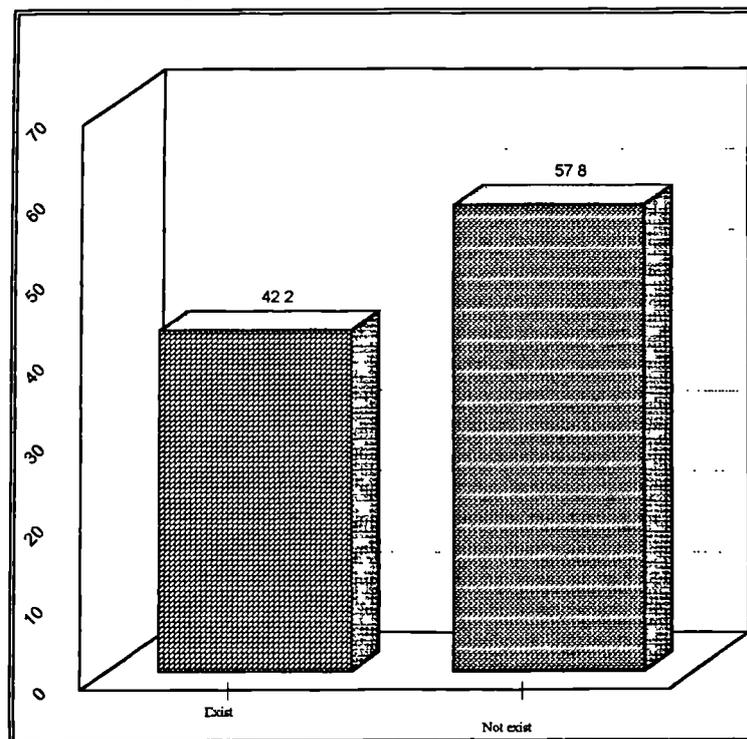
The clear picture of the organisation will not be possible unless the information needed to create it exists and is available to those who need it to develop that picture. This in turn requires information to be collected and stored. But, collecting the information is not the end of the story. This information must be communicated to those who need it to do their jobs, particularly the human resource planners.

---

### Distribution by information systems.

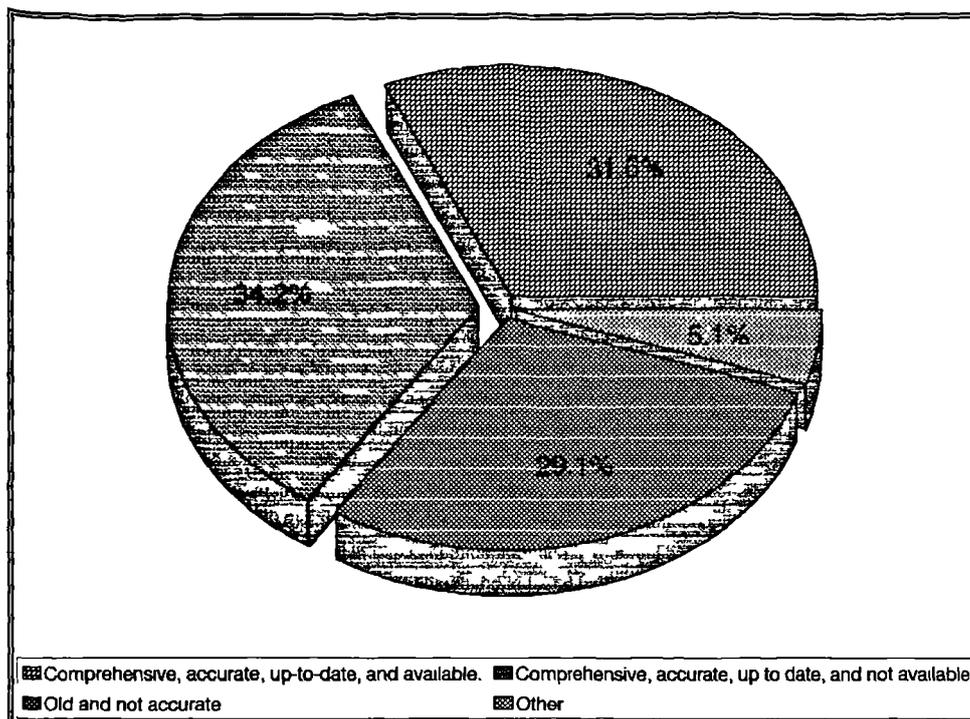
As shown in Figure 5-12 the largest group of respondents (n=160 57.8 percent ) indicated that their firms did not have information systems, whereas 42.2 percent (117 respondents) reported the existence of information systems in their firms. However, respondents who indicated the existence of information systems were also asked to describe their systems in terms of the accuracy and availability of the information to people needing it within the firm. The results, as presented in Figure 5-13, reveal that only 31.6 percent (37 respondents) of those who mentioned the existence of information systems reported that their systems provide comprehensive, accurate, up-to-date, and available information to the people who need it. The remainder of the respondents ( 68.4 percent ) who mentioned the existence of an information system reported that the information in their system is either not available or is old and not accurate. The other respondents indicated that information is distributed within the firm's departments but is not kept in a systematic way.

**Figure 5-12**      **DISTRIBUTION OF THE FIRMS ACCORDING TO THE EXISTENCE OF INFORMATION SYSTEM.**



**Table 5-12**      **Distribution of the Firms by Information System.**

Information system	Frequency	Percent
Exist	117	42.2
Not exist	160	57.8
<b>Total</b>	<b>277</b>	<b>100.0</b>

**Figure 5-13**      **Description of Information.****Table 5-13**      **Description of Information**

	Frequency	Percent
Comprehensive, accurate, up-to-date, and available.	37	31.6 *
Comprehensive, accurate, up to date, and not available.	40	34.2
Old and not accurate	34	29.1
Other	6	5.1
<b>Total</b>	<b>117</b>	<b>100.0</b>

\* This represent only (13 percent) of the whole sample of 277 firms

We have seen the great emphasis of the literature on the strategic nature of HRP and the role it plays to achieve corporate objectives. This involves the availability of

accurate information not only about the current stock of manpower, which is very important, but also about the extent to which this resource will match the potential needs of the organisation. Consequently, accurate information is needed to identify the potential manpower needs of the organisation. This sort of information will not be available in the personnel records.

Furthermore, the existence of information will not be enough. It must be available to those involved in HRP. Fast access and good communication of this information is important for human resource planners. In regard to our sample 34 percent have reported existence of accurate, but unavailable, information. Regarding the availability of information, semi-structured interviews revealed that each *department in those firms maintains accurate records related to its activities*. Some departments also have a computerised information system. But there is a reluctance to share their information with others. This is a real problem and a barrier to developing an integrated strategic view of human resources, it results in the poor anticipation of future manpower needs. Therefore, information systems should be designed carefully to serve the planning needs of the firm. The status of information systems in a large proportion of our sample can be considered as a weakness in comparison with the requirements of the model presented in chapter two.

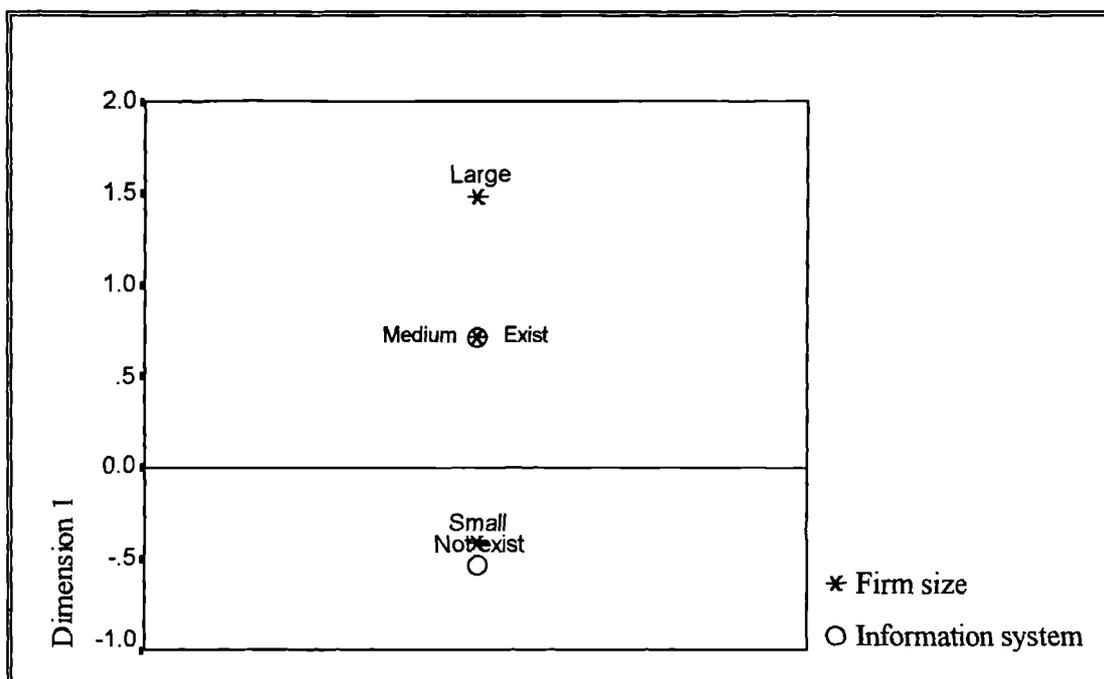
However, further analysis was conducted to examine whether the firms which have information systems differ from those which do not, in terms of the demographic data mentioned in Section one of this chapter. The examination revealed a highly significant relationship ( $p < .001$ ) with firm size (Table 5-14). The mapping of the relationship, using Correspondence analysis (Figure 5-14 ) shows that medium and large firms are more likely to have information systems than small firms.

---

**Table 5-14** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm size by information systems.

Information system	Firm size						Total
	Small		Medium		Large		
	Fo	Fe	Fo	Fe	Fo	Fe	
exist	55	78.6	48	31.7	14	6.8	117
not exist	131	107.4	27	43.3	2	9.2	160
Total	186		75		16		277

chi-square value = 40.22 ; D.F. = 2 ; Significance level:  $p < .001$

**Figure 5-14** Mapping existence of information systems and firm size.

## **COMPUTER SYSTEMS.**

### **Distribution of the firms by existence of computer systems.**

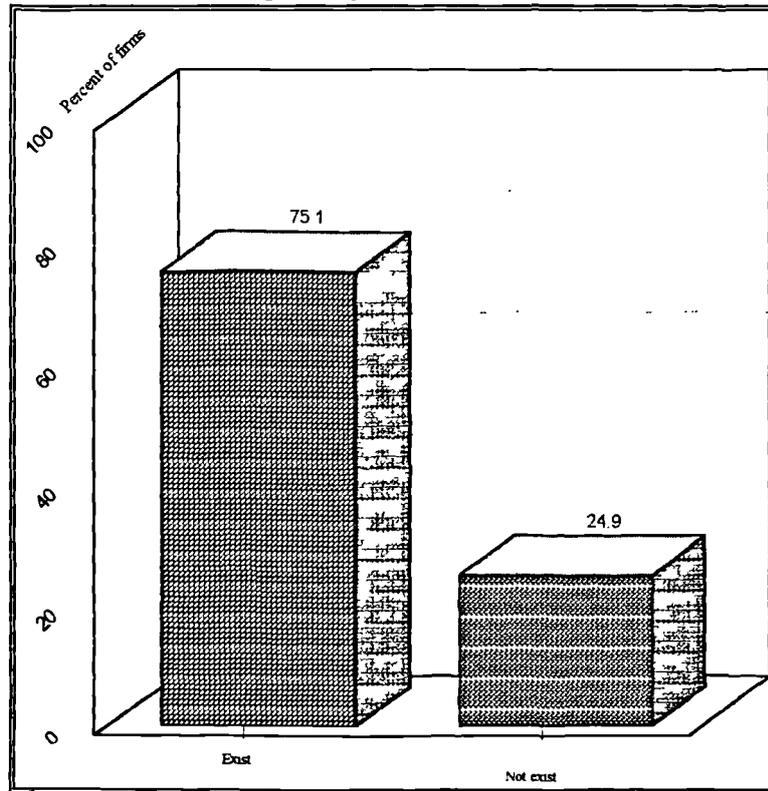
Participants were asked to indicate if their firms made use of computer systems in any department. The responses are presented in Figure 5-15 which shows that 75.1 percent (208 respondents) reported their firms do so, whereas 69 participants, almost a quarter of the respondents, reported no use of computers in their firms.

Those who reported that their firms make use of computer systems were asked to indicate if the computer was used in any of the areas listed in Table 5-15 which mainly presents the use of computer in the personnel areas and other relevant activities. Table 5-15 shows no significant use of the computer in the personnel areas. Hence, the majority 74.5 percent (155 participants) reported the use of computer in other areas, such as stock and financial management, while 69.2 percent (144 of the participants) reported the use of computer in routine work. It should be mentioned that within the computer market there are sophisticated HRP models, which can be used effectively and efficiently to manipulate human resources data, and there are a wide range of commercial packages which can significantly contribute to HRP (e.g. payroll, recruitment, and assessment) (Rothwell, 1995). Small firms can also make efficient use of cheap commercial packages such as (Dbase, Access, etc.) to classify manpower, and the use of any of the many statistical packages ( SPSS, Excel, etc.), to apply statistical techniques easily to predict, for instance, manpower wastage, and requirements. In conclusion, if human resource was thought to be as important as some other resources (eg. money, stocks), then it would probably have been computerised.

**Table 5-15      Distribution of the areas in which computer is used**

Areas in which computer is used	Count	Pct of Responses	Pct of Cases
Other activities	155	40.6	74.5
Routine works	144	37.7	69.2
Estimate manpower productivity	29	7.6	13.9
Job analysis and description	14	3.7	6.7
Estimate manpower wastage	13	3.4	6.3
Succession planning	13	3.4	6.3
Estimating future manpower requirements	8	2.1	3.8
Training needs assessment	6	1.6	2.9
Total responses	382	100.0	183.7 *

\* percentage exceed 100% because the participants were allowed to tick as much as appropriate.

**Figure 5-15** Existence of computer systems in the firm.

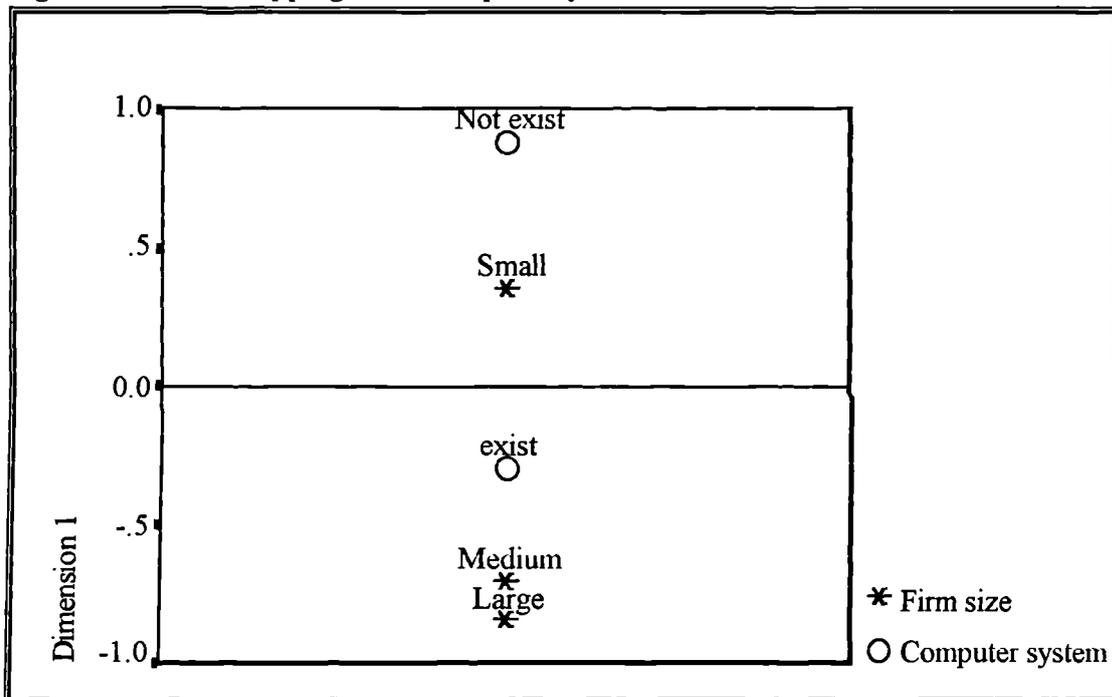
Further analysis was conducted, using chi-square technique, to examine whether the firms which make use of computer systems differ of those which do not, in terms of the main firm characteristics mentioned in Section One (firm activity, firm size, firm ownership, etc.). The analysis reveals significant differences between them regarding firm size (Table 5-16). This Table was examined using correspondence analysis, as mapped in Figure 5-16, to clarify the most closely related categories. The mapping reveals that computer systems are more likely to be used in medium and large firms than small firms.

**Table 5-16** Tabulation of observed ( $F_o$ ) and expected ( $F_e$ ) frequencies of firm size by use of computer systems.

Computer Systems	The Firm size				Total
	Small		Large		
	$F_o$	$F_e$	$F_o$	$F_e$	
Used	125	139.7	83	68.3	208
Not used	61	46.3	8	22.7	69
Total	186		91		277

chi-square value = 17.56; D.F. = 1; Significance level:  $p < .001$   
 Continuity correction is considered in above calculation of chi-square value.  
 The values of firm size were combined to validate chi-square test.

**Figure 5-16** Mapping use of computer systems and firm size.



In general, there is a wide use of computer systems, particularly in routine work and areas like stock management, customer services, financial services, whereas there was no significant utilisation of computer systems in the personnel department area. Large firms are more likely to make use of computer systems than small firms.

***STRATEGIC BUSINESS PLANNING*****Distribution by the engagement in formal business planning.**

As presented in Table 5-17 the majority of the respondents (n=184, 66.4 percent ) reported no engagement in formal business planning. In contrast 93 of the participants ( 33.6 percent ), about the third of our sample, reported that their firms engaged in formal business planning.

**Table 5-17      Distribution according to engagement in formal business planning.**

	Frequency	Percent
Engaged	93	33.6
Not engaged	184	66.4
Total	277	100.0

Those who reported the engagement of their firms in formal business planning were asked to indicate the time horizon of their plans. The responses are presented in Table 5-18, which shows that 49 of the respondents ( 52.7 percent out of the 93 participants) reported that their firms are engaged in formal business planning indicated that the time horizon of their plans is short-term ( yearly ). 21 participants ( 22.6 percent ) reported medium-term planning, whereas only 23 participants ( 24.7 percent ) reported that their firms engaged in long-term business planning.

**Table 5-18      Distribution according to time horizon of business plan.**

Time Horizon	Frequency	Percent
Short-term (yearly)	49	52.7
Medium-term (2-3 yrs.)	21	22.6
Long-term (over 4 yrs.)	23	24.7
Total	93	100

**Table 5-19**      **Distribution according to considerations given to human resource issues in business plans.**

Human resources consideration in the business plan	Frequency	Percent
1- Covered under a group/ company-wide HR chapter	7	7.5
2- Covered under chapters relating to each operating sector/ department	52	55.9
3- Covered in both 1- and 2- above	2	2.2
4- Not covered in any of the above	32	34.4
Total	93	100

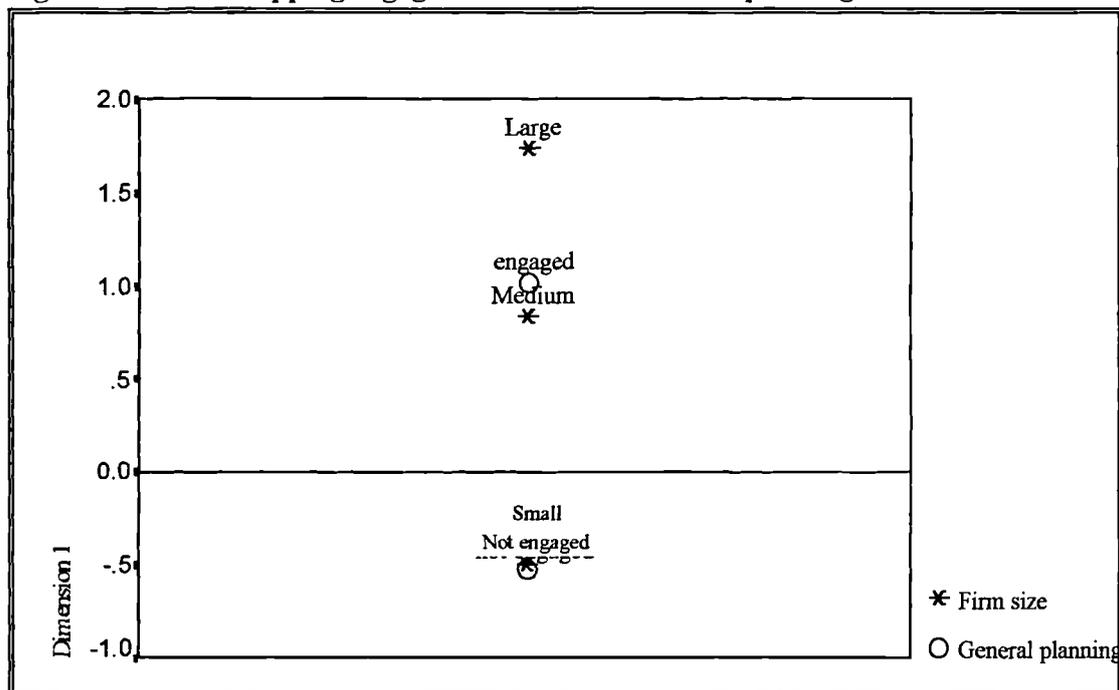
Again, those who reported engagement of their firms in formal business planning were asked to indicate what considerations are given to human resource issues in their business plans. Table 5-19 shows the distribution of the different responses. Seven participants ( 7.5 percent ) reported that human resource issues are covered in a company-wide human resource chapter, whereas the majority of participants 52 ( 55.9 percent) reported that human resource issues are covered under chapters related to each operating department. Only two participants indicated that human resource issues are covered in both a group company-wide chapter and chapters related to the operating departments. A large proportion of the participants (32, 34.4 percent ) almost a third, reported that human resource issues are not considered in their business plans.

Further statistical examination of the relationship between engagement in formal business planning and the main characteristics of the firms, revealed a highly significant relationship with the firm size as shown in (Table 5-20). This relationship was mapped as presented in (Figure 5-17), which shows that small firms are less likely to be engaged in formal business planning, whereas medium and large firms are much more likely to do so.

**Table 5-20** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm size by engagement in formal business planning.

Business planning	Firm size						Total
	Small		Medium		Large		
	Fo	Fe	Fo	Fe	Fo	Fe	
engaged	31	62.4	47	25.2	15	5.4	93
not engaged	155	123.6	28	49.8	1	10.6	184
Total	186		75		16		277

chi-square value = 78.28 ; D.F. = 2 ; Significance level:  $p < .001$

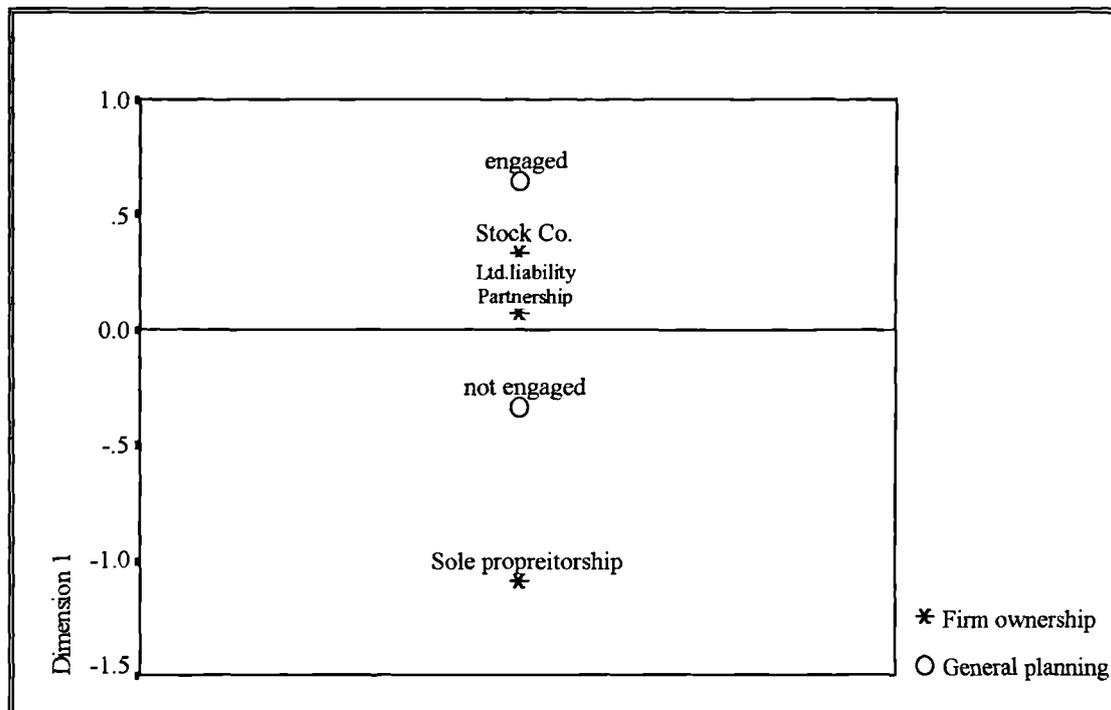
**Figure 5-17** Mapping engagement in formal business planning and firm size.**Table 5-21** Tabulation of observed (Fo ) and expected (Fe) frequencies of engagement in formal business planning by firm ownership.

Business planning	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
engaged	4	13.8	45	41.6	32	26.2	12	11.4	93
not engaged	37	27.2	79	82.4	46	51.8	22	22.6	184
Total	41		124		78		34		277

chi-square value = 12.82 ; D.F. = 3 ; Significance level:  $p < .005$

Significant differences have also been observed between the firms which were engaged in formal business planning and those which do not regarding firm ownership (Table 5-21), Mapping of the relationship presented in (Figure 5-18) reveals that sole proprietorship firms are less likely to be engaged in formal business planning, while this is not the case in the other groups, particularly stock companies which seem more likely to engage in formal business planning than other firms.

**Figure 5-18 Mapping engagement in formal business planning and firm ownership.**



It is mostly unlikely that firms who were not engaged in some formal business planning will be engaged in formal HRP, but the opposite may be so. Business Planning is a key pillar of HRP, with which it must be integrated to achieve the corporate objectives of the organisation. On the one hand business planning is

---

concerned with, for instance, changes in business direction which may involve major shifts in the manpower requirements and /or the work to be performed. But on the other hand, the strategic choices of a firm will be constrained by the quality and quantity of its current human resources or those available in the labour market. This implies the need for the close integration of HRP with business planning to raise and clarify these issues before the setting of such major strategic objectives. Although a lot has been said about the integration of HRP with business planning, it has been found that a proportion of our sample do not engage at all in formal business planning. Consequently, these firms would not be expected to engage in formal HRP. Also of those who reported engagement in formal business planning, a large proportion of them indicated that it was short-term planning. Short-term planning, as Curtis (1995) confirms, is not enough, since many business developments cannot be carried through to fruition in a short time span. For example, the short-term is not enough to deal with some problems like Saudiization, which requires long-term planning of the replacement of Non-Saudi with Saudi manpower. However, business planner firms, which consider human resources as an asset, will not only consider it under chapters related to other function or departments such as the finance department or the production department etc., but will also consider it as an issue in its own right within their plans. Those firms are only a small fraction of our sample.

---

***THE RESPONSIBILITY FOR HUMAN RESOURCE PLANNING.***

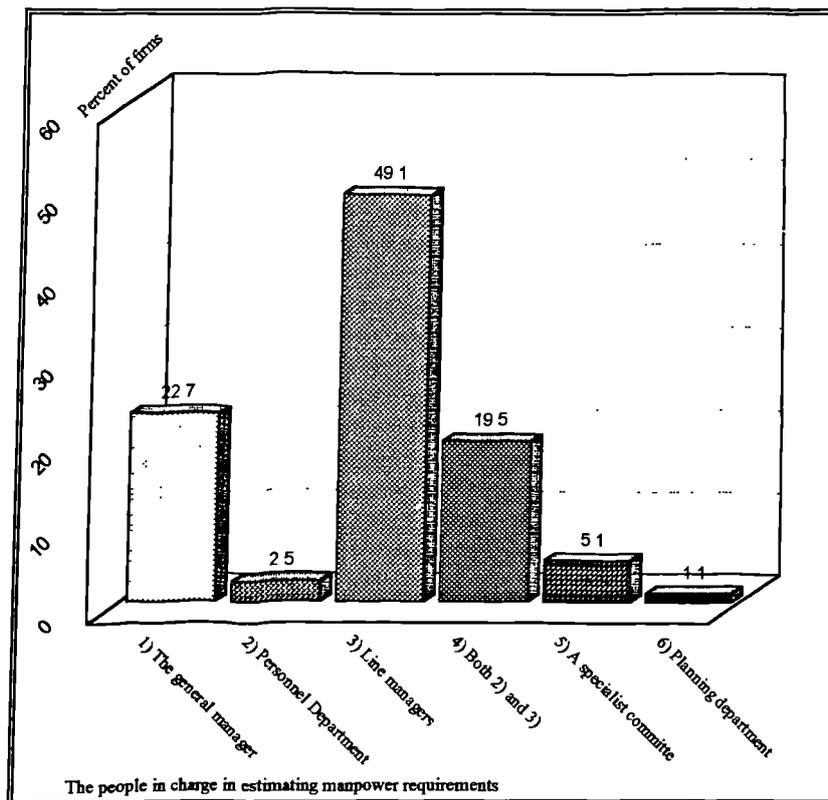
This section aims to discuss two main issues. First, the location of the responsibility for identifying manpower requirements and whether the responsible people have attended any training programmes related to identifying manpower requirements. The second issue is the location of the responsibility for determining labour sources or staffing the firm. Moreover, there is an attempt to identify the key factors affecting the selection of labour sources. In addition, variations in the location of the responsibility were tested against the demographic data to identify whether there are any associations between them.

**The responsibility for determining manpower requirements.**

The participants were asked to indicate the people in charge of estimating future manpower requirements, and whether they have been trained to do so. A range of responses was received as presented in Table 5-22. Figure 5-19 shows that line managers are mostly in charge of estimating manpower requirements. Few reported that the personnel department is charged with this activity. Nearly a quarter of the participants reported that the general manager is the one in charge of this activity.

**Table 5-22**      **Distribution by the in charged people in estimating manpower requirements.**

	Frequency	Percent
1) The general manager	63	23
2) Personnel department	7	2.5
3) Line managers	136	49
4) Both 2) and 3)	54	19.5
5) A specialist committee	14	5
6) The planning department	3	1
Total	277	100

**Figure 5-19** Distribution by people in charge in estimating manpower requirements.

O'Doherty, (1994) has pointed out that in organisations where no personnel department exists, manpower planning is conducted by the organisation's manager. Two of our interviewees who were supposed to conduct this task, in two different small firms managed by the owners, have attributed this to the very centralised managerial style of those managers, to an extent to which the general manager is in charge in any small function in the firm, and not to the absence of personnel department. Hence they themselves are responsible for personnel affairs. Further, they mentioned that the desire to achieve the highest profit margins led to rigorous cost reductions at the expense of innovations and product development, which can be considered a long-term loss. However, about the fifth of the sample reported, that this activity is conducted by both line managers and personnel department. This, according to the western model, is the right way to do it. Hence line managers are aware of the situation of their departments,

but manpower is not their top priority, and the personnel department is aware of the conditions of manpower throughout the firm, and it is its top priority, so it must be involved in the process. Key staffing issues can thus be decided taking into account both the needs of the whole firm and of its departments (Sibson, 1992; Bell, 1974; Bowey, 1978; Ellig, 1986) see chapter two.

The participants were asked if they were responsible for estimating manpower requirements. The responses show that (n=184 participants; 66 percent) reported they were responsible ( Table 5-23 ). Those responsible for estimating manpower requirements were asked if they have attended any related training courses, since doing so is likely to lead to the improved accuracy of their estimates. The results ( Table 5-24 ) revealed that the majority ( n=171 participants; 93 percent) reported they have not attended related training programs.

**Table 5-23**      **Distribution by respondent's responsibility for estimating manpower requirements.**

	Frequency	Percent
responsible	184	66.4
not responsible	93	33.6
Total	277	100

**Table 5-24**      **Distribution by training attendance.**

Training attendance	Frequency	Percent
Attended	13	7
Not attended	171	93
Total	184 *	100

\* this question was only directed to those who reported to be in charged in estimating manpower requirements.

The remainder reported they have attended such related courses. Most of them mentioned that they attended short courses in the Chambers of Commerce and Industry

---

(CC&I). It should be mentioned that CC&I provides various short training courses for the private sector in different subjects, it also publishes guidelines to improve private sector managerial and financial efficiency. One of their publications is a guideline to manpower planning of about 50 pages. However, the majority of respondents have not attended related training, because either they do not know of the existence of such training, or they under-estimate its importance. In both cases their attention needs to be drawn to the importance of such training in this field.

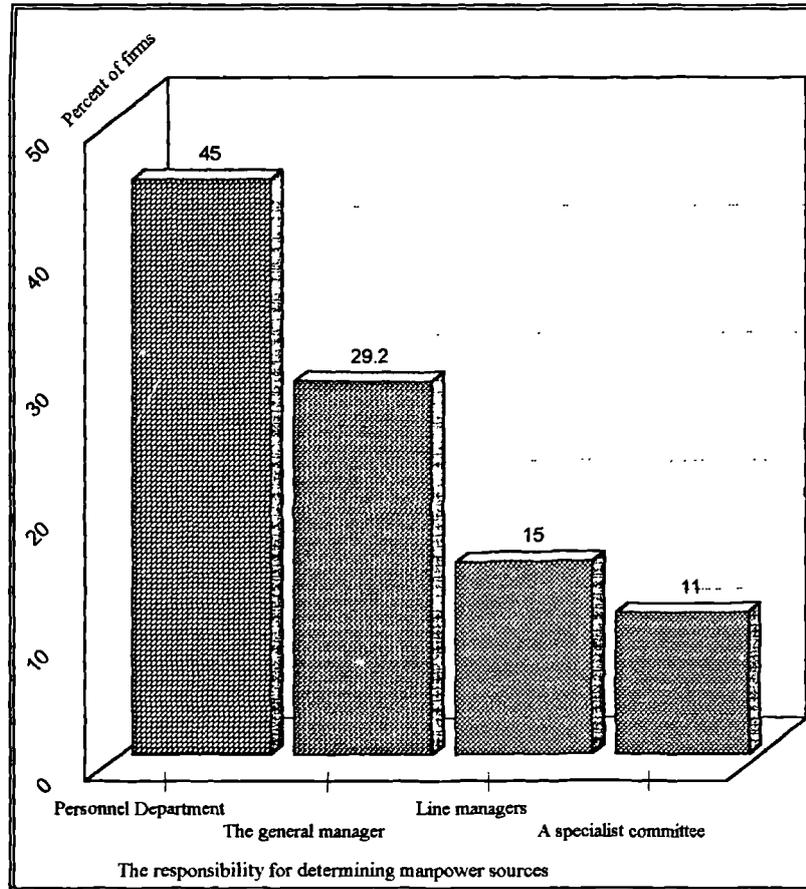
Briefly, the main location of the responsibility for identifying manpower requirements (demand) is in the line management. Also about a quarter (23 %) reported it to be the general manager responsibility, which indicates, as some interviewees mentioned, the centralised style of some of those managers. However, about one fifth reported the responsibility is both the line manager's and the personnel department's.

Regarding the attendance of training related to identifying manpower requirements, it has been found that very few of the participants have attended such related programmes, and even most of those who did so have indicated that they only attended short courses in the CC&I.

#### **The responsibility for determining labour resources (staffing ).**

The participants were asked to indicate who is responsible for determining labour sources for the firm. This procedure is considered important for two reasons: first, it will show those people who should be targeted in the Saudiization policy, as active people who can play a key role from within the firm in choosing Saudi manpower. Second to know whether those people are themselves responsible for identifying manpower requirements.

---

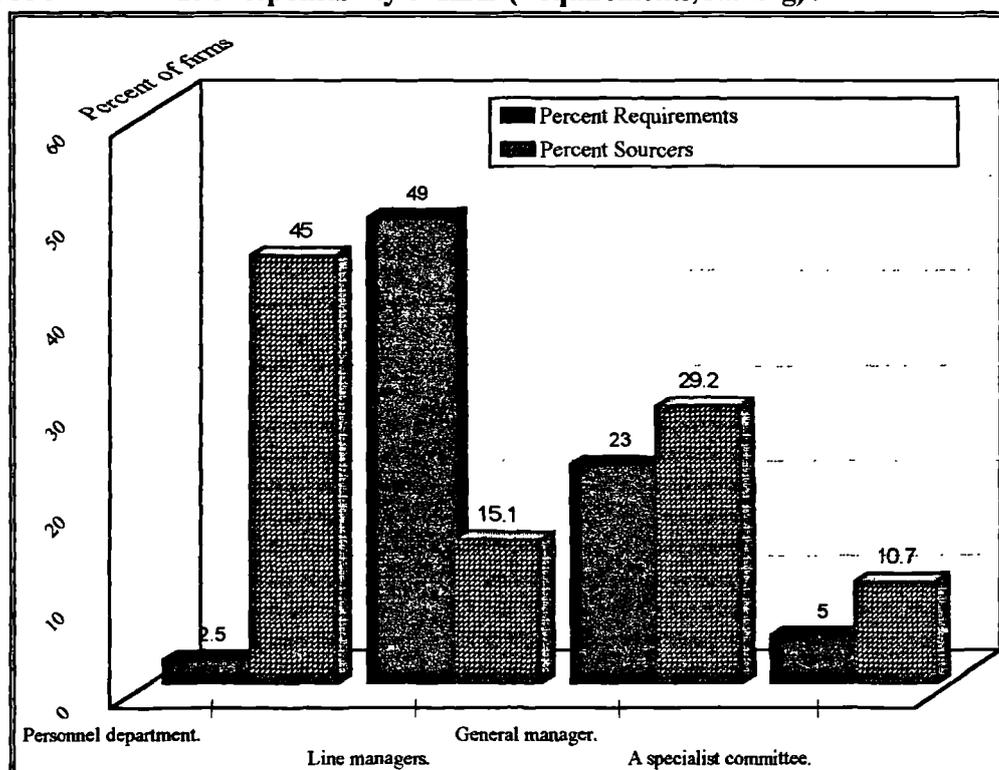
**Figure 5-20** Distribution by the responsibility for determining labour resources.**Table 5-25** Distribution by the responsibility for determining labour resources.

	Frequency	Percent
The personnel department.	122	45
The general manager.	79	29.2
The line managers.	41	15.1
A specialist committee.	29	10.7
Total	271	100

The responses as presented in Figure 5-20 show that the largest group of the participants (45 percent) reported their personnel department is responsible for determining the labour sources for the firm. The general manager is also

reported to be responsible by 29 percent of the participants, whereas few participants (15 percent) reported line managers as responsible for determining labour sources (see Table 5-25). Knowing that personnel managers are the most involved in determining staff sources suggests that Saudiizing this function may contribute to Saudiization of the private sector. A second point, as presented in Figure 5-21, compares this finding with the earlier findings which show no significant role for the personnel department in determining manpower requirements. These were mainly the responsibility of line managers, indicating that the responsibility for HRP is spread within the firm, and emphasises a need for strong co-ordination and co-operation between the responsibility holders.

Figure 5-21 The responsibility of HRP ( requirements, staffing) .



**Table 5-26 Comparing responsibility of determining manpower requirements with responsibility of determining labour sources (staffing).**

	Percent Requirements	Percent Sources
The general manager.	23	29.2
The personnel department.	2.5	45
The line managers.	49	15.1
A specialist committee.	5	10.7

this comparison is based on Table 5-22 and Table 5-25. The percentage of requirements do not add to 100% because they compass more categories than those of staffing.

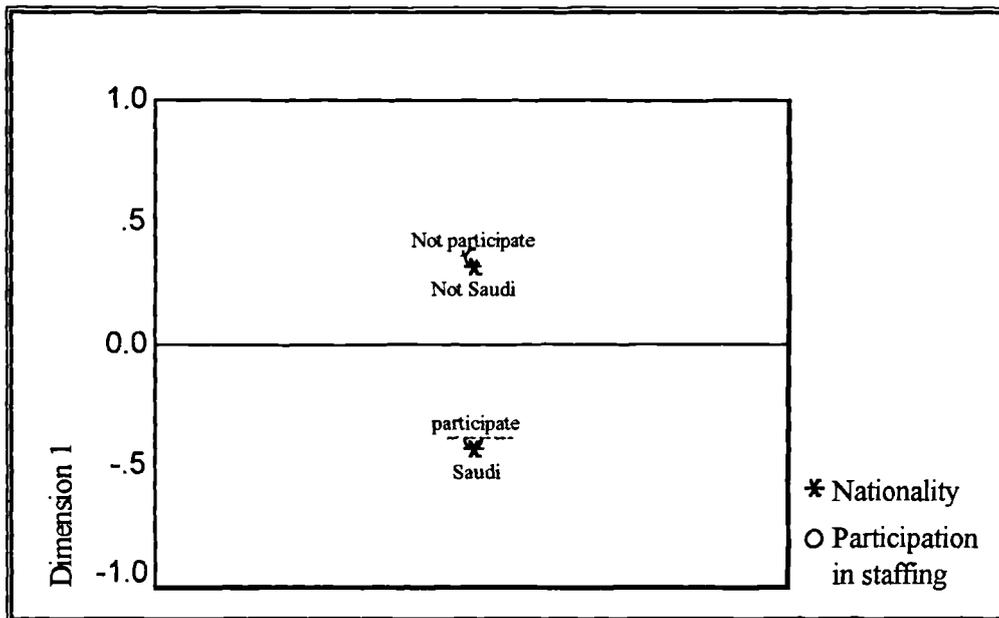
*Nationality of the people responsible for staffing.*

The following is a discussion of responsibility for staffing (determining labour sources). The participants were asked to indicate whether they are responsible for staffing the firm. The finding was that n=135 participants (49 percent ) reported that they themselves were responsible for staffing. Staffing authority could have a direct influence, either positive or negative, on employing Saudis. Thus, the association between staffing authority and the nationality of the authorised people was tested. Chi-square tests revealed a significant relationship (  $p < .05$  ) between the nationality of respondents and their participation in staffing the firm. Although mapping the relationship revealed that Saudis are more likely to participate in staffing (Figure 5-22), tabulation of this group (responsible) with the respondents nationality ( Table 5-27), revealed that 42.7 percent out of those reporting responsibility for staffing were non-Saudis. They might either be responsible directly for staffing or indirectly through participation in a wider staffing committee. In both cases, they must have some influence on the determination of labour sources (local or international ). Thus, giving the staffing authority of the firm to non-Saudis may have undesired implications regards the Saudiization of these firms.

**Table 5-27** Tabulation of responsibility for staffing and nationality

Participation in staffing	Saudi	Non-Saudis	Total
participant	68 (56.7)	67 (42.7)	135
not participant	52 (43.3)	90 (57.3)	142
Total	120 (100)	157 (100)	277

( ) the brackets represent the percentage of column. ( $p=.028$ )

**Figure 5-22** Mapping responsibility for staffing and nationality

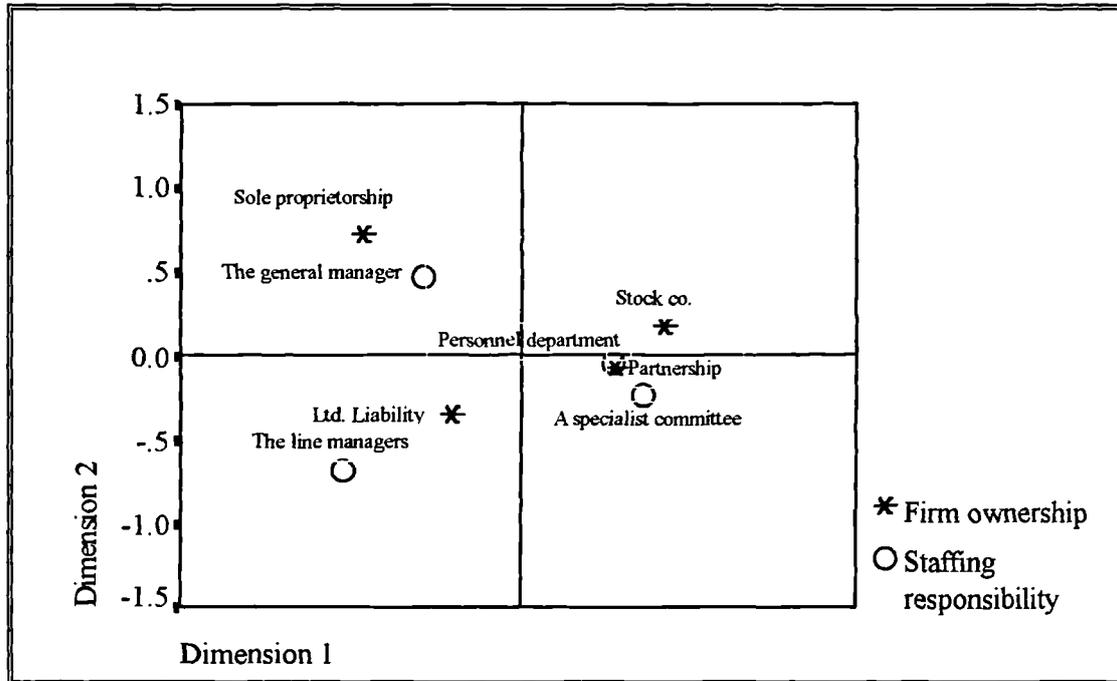
Further analysis was conducted, using chi-square, to examine whether the variations in the location of the HRP responsibility were associated with any of the firm characteristics discussed in earlier sections of this chapter. The tests revealed significant relationships between the location of the responsibility for staffing and the following characteristics of the organisation: firm ownership, firm size, and personnel department size.

#### ***Responsibility for staffing and firm ownership.***

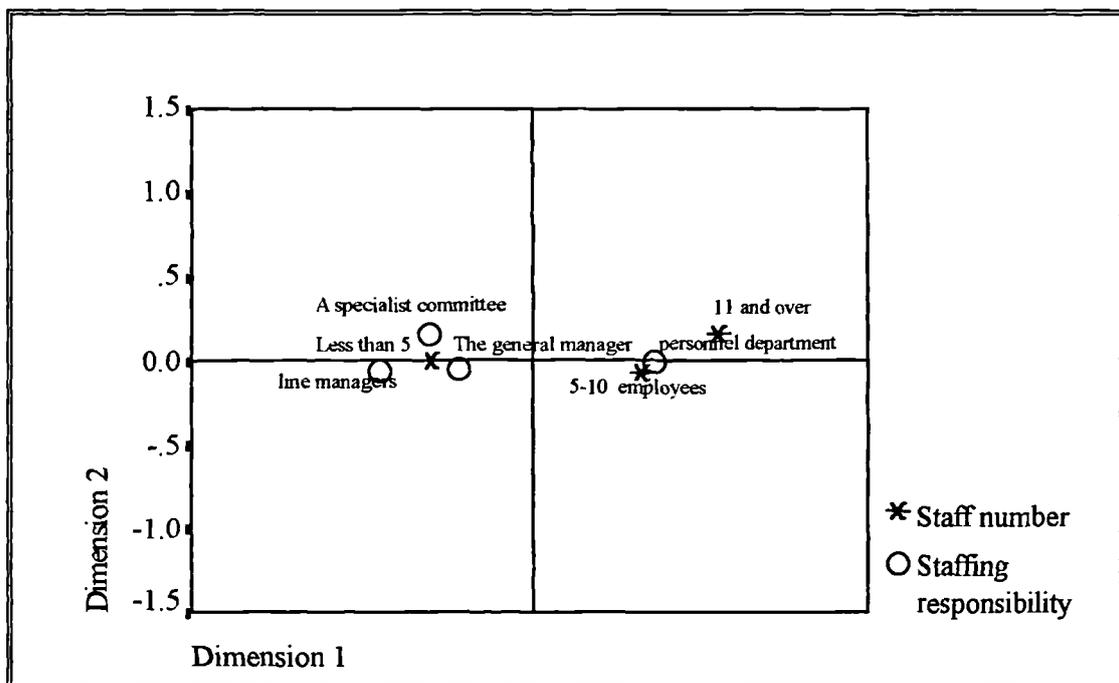
A significant relationship ( $p < .01$ ) was observed, using chi-square test, between the responsibility for staffing and firm ownership. Mapping the relationship (Figure 5-23),

revealed that in sole proprietorship firms, the responsibility for staffing is more likely to be held by the general manager, whereas in the other types of firm this responsibility is much more likely to be held by the personnel department.

**Figure 5-23 Mapping the responsibility for staffing and firm ownership.**



**Figure 5-24 Mapping the responsibility for staffing and personnel department size.**



***Responsibility for staffing and personnel department size.***

A significant relationship was observed between staffing responsibility and the size of the personnel department. This relationship is presented in Figure 5-24, which shows that in firms with over five employees in the personnel department, the responsibility is more likely to be held by the personnel department.

***Responsibility for staffing and firm size.***

A significant relationship was observed between staffing responsibility and the size of the firm. This relationship is presented in Table 5-28, which shows that in small firms, the responsibility for staffing is more likely to be held by the general manager, whereas in larger firms it is more likely to be the personnel department.

**Table 5-28 Tabulation of observed (Fo) and expected (Fe) frequencies of responsibility for staffing by firm size.**

people responsible for staffing	Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
the general manager	68	53.1	11	25.9	79
the personnel department	54	81.9	68	40.1	122
the line management	38	27.5	3	13.5	41
a specialist committee	22	19.5	7	9.5	29
Total	182		89		271

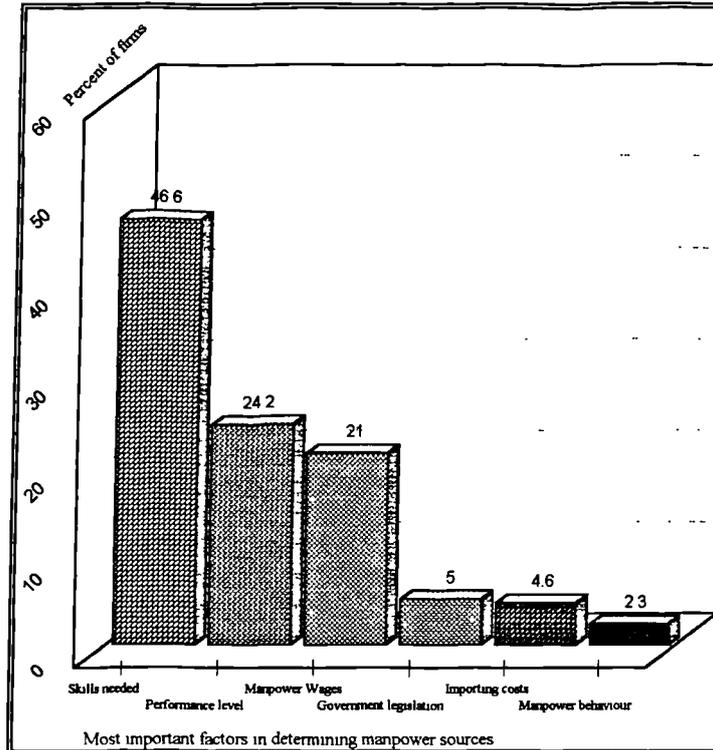
chi-square value = 54.9; D.F. = 3; Significance level:  $p < .001$   
medium and large firms have been combined to validate the use of chi-square test.

**The factors that influence the labour resources of the firm.**

The participants were asked to rank the following factors according to their priority in determining the source from which the firm will recruit: manpower wages; costs of importing manpower; performance level; skills needed; manpower behaviour (eg. absenteeism, flexibility); and government legislation. Figure 5-25 shows the most important factors listed by the participants. It shows that 47 percent of the participants reported that the skills needed is the key factor in determining the source of labour.

**Table 5-29** The most important factors in the selection of labour sources.

	Frequency	Percent
Skills needed	102	46.6
Performance level	53	24.2
Manpower Wages	46	21.0
Government legislation	11	5.0
Importing costs	10	4.6
Manpower behaviour	5	2.3

**Figure 5-25** Most important factors in the selection of labour sources.

Almost the quarter of the participants (24 percent ) reported that the performance level of manpower is the most important factor in determining labour sources. There were also (21 percent ) the fifth of the participants reporting that manpower wages is the most important factor, which means that human resources in these firms are considered as a cost, rather than as a key resource needing to be strategically planned. Figure 5-25 also shows that government legislation is much less important than the skills needed. This may explain the ineffectiveness of previous government plans (see chapter three ), and suggests that monitoring of their implementation is needed, (see Table 5-29).

## ***METHODS OF ESTIMATING FUTURE MANPOWER REQUIREMENTS.***

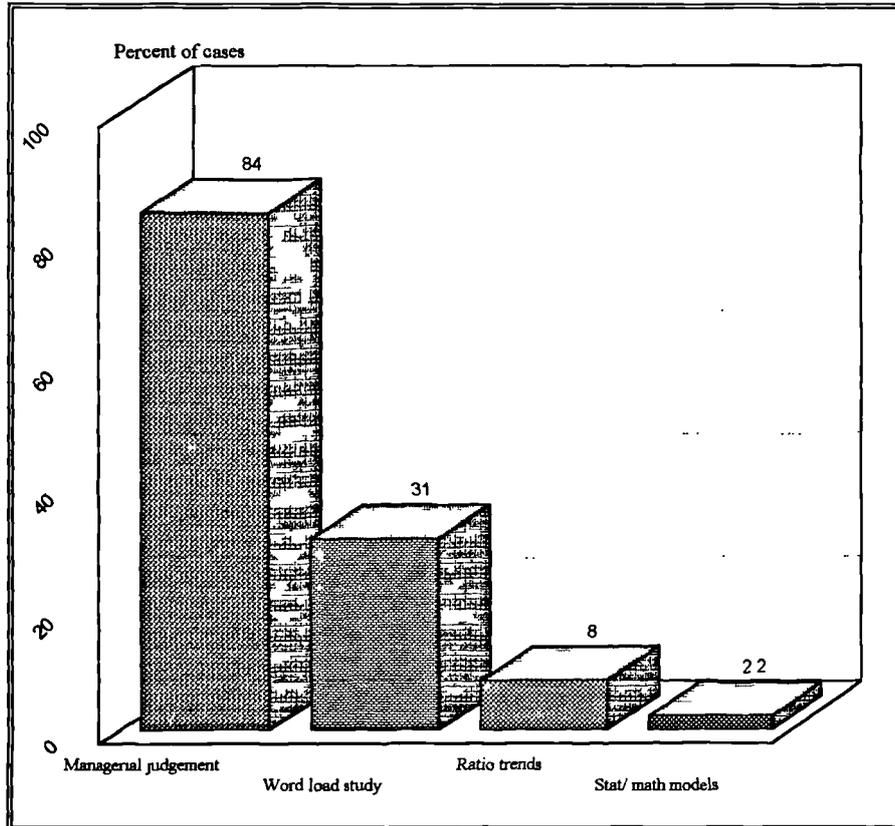
### **Distribution of methods used to estimate manpower requirements.**

The western HRP literature as shown in chapter two encompasses many techniques of forecasting manpower requirements. Armstrong has classified these into four main methods, namely: managerial judgement; work study; ratio trends; and statistical and mathematical models. Description of these methods is provided in the demand forecasting section in chapter two. However, for the purpose of knowing the most dominant methods in the Saudi context and relating that to those methods mentioned above, the participants were asked to indicate which forecasting methods are often used by their firms to estimate future manpower requirements.

Figure 5-26 presents the percentages of firms using each of the various methods. It shows that managerial judgement is the most frequently used method by firms, ( n= 232 of the respondents or 84 percent ). Work load study was reported as used by n= 85 participants (31 percent). Very few participants reported the use of the ratio trends and statistical models.

**Table 5-30**      **Distribution of the methods of estimating future manpower requirements.**

	Frequency	Percent
Managerial judgement	232	83.8
Work load study	85	30.7
Ratio trends	22	7.9
Statistical/ Math models	6	2.2

**Figure 5-26** Distribution by methods of estimation future manpower requirements.

Managerial judgement looks a more straightforward and easy tool to use. But, as D.E., (1971) pointed out, it relies on the informed opinion of the company's managers. Therefore, it must be performed by those people with a full knowledge of the firm. It is effective for short-term forecasting. Therefore using this method involves frequent reviewing and evaluating of the actual requirements. The work load study approach is also an effective method, but it can only be used where it is possible to measure the time or the amount of labour needed to complete a task ( Torrington *et al.*, 1987; Armstrong, 1993). This method involves the development of manning standards, which involves specialists either inside the firm or elsewhere. These standards must be checked regularly to ensure their appropriateness. One of the interviewees who was the personnel manager of a medium size, public utilities company, has mentioned the use of

---

this method and provided details of how they use customer numbers as a manning standard to identify their manpower requirements. For example, one driver for a certain number of customers.

Long-term forecasting requires the engagement in more advanced scientific methods such as statistical techniques. But the findings show no significant engagement in these methods. This is not surprising, because of the absence of their prerequisites. These methods depend upon the availability of accurate data and involve the engagement of specialist people, both of which are missing in many Saudi firms. Though these methods have previously been criticised by being complex (Brown *et al.* 1992), this is not the situation nowadays, in the era of computer. There are many computer software, systems which need only keeping up-to-date data, and can provide a report within minutes. But the question to be asked is, do they have the data? Following sections show the absence of key data in many firms. This might be a reason for many participants depending on managerial judgement, besides the lack of qualified staff which was reported by many participants as a barrier to undertaking HRP. The above was a discussion of the methods used, the following is inspection of the participants satisfaction about the methods they use.

#### **Participants satisfaction about their future manpower estimation methods.**

The participants were asked if they were satisfied with the method they use to estimate future manpower needs, and it was found, as presented in Table 5-31, that a large section of the participants n=82 (30 percent ) are unsatisfied. There were no significant differences being observed between the satisfaction about the methods used and the demographic characteristics of firms. However, here are quotations of the reasons for the dissatisfaction reported by some of the participants:

---

---

*“Not satisfied because estimating the number needed is a matter of seconds, and not backed by any careful studies or plans”. “Lack of knowledge of the practitioners of these methods, which results in reducing the effectiveness of these methods”. “Frequent mismatch between the estimates and the actual needs of the departments”. “The absence of effective planning, so manpower requirements are subject to direct reaction to the product market, which perpetuates a case of mismatch between the manpower volume and the firm’s real needs”. “Over-loading the manpower due to under-estimation of the actual needs by the general manager”. “The failure to achieve business objectives has always attributed to manpower shortage”. “Being not scientific and not accurate”. “The absence of a specialist committee consisting of line managers and the personnel manager”. “Looking for the best”. “Due to absence of written studies or plans of permanent manpower”. “The need for more organised methods”. “The centralisation of the owner and his lack of knowledge and information”. “The absence of detailed plans”. “There is a need for more accurate methods”.*

These quoted reasons indicate a case of real dissatisfaction about the methods used. It might be noticed that some of the reported reasons indicate an environment of lack of co-operation between the managers in the firm, which results in throwing the blame on each other for their dissatisfaction with the methods. This is real problem and should be addressed in more studies. However, the reasons also indicate an absence of qualified people and a lack of knowledge and information. For instance, some participants have realised this problem when they stated *“There is a need for more accurate methods”*. *“The need for more organised methods”*. *“Being not scientific and not accurate”*. *“Looking for the best”*. The question to be addressed is, since they diagnosed their problem, why do they not take remedial actions. The answer comes from the other participants who reported a lack of information, a lack of qualified people and the lack of co-operation between the managers.

---

**Table 5-31**      **The satisfaction about the methods used.**

---

	Frequency	Percent
Satisfied	195	70.4
Not satisfied	82	29.6
Total	277	100.0

---

Briefly the above discussion revealed that the managerial judgement was the most dominant method of estimating manpower requirements. This has implications for the accuracy of the estimates, since it mainly depends on the opinion of the responsible people, and also it does not support long-term planning. Some of the participants have realised these problems and reported their dissatisfaction with the methods used. The reasons reported for the dissatisfaction indicate a lack of information and the need for expertise. The reasons given have implied a lack of co-operation between the managers within the firm.

---

## SUMMARY AND CONCLUSION

The purpose of this chapter was to present the general characteristics of the participants and their firms, as well as to discuss the empirical findings regarding general management issues related to HRP in the light of the western model of HRP presented in chapter two.

Generally, the primary descriptive analysis revealed that the respondents are mainly senior managers, have been served in their position between four to eleven years, their main age group are between 34 - 45 years, the majority of them are graduates, and the largest group of them are non-Saudis. The main characteristics of the firms found in this section can be summarised as follows: the majority of the firms were mainly established between 1970 and 1990; manufacturing is the main activity of the firms, followed by trading; in respect of firms' ownership, the largest group of the firms are limited liability companies, followed by stock companies; most of the firms are managed by Saudi board, the majority of our sample are 100-500 employees size which was categorised in this study as small firms, the large firms ( over 1000) are minority among our sample; the personnel department in the majority of sample firms consists of less than five employees.

Having information systems, engaging in formal business planning, and using computer systems are all evident in our firms. But, in general, the findings shows that there is a large group of firms who do not have information systems, and were not engaged in formal business planning of those engaged in formal business planning, few of them consider HR issues in their plans, and their planning is mainly short-term. The majority of the firms make use of computer systems, but make no significant utilisation in the

---

personnel management area. The case of computer systems in the firms can be considered as a potential for development of personnel data utilisation.

The large firms are more likely to have information systems, computer systems and to engage in formal business planning. The bigger the firm, the more people it has and the more need it has to plan how it uses them. Stock companies are more likely to engage in formal business planning than the other categories of firm.

Regarding the location of HRP responsibility and the responsible people. The analysis revealed that, estimating manpower requirements is mainly in line management, but others can be involved like the general manager, and personnel department. In contrast, the responsibility for staffing (i.e. supply issues) is in the domain of personnel department, though this can be the responsibility of the general manager or the line manager. The variation in the location of the responsibility for staffing could be attributed to the variation in the firm size, since the analysis indicates that in small firms it is more likely to be the general manager's, and in large firms it is more likely to be in the personnel department. Further study of this organisational issue, related to HRP, is suggested, to clarify the extent of the co-operation and co-ordination between the various departments responsible for HRP, since the above shows that HRP responsibility is widely spread within the firm.

Further analysis reveals that in sole proprietorship firms, the responsibility for staffing is more likely to be with the general manager. In firms with more than five employees in the personnel department the responsibility is more likely to be in the personnel department.

Regarding the people responsible for estimating manpower requirements, the majority

---

of them have not attended training courses related to this area. Doing so could improve the quality of their manpower estimations. It has been found that some of the people responsible for staffing are non-Saudis, which has implication for the Saudiization policies, since they are quite likely to be familiar with the international labour market, perhaps as much as with the Saudi labour markets.

The analysis of the factors affecting the determination of labour sources, revealed that the most reported factors are the skill needed, the performance level of the manpower, wages, government legislation, import costs, and manpower behaviour, respectively. Although this order is subject to scepticism, it shows that the government legislation is not highly considered in determining staffing sources. It also shows that the costs of importing foreign manpower is considered marginal. It may worth noting that this study has been completed empirically before the 1995 rise in the cost of foreign manpower entry fees. Another issue has been discussed in this chapter, was the methods of estimating manpower requirements. It has been found that managerial judgement is the most often method used, followed by work study.

Some dissatisfaction regarding the methods used to estimate manpower requirements has been observed among about the third of the respondents, which indicates the need for HRP. Clearly the third who are aware of this deficiency may be among the best informed managers. Many of the apparently satisfied two thirds may not be fully aware of the benefits that a more rigorous of manpower requirements could bring to their company.

---

**Chapter Six**  
**ANALYSIS OF SPECIFIC ASPECTS**  
**OF HRP**

---

## ANALYSIS OF SPECIFIC ASPECTS OF HRP.

### INTRODUCTION

The previous chapter was mainly directed at presenting demographic issues related to the participants and their firms, in addition to other general issues related to HRP in the participants firms (such as information systems, the engagement in formal business planning, and responsibility for HRP). This chapter is focused on specific issues related to HRP in the participants' firms. It will begin with an analysis of the engagement of the participants in formal HRP. Then, the participants will split into two groups. Each will be analysed in a separate section. The first section will focus on the firms which were not engaged in formal HRP. This group will be analysed in detail, because it includes the overwhelming majority of the participants. The second section will focus on the firms engaged in formal HRP.

### ENGAGEMENT IN FORMAL HRP.

Having reviewed general issues related to HRP, it is time to conduct an in depth, analysis of specific aspects of HRP. The first issue is to examine engagement of the participants' firms in formal HRP, since as Rothwell (1991) mentioned, some sort of formal manpower planning procedure is the usual start of the planning process. This procedure was important to separate the participants into two groups in order to ask the right questions to the right group, besides knowing the extent to which these firms engage in formal HRP. Nevertheless, the findings, as presented in Table 6-1, reveal little engagement of participant firms in formal HRP. Only  $n= 21$  participants (7.6 percent) reported an engagement in formal HRP. This finding was surprising, being a much smaller number of firms than was expected. Thus, further analysis was conducted

---

to identify the characteristics of each group (firms engaged in planning and those not engaged in planning). The characteristics of firms which were examined are those mentioned in Chapter Five (see Table 6-1). In other words, do the engaged firms differ from non-engaged in terms of the characteristics listed in Table 6-1.

As in Chapter Five, two statistical techniques were used to examine the differences, the Chi square test and Correspondence analysis. The first identifies the existence of significant differences between the variables in tabulated form. The second (Correspondence Analysis) analyses correspondence tables (such as crosstabulation) to best measure the distances between categories or between variables. Thus, it was used to explore, in a plotted form, the tabulated relationships explicitly (i.e. to identify which of the tabulated categories of a certain variable were most associated with others of the other variable).

**Table 6-1 Distribution by engagement in formal HRP .**

		No formal HRP n=256			with formal HRP n=21			total
Firm size (No. of employees)		small	medium	large	small	medium	large	277
		182	67	7	4	8	9	
Personnel Dep. Staff *	> 5 employees	133	21	0	0	0	1	155
	5-10 employees	49	33	3	4	3	4	96
	11 > employees	0	13	4	0	5	4	26
Firm activity	agriculture	21	9	0	0	1	0	31
	trading	56	14	0	1	0	1	72
	public utilities	28	5	1	0	1	1	36
	manufacturing	58	27	5	3	6	3	102
	financial	19	12	1	0	0	4	36
Managerial team	the owner	70	14	0	0	0	0	84
	Saudi board	68	31	4	1	6	5	115
	non-Saudi board	8	2	0	1	0	0	11
	shared board	36	20	3	2	2	4	67
Firm ownership	sole proprietors	37	4	0	0	0	0	41
	Ltd. Liability	99	22	0	2	0	1	124
	stock Co.	17	39	4	2	8	8	78
	partnership	29	2	3	0	0	0	34

\* the number of personnel department staff.

Nevertheless, significant differences were found between the firms engaged in formal HRP and those which do not as regarding: firm size, and the size of the personnel department (see Table 6-2 and Table 6-3), whilst, tests of the differences between the planning and non-planning firms regarding: firm activity, firm ownership, and managerial team of the firm were unreliable because the expected frequencies were less than five.

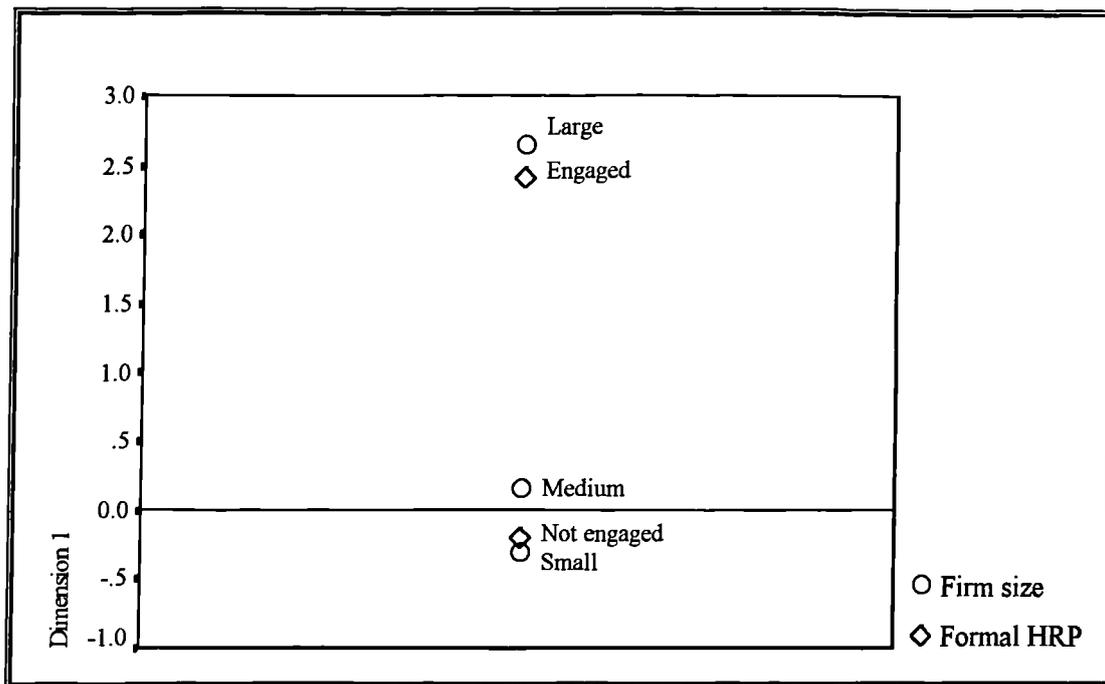
### **Engagement in formal HRP and firm size.**

An examination of differences between firms regarding the firm size (employee numbers). The data presented in Table 6-2 shows highly significant differences observed between the firms engaged in formal HRP and those which do not, in terms of firm size. Figure 6-1 reveals that large firms were much more likely to engage in formal HRP. Figure 6-1 also shows that small firms are much less engaged in formal HRP. This may explain the tiny number of planning firms mentioned in previous section. Similarly, HRP was less likely to present in small than medium firms.

**Table 6-2 Tabulation of observed (Fo) and expected (Fe) frequencies of engagement in HRP by firm size.**

Formal HRP	The Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
Yes	4	14.1	17	6.9	21
No	182	171.9	74	84.1	256
Total	186		91		277

chi-square value = 21.53; D.F. = 1; Significance level:  $p < .001$   
 Continuity correction is considered in above calculation of chi-square value.  
 The values of firm size were combined to validate chi-square test.

**Figure 6-1 Mapping of firm size and engagement in formal HRP.****Table 6-3 Tabulation of observed (Fo ) and expected (Fe) frequencies of engagement in HRP by number of personnel department staff.**

Formal HRP	Number of personnel department staff				Total
	less than five		five and over		
	Fo	Fe	Fo	Fe	
Yes	1	11.8	20	9.2	21
No	154	143.2	102	112.8	256
Total	155		122		277

chi-square value = 21.96; D.F. = 1; Significance level:  $p < .001$

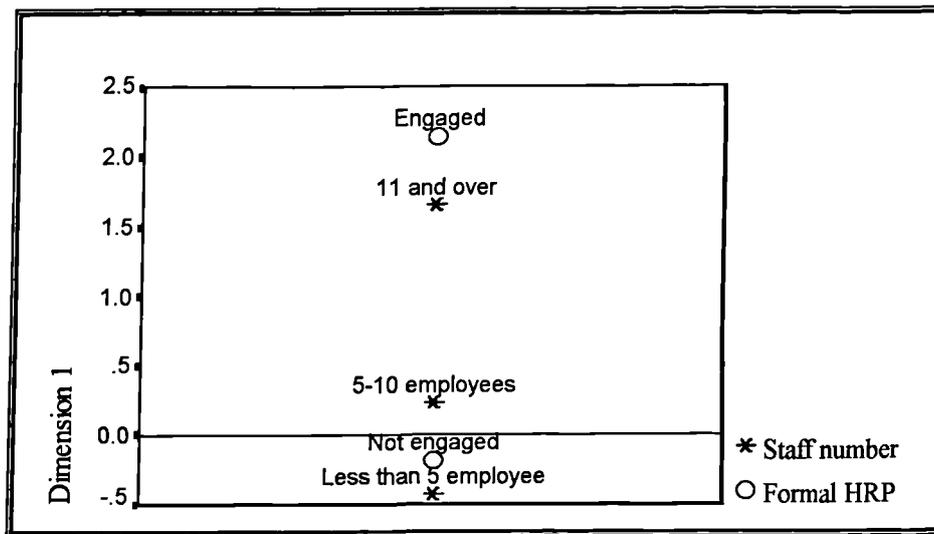
Continuity correction is considered in above calculation of chi-square value.

The values of firm size were combined to validate chi-square test.

### Engagement in formal HRP and the size of the personnel department.

Significant differences were observed between the firms engaged in formal HRP and those not, in terms of the size of personnel department ( the number of its staff ).

Figure 6-2 shows a positive relationship between engagement in formal HRP and the size of personnel department (i.e. the more staff in the personnel department, the more likely the engagement in formal HRP).

**Figure 6-2 Mapping of personnel department staff and engagement in formal HRP.**

Further analysis reveals significant differences between firms engaged in formal HRP and those which do not, regarding the existence of information systems, and engagement in formal business planning. As presented in Table 6-4, it is clear that the firms which were engaged in formal HRP are more likely to have information systems, and to engage in formal business planning than those which do not. However, these differences were expected, since the firms which have information systems, and engaged in formal business planning were more likely to be large firms, and those which have a large personnel department, and as shown in Figure 6-1 and Figure 6-2, these are the firms more likely to engage in formal HRP.

**Table 6-4 The differences of engagement in formal HRP regarding the existence of information systems, and business planning.**

		No formal HRP n=256	formal HRP n=21	total	significant level
information systems	exist	101 (108.1)	16 (8.9)	117	p < .001
	not exist	155 (147.9)	5 (12.1)	160	
formal business planning	engaged	74 (85.9)	19 (7.1)	93	p < .001
	not engaged	182 (170.1)	2 (13.9)	184	

( ) the brackets contain the expected frequencies.

---

Briefly, the preceding analysis revealed that only a few firms reported engagement in formal HRP, while the majority were not engaged in formal HRP. The engaged firms were, as expected, much more likely to be large firms, and firms with larger size personnel departments (i.e. the number of its staff). Few of these firms were among our sample, particularly in terms of firm size. This may explain the small number of firms engaged in formal HRP. It has been found also that the firms which have information systems, and formal business planning *are more likely to engage in formal HRP*. Nevertheless, the dominance of firms which were not engaged in formal HRP among the participants emphasises the need for further investigation and analysis of the informal HRP practices in these non-planning firms, including issues like the availability of prerequisites of HRP and the use of HRP techniques. The firms engaged in formal HRP will also be analysed, although the tiny number of these planning firms in the sample hindered conducting in depth statistical tests.

---

---

**SECTION ONE: ANALYSIS OF NON-PLANNER FIRMS.**

This section aims to analyse the informal HRP position and practices in the firms not involved in formal HRP, since this group of firms was the most dominant in our sample. Thus, knowing the current position and actual practices of them is a very important step in diagnosing any problems which need remedial action. This section is intended to clarify the base on which the firms stand and to provide them with possible advice to improve their positions in the light of the western model of HRP. Therefore, according to the Western model of HRP, illustrated in Chapter Two (Figure 2), the following aspects are considered to be very important to develop further understanding of their strengths and weaknesses :

**1. Availability of key prerequisites:**

- Maintaining up-to-date personnel records.
- Keeping records of products/ sales or the level of services.
- Clarity of business objectives.
- The existence of manpower classifications.

**2. Aspects of HRP process**

- The existence of job descriptions and person specifications.
- The estimation of manpower wastage.
- Monitoring manpower productivity.
- Studying manpower resources.

**3. Integration**

- The link between personnel activities and business plans.
- The clarity of personnel department objectives.
- *The level of the people involved in HRP.*
- Co-ordination between the personnel department and line departments.
- Co-ordination between personnel department activities.

**4. Respondents' perceptions of HRP :**

- The need for HRP.
  - Efficiency of manpower utilisation.
  - Evaluation of work methods and job design.
  - Relating manpower costs to production costs.
  - Observation of manpower costs in terms of importing and training costs.
  - Effectiveness of manpower pay and benefits.
  - The barriers to formal HRP.
-

---

***AVAILABILITY OF BASIC HRP PREREQUISITES:***

This section will attempt to examine the availability of some of the basic prerequisites of HRP listed in Chapter Two in the participant firms, and whether there are differences amongst the participants regarding these prerequisites. The following are the prerequisites which will be examined in this section:

Maintaining up-to-date personnel records.

Clarity of the business objectives.

The existence of manpower classifications.

Keeping records of products/ sales or the level of services.

It is important to keep in mind that this section is only concerned to those firms which reported no engagement in formal human resource planning.

**Maintaining up-to-date personnel records.**

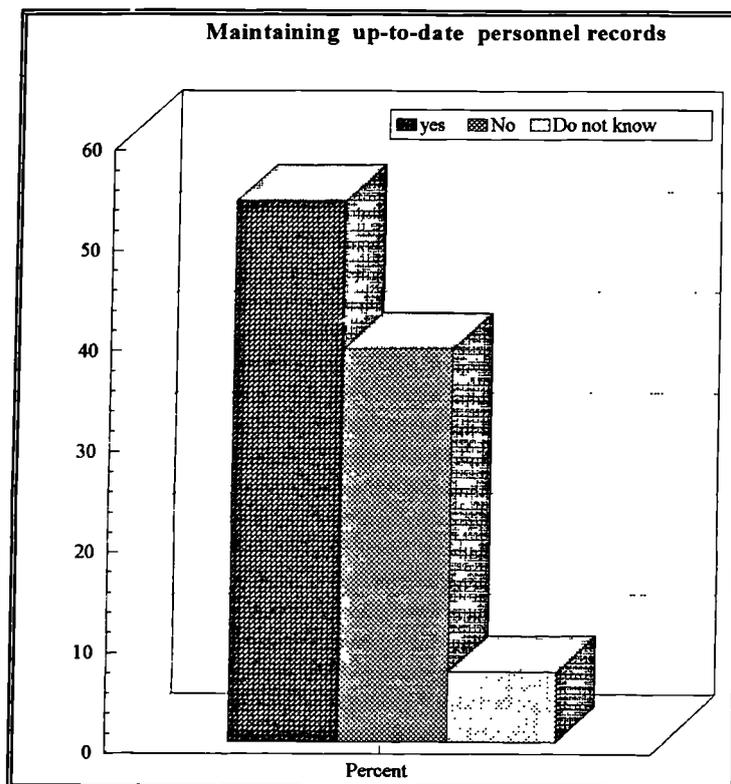
The respondents were asked if their firms maintained up-to-date personnel records. It should be mentioned that maintaining up-to-date personnel records is not only an important basic prerequisite of HRP, it is also a very important basic prerequisite for almost all HRM activities if their effectiveness is to be ensured, because personnel records are the information base of almost all personnel department functions. The findings as presented in Figure 6-3 show that large group of the participants (n=100; 39 percent) reported that their firms do not maintain up-to-date personnel records. Although over fifty percent of the respondents maintain up-to-date personnel records, there is also a large group which do not do so. This can be considered as a major weakness, not only in terms of HRP but also HRM. It indicates the absence of a basic HRP prerequisite, which is a clear sign of a very low consideration given to HRP in these firms (See Table 6-5).

---

**Table 6-5** Distribution by maintenance of up-to-date personnel records.

	Frequency	Percent
Maintain up-to-date records	138	53.9
Do not maintain up-to-date records	100	39.1
Do not know	18	7.0
<b>Total</b>	<b>256 *</b>	<b>100.0</b>

\* (N = 256) because this question is directed to specific group of respondents, whom their firms do not engaged in formal human resource planning.

**Figure 6-3** Distribution by Maintenance of up-to-date personnel records.

The previous analysis was an aggregate descriptive analysis of the firms in terms of updating personnel records. In depth tests and analysis revealed significant differences between those firms which update personnel records and those which do not, in terms of firm size and the size of the personnel departments, as shown below.

***Updating personnel records and the firm size.***

Significant differences were observed between updating personnel records and the firm size (Table 6-6). The differences were mapped in Figure 6-4 which clearly shows that large firms were more likely to maintain up-to-date personnel records than small firms.

**Table 6-6** Tabulation of observed (Fo ) and expected (Fe) frequencies of updating personnel records by the firm size.

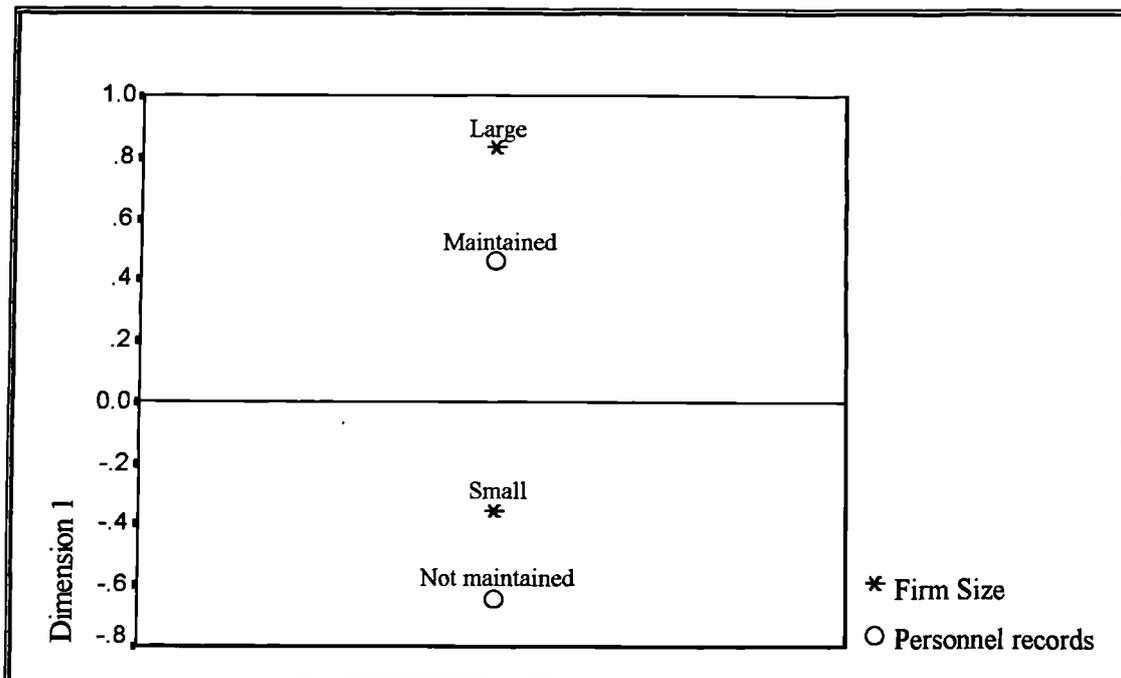
Personnel records	The Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
maintained	81	96.8	57	41.2	138
not maintained	86	70.2	14	29.8	100
Total	167		71		238

chi-square value = 19.36; D.F. = 1; Significance level:  $p < .001$

Continuity correction is considered in above calculation of chi-square value.

The values of firm size were combined to validate chi-square test.

**Figure 6-4** Mapping updating personnel records and the firm size.



***Updating personnel records and the size of the personnel department.***

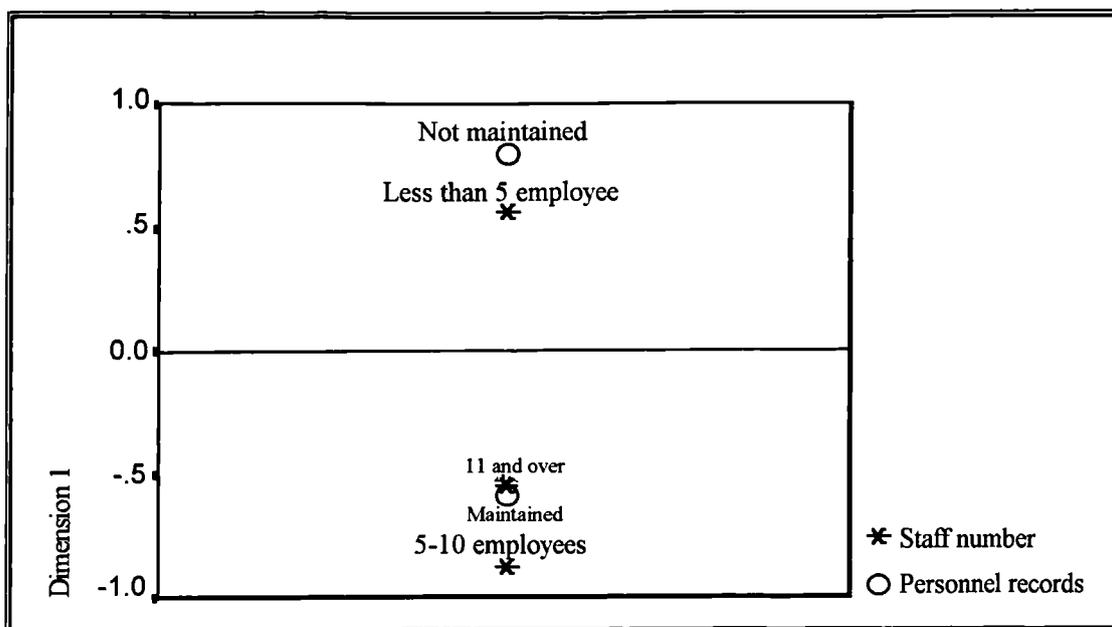
Significant differences were observed between updating personnel records and the size of personnel department (Table 6-7). The differences were mapped in Figure 6-5 which clearly shows that firms with more than five employees in their personnel department are more likely to maintain up-to-date personnel records than firms with fewer numbers of employees in their personnel department.

**Table 6-7** Tabulation of observed (Fo ) and expected (Fe) frequencies of personnel department size by updating personnel records.

Personnel records	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
maintained	55	81.8	70	46.4	13	9.9	138
not maintained	86	59.2	10	33.6	4	7.1	100
Total	141		80		17		238

chi-square value = 51.83 ; D.F. = 2 ; Significance level:  $p < .001$

**Figure 6-5** Mapping Updating personnel records and the size of the personnel department.



---

**Clarity of firm's objectives.**

The objectives of the firm in terms of products, services, and sales are the starting point and the guide to all its activities; thus all activities should be evaluated against the achievement of these objectives. Therefore, these objectives should be clearly stated and communicated to those people involved in their achievement. In respect of HRP these objectives are crucial if any realistic planning is to be made. Thus, the participants were asked to indicate if the objectives of their firms in terms of products, services, sales, etc. are clear. The analysis ( Table 6-8) reveals that a large group of the participants (n=167; 65 percent) reported clarity for these objectives. However, a comparatively large group (n=89 participants; 35 percent) reported that the objectives were not clear. The interviews revealed that this finding is skewed in favour of a positive response due to a large group of participants being senior managers ( general managers, and Dep. General managers). Using the chi-square test, a highly significant relationship was found between the position of the respondent and firm objectives (Table 6-9). The result of Correspondence analysis as mapped in Figure 6-6 proves this issue. It was also found that firm objectives were not clear for some line managers. None of the interviewees declared that the firm objectives were formally written down. This indicates a real problem in terms of HRP which depends on a clear knowledge of the firms and other departmental objectives, particularly if the other departments do not know these objectives or do not co-operate.

*The starting point for a manpower plan must be a statement of the firm's business objectives, and the overall strategy through which it hopes to achieve these. D.E. (1971) p. 23.*

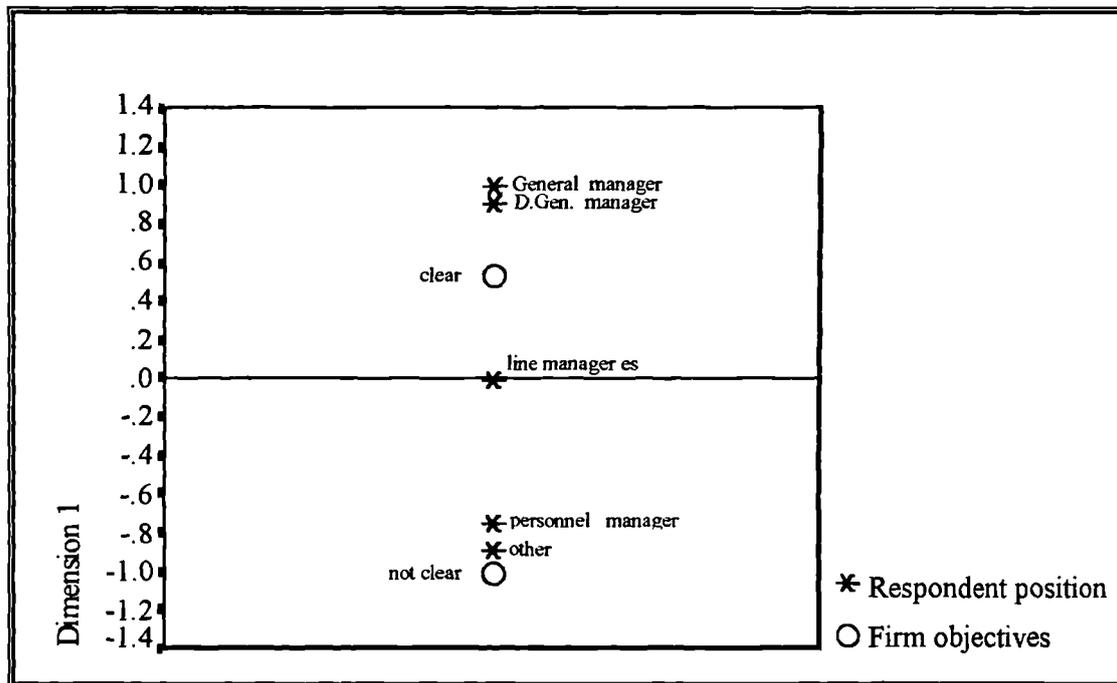
*The essential first step in company manpower planning is a statement of company objectives which covers products, methods, markets, etc. Graham (1984) p.115*

---

**Table 6-8** Distribution by clarity of the business objectives.

	Frequency	Percent
Clear objectives	167	65.2
Not clear objectives	89	34.8
<b>Total</b>	<b>256</b>	<b>100</b>

**Figure 6-6** Mapping the clarity of firm objectives and respondent position.



**Table 6-9** Tabulation of observed (Fo ) and expected (Fe) frequencies of the clarity of firm objectives and the respondent position.

Firm objectives	Respondent position										Total
	General manager		D. Gen. manager		Personnel manager		Line manager		Other		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
clear	51	33.2	31	20.8	33	56	44	44.3	5	9.8	164
not clear	0	17.8	1	11.2	53	30	24	23.7	10	5.2	88
Total	51		32		86		68		15		252

chi-square value = 75.24; D.F. = 4; Significance level:  $p < .001$

***Clarity of firm objectives in terms of production, services and sales.***

Further analysis was conducted to examine whether firms which reported clear objectives differ in terms of demographic data from those which did not. In this respect, significant differences regards firm size and firm activity were observed at ( $p < .001$ ) and ( $p < .032$ ) respectively. Table 6-10 indicates that firm objectives were more likely to be clear in large firms than small firms. One possible explanation is that large firms could engage in more bureaucratic procedures which might result in making its formal objectives clearer to its managers. Regarding firm activity Table 6-11 reveals that the objectives were less likely to be clear in public utility firms than in other groups (see Figure 6-7). Firm objectives were more likely to be clear in manufacturing and agricultural firms. No explanation can be provided for this phenomenon solely from our data. However, it may be that agriculture and manufacturing face greater competition from abroad and this competitive force makes them focus their activities more clearly.

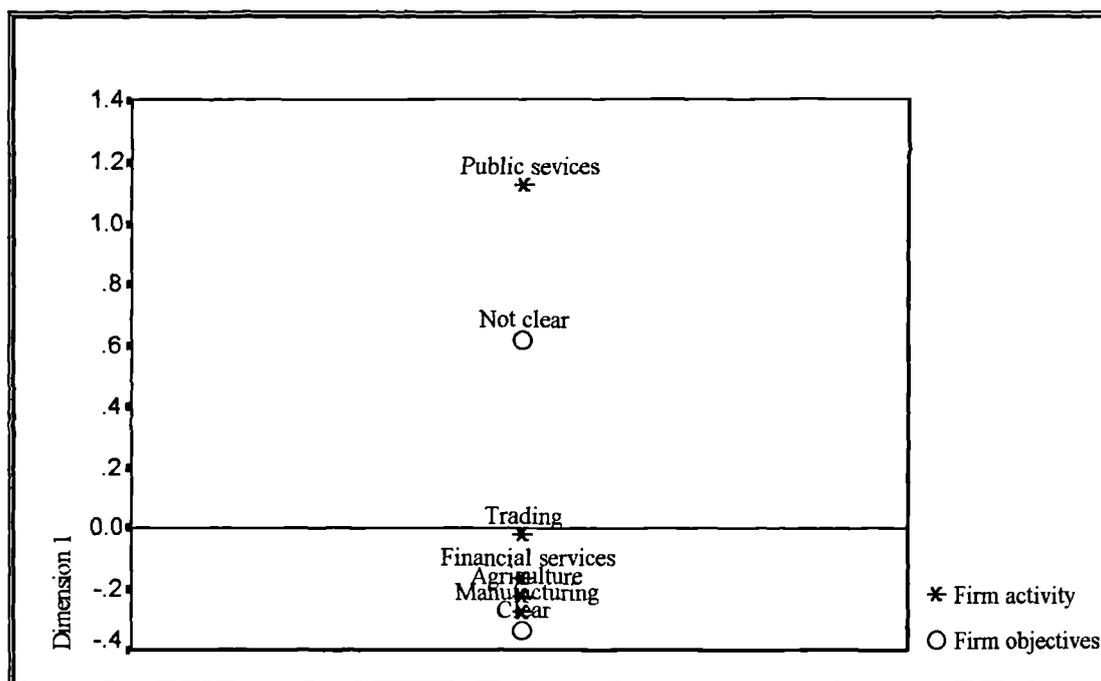
**Table 6-10** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm size by clarity of firm objectives.

Clarity of firm objectives	Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
clear	104	118.7	63	48.3	167
not clear	78	63.3	11	25	89
Total	182		74		256

Chi-square value = 16.96 ; D.F. = 1 ; Significance level : ( $p < .001$ ).

Continuity correction is considered in above calculation of chi-square value.

The values of firm size were combined to validate chi-square test.

**Figure 6-7 Mapping clarity of firm objectives and firm activity.****Table 6-11 Tabulation of observed (Fo ) and expected (Fe) frequencies of firm activity by clarity of firm objectives.**

Firm objectives	Firm Activity										Total
	Agriculture		Trading		Public services		manufacturing		financial services		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
clear	21	19.6	46	45.7	14	22.2	64	58.7	22	20.9	167
not clear	9	10.4	24	24.3	20	11.8	26	31.3	10	11.1	89
Total	30		70		34		90		32		256

chi-square value = 10.52 ; D.F. = 4; Significance level:  $p < .032$

### The existence of manpower classifications.

The basic prerequisite of the operational HRP process is to keep up-to-date personnel records. Classification of those records is a vital step to make them useful, and to elicit their implications. There are many classifications listed in the western models of HRP, such as age distribution, length of service, and skills classification.

Pettman *et al.*, (1985) in their list of HRP prerequisites have stated that:

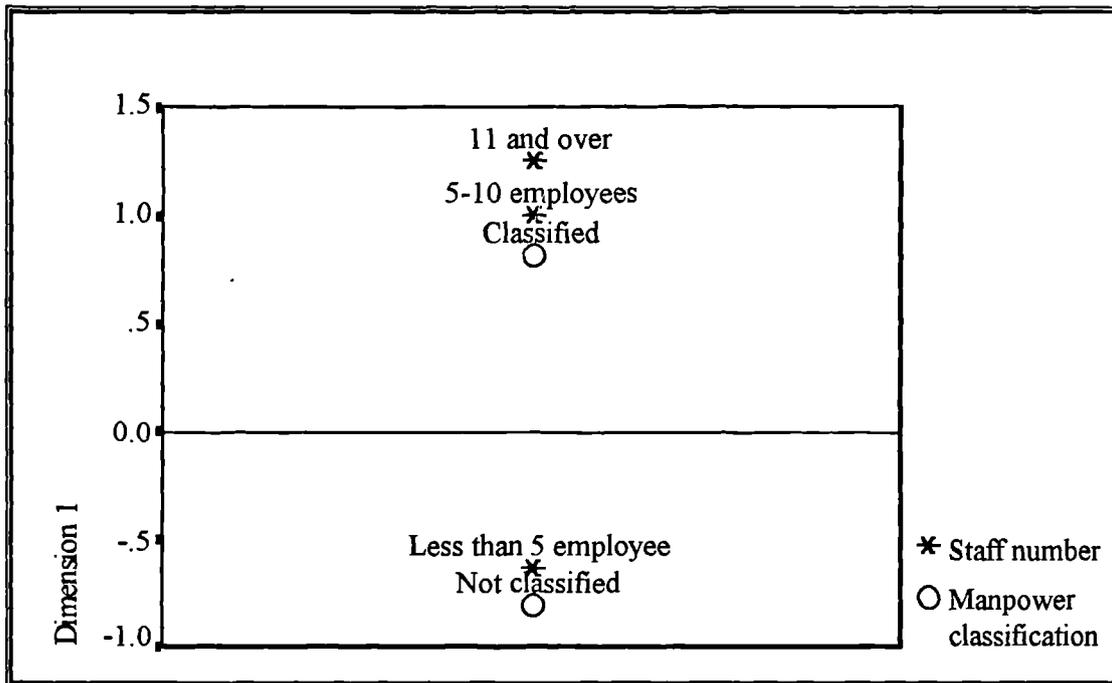
*Plans should be prepared by skill levels rather than by aggregates. p. 4*

This is a clear indication of the importance of availability of manpower classifications. Thus, the participants were asked if the personnel records in their firms were classified either by skills and/or age and/or length of service classifications. The responses ( Table 6-12) shows that 116 participants (51 percent ) reported that personnel records in their firms were not classified in that way. In contrast, n=112 participants (49 percent) reported the existence of such classifications of their personnel records. Interviews with some of those who reported the existence of such classifications reveals that their manpower is only classified by their surnames, just to make it easy to reach their files and not for planning purposes. This finding indicates the absence of a very important prerequisite of operational HRP, which means that a large section of the participants depend on personal judgements in most personnel functions, which might make them subject to extra costs and subject to unexpected manpower related problems.

**Table 6-12    Distribution by the existence of such manpower classifications.**

Manpower classifications	Frequency	Percent
Exist	112	49.1
No exist	116	50.9
Total	228	100

Further analysis reveals significant differences between firms which have manpower classifications and those which do not in terms of: personnel department size ( Table 6-13 ), firm ownership ( Table 6-14 ) and the managerial team of the firm (Table 6-15).

**Figure 6-8 Mapping manpower classifications by personnel department size.****Table 6-13 Tabulation of observed (Fo) and expected (Fe) frequencies of personnel department size by manpower classifications.**

Manpower classifications	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
exist	44	70.2	54	33.9	14	7.9	112
not exist	99	72.8	15	35.1	2	8.1	116
Total	143		69		16		228

chi-square value = 52.14 ; D. F. = 2 ; Significance level:  $p < .001$

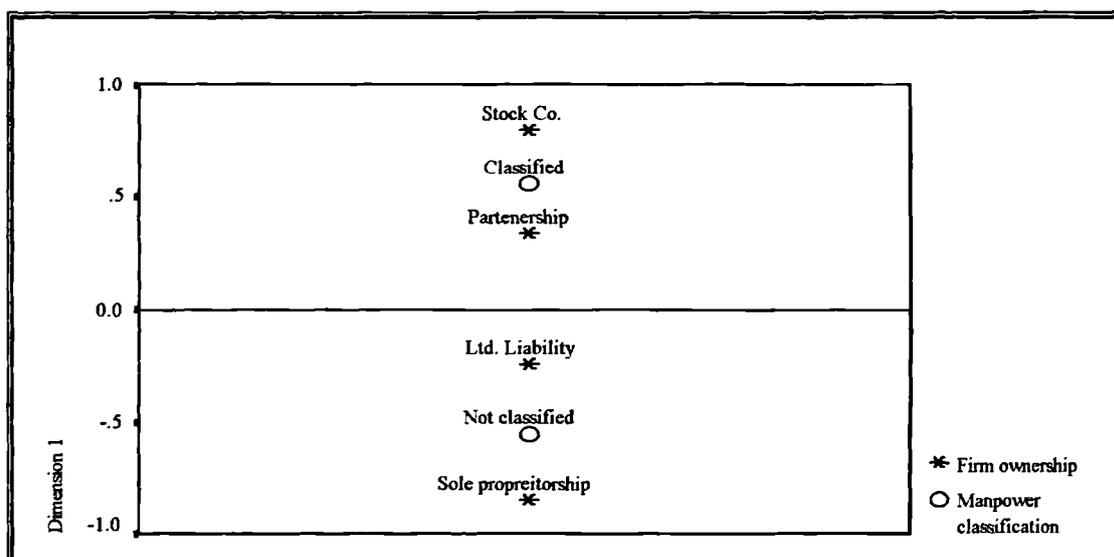
Table 6-13 shows the significance of the differences which were observed between firms which have manpower classifications and those which do not, regarding the size of personnel department. The differences were mapped in Figure 6-8 which reveals that manpower classifications were less likely to exist in firms which have less than five employees in the personnel department than those with greater number of employees. Manpower classifications were more likely to exist in firms which have more than five employees in their personnel department. This is not surprising, since making these classifications and maintaining them costs extra time and effort.

**Table 6-14** Tabulation of observed ( $F_o$ ) and expected ( $F_e$ ) frequencies of manpower classifications by firm ownership.

Manpower classifications	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	
exist	9	17.2	46	53.1	40	27.5	17	14.2	112
not exist	26	17.8	62	54.9	16	28.5	12	14.8	116
Total	35		108		56		29		228

chi-square value = 21.71 ; D.F. = 3 ; Significance level:  $p < .001$

Table 6-14 shows the highly significant differences, which were observed between firms which have manpower classifications and those which do not, regarding ownership of the firm. The differences were mapped in Figure 6-9 which reveals that manpower classifications were more likely to exist in joint stock companies and partnerships than the other groups, particularly sole proprietorship firms which seem to be on the opposite side (i.e. less likely to have manpower classifications). This indicates a distinction of stock companies from the other groups, regarding the tendency toward more organisation and systematic managerial procedures in many of the points under investigation in this section.

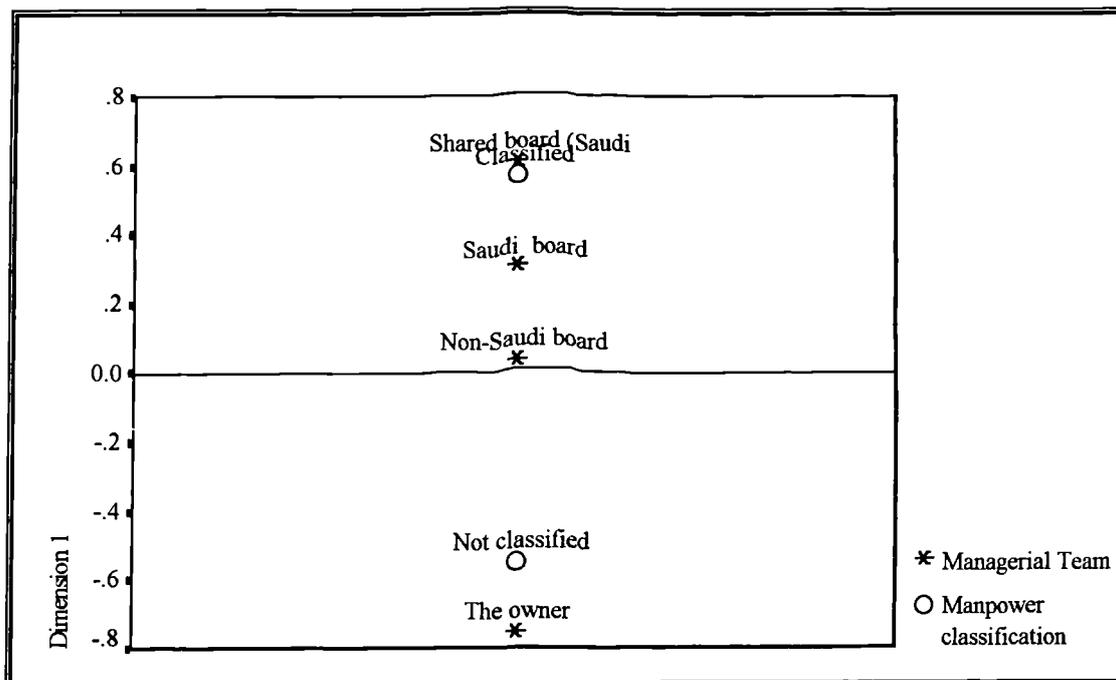
**Figure 6-9** Mapping manpower classifications and firm ownership.

**Table 6-15** Tabulation of observed ( $F_o$ ) and expected ( $F_e$ ) frequencies of firm managerial team by manpower classifications.

Manpower classifications	Managerial team								Total
	The owner		Saudi board		Non-Saudi Board		Shared board		
	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	
exist	22	38.3	50	42.7	5	4.9	35	26	112
not exist	56	39.7	37	44.3	5	5.1	18	27	116
Total	78		87		10		53		228

chi-square value = 22.15; D.F. = 3; Significance level:  $p < .001$

Table 6-15 shows the significant differences which were observed between firms which have manpower classifications and those which do not, regarding the managerial team of the firm. The differences were mapped in Figure 6-10 which reveals that manpower classifications were less likely to exist in firms which are managed by the owner than the other groups. In contrast firms managed by shared board ( Saudi and non-Saudi ) or Saudi board were the more likely to have these classifications, than those managed by a non-Saudi board..

**Figure 6-10** Mapping manpower classifications and firm managerial team.

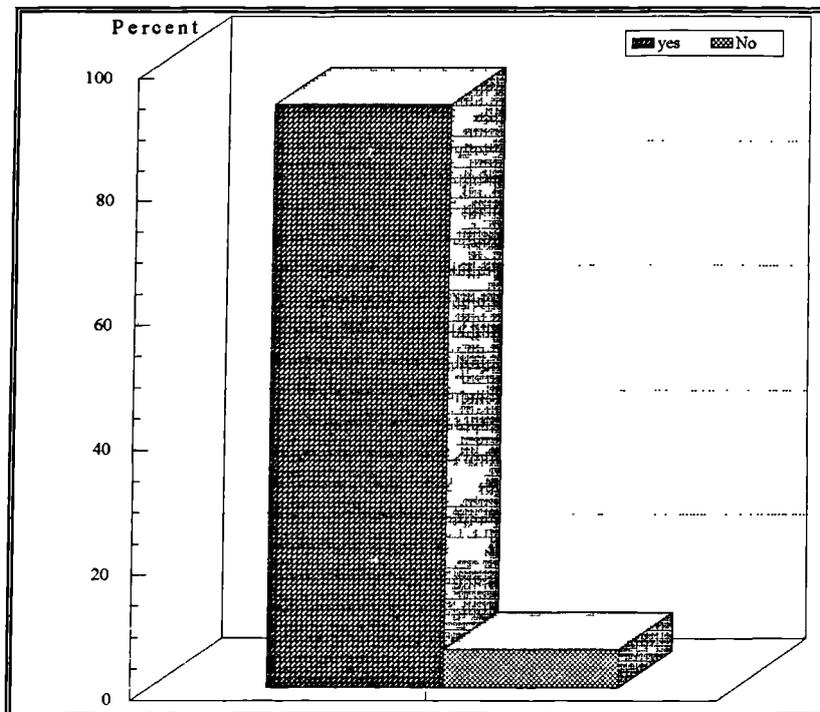
**Keeping records of products, services and / or sales.**

The respondents were asked if their firms keep records of products, service and /or sales, because, these are considered, by the HRP model presented in Chapter Two (Figure 2), as parameters for manpower requirements, as well as a prerequisite for the application of the demand forecasting statistical technique, besides their importance for judgmental estimations. The findings of this study (Table 6-16) show that the majority of the participants (n=240; 93.4 percent) reported the existence of these records, whereas only few participants (n=16; 6 percent ) reported that their firms do not keep these records. This is a good sign in terms of availability of a prerequisite. Although this indicates that the firms are aware of the importance of record keeping, comparison of this finding with that mentioned above (maintaining personnel records), indicates that the human resource is not considered by the firms as strategic or even as important as the other resources. Nevertheless, significant differences were observed between firms kept output records and firms which do not, in terms of the size of the

**Table 6-16    Distribution by keeping records of products, services and / or sales.**

	Frequency	Percent
Keeping records	240	93.8
Do not keeping records	16	6.2
<b>Total</b>	<b>256</b>	<b>100</b>

personnel department ( Table 6-17 ). These differences might be the result of an interrelationship between firm size and the size of personnel department, since an unreliable test was encountered with firm size. Table 6-17 also reveals that only firms which do not keep output records were those with less than five employees in their personnel departments. Thus, it might be tentatively concluded that small firms are less likely to keep output records.

**Figure 6-11 Keeping records of products, services and /or sales.****Table 6-17 Tabulation of observed (Fo) and expected (Fe) frequencies of personnel department size by keeping records of firm outputs.**

Output records	Number of personnel department staff				Total
	Less than five		five and over		
	Fo	Fe	Fo	Fe	
existed	138	144.4	102	95.6	240
not existed	16	9.6	0	6.4	16
Total	154		102		256

chi-square value = 9.6; D.F. = 1; Significance level:  $p < .001$   
 Continuity correction is considered in above calculation of chi-square value.  
 The values of firm size were combined to validate chi-square test.

---

***ASPECTS OF THE HRP PROCESS :***

Attwood (1989) has defined HRP as a number of planning techniques developed to help managers to know current and future numbers of staff needed. This section aims to analyse the basic practices related to HRP process in the participant firms. The aspects will be analysed are:

The existence of job descriptions and person specifications.

The estimation of manpower wastage.

Monitoring manpower productivity.

Studying manpower resources.

Initially, the extent of the involvement in each of these aspects will be examined, then this will be followed by testing the differences (if any) between those who undertake them and those who do not.

**The existence of job descriptions and person specifications.**

HRP aims to ensure that the right person is in the right place at the right time. But how do we know the right place without job descriptions and person specifications? Betts (1977) stated that making full use of job descriptions is essential and directly associated with HRP. Therefore job descriptions are very important components of the process of HRP, mainly associated with being in the right place. The right place is the job for which applicants will be recruited, selected, trained, promoted etc. ( Dawson *et al.* 1990). Thus even if the organisation is not involved in HRP, job descriptions are prerequisites for almost all personnel functions. Also, having job descriptions can contribute to national level planning in terms of educational policy and estimating the national demand and supply of labour. Therefore the participants were asked if their firms had job descriptions and person specifications. The result of the analysis was very surprising: a large group of the participants n=148 (58 percent ) reported that their

---

firms did not have job descriptions, whereas only a third reported their firms had job descriptions. The remainder reported that they did not know. This finding (Table 6-18) indicates the absence of a substantial principle of HRP, and, as such, absence of strategic HRP. Thus, those firms are far away from effective HRP. They need to reform their systems to cope with the changing future, which is likely to be more competitive than the past.

**Table 6-18 Distribution by existence of job descriptions and person specifications.**

	Frequency	Percent
Yes	88	34.4
No	148	57.8
Do not know	20	7.8
Total	256	100

Further analysis was conducted to examine whether firms which have job descriptions and person specifications differ in terms of demographic data from those which do not. The results revealed significant differences between them in terms of: firm size (Table 6-19), personnel department size ( Table 6-20 ) and the managerial team of the firm (Table 6-21).

**Table 6-19 Tabulation of observed (Fo ) and expected (Fe) frequencies of firm size by existence of job descriptions.**

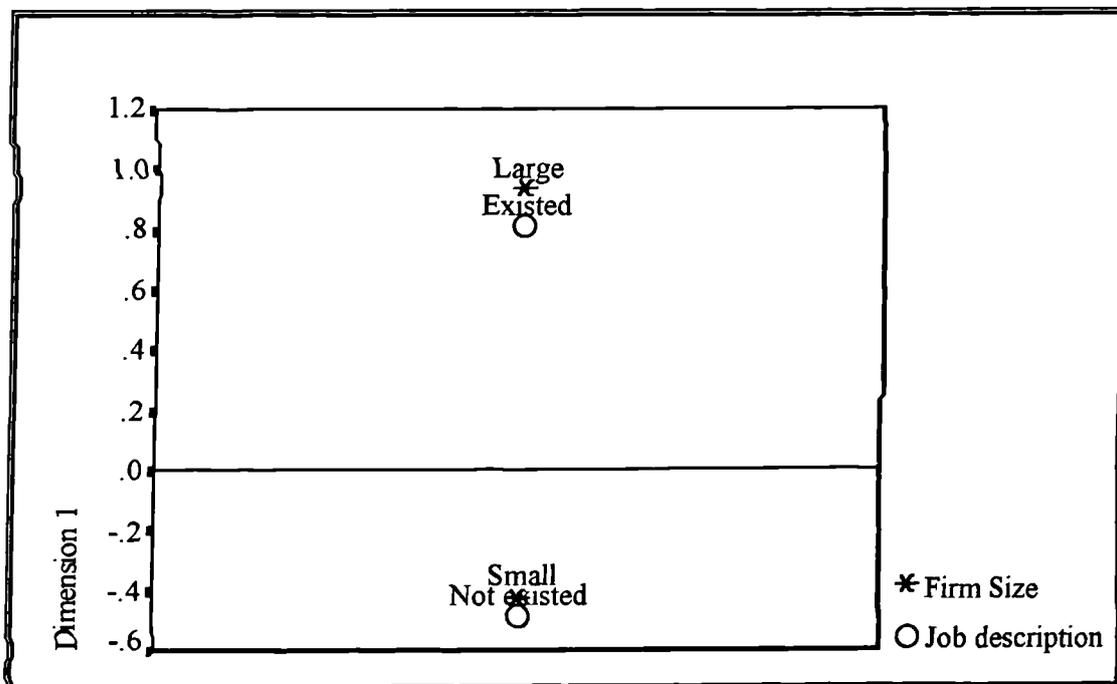
Existence of job descriptions	Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
Yes	40	60.8	48	27.2	88
No	123	102.2	25	45.8	148
Total	163		73		236

chi-square value = 34.8; D.F. = 1 ; Significance level:  $p < .001$   
 Continuity correction is considered in above calculation of chi-square value.  
 The values of firm size were combined to validate chi-square test.

*Existence of job descriptions and firm size.*

Table 6-19 shows the significant differences which were observed between firms which have job descriptions and those which do not, regarding the size of the firm. The differences were mapped in Figure 6-12 which reveals that large firms were more likely to have job descriptions than small firms. This may be because large firms are more likely to be formally organised than small firms.

**Figure 6-12 Mapping existence of job descriptions and firm size.**



**Table 6-20 Tabulation of observed (Fo ) and expected (Fe) frequencies of personnel department size by job descriptions.**

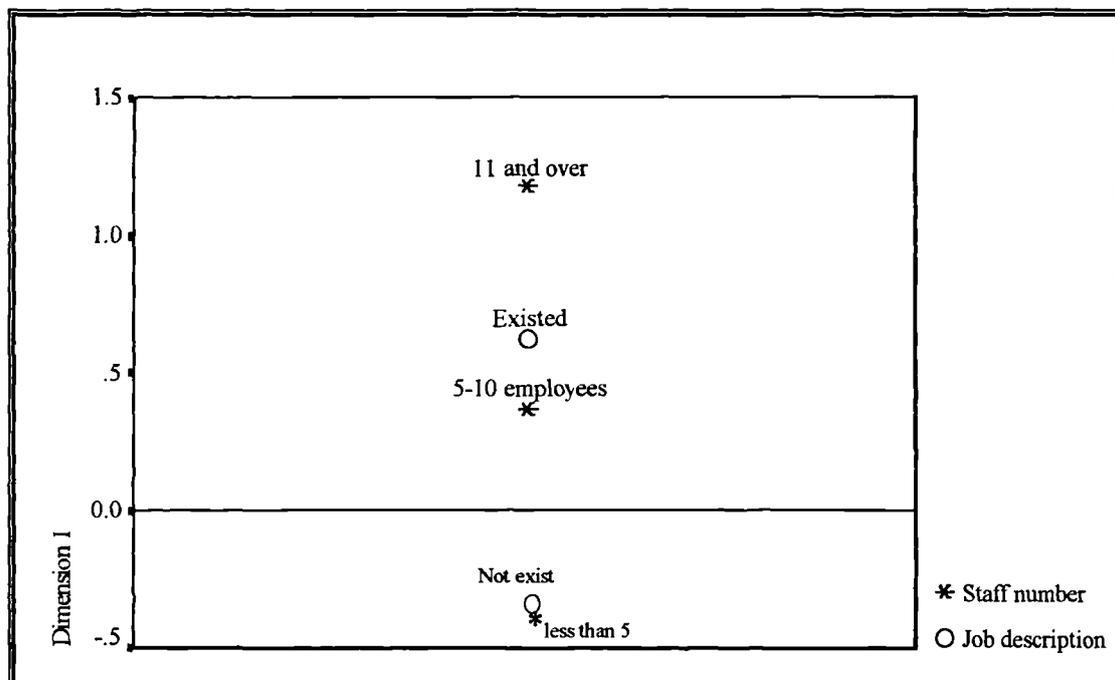
Existence of job descriptions	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	38	50	39	31.7	11	6.3	88
No	96	84	46	53.3	6	10.7	148
Total	134		85		17		236

chi-square value = 12.71; D.F. = 2; Significance level:  $p < .0017$

*Existence of job descriptions and personnel department size.*

Table 6-20 shows the significant differences which were observed between firms which have job descriptions and those which do not, regarding the size of the personnel department. The differences were mapped in Figure 6-13 which reveals that job descriptions were less associated with the firms which have less than five employees in the personnel department compared to those with more employees. Job descriptions were more likely to exist in firms which have more than ten employees in the personnel department. If the job description is not the responsibility of the personnel department, then this relationship could be a reflection of firm size rather than the size of personnel department (see Table 6-19 ), further studies are suggested.

**Figure 6-13 Mapping personnel department size and job descriptions.**



*Existence of job descriptions and the managerial team of the firm.*

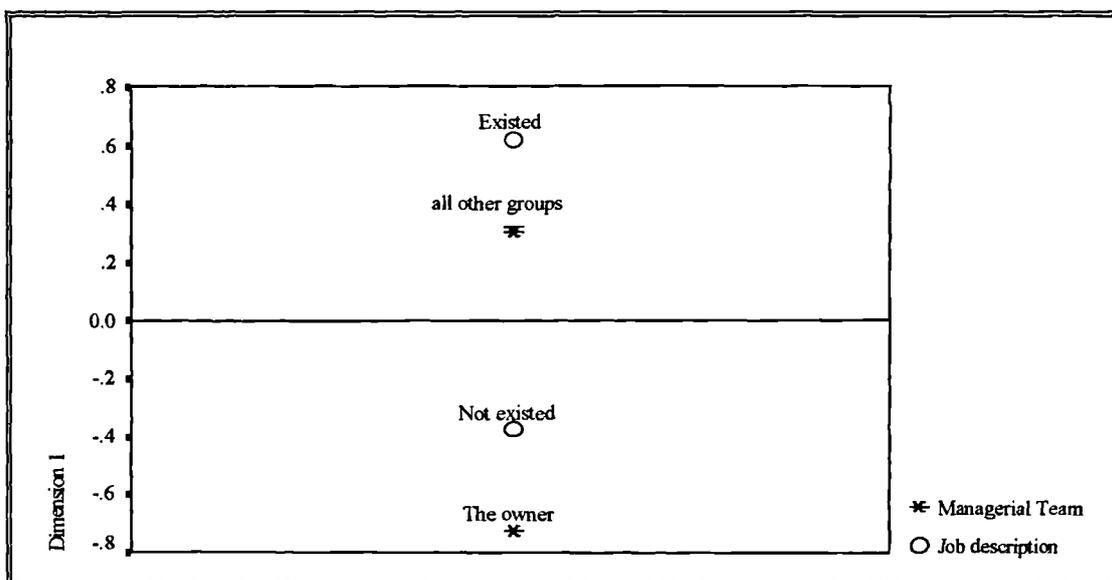
Table 6-21 shows the significant differences observed between firms which have job descriptions and those which do not, regarding the managerial team of the firm. The differences were mapped in Figure 6-14 which reveals that job descriptions were less likely to exist in firms managed by the owner than other groups. Considering the above associations (Table 6-18 and Table 6-19), one might suggest that the firms managed by the owner are more likely to be small firms. This might be an explanation of this phenomenon, but this, like each of the two previous issues also could be a subject for further studies.

**Table 6-21** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm managerial team by job descriptions.

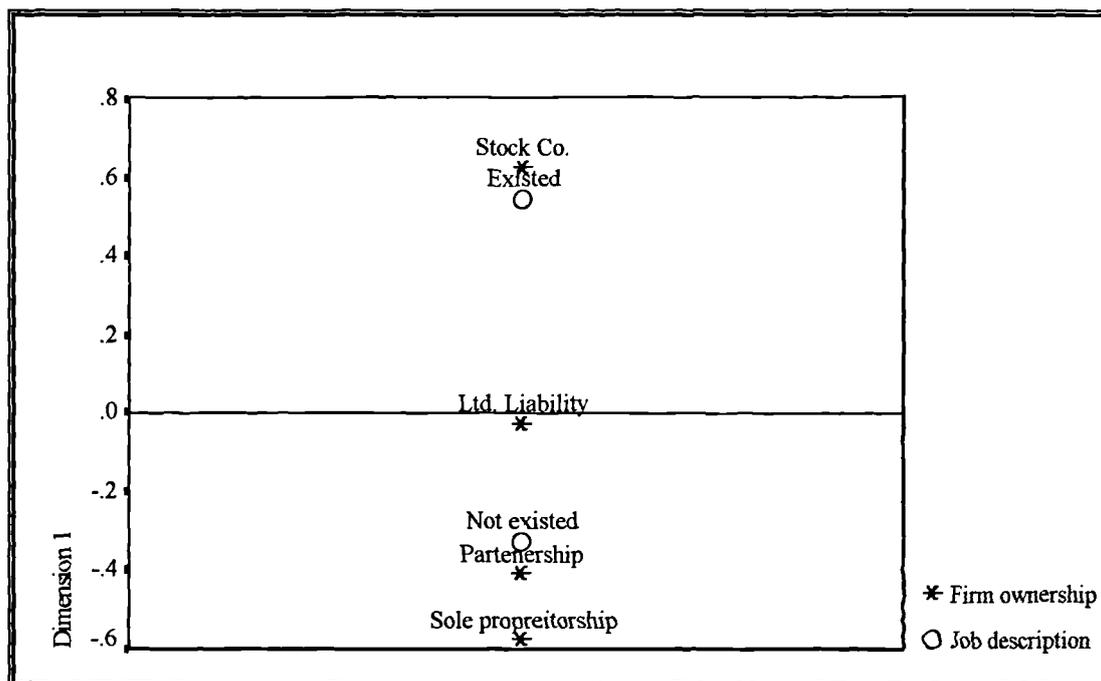
Existence of job descriptions	Managerial team								Total
	The owner		Saudi board		Non-Saudi board		Shared board		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	15	27.2	43	35.8	4	3.4	26	21.6	88
No	58	45.8	53	60.2	5	5.6	32	36.4	148
Total	73		96		9		58		236

chi-square value = 12.66; DF = 3 ; Significance level:  $p < .005$

**Figure 6-14** Mapping the existence of job descriptions by managerial team.



**Figure 6-15 Mapping the existence of job descriptions and firm ownership.**



**Table 6-22 Tabulation of observed (Fo ) and expected (Fe) frequencies of firm ownership by job descriptions.**

Existence of job descriptions	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	10	14.5	39	39.5	30	22.4	9	11.6	88
No	29	24.5	67	66.5	30	37.6	22	19.4	148
Total	39		106		60		31		236

chi-square value = 7.32 ; D.F. = 3 ; Significance level:  $p < .062$

***Existence of job descriptions and firm ownership.***

Table 6-22 shows the significance of the differences (  $p = .062$  ) which were observed between firms which have job descriptions and those which do not regarding ownership of the firm. Although the probability has exceeded the commonly acceptable standard (  $p = .05$  ), it may be worth saying that differences might have existed as mapped in Figure 6-15 which reveals that job descriptions were more likely to exist in stock companies than in the other groups, particularly sole proprietorship and partnership.

This indicates that stock companies much more likely to be involved in formal managerial procedures and organisation than the other groups.

### **The estimation of manpower wastage.**

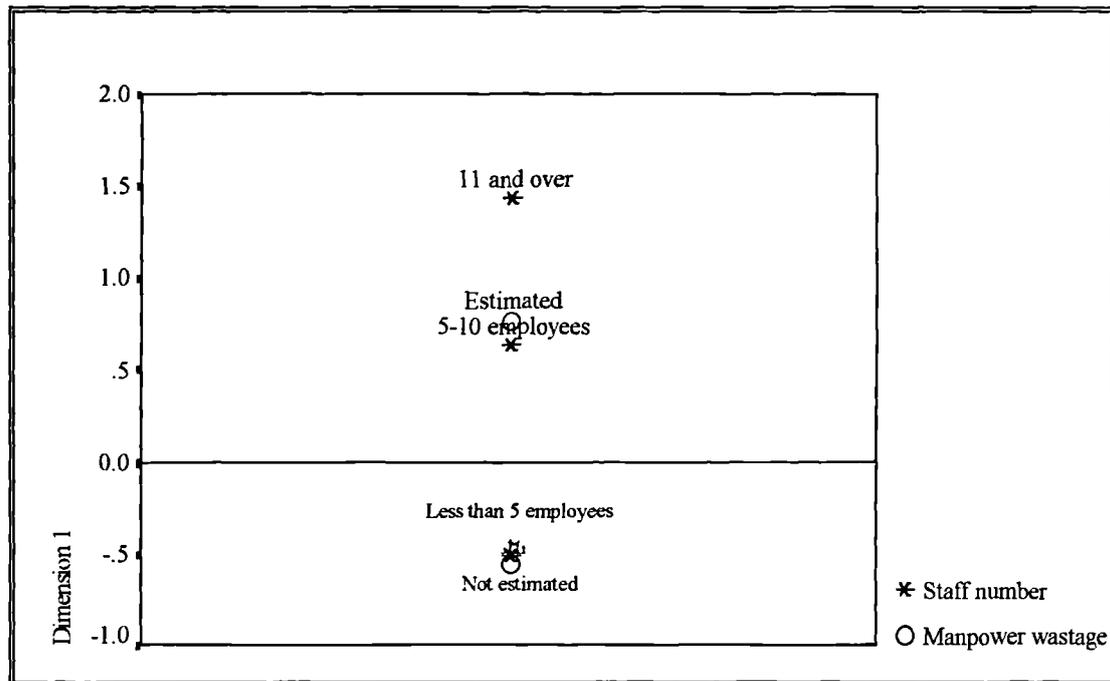
A very important aspect of the process of HRP is to estimate manpower wastage. It is crucial to know manpower numbers from within the firm which are going to be available and those are going to leave, to ensure proper replacement at the right time, and to avoid being faced with sudden shortage of key skills. Estimation of manpower wastage is a key issue in planning recruitment, training, wages, promotion and so on (Bell 1974; Pettman *et al.* 1985; Bramham 1986; Torrington *et al.* 1987; and Brown *et al.* 1992). There are many techniques developed to clarify internal issues such as manpower wastage and flow; personnel records are the data source for these techniques. Participants were asked if their firms use formal techniques to estimate manpower wastage. The analysis shows that the majority of them (n=149 of the participants; 58 percent) reported that their firms did not use formal techniques to estimate manpower wastage ( Table 6-23 ). This indicates the absence of the application of a basic traditional technique of HRP in a large section of the participants, which is another sign of less consideration being given to human resources in these firms, and as such to HRP. This again can be attributed to the availability of manpower, and the absence of such real shortages.

**Table 6-23    Distribution by the estimation of manpower wastage.**

	Frequency	Percent
Yes	107	41.8
No	149	58.2
Total	256	100

Further analysis reveals significant differences between the firms which conduct a formal estimation of manpower wastage and those which do not, in terms of personnel department size (Table 6-24), firm ownership (Table 6-25), firm managerial team (Table 6-26), and firm activity (Table 6-27).

**Figure 6-16 Mapping wastage analysis and personnel department size.**



**Table 6-24 Tabulation of observed (Fo ) and expected (Fe) frequencies of personnel department size by analysis of manpower wastage.**

Manpower wastage analysis	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	39	64.4	53	35.5	15	7.1	107
No	115	89.6	32	49.5	2	9.9	149
Total	154		85		17		256

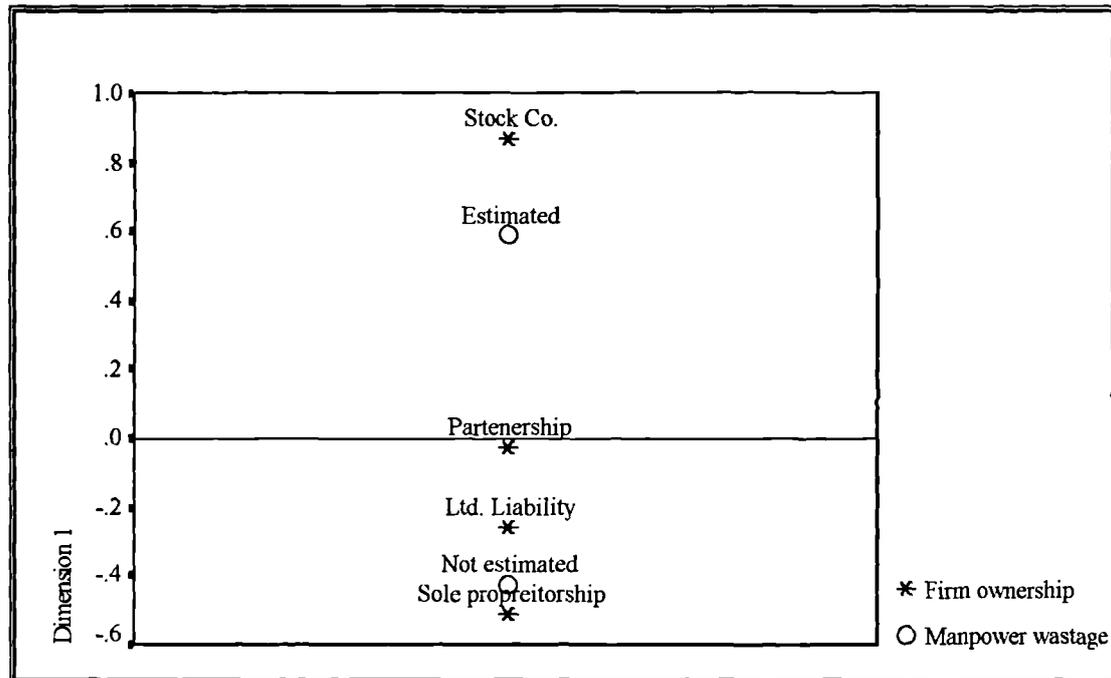
chi-square value = 47.01; D.F. = 2; Significance level:  $p < .001$

***Manpower wastage and personnel department size.***

Table 6-24 shows the significance of the differences observed between firms which undertake the formal estimation of manpower wastage and those which do not, regarding the size of personnel department. The

differences were mapped in Figure 6-16 which reveals that formal wastage analysis was, as expected, less likely to exist in firms which have less than five employees in the personnel department compared with those with more employees.

**Figure 6-17 Mapping estimation of manpower wastage and firm ownership.**



**Table 6-25 Tabulation of observed (Fo ) and expected (Fe) frequencies of manpower wastage analysis by firm ownership.**

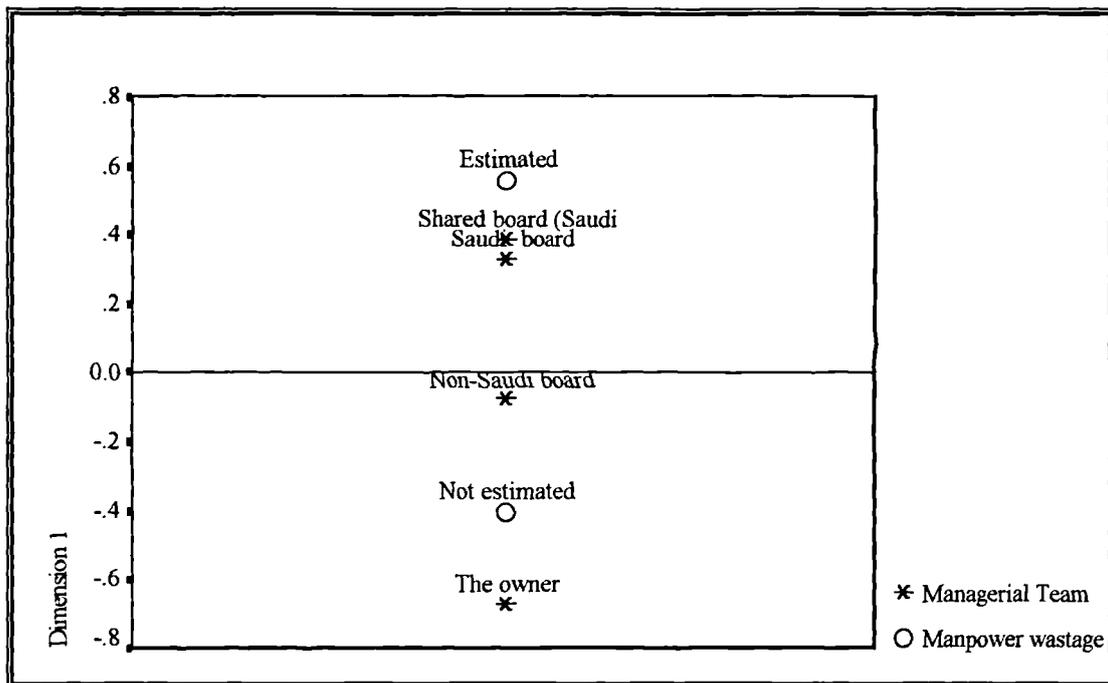
Manpower wastage analysis	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	12	17.1	43	50.6	38	25.1	14	14.2	107
No	29	23.9	78	70.4	22	34.9	20	19.8	149
Total	41		121		60		34		256

chi-square value = 16.03 ; D.F. = 3 ; Significance level:  $p < .001$

Table 6-25 shows the significance of the differences observed between firms which undertake formal estimation of manpower wastage and those which do not, regarding firm ownership. The differences were mapped in Figure 6-17 which reveals that formal

wastage analysis was more associated with joint stock companies than the other groups, whereas sole proprietorship firms were less likely to conduct formal wastage analysis. This is another strength of joint stock companies compared with the other groups.

**Figure 6-18 Mapping estimation of manpower wastage and the managerial team of the firm.**



**Table 6-26 Tabulation of observed (Fo ) and expected (Fe) frequencies of firm managerial team by manpower wastage analysis.**

Manpower wastage analysis	Managerial team								Total
	The owner		Saudi board		Non-Saudi board		Shared board		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	22	35.1	51	43.1	4	4.2	30	24.7	107
No	62	48.9	52	59.9	6	5.8	29	34.3	149
Total	84		103		10		59		256

chi-square value = 12.93; D.F. = 3 ; Significance level:  $p < .005$

Table 6-26 shows the significance of the differences observed between firms which undertake a formal estimation of manpower wastage and those which do not, regarding the managerial team of the firm. The differences were mapped in Figure 6-18

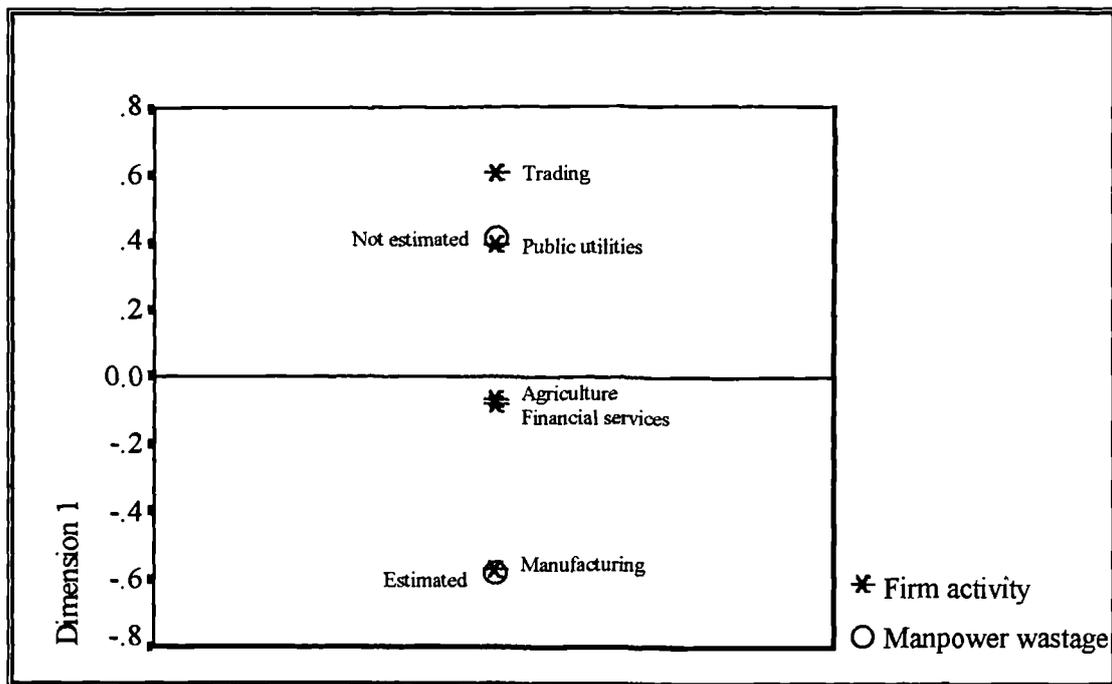
which reveals that formal wastage analysis was less likely to exist in firms which were managed by the owner than the other groups. In contrast, formal wastage analysis was more associated with the firms managed by a Saudi or a shared managerial board (Saudi and non-Saudi).

**Table 6-27** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm activity by manpower wastage analysis.

Manpower wastage analysis	Firm Activity										Total
	Agriculture		Trading		Public services		manufacturing		financial services		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	13	12.5	19	29.3	11	14.2	50	37.6	14	13.4	107
No	17	17.5	51	40.7	23	19.8	40	52.4	18	18.6	149
Total	30		70		34		90		32		256

chi-square value = 14.50 ; D.F. = 4 ; Significance level:  $p < .0058$

Table 6-27 shows the significance of the differences observed between firms which undertake formal estimation of manpower wastage and those which do not, regarding the activity of the firm. The differences were mapped in Figure 6-19 which reveals that formal wastage analysis was more associated with manufacturing firms than the other groups, particularly, trading and public utilities which show less association with formal wastage analysis. A possible explanation of the association between manufacturing and formal manpower wastage analysis, is that manufacturing may involve more skilled staff than the other groups, who can not be replaced easily.

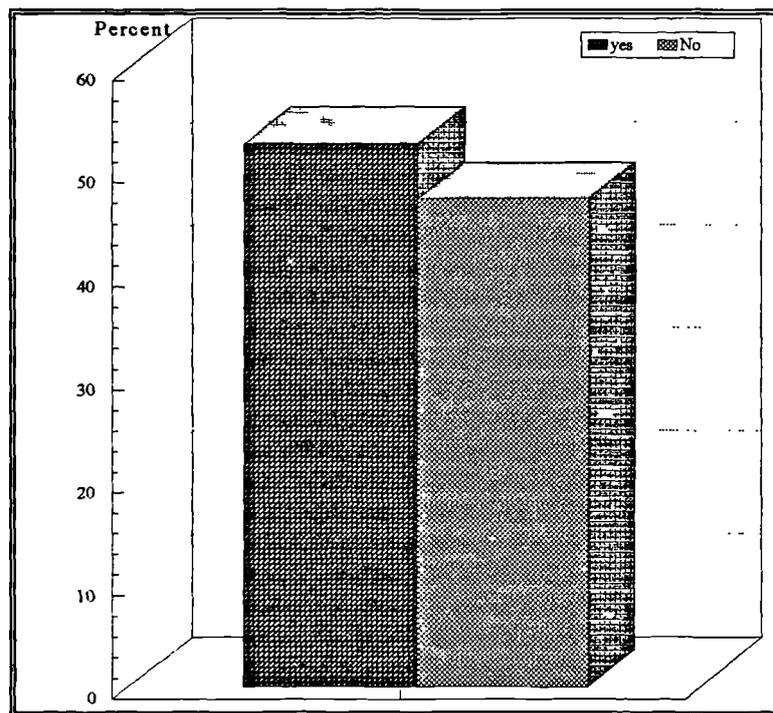
**Figure 6-19 Mapping estimation of manpower wastage and firm activity.**

### Monitoring manpower productivity (performance appraisal).

Monitoring manpower productivity is an important parameter of manpower requirements. The level of manpower productivity is a determining factor in the justification of the manpower demand and supply balance, besides its indication of manpower training needs, promotion requirements, and the effectiveness of payment systems and benefits. Therefore, respondents were asked if their firms undertook regular performance appraisal of their employees. The results of this analysis ( Table 6-28 ) shows that almost half of the participants (n=121; 47 percent) reported that they did not undertake regular performance appraisal. Availability of cheap and ready trained manpower at any time can be considered as a good reason for negligence in monitoring manpower productivity, either completely or on an ad hoc basis. Also lack of awareness of the contribution of manpower costs to production costs, as will be

shown below, can be considered as a good explanation for this result. This finding can explain not only the absence of strategic consideration of HRP, but also the importance of manpower as a substantial resource.

**Figure 6-20** Distribution of firms by monitoring manpower productivity



**Table 6-28** Distribution by monitoring manpower productivity.

	Frequency	Percent
Monitored	135	52.7
Not monitored	121	47.3
Total	256	100

Further analysis was conducted to examine whether firms which undertake regular performance appraisal differ in terms of demographic data from those which do not. The results revealed significant differences between them in terms of : the firm size

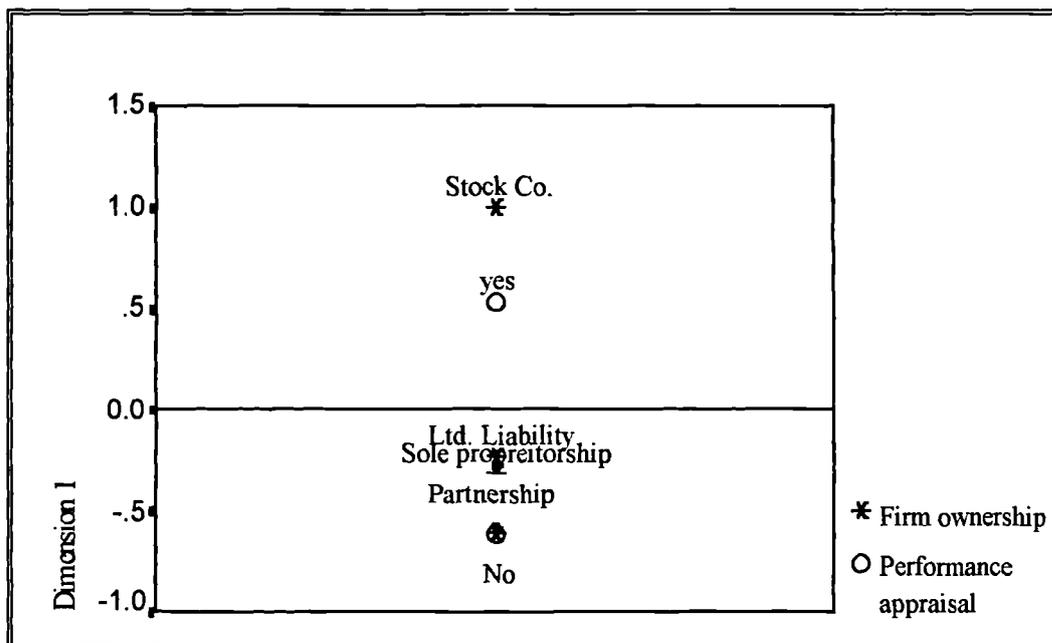
(Table 6-29), firm ownership ( Table 6-30 ), firm activity ( Table 6-31 ) and personnel department size (Table 6-32) .

**Table 6-29** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm size by conducting performance appraisal.

Conducting performance appraisal	The Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
Yes	64	96	71	39	135
No	118	86	3	35	121
Total	182		74		256

chi-square value = 75.55; D.F. = 1; Significance level:  $p < .001$   
 Continuity correction is considered in above calculation of chi-square value.  
 The values of firm size were combined to validate chi-square test.

**Figure 6-21** Mapping conducting performance appraisal and firm ownership.



***Undertaking regular performance appraisal and firm ownership.***

Table 6-30 shows highly significant differences which were observed between firms which undertake regular performance appraisal and those which do not do so, regarding firm ownership. The differences were mapped in Figure 6-21 which reveals

that regular performance appraisal was more likely to be conducted in stock companies than in the other groups, whereas partnership companies had the least associated with the conduct of regular performance appraisal. This is another sign of the distinction of joint stock companies and the other groups. Thus, it could be concluded that joint stock companies were more organised and may be more bureaucratic than the other groups.

**Table 6-30** Tabulation of observed (Fo) and expected (Fe) frequencies of conducting performance appraisal by firm ownership.

Conducting performance appraisal	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	18	21.6	56	63.8	49	31.6	12	17.9	135
No	23	19.4	65	57.2	11	28.4	22	16.1	121
Total	41		121		60		34		256

chi-square value = 27.60 ; D.F. = 3 ; Significance level:  $p < .001$

**Table 6-31** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm activity by conducting performance appraisal.

Conducting performance appraisal	Firm Activity										Total
	Agriculture		Trading		Public services		manufacturing		financial services		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	16	15.8	29	36.9	12	17.9	55	47.5	23	16.9	135
No	14	14.2	41	33.1	22	16.1	35	42.5	9	15.1	121
Total	30		70		34		90		32		256

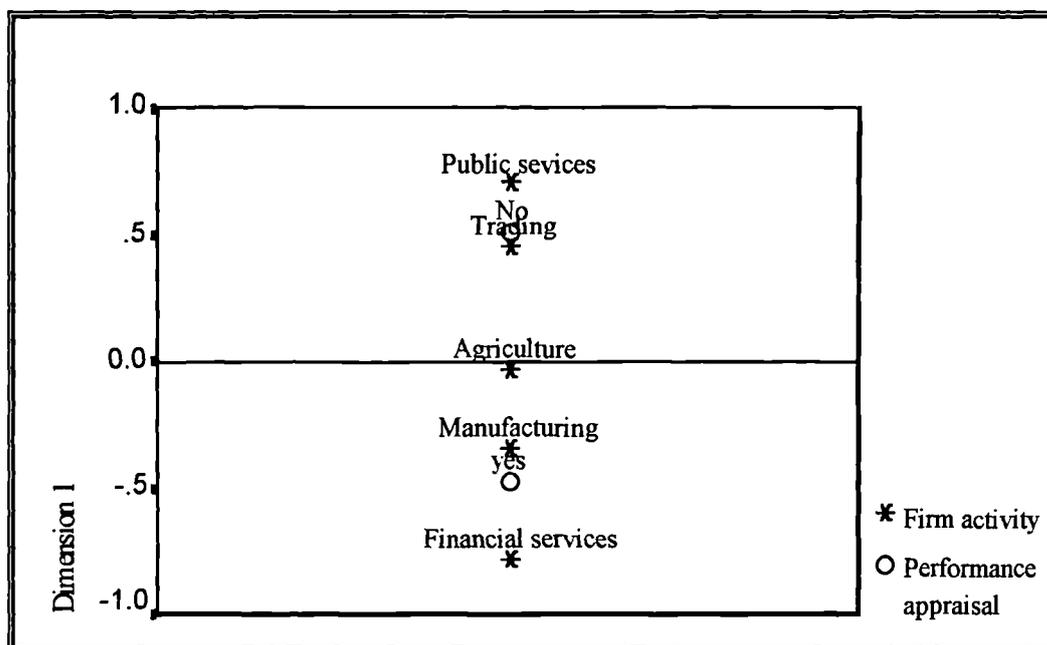
chi-square value = 14.98 ; D.F. = 4 ; Significance level:  $p < .005$

***Undertaking regular performance appraisal and firm activity.***

Table 6-31 shows that significant differences were observed between firms which undertake regular performance appraisal and those which do not do so regarding firm activity. The differences were mapped in Figure 6-22 which reveals that regular

performance appraisal was more likely to be conducted in manufacturing and financial services firms than in the other groups. It was less likely to be undertaken in trading and public utilities than agricultural firms. This might be due to the nature of manufacturing and financial services companies which involve more skilled than the other groups. This could be an explanation for this phenomenon, but further research is needed.

**Figure 6-22 Mapping conducting performance appraisal and firm activity .**



**Table 6-32 Tabulation of observed (Fo ) and expected (Fe) frequencies of personnel department size by conducting performance appraisal.**

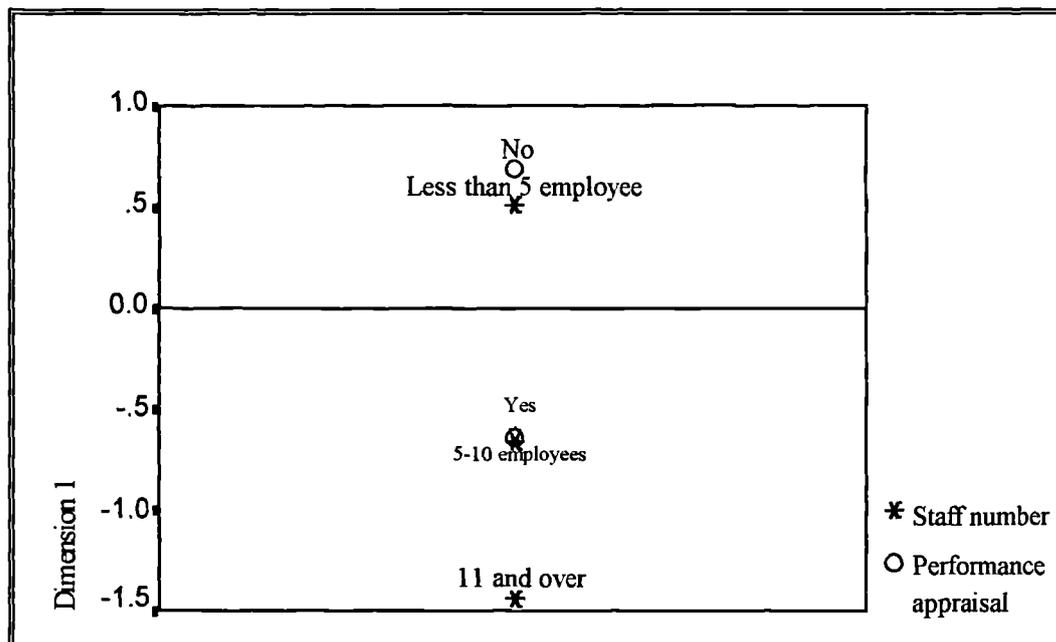
Conducting performance appraisal	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	55	81.2	63	44.8	17	9	135
No	99	72.8	22	40.2	0	8	121
Total	154		85		17		256

chi-square value = 48.72 ; D.F. = 2 ; Significance level:  $p < .001$

***Undertaking regular performance appraisal and personnel department size.***

Table 6-32 shows significant differences observed between firms which undertake regular performance appraisal and those which do not, regarding the size of personnel department. The differences were mapped in Figure 6-23 which reveals that regular performance appraisal was more likely to be conducted in firms which have more than five employees in the personnel department than those with fewer employees there. This actually was expected, since what role does larger personnel department play if not to appraise the manpower, either directly or indirectly (i.e. via line managers). Having a larger personnel department reflects firm's desire of overall control of manpower utilisation. Performance appraisal is an important tool for this purpose.

**Figure 6-23 Mapping conducting performance appraisal and personnel department size.**

**Evaluation of work methods and job design.**

Evaluation of work methods and job design is an essential step in HRP. As Betts, (1977) stated, it has much to do with identifying manpower requirements as well as

exposing imbalances of demand and supply, and is very important in case of labour shortages.

Participants were asked if their firms undertook regular evaluation of work methods and job design. The analysis ( Table 6-33 ) showed that n=140 (56 percent) reported that their firms undertake regular evaluation of work methods and job design; in contrast there is also a large group (n=110; 44 percent ) reporting that their firms did not undertake regular evaluation of work methods and job design. It should be mentioned that the Saudi government stimulates the automation of the private sector in the way in which half the costs of the capital machinery are government subsidised. This will have encouraged Saudi private firms to undertake these evaluations of working practices, and this can be considered as a very important step toward effective HRP. Conducting this procedure will show the firm hidden potential competitive strength in an environment of labour shortage.

**Table 6-33: Distribution by evaluation of work methods and job design**

	Frequency	Percent
Yes	140	56
No	110	44
<b>Total</b>	<b>250</b>	<b>100</b>

Further analysis was conducted to examine whether firms which undertake regular evaluation of work methods and job design differ in terms of demographic data from those which do not. The results revealed significant differences between them in terms of the firm ownership (Table 6-34). No immediate explanation of this correlation can be provided from our data and further research is suggested.

**Table 6-34** Tabulation of observed (Fo) and expected (Fe) frequencies of evaluating work methods by firm ownership.

Evaluation of work methods	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	22	22.4	74	67.2	23	31.9	21	18.5	140
No	18	17.6	46	52.8	34	25.1	12	14.5	110
Total	40		120		57		33		250

chi-square value = 8.02 ; D.F. = 3 ; Significance level:  $p < .045$

### Studying manpower resources.

Studying the external environment is very important for an organisation looking ahead to avoid manpower problems, not only in terms of manpower shortage, but also the influence of labour market fluctuations on their current stock of manpower due to economic, political or social changes. Studying these situations will help the organisation to be in the lead of overcoming or coping with these situations. Although Dawson *et al.*, (1990) mentioned that external manpower supply is out of the planners control in firms, they must be aware of it. The Western model of HRP does not show any techniques of forecasting external manpower supply at company level, therefore planners have to rely on their experience and the available public statistics. The participants were asked if they studied the manpower resources from which they recruited. The analysis ( Table 6-35) shows that 209 responses (82 percent) reported that they did not conduct any such study, whereas  $n=30$  participants (12 percent) reported they did so. This finding is subject to scepticism, because it was expected that even less than 5 percent would answer yes due to less consideration being given to human resource in comparison with other resources. The interviews also revealed two influences on such analyses: first it is not possible to study all the labour markets (i.e. countries) because they are many and do not all publish good data; and second, it

provides many alternatives (i.e. if changes takes place in a labour market (country), it is easy to shift to another and so they do not have a real problem in manpower recruitment). Thus apart from changes within the Saudi environment, such changes may considered difficult to predict. Even, changes within the Saudi environment are difficult to predict, due to the lack of reliable information.

**Table 6-35 Distribution by Studying manpower resources.**

	Frequency	Percent
Yes	30	11.7
No	209	81.6
Do not know	17	6.6
Total	256	100

However, finding that a small group of the participants do study external labour resources would be a sign of the maturity of these firms. It should be mentioned that the available literature indicates that some large firms like the Saudi Royal Commission for Jobil and Yanbou and SABIC do study the Saudi labour market, and the development of the human resources is among their objectives, though they are profit making firms.

---

### ***INTEGRATION OF HRP***

Integration of HRP is a determinant factor of its effectiveness. Two types of integration will be discussed in this section. Firstly the integration of HRP with strategic business planning (SBP), and the HRP integration of personnel department policies. The following issues will be discussed in this section:

The link between personnel activities and business plans.

The clarity of the personnel department objectives.

The level of the people involved in HRP.

Co-ordination between the personnel department and line departments.

Co-ordination between personnel department activities.

In this section, like the previous one, each of above issues was subject to two type of analysis, first a problem identifying, and then attempting to identify the locus of the problem, by relating the issue to the characteristics of the firms.

#### **The link between personnel activities and business plans.**

Linkage of personnel functions to the strategic business plans is a key factor in achieving strategic HRP objectives. This linkage is regarded as a real contribution to the achievement of business plan objectives and to strengthening the competitive position of the organisation. For instance, if a personnel function such as training were not tied to business objectives then there might be a loss in terms of cost effectiveness of that function. Moreover, the linkage will also contribute to strategic business planning by preventing the setting of goals which will not be achieved due to human resource barriers. This is, as presented in Chapter Two external integration (Iles *et al.*, 1993;) or vertical integration (Alpander, 1982 ). This linkage indicates a strategic view of HRP. Therefore participants were asked if their personnel functions are linked to

---

business strategies. The analysis ( Table 6-36 ) reveals that n=100 participants (40 percent) reported no relation between personnel functions and business strategies, whereas a large group of the participants n=152 (60 percent) made the claim that personnel functions are linked to the business strategy. However we remain sceptical, especially, as previous section shows that many firms were not engaged in formal business planning, as well the case of the clarity of business objectives. Therefore, this point is suggested for further study to clarify, how these activities are linked in these circumstances and the effectiveness of this linkage. There are also comparatively a large group reported that their personnel activities were not linked to business strategies. This indicates weak point in their practices, which could reduce the effectiveness of these activities (i.e. decline of achieving business objectives). Again it could be that easy availability of human resources is the reason for the absence of the strategic view to human resource.

**Table 6-36 Distribution by links the personnel functions to business plans.**

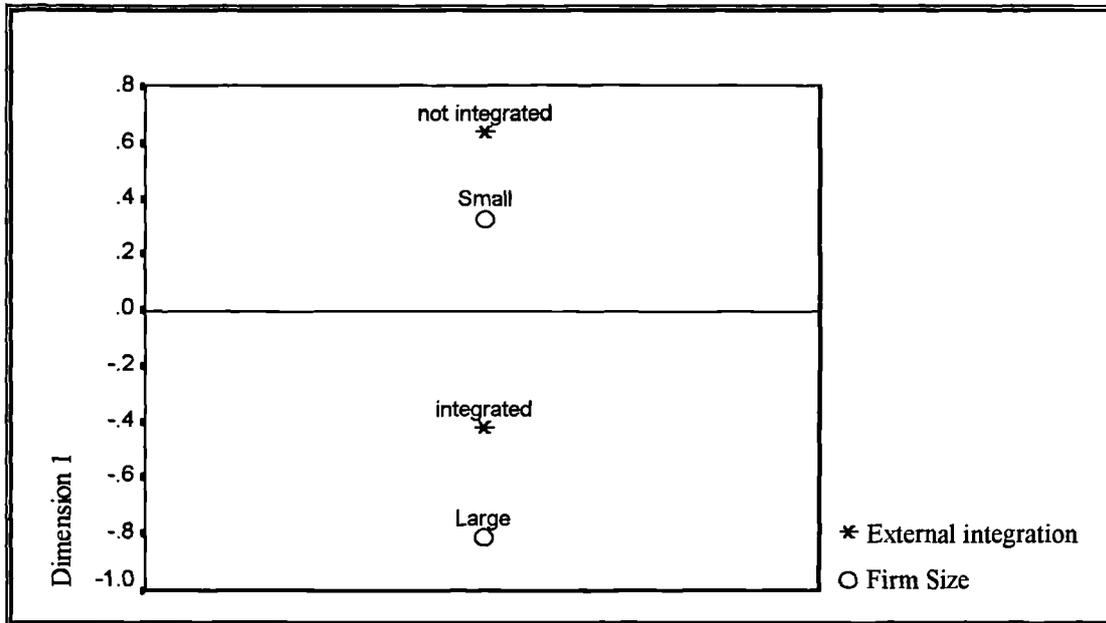
	Frequency	Percent
Yes	152	60.3
No	100	39.7
Total	252	100

Further analysis was conducted to examine whether firms which tie personnel functions to business plans differ in terms of demographic data from those which do not. The results reveal significant differences between them in terms of : firm size (Table 6-37), firm ownership ( Table 6-38 ), and the size of personnel department ( Table 6-39 ).

Table 6-37 shows significant differences observed between firms which links personnel functions to business plans and those which do not, regarding the firm size. The

differences were mapped in Figure 6-24 which reveals that integration of personnel functions with business plans was more likely to exist in large firms than small firms.

**Figure 6-24 Mapping external integration and firm size.**



This finding is not surprising since, as shown in previous sections, large firms were more likely to plan and to have clear business objectives than small firms, and as such, to have more chance for linking personnel functions to them, at least in one way integration (top-down), in which the implications of plans and objectives will be translated into human resource objectives. However, this issue needs to be addressed in further studies.

**Table 6-37 Tabulation of observed (Fo ) and expected (Fe) frequencies of firm size by linking personnel functions to business plans.**

Personnel functions	The Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
linked	93	108	59	44	152
not linked	86	71	14	29	100
Total	179		73		

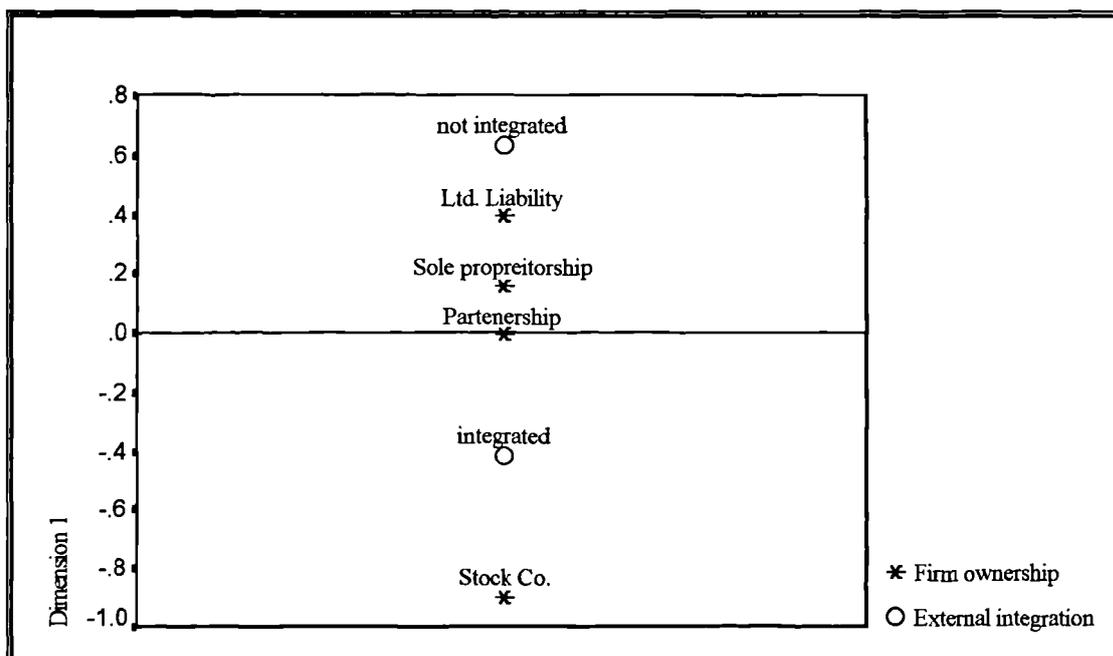
chi-square value = 16.86; D.F. = 1; Significance level:  $p < .001$   
Continuity correction is considered in above calculation of chi-square value.

**Table 6-38** Tabulation of observed ( $F_o$ ) and expected ( $F_e$ ) frequencies of firm ownership by linking personnel functions to business plans.

Personnel functions	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	
linked	22	23.5	61	73	49	35.6	20	19.9	152
not linked	17	15.5	60	48	10	23.4	13	13.1	100
Total	39		121		59		33		252

chi-square value = 17.94 ; D.F. = 3 ; Significance level:  $p < .001$

Table 6-38 shows significant differences observed between firms which link personnel functions to business plans and those which do not, regarding firm ownership. The differences were mapped in Figure 6-25 which reveals that integration of personnel functions with business plans was more likely to exist in joint stock companies than the other groups, particularly the private limited Liability companies which seem to be the least involved amongst the groups. Hence joint stock companies, as shown in previous sections, were more organised and formalised. This may provide a base for one way, top-down, integration of personnel functions with business objectives and plans.

**Figure 6-25** Mapping external integration and firm ownership.

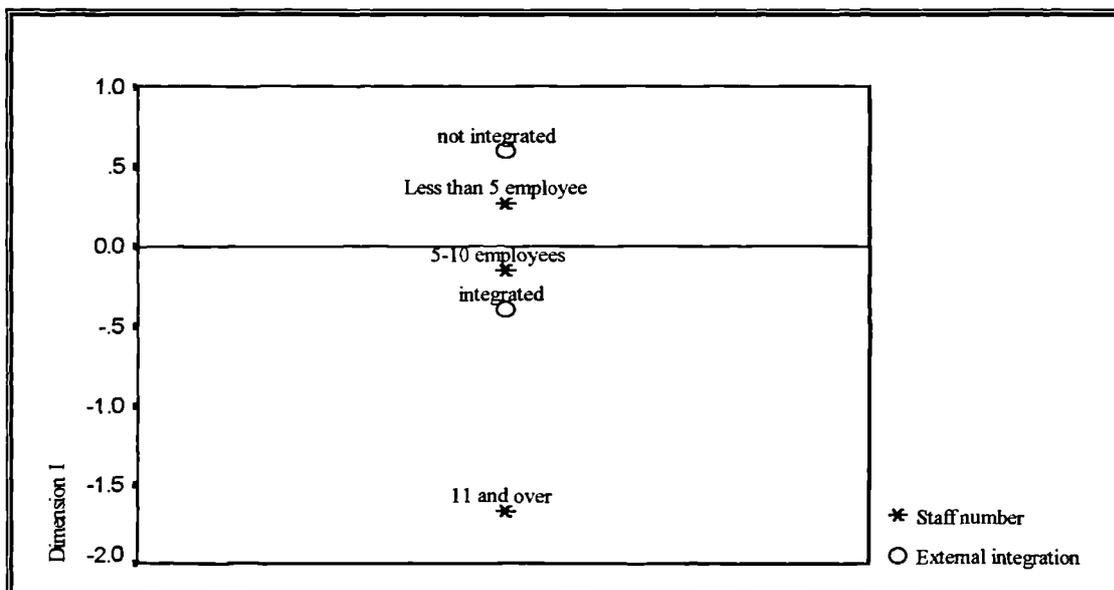
**Table 6-39** Tabulation of observed (Fo ) and expected (Fe) frequencies of personnel department size by linking personnel functions to business plans.

Personnel functions	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
linked	82	91.7	53	50.1	17	10.3	152
not linked	70	60.3	30	32.9	0	6.7	100
Total	152		83		17		252

chi-square value = 14.19; D.F. = 2; Significance level:  $p < .001$

Table 6-39 shows significant differences observed between firms which link personnel functions to business plans and those which do not, regarding the size of personnel department. The differences were mapped in Figure 6-26 which reveals that integration of personnel functions with business plans was more likely to exist in firms which have more than eleven employees in the personnel department than those with fewer employees. This finding might be ascribed to the fact that, since linking personnel functions to business plans and objectives will involve analysis of the implications of plans and objectives, at least in case of one way integration (top- down), this in turn might mean involvement of more staff to accomplish this task.

**Figure 6-26** Mapping external integration and personnel department.



**Participation of people involved in HRP in their firm's board meetings .**

The participation of people involved in HRP in their firm's board meetings, can indicate a strategic view of HRP and the consideration given to this function as well as the degree of integration of this function with strategic business planning. In this section considering firms which do not engage in HRP, the participants were asked if the people involved in estimating manpower requirements participated in board meetings. The analysis (Table 6-40) shows that a majority (n=155 participants; 61 percent) reported that they do participate in the board meetings; in contrast (n=100 participants; 39 percent) reported they did not participate in board meetings. Participation of those people in the board is a positive sign, it might not truly reflect a strategic view of HRP, because, as shown in the previous section, line managers being the people most involved in estimating manpower requirements, thus their participation in the board may reflect more interest in their main functions. A high rate of positive answers can also be attributed to the small size of the participants' firms (see Table 6-41), in which the people involved in estimating manpower requirement are themselves the board or the top management, which means that HRP may not be their top priority in the board meetings. Nevertheless, there is also a large group, almost 40 percent, reporting that those people do not participate in the board meetings. This indicates the absence of integrated HRP with strategic business planning, in which as Burack, (1980) stated ,HRP is seen as the servant of business planning (i.e. human resource planners should translate the business strategy figures into manpower requirements). In terms of the Western model, Bramham, (1986) has pointed out that a one way (top-down) HRP is no longer possible because the operations of many organisations is dependent on manpower supply either quantitatively or qualitatively. Saudi firms have

---

not yet reached this point. Thus, this position can be attributed to the availability of the manpower, as firms have not yet faced manpower supply problems.

**Table 6-40** Distribution by participation of HR planners in board meetings.

	Frequency	Percent
Yes	155	60.8
No	100	39.2
<b>Total</b>	<b>255</b>	<b>100</b>

**Table 6-41** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm size by participation of HR planners in board meetings.

HR planners participant in the board	The Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
Yes	118	110.6	37	44.4	155
No	64	71.4	36	28.6	100
<b>Total</b>	<b>182</b>		<b>73</b>		<b>255</b>

chi-square value = 3.80; D.F. = 1; Significance level:  $p < .051$

Continuity correction is considered in above calculation of chi-square value.

Further analysis was conducted to examine whether firms which involved human resource planners in the firm board meetings differ in terms of demographic data from those which do not. The results revealed significant differences between them in terms of : firm size (Table 6-41), firm ownership ( Table 6-42), firm activity (Table 6-43) and the managerial team of the firm (Table 6-44).

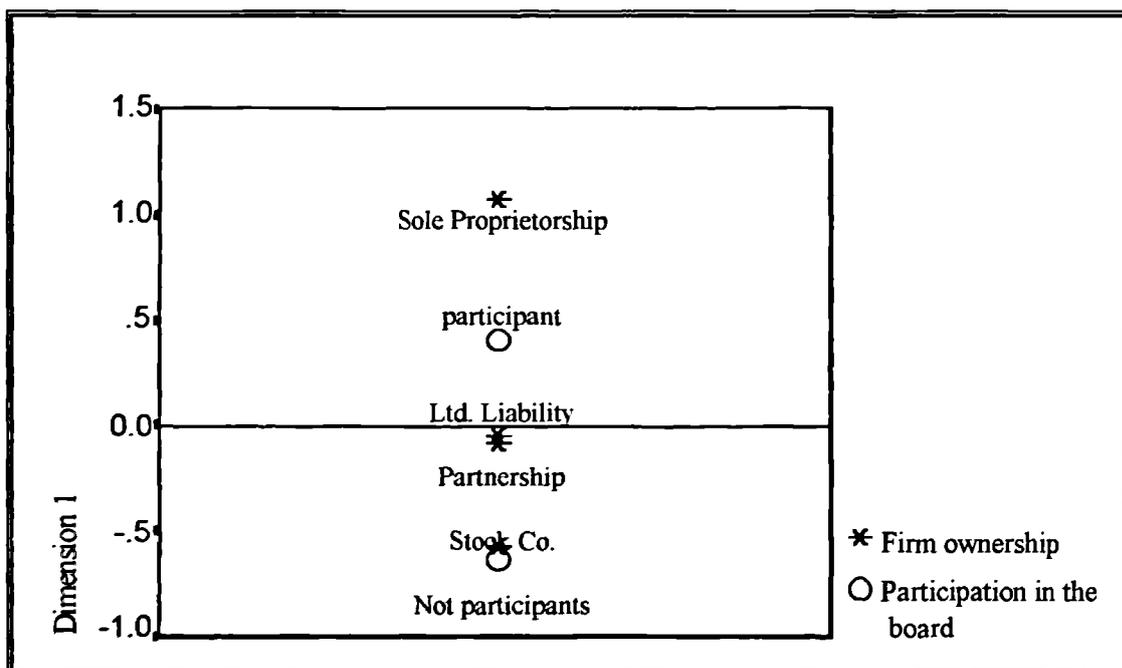
**Table 6-42** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm ownership by participation of HR planners in board meetings.

HR planners participant in the board	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	35	24.3	72	73.5	28	36.5	20	20.7	155
No	5	15.7	49	47.5	32	23.5	14	13.3	100
<b>Total</b>	<b>40</b>		<b>121</b>		<b>60</b>		<b>34</b>		<b>255</b>

chi-square value = 17.13 ; D.F. = 3 ; Significance level:  $p < .001$

Table 6-42 shows the significant differences observed between the firms which involving human resource planners in firm's board meetings and those which do not, regarding the firm ownership. The differences were mapped in Figure 6-27 which reveals that human resource planners' participation in firms' board meetings was more likely to exist in sole proprietorship firms than the other groups, particularly joint stock companies which seem, as the map shows, to be the less likely to involve them in board meetings. It might be that the board of stock companies involves the company shareholders with only the people who occupy the highest hierarchical positions in the company (top managers), thus, HR planners might not be involved in the board. In contrast, sole proprietorship firms, are less likely to involve complicated managerial styles which might make a distinction between certain managerial levels within the firm. In particular, the previous sections have revealed the distinction of stock companies of the others, in being more complicated managerially in terms of organisation, formalisation and bureaucracy.

**Figure 6-27 Mapping participation of HR planners and firm ownership.**

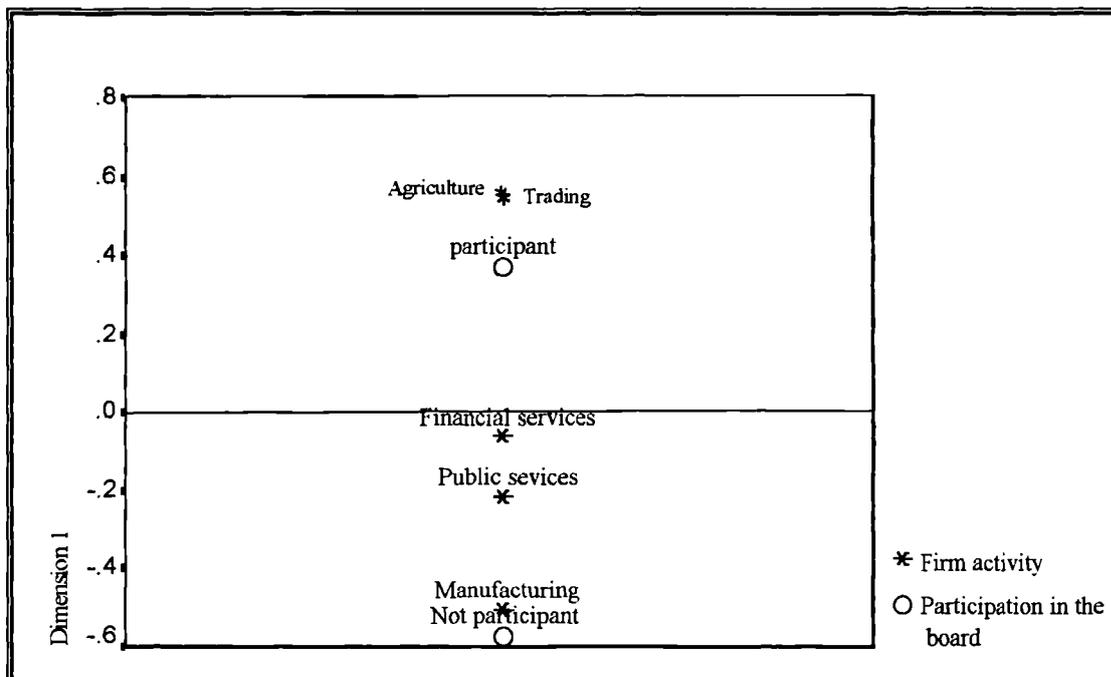


**Table 6-43** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm activity by participation of HR planners in board meetings.

HR planners participant in the board	Firm Activity										Total
	Agriculture		Trading		Public services		manufacturing		financial services		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	22	18.2	51	42.5	19	20.7	44	54.1	19	19.5	155
No	8	11.8	19	27.5	15	13.3	45	34.9	13	12.5	100
Total	30		70		34		89		32		255

chi-square value = 11.43; D.F. = 4 ; Significance level:  $p < .022$

Table 6-43 shows that significant differences were observed between firms which involved human resource planners in firms' board meetings and those which do not regarding firm activity. The differences were mapped in Figure 6-28 which reveals that agricultural and trading firms were more likely to involve human resource planners in the firms' board meetings than manufacturing companies. No immediate explanation of this phenomenon can be provided of our data, therefore it is suggested for further study.

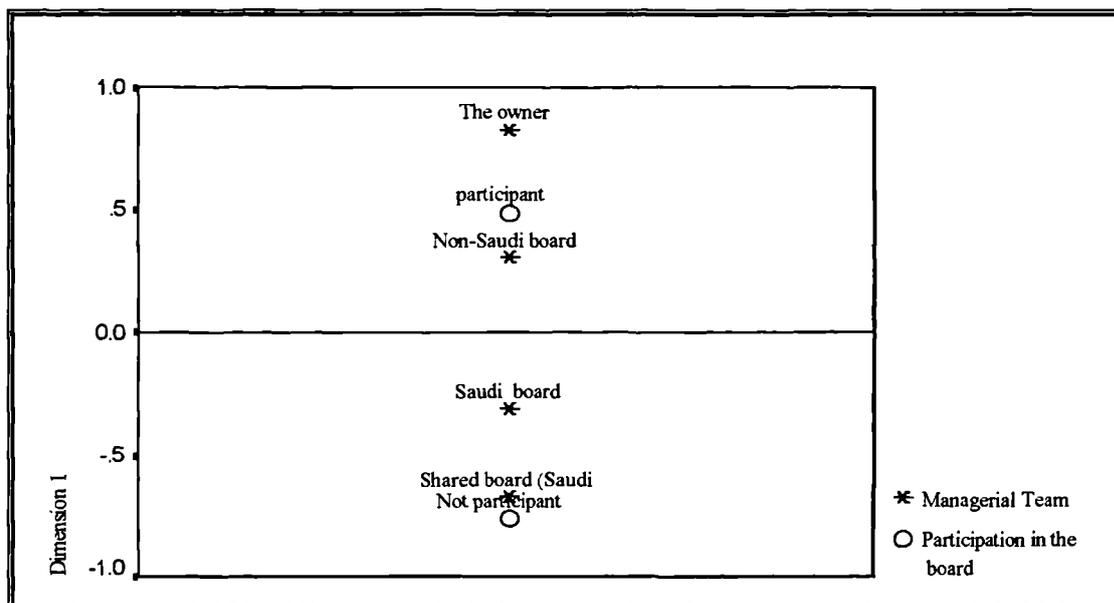
**Figure 6-28** Mapping participation of HR planners in board meetings and firm activity.

**Table 6-44** Tabulation of observed ( $F_o$ ) and expected ( $F_e$ ) frequencies of firm managerial team by participation of HR planners in board meetings.

HR planners participant in the board	Managerial team								Total
	The owner		Saudi board		Non-Saudi board		Shared board		
	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	
Yes	71	50.5	53	62.6	7	6.1	24	35.9	155
No	12	32.5	50	40.4	3	3.9	35	23.1	100
Total	83		103		10		59		255

chi-square value = 35.46; D.F. = 3 ; Significance level:  $p < .001$

Table 6-44 shows that significant differences were observed between firms which involved human resource planners in the firms' board meetings and those which do not regarding the managerial team of the firm. The differences were mapped in Figure 6-29 which reveals that the firms managed by the owner and those managed by a non-Saudi board were more likely to involve human resource planners in the firms' board meetings than firms managed by a shared board. This supports our interpretation of the relationship with firm ownership, since sole proprietorship firms are more likely to be managed by the owner, which proved here to be most likely to involve human resource planners in board meetings.

**Figure 6-29** Mapping participation of HR planners and the managerial team.

### **Co-ordination between the personnel department and line departments.**

*The individual departments within an organization (subsystems within system ) may function well in terms of their own objectives but still not serve the objectives of the organization. This is because of a lack of coordination between departments,...Curtis (1995) p. 46.*

Co-ordination between the personnel department and line departments is very important because it is the personnel department which is mainly responsible for providing line departments with their manpower needs as shown in the previous section. The absence of job descriptions makes it difficult for the personnel department to select the right person, which involves the participation of the line departments in the process of selection. The personnel department can also play a key role in mobilising manpower between the different departments according to their actual needs, to ensure integration between these departments and to avoid such a departments being over-staffed while others suffers a manpower shortage. Also the personnel department, as mentioned by some of the participants, plays an important role in justifying the manpower needs of the other departments, since they usually over-estimate their needs (a point mentioned by Sibson, 1992). However, the participants were asked if there was co-ordination between the personnel department and line departments in the process of estimating manpower needs. The result ( Table 6-45) shows that the largest group (n=152 participants; 59 percent) reported that there is co-ordination, but also a large group (n=104 participants; 41 percent) reported no co-ordination. This indicates a real problem in the firms.

**Table 6-45 Distribution by co-ordination between personnel department and line departments.**

	Frequency	Percent
Yes	152	59.4
No	104	40.6
Total	256	100

---

**The clarity of personnel department objectives.**

The personnel department is the one department which is supposed be involved in all manpower related issues (recruitment, selection, training, promotions, etc.). Thus clear objectives of the personnel department will help in choosing the best set of personnel policies to achieve them. Without clear personnel department objectives these functions will work in isolation from each other, as well as in isolation from such a central base, to co-ordinate their directions to ensure, on the one hand that there is no conflict between them, and on the other hand to ensure that there is no duplication in achieving such goals which can be considered waste of resources (e.g. recruiting for a job at the same time that there is a training for this job). This activity refers to so-called internal integration or vertical integration ( Iles *et al.*, (1993) ; Alpander, 1982 ). This dimension of integration is very important for an organisation looking for efficient use of its resources.

Participants were asked if the objectives of the personnel department were clear. The responses presented in Table 6-46 indicate that the majority (n=160, 62 percent) reported clear objectives for their personnel department, but in contrast there was also a comparatively large group, almost a third (n=82; 32 percent) reporting no clear objectives for their personnel department. Again the high rate of positive answers could be attributed to the seniority of the respondents in their firms. However, this finding reflects the limited role of the personnel department in these firms. Hence interviews revealed that there are no written objectives for the personnel department, and it functions mainly as a clerk for day to day management concerns. The personnel manager in a small trading company has admitted this saying “yes our department has a mission but no specific objectives for what to do next week, other than of the daily routine”. This actually means that they function like a shop waiting for an order from a customer, (i.e. to complete the procedures for

---

retiring employees, or to recruit an employee). This is also an indication of less consideration being given to human resources in these firms; again it could be attributed to the large supply of cheap manpower. This issue need to be addressed in further study.

**Table 6-46 Distribution by clarity of personnel department objectives.**

	Frequency	Percent
Yes	160	62.5
No	82	32
Do not know	14	5.5
Total	256	100

Further analysis was conducted to examine whether firms which have clear personnel department objectives differ in terms of demographic data from those which do not. The results revealed significant differences between them in terms of : firm activity (Table 6-47), and the size of personnel department (Table 6-48).

**Table 6-47 Tabulation of observed (Fo ) and expected (Fe) frequencies of firm activity by clarity of personnel department objectives.**

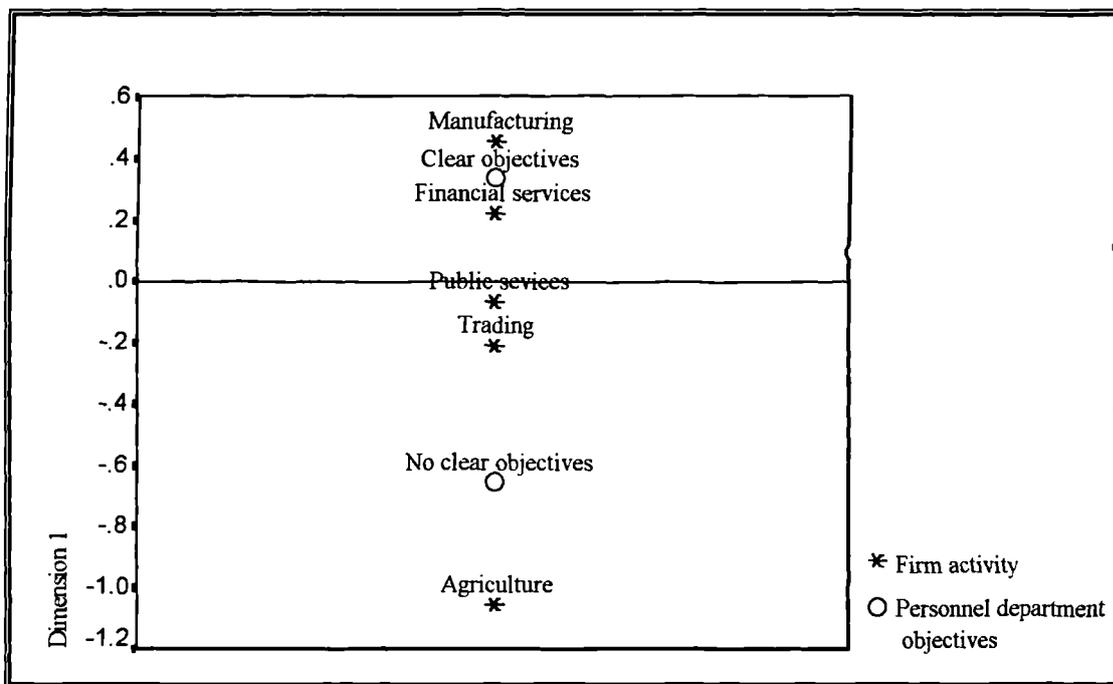
Personnel department objectives	Firm Activity										Total
	Agriculture		Trading		Public services		manufacturing		financial services		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Clear	12	18.5	40	43	22	22.5	64	55.5	22	20.5	160
not clear	16	9.5	25	22	12	11.5	20	28.5	9	10.5	82
Total	28		65		34		84		31		242

chi-square value = 11.53; D.F. = 4 ; Significance level:  $p < .021$

Table 6-47 shows that significant differences were observed between firms which reported clarity of personnel department objectives and those which do not, regarding firm activity. The differences were mapped in Figure 6-30 which reveals that personnel department objectives were less likely to be clear in agricultural firms compared with the other groups. In contrast they were more likely to be clear in manufacturing and

financial services companies. Thus, as mentioned earlier, it may be that manufacturing may involve very skilled staff, which means less flexibility of manpower mobilisation. This would involve paying more attention to this resource, and as such pre-setting objectives to avoid shortages. On the opposite side, agricultural companies may not involve very skilled employees, thus manpower will be more flexible. However, further studies are needed to confirm this explanation and to provide a more thorough explanation of this phenomenon.

**Figure 6-30 Mapping clarity of personnel department objectives and firm activity.**



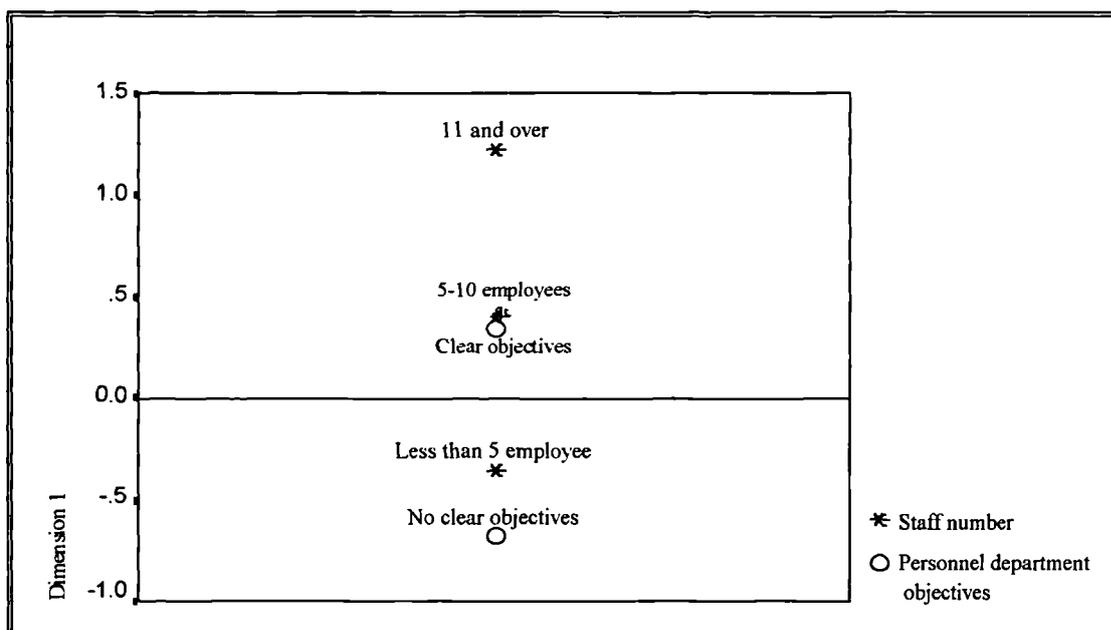
**Table 6-48 Tabulation of observed (Fo ) and expected (Fe) frequencies of personnel department size by clarity of personnel department objectives.**

Personnel department objectives	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
Clear	86	97.9	58	50.9	16	11.2	160
not clear	62	50.1	19	26.1	1	5.8	82
Total	148		77		17		242

chi-square value = 13.1; D.F. = 2; Significance level:  $p < .001$

Table 6-48 shows the significant differences observed between firms which reported clarity of personnel department objectives and those which do not, regarding the size of personnel department. The differences were mapped in Figure 6-31 which reveals that personnel department objectives were more likely to be clear in firms which have more than five employees in the personnel department. Having a larger personnel department may indicate more responsibility for the department, which might mean involvement in more than routine work, such as research, reporting and planning, which will need clear objectives to ensure the success of these tasks. This might be a possible explanation of this phenomenon.

**Figure 6-31 Mapping the clarity of personnel department objectives and the size of personnel department.**



### Co-ordination of personnel department activities (functions).

Internal integration of personnel department functions is considered to be an important sign of effective HRP. The importance of co-ordinating personnel department policies, and choosing the best set of integrated individual policies for personnel functions (e.g.

recruitment, training, or promotion) to achieve corporate objectives has been argued by many Western authors, as Alpander, 1982; Iles *et al.*, 1993; Glueck, 1982. An example provided by Bennis (1991) cited in Rothwell (1995) shows a firm in which each policy had been cost-justified, but investigating the original proposals revealed that each policy ignored the existence of every other policy, and each was based on an assumption of reducing labour turnover by 10 percent per annum.

Participants were asked if there is co-ordination between the personnel function in their firms. The analysis shows that the majority ( n=134 participants; 58 percent) have made the claim that co-ordination exist between personnel function's policies ( Table 6-49). However, in contrast there is also a large group reporting that co-ordination does not exist. Having seen the low consideration given to HRP in these firms, besides the ambiguity of firm objectives, and even the personnel department's objectives in some firms, this reinforces our scepticism in respect of the awareness of these firms of the importance of HRP. Thus this point should be addressed in further studies to clarify integration of the implementation of these policies.

**Table 6-49** Distribution by the existence of co-ordination between personnel department activities.

	Frequency	Percent
Yes	134	58
No	99	42
Total	233	100

Further analysis revealed significant differences between the firms which reported integrated personnel department functions and those which do not in terms of : firm size (Table 6-50) firm ownership (Table 6-51), the managerial team of the firm (Table 6-52), and the size of personnel department (Table 6-53).

**Table 6-50** Tabulation of firm size by the integration of personnel functions.

Integrated personnel functions	The Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
Yes	106	97.2	28	36.8	134
No	63	71.8	36	27.2	99
Total	169		64		233

chi-square value = 6.08; D.F. = 1; Significance level:  $p < .01$   
 Continuity correction is considered in above calculation of chi-square value.

Table 6-50 shows the significant differences observed between firms which reported that personnel department functions were integrated and those which do not, regarding the firm size. It reveals that personnel department functions were more likely to be integrated in small firms than large firms. In large firms the responsibility for these functions could be spread over many departments (e.g. training department, employment department, etc.), which makes it difficult to co-ordinate these functions, whereas in small firms this might be the responsibility of one department or even one man. Table 6-53 supports this explanation. This is a possible explanation of this phenomenon.

**Table 6-51** Tabulation of firm ownership by integrating personnel functions.

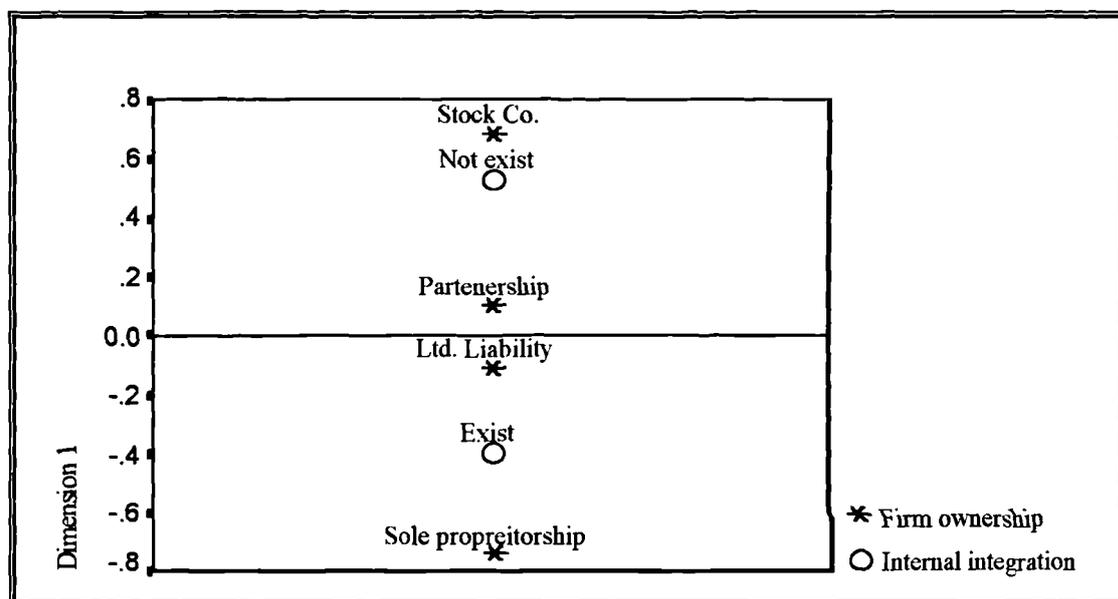
Integrating personnel functions	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	29	22.4	66	63.3	23	31.6	16	16.7	134
No	10	16.6	44	46.7	32	23.4	13	12.3	99
Total	39		110		55		29		233

chi-square value = 10.41; D.F. = 3; Significance level:  $p < .015$

Table 6-51 shows the significant differences observed between the firms which reported that personnel department functions were integrated and those which do not, regarding firm ownership. The differences were mapped in Figure 6-32 which reveals

that stock companies were less likely to integrate these functions than the other groups, whereas sole proprietorship firms were the more likely to integrate these functions. Although joint stock companies in many of the previous sections tended to be managerially more advanced better than the other groups, the situation here is different. They tend to be less advanced in terms of integration of personnel department functions. No immediate explanation of this phenomenon can be provided, therefore it is suggested for further study.

**Figure 6-32 Mapping integration of personnel functions and firm ownership.**



**Table 6-52 Tabulation of managerial team by integrating personnel functions.**

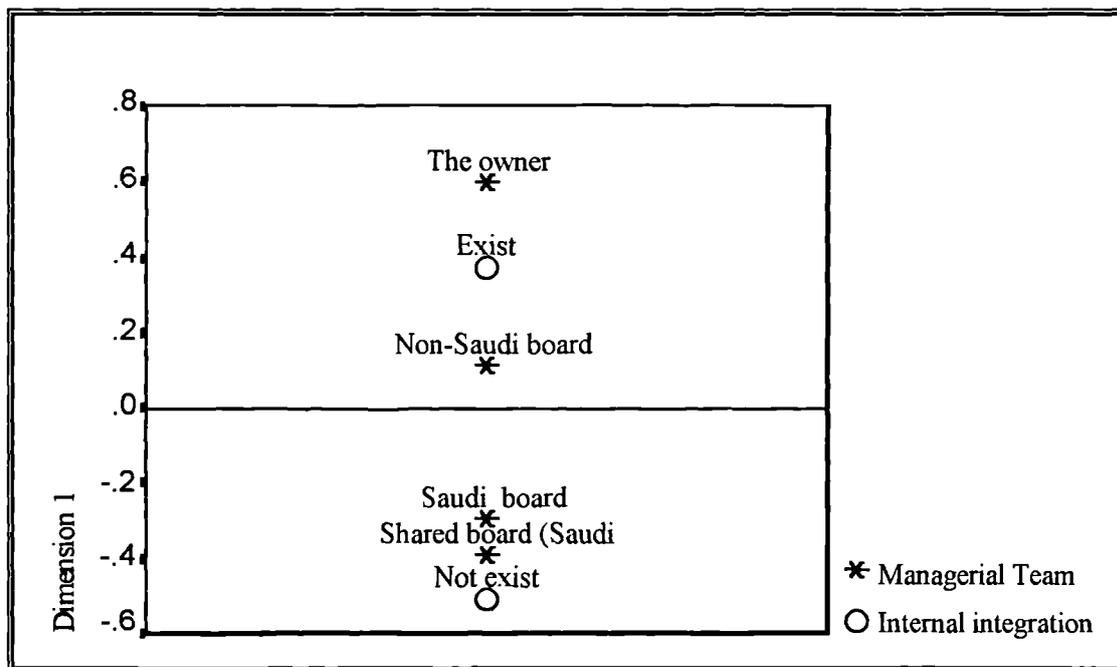
Integrating personnel functions	Managerial team								Total
	The owner		Saudi board		Non-Saudi board		Shared board		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	55	44.5	47	52.9	6	5.8	26	30.5	134
No	23	33.1	45	39.1	4	4.2	27	22.5	99
Total	78		92		10		53		233

chi-square value = 8.52; D.F. = 3 ; Significance level:  $p < .036$

Table 6-52 shows the significant differences observed between firms which reported that personnel department functions were integrated and those which do not, regarding

the managerial team of the firm. The differences were mapped in Figure 6-33 which reveals that integration of personnel department functions was more likely in firms managed by the owner, than the firms managed by a shared board or Saudi board. This might explain the previous relationship with firm ownership, since sole proprietorship firms are more likely to be managed by the owners, who proved here to be most likely to integrate personnel department functions than the other groups. Again this might be attributed to the influence of a pattern among the participant firms (i.e. the small firms are more likely to be sole proprietorship and managed by the owner).

**Figure 6-33** mapping integration of personnel functions and the managerial team of the firm.



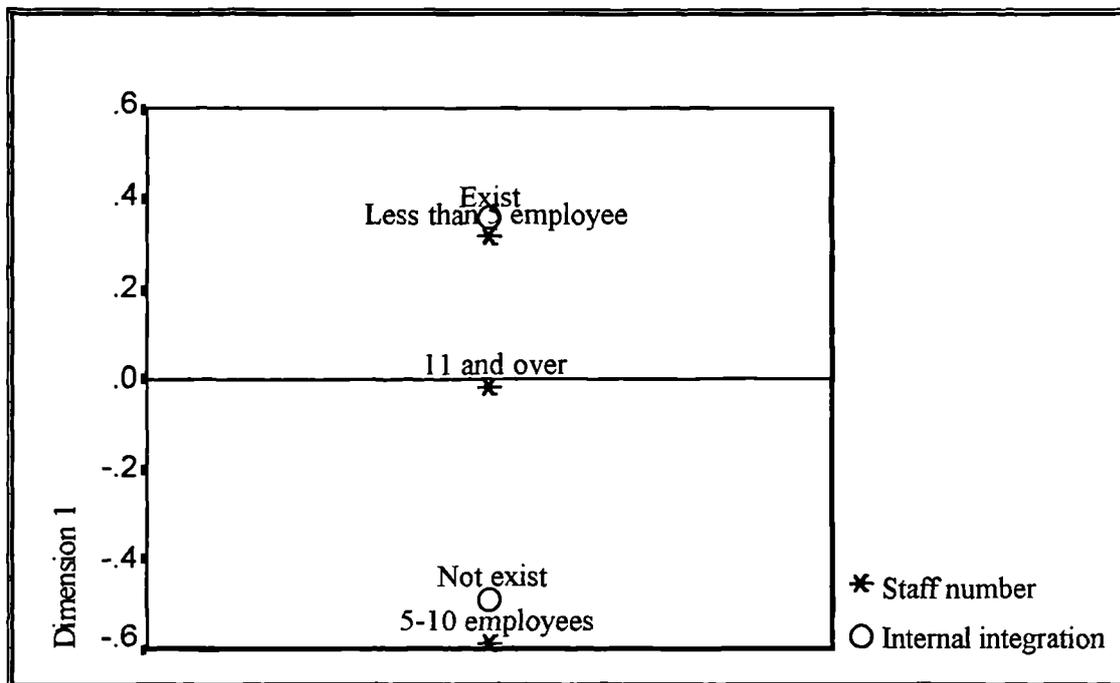
**Table 6-53** Personnel department size by integrating personnel functions.

Integrating personnel functions	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
Yes	91	81.7	35	44.3	8	8.1	134
No	51	60.3	42	32.7	6	5.9	99
Total	142		77		14		233

chi-square value = 7.09; D.F. = 2; Significance level:  $p < .028$

Table 6-53 shows the significant differences observed between firms which reported that the personnel department functions were integrated and those which do not, regarding the size of the personnel department. The differences were mapped in Figure 6-34 which reveals that personnel department functions were more likely to be integrated in firms which have less than five employees in the personnel department than those with five to ten employees. However, as indicate the earlier sections, it might be that smaller personnel departments do not have very complicated personnel functions, which means that these functions might be undertaken by one man, which could mean that their integration might not be as problematic as that of more complicated functions which require the involvement of many persons or even departments. This might be an explanation of this phenomenon.

**Figure 6-34 Mapping internal integration and personnel department.**



---

***PERCEPTIONS TOWARD HRP :***

The previous section was mainly concerned with examining issues related to the actual practices of the firms, to articulate these practices and to be used as an indirect indication of the firm's perceptions towards HRP. The following section is directly concerned with the respondents' perception of HRP, and the influence of such practices on these perceptions.

**The need for HRP.**

The participants were asked to indicate if they thought the HRP function was necessary for their firms. This was to discover whether these firms were aware of the important role of HRP. It was found that almost 60 percent of the participants (which were not involved in formal HRP) reported that they think HRP is a necessary function (Table 6-54). Again this answer is subject to some scepticism, because, as indicated by the following point regarding HRP barriers, if HRP was really regarded as vital it is unlikely that its key barriers (e.g. the lack of information) would have been neglected. Although, this finding indicates that a large group is aware of the important role of HRP, the question to be raised is, why do they not plan if they aware of the important role of planning? The probable explanation is that HR has not reached the priority level of other resources yet. This could happen when they face situations like those which led to the emergence of HRP in the western countries: tight labour markets, strong competition, and lack of such skills. The massive rise in the cost of entry visas for foreign workers, announced in January 1995, suggests that the Kingdom may be moving towards decisive action on Saudiization. The plan to replace foreign workers with nationals has long been declared a vital objective. The government intention to Saudiize the private sector's manpower is clear. However, the fee hike might slow the

---

influx of foreign labour or it might prove to be no more than a handy revenue earner. Whatever the outcome, there can be no dispute that policy implementation has lagged far behind the rhetoric (Montagu 1995). Thus, further changes in government policies and the legislation of labour market and employment are expected. This might involve higher wages, and create competition for the available manpower. Again this is another indication of the absence of studies of the external environment. This study recommends earlier involvement in HRP as a proactive response to these situations.

**Table 6-54 Distribution by need for HRP.**

	Frequency	Percent
Yes	147	60.2
No	97	39.8
Total	244	100

#### **The barriers to formal HRP.**

Participants were asked to indicate what they thought were the barriers to applying formal human resource planning in their firms. Four barriers were suggested to them besides an open one (i.e. others) to report any other barriers which are not listed. The listed barriers were as follows:

- Lack of manpower information.
- Insufficient top management commitment.
- Lack of line management co-operation.
- Low priority of planning compared with immediate management concerns.
- Others.

The analysis ( Table 6-55 ) reveals that the most dominant barriers were the lack of manpower information (n=133; 52 percent) and the low priority of planning compared with immediate management concerns (n=133 participants; 52 percent). It should be

mentioned that the percentage is over 100 because the participants could choose as many as they wanted. Insufficient top management commitment was reported by a relatively large group of the participants (n=87 participants; 34 percent). Lack of line management co-operation got the lowest frequency (n=63 participants; 25 percent) as a barrier to formal human resource planning. Participants also reported other barriers which were not listed, the total others is n=62 (24 percent). The other barriers were dominated by the lack of qualified people to undertake this activity. Also a few reported no need for human resource planning.

While many firms identify a lack of information as a major barrier of HRP, then HRP is not strategically concerned, since functions which were strategically concerned, will not be hindered by a lack of information. Other evidence of a lack of strategic concern for HRP is the low priority given to planning as the major barrier in introducing systematic HRP. This reinforces our scepticism in respect of the awareness of these firms of the importance of HRP.

**Table 6-55 Distribution of the barriers of formal HRP.**

	Frequency	Percent
Lack of manpower information	133	52
Low priority of planning	133	52
Insufficient top management commitment	87	34
Lack of line management co-operation	63	24.6
Others	62	24.2

#### **Efficiency of manpower utilisation.**

Achieving high rates of efficiency of manpower utilisation is one of the main aims of human resource planning. It would be a great loss paying for skills and abilities which will not be used efficiently. In this regard the participants were asked if the skills and abilities of their manpower were used efficiently. The analysis of the responses ( Table

6-56 ) shows that a large group, almost half of the participants (n=122; 49 percent) reported that their manpower is not utilised efficiently. Two things actually could be concluded from this: either they do not know how to make efficient use of their manpower; or they can, but the low cost of manpower has made them not bother with a certain level of under utilisation. This level will not be acceptable if they face significant competition. In conclusion effective HRP helps improve manpower utilisation. How effective HRP in these firms is clearly a topic for further analysis.

**Table 6-56 Distribution by efficiency of manpower utilisation.**

	Frequency	Percent
Yes	126	50.8
No	122	49.2
Total	248	100

**Relating manpower costs to production costs.**

Relating human resource costs to production costs will show the relative significance of the human resource. Thus, participants were asked if they undertook such estimations of labour costs as a percentage of production costs. The results showed again that the largest group (n=144 participants; 58 percent ) reported that their firms did not relate the costs of human resources to the production costs ( Table 6-57 ). This indicates either lack of awareness of these costs, or such costs being considered low and which could be ignored. Both will result in an under-estimation of the importance of human resource planning compared with other resources planning.

**Table 6-57 Distribution by relating manpower costs to production costs.**

	Frequency	Percent
Yes	104	41.9
No	144	58.1
Total	248	100

### **Effectiveness of manpower pay and benefits systems.**

The effectiveness of manpower pay and benefits systems is very important to ensure highly motivated manpower, beside the need to review the benefits which are no longer important, such as those introduced for the purpose of manpower retention in a period of manpower shortage. Participants were asked if they conducted an evaluation of the effectiveness of pay and benefits in retaining and encouraging their workers. The responses indicated that the majority (n=151 participants; 60 percent) reported they did not evaluate the effectiveness of pay and benefits ( Table 6-58 ). Again this finding is another parameter and explanation of the low consideration being given to human resources as well the absence of attention of these firms to the important role of human resource planning.

**Table 6-58    Distribution by effectiveness of manpower pay and benefits.**

	Frequency	Percent
Yes	102	40.3
No	151	59.7
<b>Total</b>	<b>253</b>	<b>100</b>

### **Observation of manpower costs in terms of costs the employment of foreigners' and their training.**

The absence of such observation of the employment and training costs of foreign manpower can explain the negligence towards these costs, and as such the low consideration given to HRP in these firms. Thus the participants were asked to indicate if their firms make any observation of these costs. The responses showed that the largest group (n=132 participants; 54 percent) reported that these costs are not observed ( Table 6-59 ). However, This might explain the lesser consideration given to human resources

compared with the other resources. Furthermore, if these costs are taken into account in the comparison between the wages of Saudi manpower and that of non-Saudis, then, the point about wage differences between Saudi and non-Saudi manpower may not apply.

**Table 6-59** Distribution by observation of manpower costs in terms of importing and training costs

	Frequency	Percent
Yes	112	45.9
No	132	54.1
Total	244	100

#### **Analysis of the perceptions towards HRP.**

The following section aims to present any observed significant differences, in terms of firm characteristics or practices, which might influence the perceptions toward the necessity of HRP. Initially the perceptions were examined against the demographic firm characteristics to explore any significant relationships with them, which may explain the perceptions toward HRP. Then they were examined against certain practices of the firm, such as awareness of the cost of manpower, and so on, which could also influence their perceptions towards HRP.

#### ***An analysis of the significant differences in the perceptions toward HRP regarding the firm characteristics***

In regard of the demographic firm characteristics, significant differences were observed between firms which reported that HRP is a necessary function and those which do not, in terms of: the firm size (Table 6-60), the size of personnel department (Table 6-61), firm ownership (Table 6-62), and firm activity (Table 6-63). The following is a presentation of the observed significant differences.

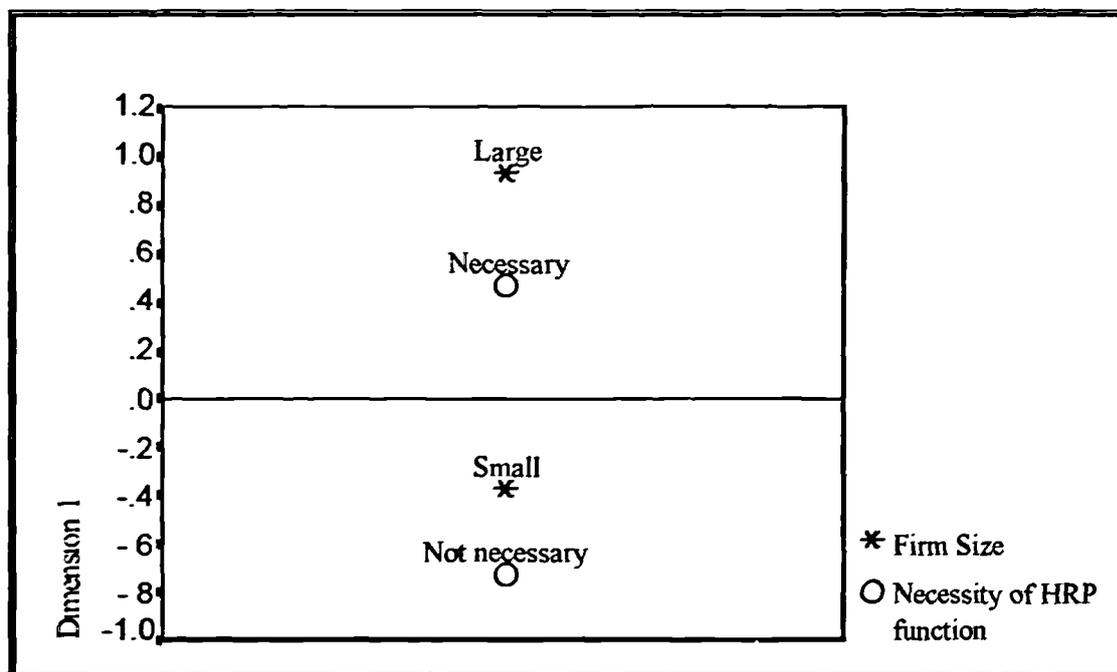
**Table 6-60 The necessity of the HRP function by the firm size.**

HRP function	The Firm size				Total
	Small		Large		
	Fo	Fe	Fo	Fe	
Necessary	87	105.4	60	41.6	147
Unnecessary	88	69.6	9	27.4	97
Total	175		69		244

chi-square value = 28.65; D.F. = 1; Significance level:  $p < .001$

Continuity correction is considered in above calculation of chi-square value.

The values of firm size were combined to validate chi-square test.

**Figure 6-35 Mapping the necessity of HRP function and the firm size.**

#### The necessity of the HRP function and firm size.

Table 6-60 reveals the significant relationships observed between the necessity of the HRP function and the firm size. The mapping of the relationship shows that larger firms were more likely to be aware of the necessity of the HRP function than small firms (Figure 6-35). This finding was not surprising, giving the navigator example of Bramham, mentioned in Chapter Two. Thus, firms with a large number of employees are in more need of planning than those with few employees.

The necessity of the HRP function and the size of the personnel department.

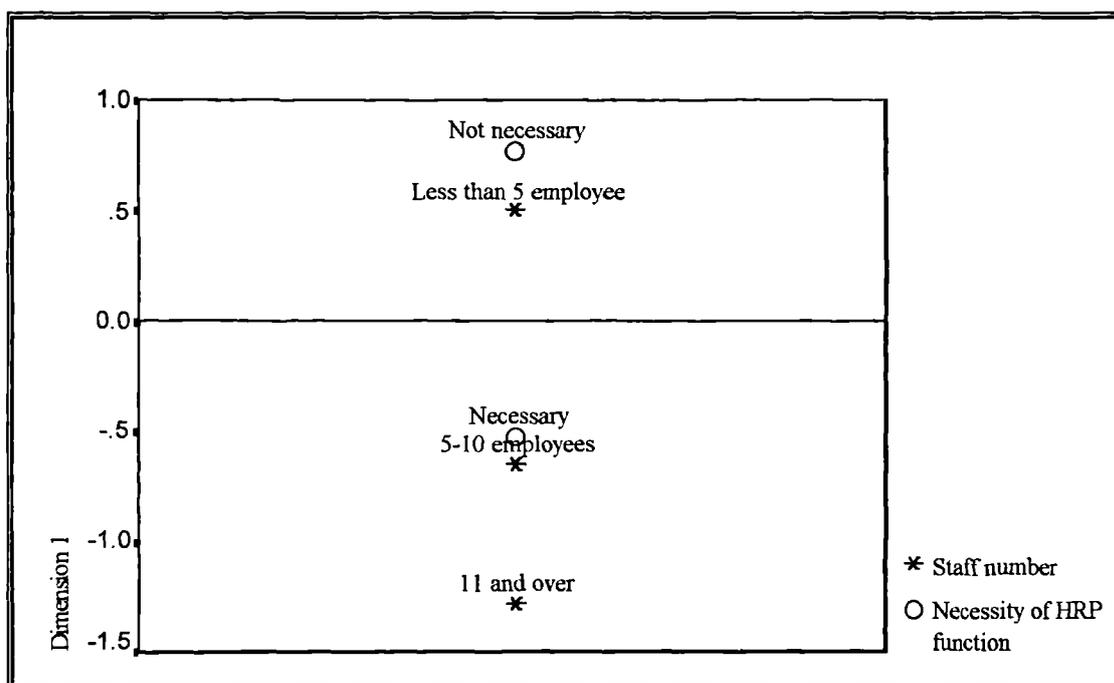
Table 6-61 reveals the significant relationships observed between the necessity of the HRP function and the personnel department's size. The mapping of the relationship shows that the necessity of the HRP function is more likely to be recognised in firms which have larger sized personnel departments ( Figure 6-36 ). It could be concluded that firms which have larger sized personnel departments must be aware of the importance of this resource and as such the necessity of planning for that resource.

**Table 6-61** Tabulation of observed (Fo ) and expected (Fe) frequencies of personnel department size by the necessity of HRP function.

HRP function	Number of personnel department staff						Total
	Less than five		five to ten		11 and over		
	Fo	Fe	Fo	Fe	Fo	Fe	
necessary	65	88	65	48.8	17	10.2	147
unnecessary	81	58	16	32.2	0	6.8	97
Total	146		81		17		244

chi-square value = 39.82; D.F. = 2 ; Significance level:  $p < .001$

**Figure 6-36** Mapping the necessity of HRP function for the firm and personnel department size.



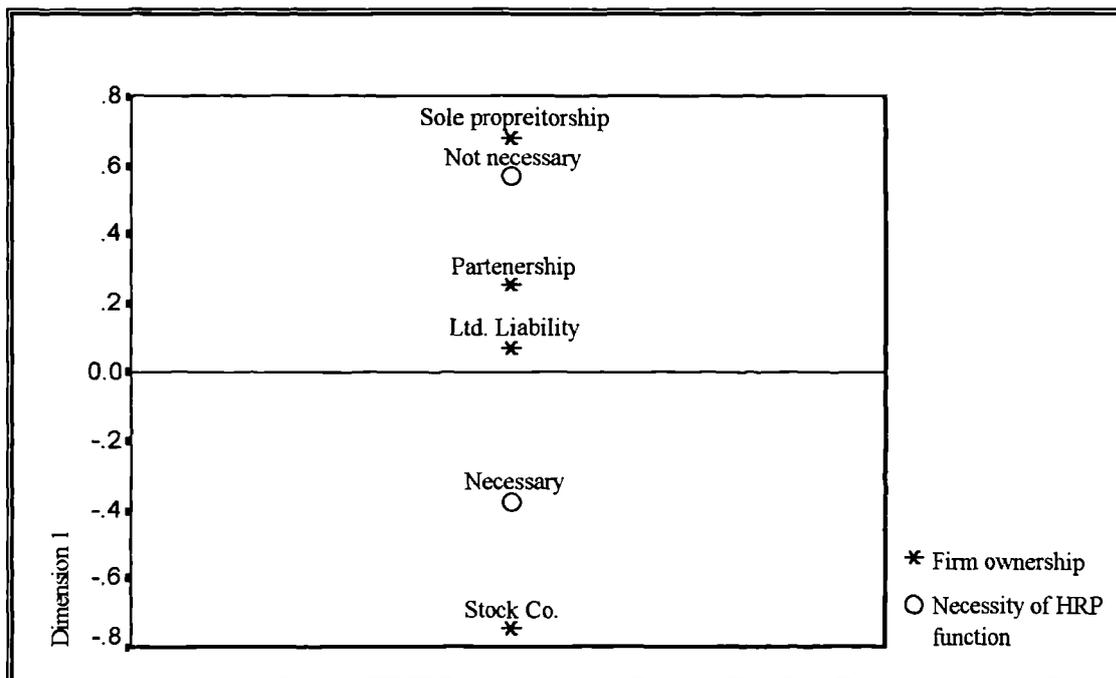
**Table 6-62** Tabulation of observed ( $F_o$ ) and expected ( $F_e$ ) frequencies of the necessity of HRP function for the firm by firm ownership.

HRP function	Firm Ownership								Total
	Sole Proprietorship		Ltd. Liability		Stock Co.		Partnership		
	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	$F_o$	$F_e$	
necessary	17	22.9	68	69.9	44	34.3	18	19.9	147
unnecessary	21	15.1	48	46.1	13	22.7	15	13.1	97
Total	38		116		57		33		244

chi-square value = 11.22; D.F. = 3 ; Significance level:  $p < .01$

The necessity of the HRP function and firm ownership.

Table 6-62 shows the significant differences observed between firms which reported the necessity of the HRP function and those which do not, in terms of firm ownership. The differences were mapped in Figure 6-37 which reveals that joint stock companies more likely to be aware of the necessity of the HRP function than the other groups. In contrast, the sole proprietorship firms were less likely to aware of the necessity of HRP, than the other groups. Based on the preceding findings, it could be conclude that stock companies seems to be more organised and more bureaucratic than other firms.

**Figure 6-37** Mapping the necessity of the HRP function and firm ownership.

The necessity of the HRP function and firm activity.

Table 6-63 shows the significant differences observed between firms which reported the necessity of the HRP function and those which did not, in terms of firm activity. The Table reveals that financial services and public utilities companies were more likely to be aware of the necessity of the HRP function than the other groups. In contrast, agricultural firms were less likely to be aware of the necessity of HRP than the other groups. There is no immediate explanation to this finding can be provided from our data, therefore it is reserved for further studies.

**Table 6-63** Tabulation of observed (Fo ) and expected (Fe) frequencies of firm activity by the necessity of HRP function for the firm.

HRP function	Firm Activity										Total
	Agriculture		Trading		Public services		manufacturing		financial services		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
necessary	12	15.1	38	40.4	24	20.5	48	52.4	25	18.7	147
unnecessary	13	9.9	29	26.6	10	13.5	39	34.6	6	12.3	97
Total	25		67		34		87		31		244

chi-square value = 9.75; D.F. = 4 ; Significance level:  $p < .044$

**Table 6-64** Tabulation of observed (Fo ) and expected (Fe) frequencies of respondent position by the necessity of HRP function for the firm.

HRP function	Respondent position										Total
	Gen. manager		D. Gen. manager		Personnel manager		Line managers		Other		
	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	Fo	Fe	
necessary	20	29.4	17	19.2	57	50.4	38	36	12	9	144
unnecessary	29	19.6	15	12.8	27	33.6	22	24	3	6	96
Total	49		32		84		60		15		240

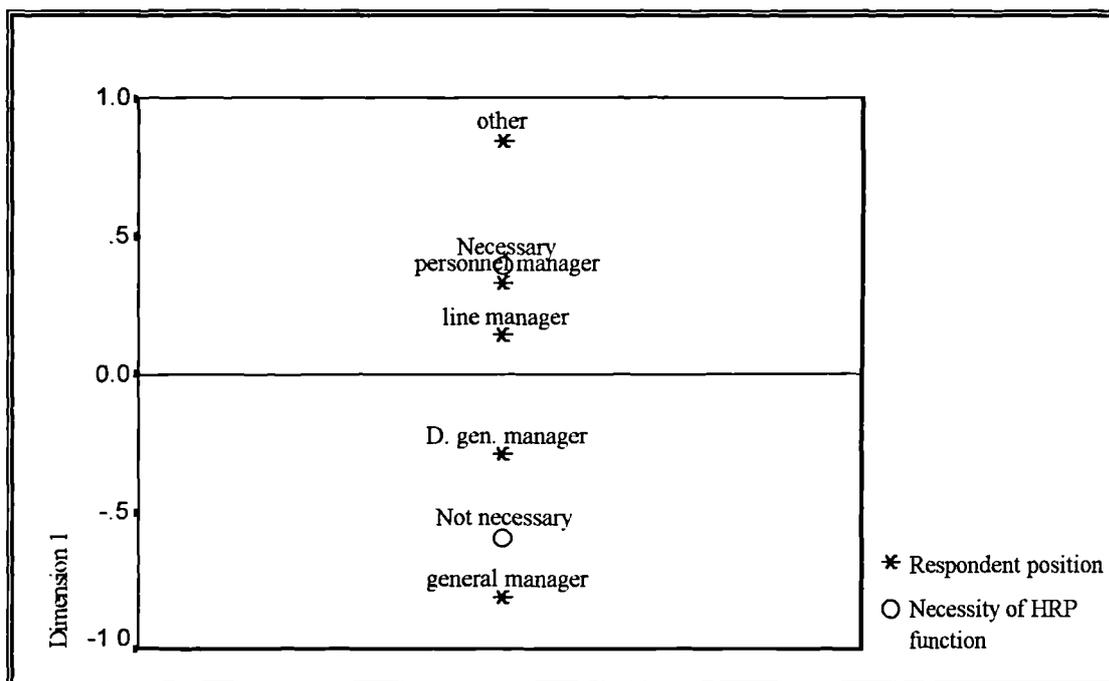
chi-square value = 13.08; D.F. = 4 ; Significance level:  $p < .01$

The necessity of the HRP function and respondent position.

Table 6-64 shows the significant differences observed between respondents who reported the necessity of the HRP function and those who do not, in terms of respondent position. The differences were mapped in Figure 6-38 which reveals that

general managers and their deputies were less likely to be aware of the necessity of HRP function than personnel managers and their subordinates. Even line managers were more likely to aware the necessity of HRP than the general managers and their deputies. This finding is worrying and indicates one of the major barriers to HRP. That was lack of top management commitment.

**Figure 6-38 Mapping the necessity of HRP function and respondent position.**



In general terms, and as discussed above, it could be concluded that joint stock companies, financial and public utilities firms, and firms which have more than five employees in their personnel departments, were more likely to be aware of the necessity of HRP function.

***An analysis of some participant' practices which may influence their perceptions toward HRP.***

The issues which will be examined here are:

- Efficiency of manpower utilisation.
- Relating manpower costs to production costs.
- Observation of foreign manpower costs (importing and training).

**Table 6-65** Tabulation of observed ( $F_o$ ) and expected ( $F_e$ ) frequencies of necessity of HRP function by efficiency of manpower utilisation.

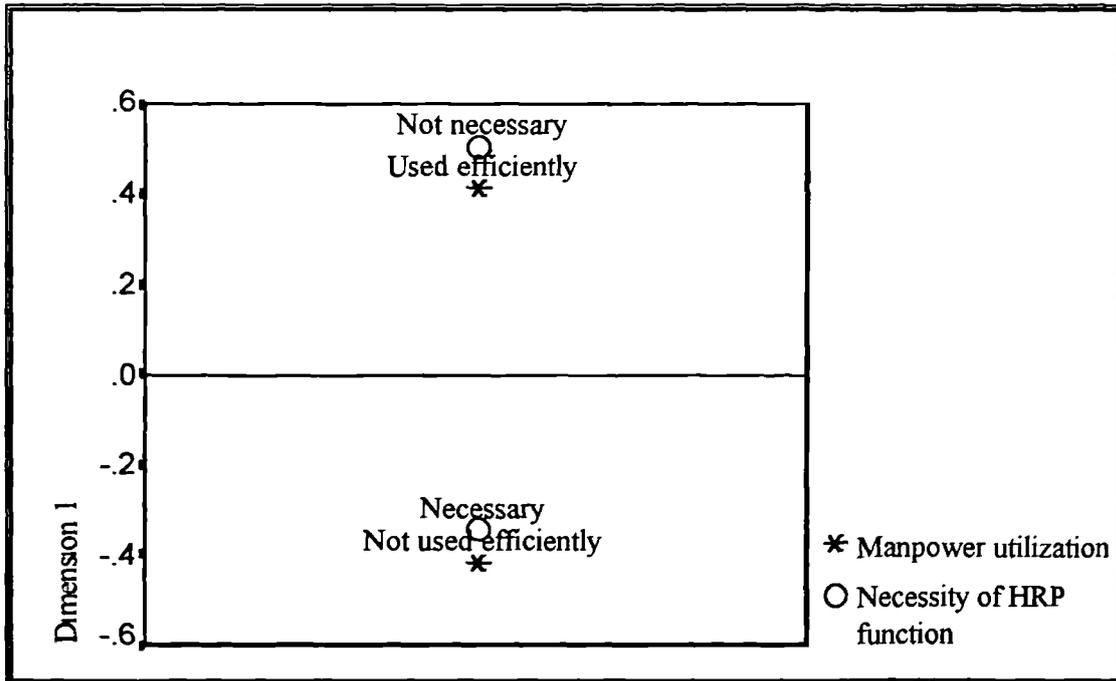
HRP function	Manpower utilisation				Total
	efficient		inefficient		
	$F_o$	$F_e$	$F_o$	$F_e$	
necessary	61	71.2	82	71.8	143
unnecessary	58	47.8	38	48.2	96
Total	119		120		238

chi-square value = 6.55; D.F. = 1 ; Significance level:  $p < .01$   
Continuity correction is considered in above calculation of chi-square value.

The efficiency of manpower utilisation and the necessity of the HRP function.

It has been argued that effective HRP will improve manpower utilisation. Thus, the respondents awareness of this issue was the first thing tested in this section. Table 6-65 shows a significant relationship between the perceptions of the respondents regarding HRP and the efficiency of manpower utilisation in their firms. Mapping the relationship (Figure 6-39) revealed that respondents who believe that manpower was inefficiently used in their firms were more likely to be aware of the necessity for HRP. In contrast those who reported that their firms make efficient utilisation of manpower are not aware of the necessity for HRP. This indicates respondents' awareness of the HRP's role in improving manpower utilisation. But the question still stands, if they are aware of this, why do they not plan? The answer seems to be the low priority given to planning, a lack of the basic prerequisites, and, more importantly, a lack of expertise to carry out the planning function.

**Figure 6-39 Mapping the necessity of the HRP function by the efficiency of manpower utilisation.**



**Table 6-66 Tabulation of observed (Fo ) and expected (Fe) frequencies of necessity of HRP function by relating manpower costs to output costs.**

HRP function	Relating manpower costs to outputs				Total
	related		not related		
	Fo	Fe	Fo	Fe	
necessary	66	58	75	83	141
unnecessary	31	39	64	56	95
Total	97		139		236

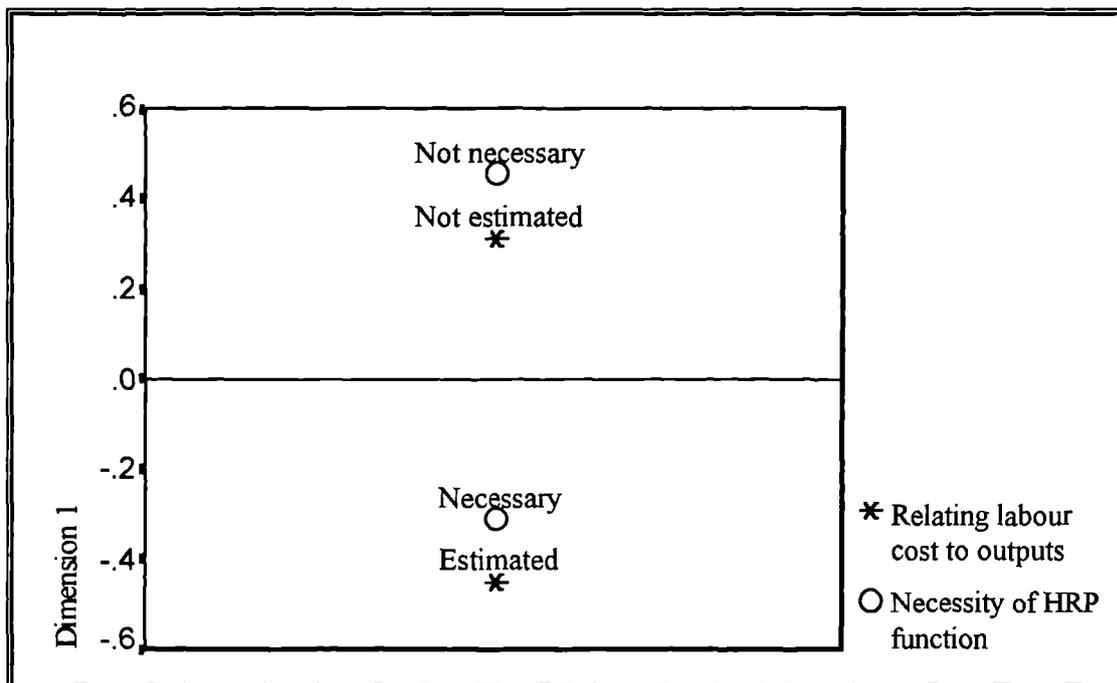
chi-square value = 4.14; D.F. = 1; Significance level:  $p < .041$   
Continuity correction is considered in above calculation of chi-square value.

Relating manpower costs to output costs and awareness of the necessity of the HRP function.

Relating manpower costs to aggregate output costs is thought to show the importance of HR, and as such of HRP. Thus, the differences between those who report the necessity of HRP and those who did not in terms of their estimation of manpower costs were examined using chi-square, as shown in Table 6-66, which revealed significant differences between them. These differences were mapped in Figure 6-40

which clearly shows that those who are not aware of the necessity of HRP were those less aware of manpower costs in general. Therefore, those who are aware of these costs were more likely to be aware of the necessity of HRP. This proves costs to be an important factor influencing the respondents' perceptions towards HRP.

**Figure 6-40 Mapping the necessity of the HRP function by relating manpower costs to output costs.**



**Table 6-67 Tabulation of observed (Fo) and expected (Fe) frequencies of necessity of HRP function by observation of foreign labour costs ( import and training).**

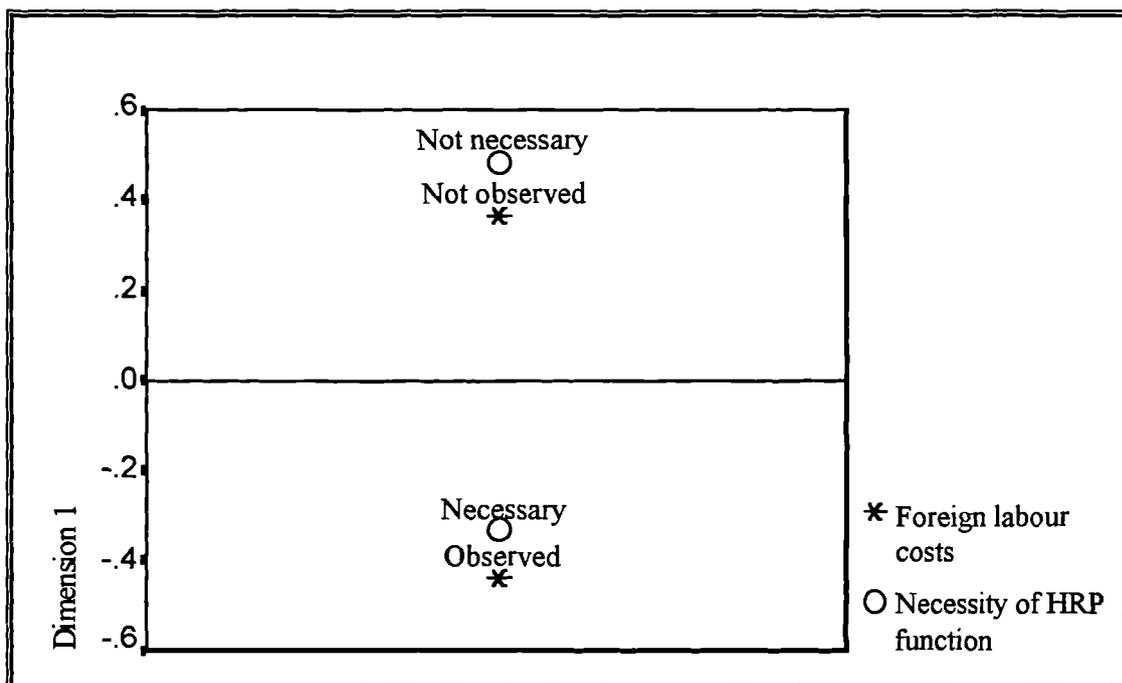
HRP function	Observation foreign costs				Total
	observed		not observed		
	Fo	Fe	Fo	Fe	
necessary	73	63.7	67	76.3	140
unnecessary	34	43.3	61	51.7	95
Total	107		128		235

chi-square value = 5.46; D.F. = 1 ; Significance level:  $p < .019$   
Continuity correction is considered in above calculation of chi-square value.

The necessity of the HRP function and the observation of foreign manpower costs.

Observation of the costs of importing foreign manpower in terms of visas, flights, accommodation, etc. was expected to contribute to the awareness of this resource, and, as such, to awareness of the importance of its being planned. Thus, the issue to be examined here was whether those who reported that HRP was not a necessary function were aware of these costs. Table 6-67 shows significant differences between those who reported the necessity of the HRP function and those do not, in terms of awareness of the costs of foreign manpower. These differences were mapped in Figure 6-41 which clearly shows that those who are not aware of the necessity of HRP, were those who were less likely to consider the marginal costs of foreign manpower. Therefore, those who are aware of these costs were more likely to be aware of the necessity of HRP. This also proves to be important factor influencing the respondent perceptions toward HRP.

**Figure 6-41 Mapping the necessity of HRP function by observation of foreign labour costs (import and training).**



---

## **SECTION TWO : ANALYSIS OF PLANNER FIRMS.**

This section aims to review the HRP process in the firms which reported engagement in formal HRP, in the light of the western model of HRP, presented in Chapter Two. It is important to remember that this section is only concerned with the firms engaged in formal HRP ( n=21). The sample size for this section does not support deeper analysis, nor building strong conclusions. Therefore, the conclusion in this section are mainly tentative, and a hints for further studies. A summary of these observations is presented in Table 6-1.

The issues presented in this section are as follows:

- The time horizon of the plans.
- The department most responsible for HRP.
- The systematic analysis of external factors .
- Identifying objectives and strategy for personnel functions.
- The integration of HRP with strategic business planning(SBP).
- Monitoring the progress of attainment of plan objectives.
- The benefits gained from systematic HRP.
- The importance of the HRP contribution to the firm performance.

### ***THE TIME HORIZON OF THE PLAN***

*The planning period should be long enough to allow remedial action to be taken. p. 4*

The above mentioned statement has been listed by Pettman *et al.*, (1985) among the prerequisites for effective HRP. Although the larger time horizon is a key prerequisites for effective HRP, it is also considered to be an indicator of the degree of advancement of the firms in terms of HRP, because, as Sibson (1992) says, long-term planning is usually associated with strategic level human resources planning, whereas short-term planning is

---

associated with operational planning. Therefore, the time horizon can be considered as a parameter of the maturity of the organisation in terms of human resource strategy. Time is specially important for planners, hence, HR planners must take it into account. For example, training which can take very long time, and then a long time can be taken for them to put their skills effectively into practice. Another example of long-term planning, is that of Saudiization (i.e. long-term replacement of non-Saudis with Saudis), which is already in action in some large scale Saudi firms. Therefore, from this point of view, HR planners need to think of longer term planning. Graham,(1983) as well, has pointed out that many firms do not have the quality of management to forecast long-term objectives. He has explicitly related long-term planning to the maturity (quality of management) of the firm. Thus, participants in this study were asked to indicate the time horizon of their plans. The analysis (Table 6-68) shows that (n=10; 47.6 percent) reported that they conduct short-term planning; but also n=8 participants (38 percent) reported long-term planning. Although the sample is small, it is possible to tentatively conclude that most of those firms which do plan are mainly short-term planners, but that there are also firms which do really conduct long-term planning. Although the sample is small, over a third have reported long-term planning, indicating some engagement in strategic human resource planning. Nevertheless, short-term planning is not enough to achieve strategic objectives which usually tend to be long-term oriented. So, firms are advised to look ahead further to improve their planning capability.

**Table 6-68 Distribution by the time horizon of the plan.**

The time horizon	frequency	percent
up to one year	10	47.6
more than one year to four years	3	14.3
five years or more	8	38
Total	21	100

***THE DEPARTMENT MOST RESPONSIBLE FOR HRP.***

The responsibility for preparing HR planning has been discussed by many authors in relation to the western model as presented in Chapter Two. Some of them argue that it should be the personnel department's responsibility (Bell, 1974; Bramham, 1986; Gridley, 1986; Armstrong, 1993; Sibson, 1992) , others claim it to be line management's responsibility, or that it should be shared with the personnel department (Bowey, 1978; Ellig, 1986; O'Doherty, 1994). However, it is the personnel department which is most involved with personnel related issues, as it is the store of almost all HRP required data. Also the experience of personnel department people is an important input to the planning process. In addition they are the people who will implement the plans. So, their feed back is a very important input into future planning processes, beside following up the implementation of existing plans. Nevertheless HRP also needs to be integrated with the SBP concerns of the planning department, if the firm has one.

Thus, the participants were asked to indicate which department is most responsible for preparing human resource plans. The analysis (Table 6-69) shows that the majority (n=12 participants; 57 percent) reported that the personnel department is responsible for HRP. Nearly a third (n=6 participants; 29 percent) reported that it is the planning department's responsibility. This department is mainly responsible for planning the whole activities of the organisation (corporate business planning). There are also a few participants (n=3; 14 percent) who reported it as line management's responsibility. Although the tiny size of the sample makes us not fully confident upon relying on the small percentage in the findings, this finding indicates that personnel departments appear to have primary responsibility for HRP. Also this finding, regardless of

---

percentages, indicates that there is a section of those firms which do consider human resources at a strategic level yet which lack a planning department. Hence, it is not possible to conclude that, because a firm lacks a planning department, it does not consider HR strategically. Nevertheless, HRP is a multi-dimensional activity which requires co-operation and co-ordination of the various departments of the organisation. Thus, those who reported that the responsibility is elsewhere than in the planning department, need further investigation to explore the degree of co-operation and co-ordination with the other departments. Hence, as pointed by NEDO (1978), locating primary responsibility of HRP in the personnel department has the disadvantages of : the possibility of separating HRP from marketing and production planning; and that the personnel function in some companies is still not given a high enough degree of priority.

**Table 6-69 Distribution by the department most responsible for preparing human resource plans.**

	frequency	percent
The personnel department	12	57.1
Line managers	3	14.3
The planning department	6	28.6
Total	21	100

### ***THE SYSTEMATIC ANALYSIS OF EXTERNAL FACTORS.***

Strategic human resource planning involves analysing external factors such as demographic trends, technological development, labour market conditions, political/legal/regulatory development, social/cultural values and attitudes, and economic conditions (Rothwell 1991 and 1995). These factors have a direct impact on

---

manpower requirements and stability. For instance, the Gulf war, as reported by some of the interviewees, has caused the departure of some foreign manpower from Saudi to their own countries, which has affected the performance of their firms. However, two conclusions might flow from this: first, conducting a systematic analysis of these factors is an indicator of the level of maturity of the firms in terms of strategic HRP; and second it will indicate the most important external factors for those firms involved.

Study participants were asked to indicate if the process of human resource planning included systematic analysis of any of the above mentioned factors. The analysis, as presented in Figure 6-42, shows that the economy and technology are the most important factors analysed by Saudi firms. Political and legal conditions were also reported by many firms (43 percent), as well the labour market, but surprisingly it does not have as much importance as other factors like the economy and technology. This is interesting and could be the subject of further studies. It should be mentioned that available literature reveals that there are some large organisations, such as RCJY and SABIC, involved in national level manpower studies. However, the finding reveals no significant engagement in studying demographic trends nor social and cultural values. Although, social and cultural values might be much more difficult to predict, such factors as demographic trends might be possibly be found in government reports. Their negligence may indicate less dependence on the Saudi labour market. Nevertheless, further analysis of the number of the above mentioned factors analysed by each firm (Figure 6-43) indicates that there is a group of firms reporting that their HRP does not include a systematic analysis of any of these factors. However, these factors might be considered in the strategic business planning. This indicates a lack of awareness of the influence of external factors on human resources, which in turn

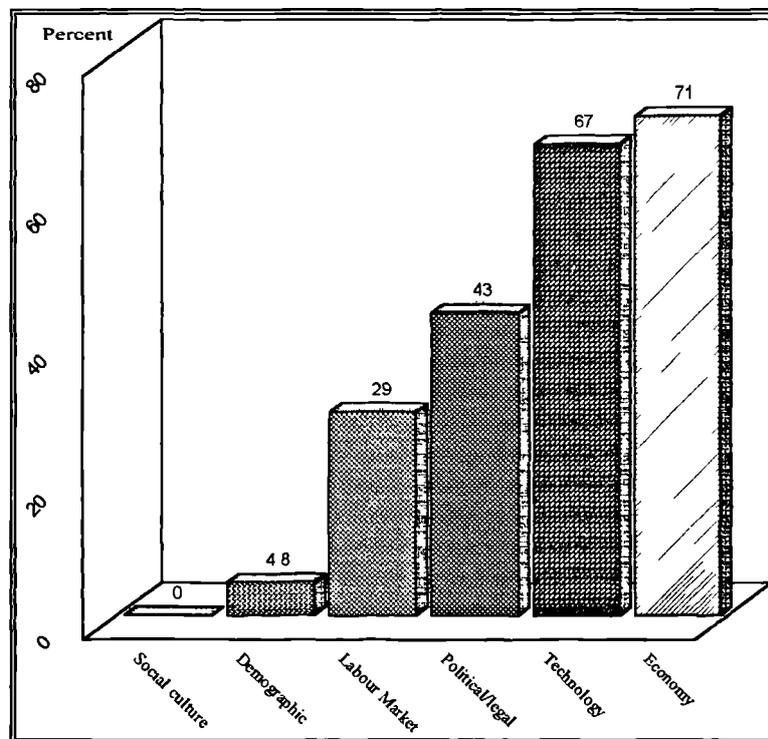
---

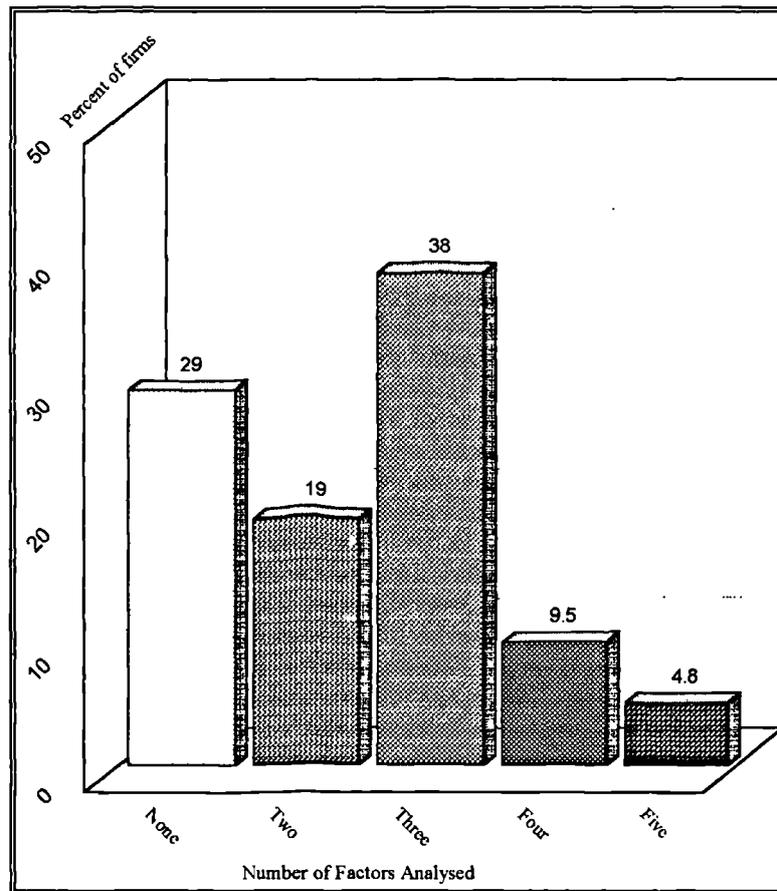
indicates a lower level of maturity of these firms in terms of HRP. Most of the other firms reported only three factors, which indicates some awareness of human resources planners of the influence of such external factors. Few firms reported analysing all five factors.

**Table 6-70** Distribution of the analysed external factors.

The external factors	Count	percent
Demographic trends.	1	5
Technological development.	14	67
Political/legal/regulatory development.	9	43
Labour market conditions.	6	3
Social/cultural values and attitudes.	0	0
Economic conditions.	15	71

**Figure 6-42** Distribution of the external factors analysed.



**Figure 6-43** Distribution of the firms by the number of factors analysed.

### ***IDENTIFYING OBJECTIVES FOR THE PERSONNEL FUNCTION.***

*In any event the translation of the plans into all the aspects of human resource management will be needed to implement a coherent and integrated policy. Rothwell (1991) p. 2*

All personnel functions must be tied to the human resources plan, since the plan will identify the numbers needed, their qualifications, the places in which they will be needed etc. This sort of information requires actually ensuring objectives are known to the personnel function (i.e. recruitment, selection, training, and promotion). If efforts are not made in this regard, then resources will be considered lost, and firms will miss the chance of clear guidelines for their operational activities. Therefore, study

participants were asked if their human resources planning process included identifying objectives and strategies for the following activities: recruitment and staffing; training and development; employee benefits; management succession; compensation; and health and safety. The findings as presented in Table 6-71, reveal high rates of positive answers in respect of identifying objectives for personnel activities, particularly the objectives of recruitment and staffing, which will have a very important contribution toward successful staffing. This high rate of positive answers indicates a highly integrated personnel functions, termed by Iles *et al.*, (1993) internal integration. This is one of the important benefits of HRP.

**Table 6-71 Personnel activities based on HRP objectives.**

Personnel activities	frequency	percent
Recruitment and staffing	16	76
Training and development	14	67
Employee benefits	13	62
Management succession	14	67
Compensation	15	71
Health and safety	10	48

#### ***THE INTEGRATION OF HRP WITH STRATEGIC BUSINESS PLANNING(SBP).***

The integration of HRP according to Pettman *et al.* (1985) is a prerequisite for effective HRP:

*Manpower planning must be recognized as an integral part of corporate planning. Thus the manpower planner needs to be aware of the company's overall objectives. p.4.*

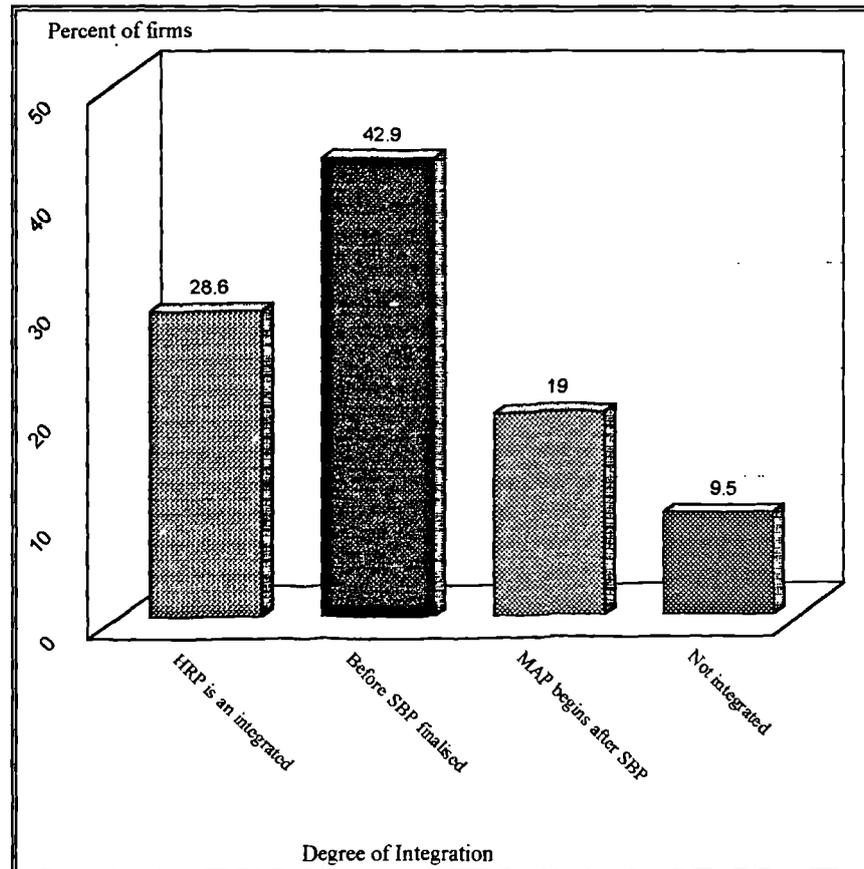
The integration of HRP with SBP is also a key issue in the effectiveness of both of them. Cash *et al.*, (1986) have stated that

*human resources planning is part of a company's total resource planning. It influences and is influenced by business plans, interacts with organisation plans, and contributes to business decisions concerning, for example, the development of new products, markets, facilities, and production process....p.5).*

Strategic human resources planning or the result of integrating HRP and SBP indicates the maturity of the firms. It indicates that manpower is considered as a resource which should be planned amongst other strategic resources, not only considered as a cost. Here participants were asked to indicate the degree to which HRP is integrated with SBP. The finding as presented in Figure 6-42 shows that the largest group (n=9 participants; 43 percent) reported that manpower data is requested by strategic planners before SBP is finalised; the second largest group (n=6 participants; 29 percent) reported that HRP is an integrated part of SBP; the remainder reported either no integration or that it began after the formulation of SBP. In the latter circumstance HRP can be considered as a servant of SBP (Burack *et al.*, 1980). It is not always true that the objectives of SBP are achievable, since human resources could prevent their achievement. This shows that HRP should not be done in isolation from SBP and vice versa. Hence, HRP is an iterative continuous process. Nevertheless, from this finding it could be tentatively concluded that human resources are considered at a strategic level in some of our firms (i.e. those reporting full integration, as well those considering human resource data before formulating their plans). This conclusion is stated tentatively because of the problem of sample size. Nevertheless, these firms can be said to be engaged in strategic human resources planning. However, there are also firms which do not have integrated HRP, and therefore HRP in these firms needs to be reviewed. There are also those firms which have one way integration, so they

also need to review their HRP. One way integration is the way in which HRP is influenced by SBP but will not influence it in return. Two way integration is that in which HRP is influenced by, and influences, SBP. More details about the integration are presented in Chapter Two.

**Figure 6-44** Distribution by degree of HRP integration with SBP.



**Table 6-72** The degree of HRP integration with SBP.

	Frequency	Percent
Before SBP finalised	9	42.9
MAP begins after SBP	4	19.0
MAP is an integrated	6	28.6
Not integrated	2	9.5

***MONITORING THE PROGRESS OF ATTAINMENT OF PLAN OBJECTIVES.***

HRP is an iterative continuous process. It would be pointless preparing plans which will not be properly implemented and provide feedback for future planning. Plans are usually based on forecasts and judgements of future issues. These forecasts and judgements will not turn out exactly in reality. This means that the plans must be evaluated and reviewed against the attainment of their objectives, otherwise they might move away from the set path. Therefore, study participants were asked if their HRP process contained procedures for reviewing progress toward the attainment of objectives and correcting any discrepancies identified. The responses presented in Table 6-73 do not support very strong conclusions due to the sample size. However, tentatively many firms reported that they do monitor the implementation of their plans, which reflects their advancement in terms of strategic human resources planning. But, also almost a third reported that they do not have procedures for reviewing progress. This indicates the absence of a very important part of the HRP model, evaluation and control. So it can be said that these firms have incomplete HRP.

**Table 6-73    Distribution of the firms by monitoring of the plans.**

Monitoring the plans	Frequency	Percent
Yes	14	67
No	7	33
Total	21	100

***THE BENEFITS GAINED FROM SYSTEMATIC HRP.***

The participants were asked to indicate if a systematic approach to HRP had been beneficial to their firms in the following areas: saving in unit labour costs; increased employee productivity; increased job satisfaction/motivation; improved identification of training needs; reduced skills shortage; and reduced labour turnover. The findings

presented in Table 6-74 indicated high response rates in most of the listed factors except that of increased job satisfaction and motivation, since it has the lowest response rate. However, it could be concluded tentatively that this finding indicates that HRP is beneficial to those firms engaged in it, particularly in terms of reducing labour turnover and skills shortages.

**Table 6-74 The benefits gained of systematic HRP.**

	Frequency	Percent
Saving in unit labour costs	14	67
Increased employee productivity	13	62
Increased job satisfaction/motivation	5	24
Improve identification of training needs	13	62
Reduced skills shortage	16	76
Reduced labour turnover	18	86

***THE IMPORTANCE OF THE HRP CONTRIBUTION TO FIRM PERFORMANCE.***

Study participants were asked to indicate the importance of HRP contribution to the bottom line performance of the firm. These findings reveal that all responses were positive. That is, 62 percent of the participants reported its contribution is important; the remainder reported very important; no firm reported otherwise. This is again another indication of the benefits of HRP, felt by the firms engaged in it. It is also a clear indication that those firms who do not engage in even incomplete HRP recognise its benefits and its importance for firm performance. If this lesson can be spread to non-planner firms, then it would be possible to be more optimistic about the future of Saudi firms' HRP.

**Chapter Seven**  
**SUMMARY AND CONCLUSIONS**

---

The manpower shortage of the 1960s in western countries was one of the main factors which stimulated the consideration of strategic approaches to tackle labour market issues. As well as the rise in employment costs, in terms of wages and training, caused by rapid changes in technology, growth in the size of organisations, and changes in the environment in which organisations operated (e.g., economic, legal, social) created the need for HRP as a management tool. However, the interest in HRP, which grew as a response to these factors, still remains, because of the importance of HRP in improving the competitive position of an organisation, by improving the efficiency with which manpower, a critical resource, is utilised.

The Saudi Arabian labour market was subject to major change due to the rapid economic development in the country, which took place after the discovery and exploitation of oil, which was exported in commercial quantities after the Second World War. The oil revenue provided the fuel for huge development projects to build an economic and social infrastructure. Many huge project were launched at once, which created a huge demand for manpower, exceeding the quantitative and qualitative capacity of the national labour market. Human resource shortages were, then, the main barrier to development efforts. The high desire for rapid development created a need for imported foreign labour from all over the world, to carry out the development projects. The need included all various kinds of manpower from manual labour to highly qualified technicians and managers. The importation of foreign manpower was paralleled by the development of the education system to prepare national manpower to contribute to the economic development of the country. Since then, human resource problems changed somewhat, from high labour shortage and the large-scale importing of foreign manpower, to a situation of imbalance between Saudi and non-Saudi

---

manpower in the Saudi labour market, in which the proportion of Saudi manpower dropped from 72 percent as recently as 1975, to 40 percent in 1985. This created a need for government intervention, particularly after the decline of oil revenues and as the modern economic infrastructure becomes more complete. The macro-economic planners have shown a concern for human resource planning since the launching of government's the First Development Plan in 1970. They have been aware of human resource problems in the economy, and have planned to tackle them. But the planned human resource objectives have not been achieved as they should be. This was previously attributed to the greater priority given to other developmental objectives, and also to the observed gap between macro-level economic development planning and micro-level HRP. Most of the main developmental projects have now been completed, and human resource problems have become more serious, particularly increased unemployment among Saudis for which the private sector blames the education system, training, the universities and the media, which they claim have created a mismatch between the education system's outputs and business needs. (i.e. the private sector utilises over 85 percent of the total employment, but the majority of its employees are foreign).

The Saudi private sector has benefited from the development revolution and grew rapidly (by about 24 times within the period 1970-1990). This sector was widely affected by the early manpower shortage. The public sector was then a strong competitor to the private sector, to an extent to which it shared the responsibility for private sector's dependence on foreign manpower. The principal labour market policy objective, during the high growth period of development, was to attract the maximum number of Saudi university graduates entering the labour market into the public sector. This prevented the growing private sector from obtaining its needs from Saudi

---

---

graduates, and as such it needed to seek other sources in the international labour markets, which resulted in private sector heavily dependent upon the use of foreign labour. Currently the private sector depends to great extent on foreign manpower at a time when the unemployment rates among Saudi manpower are increasing, which makes Saudiization an urgent economic and social need for the government. The public sector now is largely over-staffed with Saudi manpower, while the largest employer (the private sector) is still dependent on foreign manpower. Therefore the private sector has been targeted for Saudiization policies. The government, through the Labour Office, tries to enforce labour regulations, which allow it to vet applications for visas and to inspect company payrolls to check compliance with the official guidelines for employing Saudis. The recent government decision which raised the cost of entry visas to foreigners by about ten times, is a sign of quite serious government action toward Saudiizing the private sector. The shift from the utilisation of foreign labour to employing Saudi labour, to comply with the Saudiization policy, is not easy matter, nor will it be possible without careful planning. So one can see that, in Saudi Arabia, macro economic labour market issues have generated a need for HRP, just as in the west in the 1960s such problems led to the development of HRP as a management discipline. Both places suffered significant manpower shortages, however in Saudi Arabia it is the response to that shortage (the importation and consequent heavy reliance upon foreign labour) which has done most to put HRP on the policy agenda, rather than the initial shortage itself.

Having considered the need for HRP this study suggests that effective company -level (micro) HRP can make a significant contribution to macro-level HRP in the country.

---

---

Therefore, this study aims, in the first place, to identify current practices of HRP in Saudi private sector organisations in the light of a general framework adopted from western models of HRP. The achievement of this aim involved setting the following set objectives:

- 1- adopting a comprehensive HRP framework from the models available in the western literature;
- 2- analysing the Saudi social and economic situation and its influence on Saudi HRP, and the Saudi private sector;
- 3- adopting a sound research methodology to collect field data about the actual practices of HRP in private firms, in the light of Saudi cultural considerations;
- 4- adopting sound way of analysing the collected data to relate it back to the adopted HRP model, so as to identify the strengths and weaknesses of Saudi private sector HRP approaches;
- 5- drawing conclusions based on a comparison between the current practices of a sample of Saudi private firms and those *recommended by the western model*, with the aim of making recommendations for improving Saudi private sector practices.

The historical development of HRP showed that it has developed from the early narrow focus on forecasting demand and supply, to dealing with a wider range of issues, like the integration with corporate planning and the strategic view of HRP. The discussion showed that HRP is a very useful managerial tool, which can prevent many potential human resource related problems arising, besides improving the efficiency of manpower utilisation. This can be achieved by the systematic use of a set of techniques, which will produce useful information to develop a better understanding of the manpower situation of the company, and as such provide the knowledge base for an integrated set of personnel policies.

---

The HRP literature has proposed a number of models of the HRP process. This study has selected, and justified the choice of, Bramham's model, which shows the operational issues related to the process of HRP. The presentation of the Bramham model was to show, in a broad way, the stages and elements of the HRP process, and was not meant to underpin an attempt to apply it strictly in Saudi firms, since Bramham himself gave the warning that his model cannot be applied straightforwardly to any firm. The four stages Bramham's HRP model provided an analytical framework for the study of Saudi practice.

In the Saudi private sector context the practice of HRP is not widespread which emphasises the exploratory nature of this study, and given that HRP might not generally be very sophisticated, certain elements of the HRP prerequisites listed by Pettman *et al.* (1985) and in Bramham's model, seem to be more relevant and more likely to be found as very basic features of HRP in companies with 100 or more employees such as those targeted by this study. Such basic features of HRP can demonstrate whether or not the companies have even established the basic foundations upon which to develop HRP. These include the availability of basic personnel records and classifications, through to job descriptions and performance appraisal. These issues are asserted by the literature to be fundamental. The main issues raised from the review of western literature, and examined in a Saudi context are as follows:

1. The availability of information. This involves general accurate information about the firm's activities, in addition to accurate human resource related information (numbers employed, skills, ages, etc.).
  2. The practices of basic HRP activities. There are many aspects presented in the literature, these range from very basic manpower classification (i.e. age and skills classification) to more sophisticated manpower forecasting.
-

3. HRP integration. The integration of HRP with business planning to achieve the organisation's objectives is the first aspect of integration. The other aspect is the integration of personnel management functions with HRP in the organisation to co-ordinate the day-to-day activities of these functions, and to direct them to serve long-term goals. The literature asserts the importance of these issues to ensure effective HRP.
4. Responsibility for HRP. These include some of Pettman's *et al.* (1985) prerequisites, like the responsibility for HRP, and the perceptions of HRP.

In order to examine the above issues in the Saudi context, the participants were split into two groups according to their engagement in formal HRP. In those firms not engaged in formal HRP, the focus was on the availability of the very basic prerequisites of HRP listed by Pettman *et al.* (1985) and the practices of the basic activities indicated by the HRP model. In firms engaged in formal HRP, their practices were examined against the Pettman *et al.* (1985) prerequisites for effective HRP, (i.e. against the criteria for successful long-term HRP).

#### THE CASE OF THE FIRMS NOT ENGAGED IN FORMAL HRP.

Regarding the firms which were not engaged in formal HRP the focus was on the following issues:

1. The availability of information,
2. The basic practices of HRP,
3. HRP integration,
4. Responsibility for and perceptions of HRP.

#### ***THE AVAILABILITY OF INFORMATION.***

We have seen the great emphasis of the HRP literature on the strategic nature of HRP and the role it plays in achieving corporate objectives. This nature, however, involves the availability of accurate information not only about the current stock of manpower,

---

which is very important, but also about the extent to which this resource will match the potential needs of the organisation. Consequently, accurate information is needed to identify those potential manpower needs of organisation. This sort of information will not be available in the personnel records, but it must be available to those involved in HRP. Fast access to and good communication of this information is important for human resource planners. Therefore, information systems should be designed carefully to serve the planning needs of the firm. In this regard three main issues were examined to clarify the availability of this basic HRP prerequisite (information) in the non-planning firms.

The first issue in this regard was the existence of an information system. The largest group of the participants do not have information systems in their firms, and even the majority of those who indicated the existence of information systems in their firms, did not report the availability of accurate information to the people needing it within the firm. Regarding the availability of information, the interviews revealed that each department in those firms might maintain accurate records related to its own activities. Some departments may also have a computerised information system. But there is a reluctance to share their information with others. This is a real problem and a barrier to developing an integrated strategic view of human resources, which results in a poor anticipation of future manpower needs, and also could indicate low co-operation between the various departments. Hence the status of information systems in a large proportion of our sample, particularly the small firms, can be considered as a significant weakness in comparison with the requirements of the model presented in Chapter Two. The second issue considered in this regard was keeping records of products, services and /or sales. Because, these are considered, by the HRP model presented in Chapter Two (Figure 2), as parameters for manpower requirements, as well as a prerequisite for

---

the application of the demand forecasting statistical technique. The existence of these records was reported by the vast majority of the participants. This is a good sign in terms of availability of a prerequisite. It also shows that these firms are aware of the importance of record keeping, though perhaps more about outputs than inputs.

The third issue in this respect is, the very basic prerequisite of HRP, maintaining up-to-date personnel records. Personnel records are not only an important basic prerequisite of HRP, they are also a very important basic prerequisite for almost all HRP activities because personnel records are the information base of almost all personnel department functions. Although more than half of the respondents maintain up-to-date personnel records, there was also a large group reporting that their firms do not maintain up-to-date personnel records. This can be considered as a major weakness, not only in terms of HRP, but also HRM more generally. It indicates the absence of a basic HRP prerequisite, which is a clear sign of a very low consideration given to HRP in these firms. Since, comparing the case of the personnel records with the other records, mentioned above ( production / services or sales), this indicates again that the firms are aware of the importance of record keeping, but human resources are not considered by the firms as strategic or even as important, as the other resources for which records were kept. Small firms and the firms with small personnel departments were less likely to maintain personnel records.

### ***THE PRACTICES OF BASIC HRP.***

There are many aspects of Bramham's framework of HRP, which are easy to do and, apart from forecasting purposes, they can provide very valuable information regarding the current situation of the human resource, which even if not used for planning purposes, will doubtless, improve personnel department functions and human resource

---

related decisions. These aspects include manpower classifications (age, length of service, and skills), performance appraisal, and estimating manpower wastage rates. Most of these aspects are basic managerial tools, which do not involve a need for very expert staff. The following is a summary of the practices of these basic, yet crucial, aspects of effective HRP in the participant firms.

The first aspect in this regard was the existence of manpower classifications. Such classifications of personnel records are the first basic step for making these records useful for planning purposes, or to elicit their implications for improving human resource related decision making processes. Bramham's model suggests many classifications, such as age distribution, length of service, and skills classification. Pettman *et al.*, (1985) have induced plans prepared by skills rather than by aggregates, as a fundamental prerequisite for effective HRP. Without such classified personnel records effective HRP based on analysis of employees' skills, is not possible. In about a half of the participant firms, these classifications were not present. Interviews with some of those who reported the existence of such classifications reveals that their manpower is only classified by their surnames, just to make it easy to reach their files not for planning purposes. This finding indicates the absence of a very important prerequisite of operational HRP, which means that a large section of the participants depend on subjective personal judgements not hard data in most personnel functions.

The second aspect in this respect was the existence of job descriptions. The analysis revealed a major deficiency in terms of job descriptions, the majority reported no job descriptions in their firms. This, in respect of HRP, is a major weakness, since the job is the place for which candidate will be recruited, selected, trained and appointed. Thus, job descriptions are immediate requirements to identify the right place to employ a

---

person, even if there is no intention to engage in formal HRP. Thus, this indicates absence of a substantial principle of HRP. It may be worth noticing that job descriptions can be considered useful information for education policy makers, if the firms' job descriptions are communicated to them. This, in turn, will contribute to improving the match between labour market requirements and the education system's output, to close the quality gap indicated in Chapter Three. This is, then, an aspect of integrating the micro and macro-levels of HRP in the country to improve the effectiveness of both. The deficiency in terms of job descriptions was more likely to be in small firms, firms with smaller personnel departments, and the firms managed by their owner.

The third aspect of HRP process is the estimation of manpower wastage. The analysis illustrates that more than a half of the firms were not involved in the formal estimation of manpower wastage. This indicates an absence of basic, traditional techniques of HRP in a large section of the participants. This may indicate that many firms, currently do not face a real manpower shortage, since if they face such a shortage then they will pay more attention to detecting wastage to ensure enough time is available to arrange replacements. This may explain why less consideration is given to human resources in these firms and to HRP as such. Nevertheless, it was observed that, large firms, firms with more than 5 employees in the personnel department, joint stock companies, and manufacturing firms, were more likely to use the formal estimation of manpower wastage. This could be due to their larger numbers of employees, which will involve more wastage, and as such a need to adopt a technique to estimate it. Larger firms are also likely to be more anonymous, so that managers are less likely to know their staff personally and not be able to predict that they are likely to leave their jobs, so they need formal studies to help them to predict such activities. Manufacturing could involve

---

more skilled staff who can not be replaced easily, and as such create a need for an early estimation of wastage. Producing formal manpower wastage data involves effort and staff. This may explain the relationship with the size of the personnel department. Joint stock companies, are distinct from the others, in many aspects which may indicate that they are more formally organised.

The fourth aspect of the HRP process is the monitoring of manpower productivity. Many firms did not undertake regular performance appraisal of their workers. The absence of this basic personnel management tool might indicate the absence of formal human resource management in these firms. The availability of cheap, trained manpower from many overseas labour markets can also explain negligence in monitoring manpower productivity, either completely or on an *ad hoc* basis. This indicates not only the absence of a strategic consideration of HRP, but also a failure to recognise the importance of the human resource as a substantial resource. Nevertheless, it can be said that, large firms, joint stock companies, firms with more than five employees in the personnel department, and financial and manufacturing firms were more likely to monitor manpower productivity.

These aspects of the HRP process are mainly oriented towards the present, and are essential for many HRP functions. Thus it might have been expected to be in place in our sample. However, deficiencies regarding these aspects have been observed in many firms, which may indicate a general deficiency in recognising the significance of HRM. These poor practices, in terms of clarifying the current situation, will certainly not support sound judgement of future situations. Such poor practices will need to be replaced if costs of manpower rise, or there is great competition in the labour market. Saudiization is expected to yield both these circumstances.

---

---

***HRP INTEGRATION.***

The integration of HRP is a determinant factor of its effectiveness. In this case, where the firms were not engaged in formal HRP, an attempt has been made to examine the integration of personnel department functions with business planning, and the integration of personnel department functions with each other.

The first aspect of integration is that of integrating personnel department functions with business planning. Initially, it was found that the majority of the participant firms were not engaged in formal business planning, and the firm's objectives were not even clear in many of the participant firms, therefore it is not likely, or even possible, that personnel functions will be integrated with business planning in these firms. However, the link of personnel activities to business strategies was examined. The majority of the participants reported their personnel activities were linked to business strategies. Bearing in mind the above mentioned state of business planning and the firm's objectives, this is subject to scepticism. However, there is also a comparatively large group which reported that their personnel activities were not linked to business strategies. What seems clear is that a significant proportion of firms does not integrate personnel functions and business planning, and that this proportion may be greater than indicated in the data due to misreporting. Large firms, joint stock companies, and firms with larger personnel departments were more likely to link personnel activities to business strategies. These types of firm have shown a positive response in many aspects of HRP activity which may indicate that they are in more need of planning and formal organisation.

The co-ordination between personnel departments and line departments, regarding estimation of manpower requirements, is another aspect of integration. In this respect,

---

although the majority reported doing so, there is also a relatively large group reporting no co-ordination between these departments regarding estimation of manpower requirements. This might indicate a real problem in these *firms*, particularly because the personnel department is the most responsible for providing the line departments with their manpower needs, as is shown in Chapter Five. The absence of job descriptions makes it difficult for a personnel department to select the right person. This in turn will not support integrated HRP. Since no further information can be provided about the way in which these activities are integrated, it would appear to be an appropriate area for further study.

The second aspect of integration is that of integrating personnel functions with each other. In this respect, the clarity of personnel department objectives was examined, since this department is supposed to be involved in all manpower related issues (recruitment, selection, training, promotions, etc.), and without clear personnel department objectives, these functions will work in isolation from each other, in an uncoordinated way, particularly as these firms are not engaged in formal HRP. The majority of the participants reported the clarity of these objectives, while about the third failed to do so. This high rate of positive responses could be attributed to the seniority of the respondents, which are more likely to be aware of these objectives. Nevertheless, the failure of about a third of the participants to report clarity of personnel department objectives seems to indicate the limited role of the personnel department in these firms, since in these cases it only plays a clerical role for day-to-day management concerns. This, in turn will not support integration of the personnel department's functions, as such actions will be a response only to immediate needs. This is also another indication of less consideration being given to human resources in these firms, which indicates a

---

---

lack of manpower supply problems as yet. The personnel department objectives were less likely to be clear in agricultural firms compared with the other groups, particularly manufacturing and financial services companies. Thus, as mentioned earlier, manufacturing may involve very skilled staff, which means less flexibility of manpower utilisation. This would involve paying more attention to this resource, and as such setting objectives to avoid subsequent shortages, whereas agricultural companies may not involve very skilled employees, and thus manpower will be more flexible. However, further studies are needed to confirm this explanation authoritatively. The personnel department objectives were also more likely to be clear in firms which have more than five employees in the personnel department. Having a larger personnel department indicates more responsibility for the department, which might mean involvement in more than routine work, (such as research, reporting and planning), which will need clear objectives to ensure the success of these tasks. It may also be that such firms give a greater priority to the HR function. This might be a possible explanation of this phenomenon, though it also requires further study.

Nevertheless, with regard to the co-ordination of personnel departments' functions, the majority of the participants reported that these functions were co-ordinated in their firms. There was also, however, a large group reporting that co-ordination does not exist. Having seen the low consideration given to HRP in these firms, beside the ambiguity of firms' objectives, and even the personnel department objectives in some firms, this reinforces our scepticism in respect of the integration of these functions. Again this is an issue requiring further study.

---

---

***RESPONSIBILITY FOR AND PERCEPTIONS OF HRP***

This subsection will present two HRP related issues. The first issue is concerned with the location of the responsibility for HRP, and the second one is the perceptions of HRP.

**The responsibility for HRP.**

Regarding the location of HRP responsibility, the analysis revealed that, estimating manpower requirements is mainly done by line management, although others were reported to do it in some cases, such as the general manager, and personnel department. The responsibility for resourcing is in the domain of the personnel department, though again general managers and line managers have also been reported as responsible. The variation in the location of the responsibility for staffing could be attributed to the variation in firm size, since the analysis indicates that in small firms it is more likely to be the general manager's, and in large firms it is more likely to be in the personnel department. Further study of this organisational issue relating to HRP is suggested, to clarify the extent of the co-operation and co-ordination between the various departments responsible for HRP activities. Because a case of less co-operation was observed in terms of sharing the available information with other departments, the failure of a large group to report co-ordination between the personnel department and line departments regarding the estimating of manpower needs, as well as listing of this issue by some of the participants as a barrier of formal HRP. Given the widespread responsibility for HRP within a firm, this can be a major barrier. This was not likely to be problem in sole proprietorship firms, or other small firms, since these responsibilities were more likely to be with the general manager. But this is not the case with large

---

firms therefore, regardless of its relevance to HRP, it can be considered a serious organisational problem. Again this issue would benefit from further studies.

Regarding the people responsible for estimating manpower requirements, the majority of them have not attended training courses related to this area. Doing so could improve the quality of their manpower estimations. It has been found that some of the people responsible for resourcing are non-Saudis, which has implications for Saudiization policies (e.g. They may be more familiar with foreign labour markets).

The analysis of the factors affecting the determination of labour sources, revealed that the most reported factor is the skill needed, the performance level of the manpower, wages, government legislation, import costs, and foreign workers' behaviour. Although this order is subject to scepticism, it shows that the government legislation is not highly considered in determining staffing sources. It also shows that the costs of importing foreign manpower are considered marginal. It may worth noting that this study has been completed empirically before the 1995 rise in the cost of foreign manpower entry fees, which could have affected the above mentioned order of priorities.

#### **The perceptions of HRP.**

About two thirds of the participants reported the necessity of the HRP function for their firms. Large firms, firms with larger personnel departments, and joint stock companies were more likely to aware the importance of the HRP function than small firms, sole proprietorship firms, agricultural firms, and firms with small personnel departments.

The main reported barriers to formal HRP were a lack of manpower information, and the low priority given to planning. There is also a relatively large group of the participants reporting a lack top management commitment to formal HRP. It was observed that top managers were less likely to be aware of the necessity of the HRP

---

---

function for their firms than personnel managers, which could also indicate a lack of top management awareness of HRP issues. These reported barriers, have actually also been reported by Pettman et al. (1985) to be basic prerequisites for effective HRP. Hence these barriers make us sceptical about the seriousness of the reported awareness of the necessity of HRP. Since, if they were really aware the necessity of the HRP function, then it will neither be left for immediate management concerns nor be hindered by the lack of information. The functions of most concern are those for which records were kept. The comparison between personnel records and the records of other resources showed which were more important to senior managers.

However, further attempts have made to investigate some issues which might affect their perceptions of the necessity of HRP, such factors as the under-utilisation of available manpower, and the costs of labour. In this respect it was found that about a half of the participants felt that their manpower was not being efficiently used were more likely to be aware of the necessity of HRP. This might indicate that, amongst those who reported the need for HRP, a group do feel a need for it to improve the efficiency of their manpower utilisation.

Regarding manpower costs, the evidence available indicates that a relatively large group of the participants do not compute these costs. This indicates either a lack of awareness of these costs, or that such costs are considered low and can be ignored. Both cases will result in an under-estimation of the importance of HRP. The evidence shows that those who do not compute the manpower costs were less likely to regard HRP as very important.

A general overview of the presence of the investigated aspects of HRP process, in the firms which were not engaged in formal HRP, provides considerable evidence of the deficiencies in the practices of basic HRP among a large group of the participants. The

---

---

deficiencies were mainly in aspects can be classified under the first stage of Bramham model, or even some of Pettman et al. basic prerequisites. Aspects like updating, or classifying, personnel records is not a difficult issue, but deficiency was observed in this aspect by many firms. This will not even support a systematic approach to HRM rather than planning which mainly future-oriented and should be based on accurate information. Deficiencies were also observed in many basic personnel managerial tools, like job descriptions, performance appraisal, and analysis of manpower wastage. This could indicate that personnel decisions in these firms are a rule of thumb-based, and far from any rational approach. These deficiencies will not contribute to the survival of the firm, in case of a tight labour market, or an active Saudiization policy, particularly given that the minimum number of employees in these firms is one hundred. Therefore, their personnel system needs reform to provide a sound grounding for effective HRP.

However, the above mentioned aspects were not completely missing in our sample. Since, they were evident in many firms, which can indicate a systematic approach to human resource management in the firms concerned, which may provide grounding for effective HRP.

These variations between the firms regarding these aspects can be a function of the size of the organisations and the other demographic characteristics. It was observed that these aspects are more likely to be present in large firms, firms with larger personnel departments and joint stock companies. It might also be a function of cultural factors such as those mentioned by Hofstede ( see Chapter Three). Because demographic evidence was reported then this study tends to relate these weaknesses to demographic factors, as well as to external manpower supply issues. Since, initially the aspects investigated were basic, and many of them were evident in our sample, this makes us

---

reluctant to relate weaknesses to cultural factors. Many Saudi firms, in our sample, do carry out many basic HRP activities, some even conduct formal business planning. So it does not appear correct to say that HRP deficiencies are mainly the result of cultural factors. The general approach taken in this study is that the proposals of the western model of HRP do not conflict with Saudi culture or values, rather: Firms did not need to do them in the past, they were usually small and informally managed; some more advanced HRP activities are unknown to many Saudi businessmen and managers for example (demand forecasting techniques, or even ); other HRP activities are known to Saudi businessmen and managers, but they lack details knowledge of these techniques and processes and training about how to carry them out. As this study has indicated priorities are changing, firms are growing larger, competition are growing , and government labour policy is making more demands on firms, so they need to adopt a much more thorough approach to HRP.

#### THE CASE OF THE FIRMS ENGAGED IN FORMAL HRP.

The above analysis was concerned with the firms which were not engaged in formal HRP. The following is only concerned with the firms reporting engagement in formal HRP (n=21). The sample size for this section is very small. So tentative conclusions have been drawn about these below.

The majority were short-term planners. Short-term planning may not be enough to achieve strategic human resource objectives such as Saudiization, which may require careful long-term planning of replacement staffing. Regarding the responsibility for HRP, the personnel department was the dominant department responsible for HRP. Further study is suggested to clarify the position of the personnel manager in the

---

---

hierarchy of the organisation in order to know the importance of the personnel department in these firms (i.e. the extent of its responsibility). In some other firms the responsibility is in the business planning department. This indicates that there are a number of these firms which do consider human resources at a strategic level. What is not clear is the extent to which firms, who do not locate HRP in the business planning department take a truly strategic view of HRP, and this will require further study. HRP is multi-dimensional function which requires co-operation and co-ordination of the various departments of the organisation, thus, those who reported that the responsibility is not in the planning department need further investigation to explore the degree of co-operation and co-ordination with the other departments. As pointed by NEDO (1978), locating primary responsibility of HRP in the personnel department has the disadvantages : of possibly separating HRP from marketing and production planning; and of possibly giving strategic responsibility to personnel departments in companies where the personnel function is still not given a high priority. This indicates the need for further study, to investigate the priority given to the personnel function in firms.

Regarding the analysis of the external environment. There was a group of firms who do not consider the influence of external environmental factors like the economy, technology, political issues, social issues, and even labour market issues, in their HRP, which could indicate that they probably conduct HRP for financial budgeting purposes, and not for locating the right person in the right place. This indicates a lack of awareness of the influence of external factors on human resource management. One surprising issue, in terms of the external factors, is that the labour market was not as important as technology or economy in firms' priorities. This is interesting and could be the subject of further studies.

---

---

In terms of integrating personnel functions, the majority indicate that their personnel department activities are tied to human resource planning, particularly recruitment and staffing. This could indicate a highly integrated personnel function, termed by Alpander, (1982), horizontal integration. This is one of the important benefits of HRP. Since the plan will identify the numbers needed, their qualifications, the places in which they will be needed, etc.. This sort of information will set objectives for personnel activities (i.e. recruitment, selection, training, and promotion). If planning efforts are not made in this regard then resources will be lost, and the firms will miss the chance of clear guidelines for their personnel activities.

HRP is integrated with strategic business planning in the majority of our sample. This may indicate the maturity of HRP in these firms. It indicates that manpower is considered as a resource which should be planned amongst other strategic resources, and not only considered as a cost. There are also a few firms which do not seem to integrate HRP with business planning, either partially or at all. This is a sign of lack of integration, as it does not contribute to the well being of HRP as the servant of strategic business planning (SBP) (Burack et al., 1980). The objectives of SBP may not always be achievable, since human resource problems could prevent their achievement. This shows that HRP should not be done in isolation from SBP and vice versa.

In terms of monitoring the plans, the largest group of the firms do monitor their plans. But it was also observed that there are almost a third which do not follow up their plans. This indicates the absence of a very important part of the HRP model, presented in Chapter Two, evaluation and control. In such cases it can be said that these firms have incomplete HRP. This is an issue for further research to confirm this observation, and to clarify the reasons for it. It would be largely pointless preparing plans which will

---

not be properly implemented. Plans are usually based on forecasts and judgements of future issues. These forecasts and judgements will not turn out in practice exactly as forecast. This means that plans must be evaluated and reviewed against the attainment of their objectives, otherwise they might move away from the set path.

It seems that the firms engaged in HRP have benefitted from it, since high response rates have been reported by the participants regarding the benefits of a systematic approach to HRP in their firms, in the following areas: saving in unit labour costs; increased employee productivity; improved identification of training needs; reduced skills shortage; and reduced labour turnover. The lowest response rate reported was that of increased job satisfaction and motivation. Another indication of the importance of HRP in the participant firms, is their consideration of its contribution to the bottom line performance of their firms as important.

These were the main HRP practices observed in the firms engaged in formal HRP. It could be tentatively concluded that, although, some weak aspects, (which could be classified as a weak points like short-term planning, lack of integration in a few firms, lack of plan monitoring, and some negligence of the external environment) have been observed, there are also other positive aspects which have been observed in others firms, such as long-term planning, and integrated HRP. However, it was not possible, due to the small size of the sample, to draw further conclusions regarding these variations among the firms. Such issues need to be addressed in further studies.

---

---

***RECOMMENDATIONS OF THE STUDY.***

Having seen the situation of HRP in our sample, and given the important role of effective HRP, the following points are suggested as being of interest for people concerned with HRP issues in firms, in the government, and for further research.

**Recommendations for firms.**

The following are recommendations for Saudi firms in order to help them to conduct more effective HRP.

***a) Regarding non-planner firms:***

- 1- Job descriptions are a key managerial tool, which do not seem to be paid significant attention by many firms. Such firms need to develop job descriptions to assist with recruitment, selection, and appointments, and so provide a basic prerequisite for HRP. It is not possible to know if the firm has the right person in the right place, unless the right place is defined by a job description.
  - 2- Adopting suitable means of analysing manpower wastage is necessary to ensure the replacement of foreign labour with Saudi labour, in a way which will not create a skills gap or influence the performance of the organisation in any undesired way.
  - 3- Adopting more rigid means of selections to ensure choosing the best available candidates for jobs and appraising them regularly to ensure high productivity levels. In this way one ensures the right person is employed to fill the clearly defined job.
  - 4- Once the person is employed, appraising their performance can ensure that their work contributes towards business objectives and that other
-

achievements of HRP (eg. rewards strategy) are being effectively applied. It can also contribute to adjust manpower requirements.

- 5- Creating the necessary data base for the above managerial tools, by maintaining up-to-date personnel records. It is not enough simply to have such records, they should be kept updated, and should be classified properly (e.g. by age, length of service, and skills). These classifications are basic tools, which when reported, will provide a clear picture of the current situation of manpower within the firm to the concerned people;
- 6- The backing of top management is a very important prerequisite if any of the activities of HRP are to be successfully adopted. Thus they must be aware of the importance of such activities ( as well as the line management) and will need to lead and co-operate in HRP activities, particularly regarding sharing information and regarding the implementation of such policies.
- 7- HRP is a specialist activity. The people involved in it need to have a sound knowledge of the area. Therefore training courses on HRP techniques are needed, particularly, because the majority of the people involved in it are not HRP specialists. Such short courses are run by the Saudi Chambers of Commerce and industry, but the substance of these courses may need further development, and more opportunities need to be made available for planners to attend them.

These seven areas are not the only areas which non-planner firms need to undertake if they are to become more fully engaged in HRP. For example, they will also need clear business objectives; to monitor the external labour market environment; and to monitor manpower costs in relation to other business costs. However, given the general

---

---

weaknesses of these non-planner firms in HRP, then it would seem sensible, initially, for these firms to concentrate upon some of these most basic elements of HRP, before proceeding to more complicated aspects of HRP.

***b) Regarding planner firms.***

It should be mentioned here that the conclusions in this regard were more tentative due to the small sample size. Nevertheless, the following points can be suggested to improve HRP in planner firms:

- 1- It was observed that the majority are short-term planners, thus an attempt to step further toward longer-term planning is recommended, since short-term planning may not, for instance, be enough to support planning the gradual replacement of foreign labour, in order to Saudiize jobs. This will involve considering the human resource as part of the strategic business planning, and improving the competence and resources of the responsible departments to be able to interpret longer-term business objectives in terms of longer-term human resource objectives, so as to contribute to the strategic business planning process.
  - 2- They need to take the external environment more fully into account, particularly monitoring the labour market, and human resource availability. This will involve many planners in making better use of government statistics that already exist. It will also involve greater awareness of other softer issues, such as political changes, which can not simply measured by statistics.
  - 3- These firms must more fully integrate HRP with business planning (i.e. considering human resource issues within the business planning not in isolation of it). Such an approach may require changes in firms' planning
-

processes, allowing human resource planners to contribute to the corporate planning process. In substantial minority of our firms, this is not happen.

- 4- The plans should not be an end itself, such measures should be implemented and evaluated to ensure the attainment of their objectives. Again in our sample, a substantial minority of firms does not properly monitor or evaluate the implementation of its HR plans. They will need to establish monitoring standards and techniques to evaluate plans effectively.
- 5- All personnel department functions should be linked to plan objectives, to ensure their coherence and co-ordination, and to allow longer-term objectives to be taken into account. So, to select today's needed staff, with longer-term's needs are in minds.

**Recommendation to the national level planners:**

National level planners need to take into account a series of possible actions, which will help them better to plan macro-level HRP and will help firms better to plan micro-level HRP.

1. Considering the bottom-up planning of the human resources rather than the complete dependence on economic modelling. In particular it would be helpful to find out the needs of firms, rather than relying only on national statistical aggregates.
  2. Establishing a national human resource information base to provide more accurate information, for national planners to improve their manpower estimations, and to monitor the achievements of the plan objectives. Currently macro-level HRP relies heavily on statistical data which is itself not always as complete or as accurate as they require.
-

3. Encouraging private sector organisations to develop HRP, which would, apart from the firm's needs, provide base for accurate national HRP. If the firms kept better data, they could supply it to macro-level human resource planners.
4. Offering short programmes about the benefits of HRP for senior managers and firms' owners. It is very important to raise awareness of HRP in Saudi business. In particular getting commitment of top management in these firms for it.
5. Offering training courses in HRP for personnel managers, and other responsible people in the firms. Whilst top managers need to be aware of, and support HRP, more junior staff need longer and more technical training courses in universities, technical colleges, and the Chambers, in order to gain the skills needed to implement HRP process.
6. Providing private sector firms with their needs for information and statistics. This will make them understand more clearly the value of a complete and accurate national economic information base, and so , perhaps, be more willing to provide this national information base with complete and accurate human resource data. In addition providing firms with better HR data will make their HRP more effective and will encourage to take it more seriously.

A better national human resource database, and more training in HRP, will encourage private firms to engage in HRP, and to become better at it. In addition the macro-level HRP planning efforts and the firms' HRP efforts need to be more fully integrated. This will result in improving the efficiency of the firms, which will cumulatively contribute to the national economy.

---

---

**Recommendation for further studies.**

This study should be seen as only a preliminary one into practical Saudi HRP. It has revealed a lack of formal HRP in many companies, but it has also raised many questions which are beyond its scope to answer. These require further studies:

1. The first issue of concern is that of HRP integration in firms. It was not possible within this broad study to clarify how well and by what methods HRP was integrated. The tentative conclusion of this study was that integration was often not very good. A study could clarify the extent of the problem, as well as how improvements could be made.
  2. Another issue of concern is the low co-operation between the various departments regarding sharing the information, or even regarding the estimation of manpower requirements. These apparent problems of interdepartmental co-operation need to be studied, to see how important they are, and what can be done about them.
  3. The personnel departments have been reported by the majority of planning firms as the responsible department for preparing human resource plans. Further study is needed to clarify the competence and resources of these departments, as well as their status in the firm.
  4. The demographic data indicates that firms ability and awareness of HRP varies considerably according to certain of their characteristics ( e.g. size and ownership). A study could be made to explain why this is so, and to examine in more detail what would be needed to introduce HRP into these different firms.
  5. The data in this study also reveals that firms in different sectors engage in HRP to different extents. Again, a study could be conducted to explain why this is so, and to recommend what need to be done to introduce more effective HRP in these sectors.
-

This study is the first study of HRP practices in the Saudi private sector. As such it has looked at issues very broadly. This has led to a series of recommendations for improvements in HRP in private sector firms, and at national level, it has finally set out a research agenda for the future study of HRP in Saudi Arabia.

---

## **BIBLIOGRAPHY**

---

Ackoff, R. L. (1970). A Concept of Corporate Planning. New York: John Willey and Sons.

Adam, S. (1965). The Development of Planning Organisation in Saudi Arabia. Riyadh: Central Planning Organisation (CPO), Riyadh, Saudi Arabia.

Adams, A. V., Middleton, J., and Ziderman, A. (1992). Market-based Manpower Planning with Labour Market Signals. International Labour Review, 131, 261-279.

Adams, J. D. (1985). Manpower Planning for Basic Needs in Tanzania. Ph.D. Dissertation, Paisley College of Technology.

Agrafiotis, G.K. (1991). On the Stochastic Theory of Compartments: The General Time-dependent Two-compartment Reversible System with an Application to Manpower Planning. Operational Research Society, 42, 587-594.

Al-Abdulqader, A. (1995). Suggested Standards for Suitable Foreign Manpower. Al Yamamah, 1338, Jan, 46-49.

Al-Aboud, A., Al-Saeed, A., and Al-Mashouq, A. (1993). Manpower Planning in the Government Agencies in Kingdom of Saudi Arabia. Riyadh: Institute of Public Administration.

Al-Awaji, I. (1967). Administrative Development: A Perspective on Economic and Social Development in Saudi Arabia. Master Dissertation, University of Pittsburgh.

Al-Awaji, I. (1971). Bureaucracy and Society in Saudi Arabia. Ph.D. Dissertation, University of Virginia.

Al-Bakary, M. (1980). General Planning and Development Planning. A Manpower Planning Symposium. Riyadh: IPA Press.

Al-Doori, H. (1982). Manpower Planning a System Analysis Approach. Amman: Arab Organization of Administrative Sciences.

Al-Farsy, F. (1990). Modernity and Tradition: the Saudi Equation. London: Kegan Paul International.

Al-Ghamdi, A. (1985). Attitudes on the Impact of Foreign Labour Force in Saudi Society: The Case of Jeddah City. Ph.D. Dissertation, Michigan State University.

Al-Hamoud, A. (1987). Manpower Problem in Saudi Arabia. Master Dissertation, University of Pittsburgh.

Allen, S. L., and George, E. B. (1988). A Microcomputer Model for Human Resource Planning. Human Resource Planning, 11, 293-315.

Al-Mazroa, S. A. (1980). Public Administration Trends and Prospects in the Context of Development in Saudi Arabia. Ph.D. Dissertation, Clearmont Graduate School.

Al-Munif, A., and Girmay, B. (1988). Strategic and Operational Planning Experience of King Faisal Specialist Hospital and Research Centre (KFSH & RC): Its Significance to Other Health Institutions. Riyadh, King Saud University.

Al-Osaimi, M. (1989). National Manpower. Petromin, March, 66.

- Alpander, G. G. (1982). Human Resource Management Planning. New York: AMACOM.
- Alphus, P. (1991). Improve People Skills by Hiring the Best Person. HOM (H&MM), 206, 17.
- AL-Rahaimi, F. A. (1990). An Analytical Study of Job Satisfaction in the Saudi Arabian Public Sector. Ph.D. Dissertation, University of Liverpool.
- Al-Solami, A. (1985). Personnel Management and Productivity. Cairo: Ghareeb Library.
- Al-Tawail, M. A. (1977). Administrative Organisation in the Kingdom of Saudi Arabia. Institute of Public Administration, Riyadh.
- Al-Tawail, M. A. (1983). How to Reduce Foreign Labour Force in Our Managerial Offices. Public Administration, 37, 7-21.
- Al-Yousef, Y., and Al-Taib, M. (1983): The Reasons of the Need for Non-Saudi Manpower in the Government Agencies. The Non-Saudi Manpower in the Government Agencies Symposium. Riyadh: IPA Press.
- Anthony, P., Brewster, C., Dobson, P., and Thompson, K. (1992). Human Resource Strategies, Cultural Strategies. MBA Text, the Open University, Block 3, Unit 5.
- Arman, M. I. (1985). Introduction to Manpower Planning. Tanjah: Arabic Labour Organization.
- Armstrong, M. (1992). Strategies for Human Resource Management. Kogan Page Limited.
- Armstrong, M. (1993). A Handbook of Personnel Management Practices. London: Kogan Page Limited.
- Attwood, M. (1989). Personnel Management. London: The Macmillan Press Limited.
- Bartholomew, D. J. (1967). Stochastic Models for Social Processes. Chichester: John Wiley.
- Bartholomew, D. J. (1976). Manpower Planning. Middlesex: Penguin Books Limited.
- Bartholomew, D. J., and Forbes, A. F. (1979). Statistical Techniques for Manpower Planning. Norwich: John Wiley & Sons Limited.
- Bartholomew, D. J., Hopes, R. F. A., and Smith, A. R. (1980). Manpower Planning in the Face of Uncertainty. In: *Corporate Manpower Planning*. Hampshire: Gower.
- Bartlett, C. (1987). Managing Across Borders: New Organizational Responses. Sloan Management Review, Fall , 43-53.
- Batchelor, I. V. , and Williams, A. L. (1980). Issues of Manpower Planning and Management in the NHS. Project Paper.

---

Beach, D. S. (1975). Personnel: The Management of People at Work. London: Colier Macmillan Publications.

Beck, R. N. (1985). Adding Value: The Accountability of Human Resources for Impacting Business Results. Human Resource Planning, 8, 173-191.

Bell, D. J. (1974). Planning Corporate Manpower. London: Longman Group Limited.

Bell, D. J. (1989). Why Manpower Planning is Back in Vogue. Personnel Management, 21, 40-43.

Benjamin, O. U., and William, F. M. (1991). Conceptual Model for Manpower Planning for the Construction Industry in Developing Countries. Industry in Developing Countries, 9, 451-467.

Bennison, M., and Casson, J. (1984). The Manpower Planning Handbook. Berkshire: McGraw-Hall Book Company.

Berman, S. J. and Kautz, R. F. (1990). Compete ! A Sophisticated Tool that Facilitates Strategic Analysis. Planning Review, 18, 35-39.

Betts, P. W. (1977). Staff Management. Estover, Plymouth: Macdonald & Evans Limited.

Bowey, A. M. (1978). A Guide to Manpower Planning. London: The Macmillan Press Limited.

Bramham, J. (1986). Practical Manpower Planning. London: Institute of Personnel Management.

Bramham, J. (1988). Practical Manpower Planning. London: Institute of Personnel Management.

Bramham, J. (1989). Human Resource Planning. London: Institute of Personnel Management.

Bramham, J. (1994). Human Resource Planning. London: Institute of Personnel Development.

Bramham, J., and Cox, D. (1984). Personnel Administration Made Simple. London: Institute of Personnel Management.

Bratton, J., and Gold, J. (1994). Human Resource Management: Theory and Practice. Kent: The Macmillan Press Limited.

Brown, S., Iles, P., and Pearosn, R. (1992). Human Resource Planning. MBA Text, the Open University, UK.

Burack, E., and Mathys, N. (1980). Human Resource Planning a Pragmatic Approach to Manpower Staffing and Development. Lake Forest: Brace-park Press.

Burack, E. H. (1986). Corporate Business and Human Resources Planning Practices: Strategic Issues and Concerns. Organizational Dynamics, 15, 73-87.

- Business International S. A. (1981). Saudi Arabia Issues for Growth: Inside View of an Economic Power in the Making. In: Manpower Problem in Saudi Arabia. University of Pittsburgh.
- Camuso, M. A. (1984). The Employment Recruiting Trip 6 Stages to Success,. Personnel Journal, November, 121.
- Caruth, D., Noe, I., R., and Mondy, R. (1988). Staffing the Contemporary Organization. Westport: Greenwood Press Incorporation.
- Cash, W. H., and Fischer, F. E. (1986). Human Resource Planning. In: Handbook Of Human Resources Administration. 2nd ed. U S A: McGraw-Hill Book Company.
- Casson, R. J. (1977). Re-evaluating Company Manpower Planning in the Light of Some Practical Experience. Brighton: Institute of Manpower Studies.
- CCIR - Council of the Chambers of Commerce and Industry. (1988). The Problems and Difficulties Which Face the Private Sector. The Paper is Proceedings of a Symposium entitled " Role of the Private Sector in the Development" which held at the Ministry of Planning, Riyadh.
- CCIR - Council of the Chambers of Commerce and Industry. (1993). The Private Sector Capacity Regards Training and Development of Saudi Manpower. The Paper is Proceedings of a Symposium entitled " The National Manpower in the Private Sector" which held at the Institute of Public Administration, Riyadh.
- Chamber of Commerce and Industry. (1991). Statistical Indicators of Industrial Sector. (Arabic Ref.).
- Chamber of Commerce and Industry, AlDammam. (1983). The Private Sector in the Kingdom of Saudi Arabia, Role- Achievements-Barriers. The First Conference of the Business Men Held in AlDammam, 12-14 March.
- Chamber of Commerce and Industry, Riyadh. (1985). The Present State and Future of Saudi National Industry. (Arabic Ref.). The Second Conference of the Saudi Business Men.
- Chamber of Commerce & Industry-Makkah. (1985). Scientific Principles of Manpower Planning. Makkah: Chamber of Commerce & Industry.
- Chamieh, J. (1983). Saudi Arabia, Record of Economic Development. Lebanon: The Research and Publishing House.
- Chowdhry R. (1989). Problems of R-D Manpower in India. R-D.MGMT. UK, 19, 335-341.
- Clark, M. O. (1987). The Development of a Theoretical Framework for Nursing Manpower Planning in the Hospital Sector of the National Health Service in Scotland. Ph.D. Dissertation, University of Edinburgh.
- Claydon, T. I. M. (1994). Human Resource Management And Labour Market. In: Human Resource Management. London: Pitman.
- Coffey, R., Athos, A., and Raynolds, P. (1975). Behaviour in Organizations: a Multidimensional View. Englewood Cliffs (N.J.): Prentice-Hall.

- Cole, G. A. (1993). Personnel Management, Theory and Practice. London: DP Publications Limited.
- Colin R.C. (1989). Manpower Planning Makes a Comeback. Personnel Management, 21, 55.
- Cowling, A. G., and Mailer, C. J. B. (1981). Managing Human Resources. London: Edward Arnold.
- Cowling, A., and Walters, M. (1989). Manpower Planning - Where Are We Today? Planning Review, 19 (3), 3-8.
- Crichton, A. (1968). Personnel Management in Context. London: B. T. Batsford Limited.
- Cullingford, G., and Scott, D. (1985). Optimality And Manpower Planning, pp. 70-88. In: *Corporate Manpower Planning*. 2nd ed. Hampshire: Grower Publishing.
- Curtis, G. R. (1995). Business Information Systems : Analysis, Design and Practice. Cambridge: Addison-Wesley Publishers Limited.
- Davies, R. P. (1949). Syrian Arabic Kinship Term. Southwestern Journal of Anthropology, 240-253.
- Dawson, C., Barrett, V., and Ross, J. (1990). A Case of a Financial Approach to Manpower Planning in the NHS. Personnel Review, 19(4), 16-25.
- Denis R.T. (1990). Forecasting Learning Curves. International Journal of Forecasting, 6, 25-38.
- Department of Employment. (1971). Company Manpower Planning. Paper No.1, HMSO 8s 0d [40p] net, England, pp. 2,3,5,9,23.
- Dixon, B. R., Bouma, G. D., and Atkinson, G. B. (1987). A Handbook of Social Science Research. Oxford University Press.
- Dometrius, N. (1992). Social Statistics Using SPSS. New York: Harper Collins Publishers Incorporation.
- Donk, D. V., and Esser, A. R. (1992). Strategic Human Resource Management: A Role of the Human Resource Manager in the Process of Strategy Formation. Human Resource Management Review, 2, 298-315.
- Dubin, R. (1975). Human Relations in Administration. U S A: Prentice-Hall Incorporation.
- Easterby-Smith, M., Thorpe, R., and Lowe, A. (1993). Management Research: An Introduction. London: SAGE Publications.
- Edwards, J. (1983). Theory and Practice- Where Do They Meet?, pp. 197-203. In: *Manpower Planning Strategy and Techniques in an Organizational Context*. Bath: John Wiley & Sons.

- Ellig, B. R. (1986). Employee Resource Planning and Issues of the 1980s. Personnel, February, 24-31.
- El-Mallakh, R. (1982). Saudi Arabia Rush to Development. Baltimore, Maryland.: The Johns Hopkins University Press.
- Faerstein, P. H. (1986). Assessing the Benefits of OA: The Need for Human Resource Planning. Words, June-July, 18-21.
- FDP - Central Planning Organisation. (1970). The Development Plan (1970-1975). Central Planning Organisation, (Currently Ministry of Planning) Saudi Arabia.
- Filippo, E. B. (1966). Principle of Personnel Management. Berkshire: McGraw-Hall Incorporation.
- Finkle, R. B., and Jones, W. S. (1970). Assessing Corporate Talent. New York: Wiley-Interscience.
- Finnigan, J. (1973). The Right People in the Right Jobs. London: Business Books Limited.
- Fleishman, E. (1967). Studies in Personnel and Industrial Psychology. Homewood (ILL): Dorsey Press.
- Gallagher, M. L. (1986). Computers and Personnel Management. London: Heinemann.
- Garry, J., and Kevan, S. (1984). Exploring Corporate Strategy. London: Prentice/Hall international.
- Gatewood, R. D., and Field, H. S. (1990). Human Resource Selection. USA: The Dryden Press, Rinehart and Winston Incorporation.
- Gerchak, Y., Parlar, M. and Sengupta, S. S. (1990). On Manpower Planning in the Presence of Learning. Engineering Cost and Production Economic, 20, 295-303.
- Ghariani, T., and Al-Aqla, M. (1990). Manpower Planning in the Vocational and Technical Fields. A Symposium of Manpower Planning in the Vocational and Technical fields, held in IPA, Riyadh.
- Ghorab, K. (1987). Leadership and Saudi Executive's View on Strategic Management Concepts : A Field Study in the City of Riyadh. Riyadh: King Saud University.
- Gorman, S. and Schwers, A. (1989). Tapping Internal Talent with a PC. Personnel, 66, 49-53.
- Graham, H. T. (1984). Human Resources Management. Estover, Plymouth: Macdonald & Evans Limited.
- Grant, J. H., and King, W. R. (1982). The Logic of Strategic Planning. Boston: Little, Brown & Company.
- Greenlaw, P., and Biggs, W. (1979). Modern Personnel Management. Philadelphia: W. B. Saunders.

- Greer, C. R., and Ireland, T. C. (1992). Organizational and Financial Correlates of a "Contrarian" Human Resource Investment Strategy. The Academy Of Management Journal, 35, 956-984.
- Greer, C. R., Jackson, D. L., and Fiorito, J. (1989). Adapting Human Resource Planning in a Changing Business Environment. Human Resource Management, 28, 105-123.
- Gridley, J. D. (1986). Who Will be Where When ? Forecast the Easy Way. Personnel Journal, May, 51-58.
- Guest, D. (1993). Current Perspectives on Human Resource Management in the United Kingdom, pp. 210-32. In: *European Developments in Human Resource Management*. London: Kogan Page Limited.
- Hall, T. L. and Mejia, A. (1978). Health Manpower Planning: Principles, Methods, Issues. Geneva: World Health Organisation.
- Hamady, S. (1960). Temperament and Character of the Arabs. New York: Twayne Publishers.
- Hameed, M. A., and Maaz, H. M. (1989). Personnel Management. Cairo: Alnahdah.
- Hedley, M. (1990). A Comparative Analysis of Manpower Strategies Adopted by Firms in Cleveland Area: 1980-1986. Ph.D. Dissertation, Unit. of Glasgow, Department of Management Studies Faculty of Social Sciences, Glasgow.
- Heiken, B. E., Randell, J. W., and Lear, R. N. (1986). Using Information Technology for Strategic Human Resource Planning. Information Strategy, Summer, 8-14.
- Hendry, C., Jones, A., Arthur, M., and Pettigrew, A. (1991). Human Resource Development in Small to Medium Sized Enterprises. Centre for Corporate Strategy and Change, Warwick Business School, University of Warwick, Research paper- 88, for the Department of Employment.
- Hendry, C. (1995). Human Resource Management: A Strategic Approach to Employment. Oxford: Butterworth-Heinemann Limited.
- Heneman, H. J., Schwab, D. P., Fossum, J., and Dyer, L. E. (1980). Personnel/Human Resources Management. Homewood, Illinois: Richard D. Irwin.
- Heyel, C. (1980). The Vnr Concise Guide to Human Resources Development. New York: Van Nostrand Reinhold Company.
- Hodgetts, R. M., and Luthans, F. (1991). International Management. New York: McGraw -Hill, Incorporation.
- Hofstede, G. (1980). Culture's Consequences. London: SAGA.
- Humphrey, P. T. (1989). Recruitment and Selection. In: *Handbook of Management*, 2nd ed. Hampshire: Grower Publishing Company Limited.
- Hussey, D. (1982). Corporate Planning Theory and Practice. Oxford: Pergammin Press.

- Ibrahim, S. A. (1983). The Saudi Arabian Manpower Dilemma: The Development of Human Resources in the Kingdom Through Higher Education. Master Dissertation, The Faculty of Pacific Lutheran University.
- IIT. (1993). Top 1000 Saudi Companies. Saudi Arabia: International Information and Trading Services.
- Iles, P., and Mabey, C. (1993). Managerial Career Development Programmes: Effectiveness, Availability and Acceptability. British Journal of Management, 4, 103-118.
- Information Office, R. E. of S. A. (1985). Saudi Arabia: Facts and Figures. Washington DC.
- Institute of Manpower Studies. (1978). Practical Manpower Planning in the NHS. Proceedings of a seminar held in Edinburgh.
- Institute of Personnel Management. (1981). Personnel Policies and New Technology. A Statement Published in London.
- Institute of Personnel Management (IPM). (1988). Follow up of the IPM Statement on Human Resource Planning: Initial Analysis of Survey Results. London.
- Institute of Personnel Management (IPM). (1993). An IPM Statement Human Resource Planning. From the IPM Codes.
- International Human Resources Development Corporation. (1982). Manpower Planning and Development: The Developing World. Boston.
- Isaac, S., and Michael, W. (1977). Handbook in Research and Evaluation. San Diego: Edits Publishers.
- Jackson, M. J. (1972). Recruiting, Interviewing and Selecting. UK: McGraw-Hill Book Corporation.
- Jaques, E. L. (1985). A Look at the Future of Human Resources Work via Stratified Systems Theory. Human Resource Planning, 8, 233-237.
- Johany, A., Berne, M., and Mixon, W. (1986). The Saudi Arabian Economy. Beckenham, Kent: Croom Helm Limited.
- Johnson, G., and Scholes, K. (1984). Exploring Corporate Strategy. London: Prentice-Hall International.
- Jorssen, V. G. (1989). Planning for Manpower Requirements: Staffplan and analytical Model. International Journal of Manpower, 10, 3-14.
- Julian Haviland. (1989). Talking Heads : Planning Human Resource Development. National Economic Development Office, 29.
- Kavanagh, M. J., Gueutal, H. G., and Tannenbaum, S. I. (1990). Human Resource Information Systems: Development and Application. Boston: PWS-Kent Publishing Company.
- Kenneth, O. (1989). Health Manpower Planning and Development in Nigeria. International Journal of Manpower, 10, 3-12.

- Kevan, S. C., and Klemm, M. A. (1993). An Introduction to Business Planning. London: Macmillan.
- Klinger, D. E. (1980). Public Personnel Management: Context and Strategies. New Jersey: Prentice-Hall Incorporation.
- Koninghaure, L. (1963). Civil Service in Saudi Arabia. A Special Report, Ford Foundation Team, Riyadh: Saudi Arabia.
- Labour Agency, M. of L. (1993). Role and Viewpoint of the Ministry of Labour and Social Affairs Regards Increasing Saudi Manpower Employment in the Private Sector. The Paper is Proceedings of a Symposium entitled " The National Manpower in the Private Sector" which held at The Institute of Public Administration, Riyadh.
- Laurent, A. (1983). The Cultural Diversity of Western Conceptions of Management. International Studies of Management and Organisation, 13 (1-2), 75-96.
- Lawrence, J. R. (1985). Manpower and Personnel Models in Britain. In: *Corporate Manpower Planning*. Westmead: Gower.
- Lee, A. S. (1986). What Human Resource Planning and the Research on OR/MS/MIS Implementation can Learn from Each Other. Human Resource Planning, 9, 59-68.
- Lengnick-Hall, C. A., and Lengnick-Hall, M. L. (1990). Interactive Human Resource Management and Strategic Planning. Westport: Quorum Books.
- Lipsky, G. (1959). Saudi Arabia: Its people, its Society, its Culture. New Haven, CT: Harf Press.
- Looney, R. (1982). Saudi Arabia's Development Potential. Toronto: Lexington Books.
- Leverage, R. A. (1983). Contingency, Control, and Risk, the Utility of Manpower Planning in a Risky Environment, pp. 133-53. In: *Manpower Planning Strategy and Techniques in an Organizational Context*. Bath: John Wiley & Sons.
- Lynch, J. (1982). Making Manpower More Effective. London: Pan Books Limited.
- Lyons, T. (1976). The Personnel Function in a Changing Environment. London: Pitman Publishing Limited.
- Mabey, C., and Iles, P. (1993). The Strategic Integration of Assessment and Development Practices: Succession Planning and New Manager Development. Human Resource Management Journal, 3, 16-34.
- Mahoney, T. A., and Deckop, J. R. (1986). Evaluation of Concept and Practice in Personnel Administration/Human Resource Management (PA/HRM). Yearly Review of Management of the Journal of Management, 12, 223-241.
- Malcolm B., and Jonathan C. (1984). The Manpower Planning Handbook. UK: McGraw-Hill Book Company.
- Malmberg, C. J., and Simons, G. R. (1986). Planning Maintenance Human Resource Requirements Over the Life Cycle of a Repairable Equipment Population. Human Resource Planning, 9, 25-39.

- Mansor, A. M. (1975). Manpower Planning :Theory and Practice. Kuwait: Wakalat Almatboaat.
- Mansor, H. (1983). Approaches and Procedures Which Help to Achieve Self-Sufficient of Manpower in the Governmental Organizaions. The paper is Proceedings of a Symposium entitled " Non-Saudi Manpower in Governmental Organizations " which held at The Institute of Public Administration.
- Manzini, A. O., and Gridley, J. D. (1986). The False Economies of Unplanned Layoffs. Personnel, 63, 25-31.
- Manzini, A. O., and Gridley, J. D. (1988). Human Resource Planning for Mergers and Acquisitions: Preparing for the "People Issues" that can Prevent Merger Synergies. Human Resource Planning, 9( 2), 51-57.
- Martin L. (1988). Human Resources Development in the 1990s: Meeting the Challenge. Manage, 40, 10-14.
- Mayo A. (1990). Linking Manpower Planning and Management Development. Industrial and Commercial Training, 22, 3-12.
- McBeath, G. (1966). Organization & Manpower Planning. London: Business Publication Limited.
- McBeath, G. (1978). Manpower Planning & Control. London: Business Books Limited.
- McBeath, G. (1992). The Handbook of Human Resource Planning. Oxford: Blackwell Publishers.
- McCarthy, G. J. (1992). How to Manage and Improve Ties With Group Practices. Health Care Strategic Management, 10, 10-11.
- McClellan, S. (1991). Manpower Planning Models and Their Estimation. European Journal of Operational Research, 51, 179-187.
- McCloskey, J. 25-11-1992. Questionnaire Design.
- Mecca Chamber of Commerce & Industry. (1985). Scientific Principles of Manpower Planning. Mecca: Mecca Chamber.
- Milkovich, G. T., and Glueck, W. F. (1985). Personnel: Human Resource Management, a Diagnostic Approach. USA: Business Publications Limited.
- Millar, C. J. (1986). Human Resource Planning. Surrey: A.S.E.E.
- Miller, E. L., Beechler, S., Bhatt, B., and Nath, R. (1986). The Relationship Between the Global Strategic Planning Process and the Human Resource Management Function. Human Resource Planning, 9, 9.
- Ministry of Education. (1986). Educational Statistics in the Kingdom of Saudi Arabia. Riyadh: Ministry of Education.
- Ministry of Finance and National Economy. (1991). Statistical Year Book. Saudi Arabia.

- Ministry of Finance and National Economy. (1992). Statistical Yearbook. Riyadh: Saudi Arabia.
- SDP - Ministry of Planning. (1976). The Second Development Plan (1975- 1980). Ministry of Planning, Saudi Arabia.
- TDP - Ministry of Planning. (1981). The Third Development Plan (1980- 1985). Ministry of Planning, Saudi Arabia.
- 4DP - Ministry of Planning. (1986). The Fourth Development Plan (1985- 1990). Ministry of Planning, Saudi Arabia.
- 5DP - Ministry of Planning. (1990). The Fifth Development Plan (1990- 1995). Ministry of Planning, Saudi Arabia.
- MOP - Ministry of Planning. (1990). Fifth Development Plan Strategy. Ministry of Planning, Saudi Arabia.
- Ministry of Planning. (1993). Intentions of the Fifth Development Plan Regards Manpower in the Private Sector, pp. 58-79. In: *Symposium of the National Manpower in the Private Sector*. 2nd Vol. Riyadh: Institute of Public Administration.
- Mintzberg, H. E. (1973). The Nature of Managerial Work. New York: Harper & Row, Publisher.
- Moliver, D. M., and Abbondante, P. J. (1980). The Economy of Saudi Arabia. New York: Praeger.
- Mondy, R. W., Noe, R. M., and Edwards, R. E. (1986). What the Staffing Function Entails. Personnel, April.
- Montagu, C. (1995). Making More of National Manpower. Middle East Economic Digest, 39, 10, 40.
- Morgan, R. (1971). Manpower Planning in the Air Force: An Exercise in Linear Programming. In: *Models of Manpower Systems*. London: English University Press.
- Morris, M. J. (1994). The First Time Manager. London: Mogan Page.
- Mukherjee, S. P. and Chattopadhyay, A. K. (1989). A Stochastic Analysis of a Staffing Problem. Journal of the Operational Research Society, 40, 489-494.
- Myers, D. W. (1989). Human Resources Management: Principles and Practice. USA: Commerce Clearing House Incorporation.
- Nachmias, C., and Nachmias, D. (1992). Research Methods in the Social Sciences. London: Arnold.
- Nadler, P. S. (1992). Lending Strategies Hiring in Bad Times: Take Advantage of the Buyers Market for Bankers. Commercial Lending Review, 7, 87-91.
- NEDO, and the Office of the Manpower Service Commission OMSC. (1978). Case Studies in Company Manpower Planning. London: Crown copyright.

- Newton, D. (1974). Manpower Planning. In: *Planning for Human Resources*. 1st ed. London: Longman.
- Niehaus, R., and Price, K. (1991). Bottom Line Results from Strategic Human Resource Planning. New York: Plenum Press.
- Nkomo, S. (1983). Human Resource Planning Practices and Organization Performance: An Exploratory Investigation. Ph.D. Dissertation, University of Massachusetts, School of Management.
- Nkomo, S. M. (1986). The Theory and Practice of HR Planning: The Gap Still Remains. Personnel Administration, August, 71-84.
- Nyrop, R. (1977). Area Handbook for Saudi Arabia. Washington DC: The American University.
- O'Doherty, D. A. (1994). Towards Human Resource Planning, pp. 694. In: *Human Resource Management, A Contemporary Perspective*. 1st ed. London: Pitman Publishing.
- Olson, G. (1989). Saudi Manpower Trends: The New Economic Reality. Middle East Executive Reports, 12 (2), 19-20.
- Peterson, R. B., and Tracy, J. (1979). Systematic Management of Human Resource. Massachusetts: Addison-Wesley Publishing Company.
- Pettman, B., and Tavernier, G. (1985). Manpower Planning Workbook. Hants: Gower Publishing Company Aldershot.
- Plumbley, P. R. (1968). Recruitment and Selection. : Institute of Personnel Management.
- Porter, M. E. (1985). Competitive Advantages. New York: Free Press.
- Pratap, K. J., Mohapatra, P. M., and Barun, K. S. (1990). Modelling Age and Retirement in Manpower Planning. International Journal of Manpower, 11, 27-31.
- Pratt, K. J., and Bennett, S. G. (1986). Elements of Personnel Management. Berkshire, England: Van Nostrand Reinhold (UK) Company Limited.
- Psacharopoulos, G. (1991). From Manpower Planning to Labour Market Analysis. International Labour Review, 130, 459-474.
- Raghavendra, B. G. (1991). A Bivariate Model for Markov Manpower Planning Systems. Journal of the Operational Research Society, 42, 565-570.
- Randall S. Schuler. (1992). Strategic Human Resource Management: Linking the People with the Strategic Needs of the Business. Organizational Dynamics, 21, 18-32.
- Rao, P. P. (1990). A Dynamic Programming Approach to Determine Optimal Manpower Recruitment Policies. Operational Research Society, 41, 983-988.
-

**APPENDICES**

**APPENDIX ONE**

September 1st, 1993

To whom it may concern:

I am writing to inform you that Mr. Ali Al Bahlal is registered in this school for the degree of M.Phil .

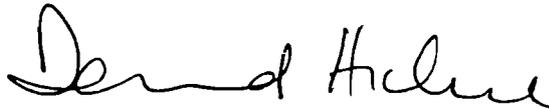
He works under the supervision of Professor Paul Iles and myself in the field of manpower planning. His work requires data from a sample of Saudi companies, as its subject concerns human resource planning in the Saudi private sector.

It is hoped that the research findings will be of interest and value to the companies associated with it.

I would very much appreciate it, if you would assist Mr. Ali Al Bahlal with his study.

May I take this opportunity to thank you in anticipation of your assistance.

Yours sincerely,



Desmond Hickie  
Head of Human Resource Management

**APPENDIX TWO**

**Dear General Director,**

I am one of the postgraduate students studying for Ph.D degree at the John Moors University in the United Kingdom. My current study is concerned with the human resource planning in Saudi Arabia. Because of the sever lack of information in this side, specially in private sector, some of the private firms are chosen to be my study sample.

This study aims to recognise and explore some official and unofficial features of the human resources planning (HRP) and how these aspects are administrated. In this respect, it is meant by official features, those which have specific methods and systems approved by the firm. Most importantly, it is hopped that this study will address any problems related to the management of the HRP and recommend appropriate solutions to overcome those problems according to what have been experienced by private firms in the most developed countries. Moreover, as long as the competitive ability is concerned, it is essential to have a very good system to plan for human resources needed.

I enclose with this letter questionnaires which have been designed to cover all aspects of the study and are also prepared to save your time in reading and writing. These questionnaires have nothing to do with the confidential accounts of your firm. What I do hope to find out is the routine and daily work in your administration. I also do ensure that all information obtained will be used for the research purposes and will be treated very confidentially.

Your co-operation is very much appreciated and thank you in advance.

**Ali A. Al Bahlal**

**QUESTIONNAIRE  
ABOUT SOME ASPECTS OF  
HUMAN RESOURCE PLANNING  
IN SAUDI PRIVATE SECTOR**

Dear Respondent

This questionnaire has been designed to be easy to answer and to save your time. Hence, you do not need much writing, only tick the suitable answer, your comments will be welcomed, please use the back of paper to write your comments, and not forget the number of the question which the comments about.

This questionnaire consist of three sections

Section one : general questions about the respondent

Section two : general questions about the firm

Section three: questions about human resource planning (HRP), this is divided into two parts .

Part (a) : to be answered by the firms which do not undertake formal human resource planning.

Part (b) : to be answered by the firms which undertake formal human resource planning.

(formal human resource planning means following systematic formal procedures to produce future oriented written human resource plan.)

### **Important Notice**

- 1- This questionnaire is directed to the personnel manager, or the one who hold this responsibility in the firm.
- 2- You do not have to write your name or the name of your firm.
- 3- This questionnaire aims to identify routine practices which are undertaken in any firm.
- 4- There is no need to consult the confidential documents of the firm.
- 5- The information provide will be kept as secret and will use only for the purpose of the scientific research.

For inquiry please contact Ali A. Al Bahlal

Tel. : 014779680

Fax : 014779680

## Section I - General information about the respondent

**Q1- What is the title of your position?.....**

**Q2- How long you have been in this position?**

1) <input type="checkbox"/> less than 4 years	4) <input type="checkbox"/> 12 - 15 years
2) <input type="checkbox"/> 4 - 7 years	5) <input type="checkbox"/> longer than 15 years
3) <input type="checkbox"/> 8 - 11 years	

**Q3- What is your age?**

1) <input type="checkbox"/> less than 19	5) <input type="checkbox"/> 46-55 years
2) <input type="checkbox"/> 19-25 years	6) <input type="checkbox"/> 56-60 years
3) <input type="checkbox"/> 26-35 years	7) <input type="checkbox"/> over 60 years
4) <input type="checkbox"/> 36-45 years	

**Q4-What are your educational achievements?**

1) <input type="checkbox"/> Elementary school	5) <input type="checkbox"/> Bachelor's degree
2) <input type="checkbox"/> Intermediate school	6) <input type="checkbox"/> Master's degree
3) <input type="checkbox"/> High school	7) <input type="checkbox"/> Other (please specify)
4) <input type="checkbox"/> Specialist Diploma	

**Q5- What is your nationality?**

1 <input type="checkbox"/> Saudi
2 <input type="checkbox"/> Non-Saudi

## Section II - General information about the firm

**Q6- In what year was your firm established?**

1 <input type="checkbox"/> Before 1961	4 <input type="checkbox"/> 1981-1990
2 <input type="checkbox"/> 1961-1970	5 <input type="checkbox"/> After 1990
3 <input type="checkbox"/> 1971-1980	

**Q7- What is the main activity of your firm?**

1) <input type="checkbox"/> Agriculture	4) <input type="checkbox"/> Manufacturing
2) <input type="checkbox"/> Trading	5) <input type="checkbox"/> Other (please specify)
3) <input type="checkbox"/> Public services	

**Q8- The firm is owned by:**

1) <input type="checkbox"/> One owner Establishment	3) <input type="checkbox"/> Joint stock
2) <input type="checkbox"/> 2 - 10 owners (Ltd. Liability)	4) <input type="checkbox"/> Partnership

**Q9- The firm is directed by :**

1) <input type="checkbox"/> The owner	4) <input type="checkbox"/> Shared board ( Saudi and Non-Saudi )
2) <input type="checkbox"/> Saudi board	5) <input type="checkbox"/> Other ( please specify )
3) <input type="checkbox"/> Non-Saudi board	

**Q10- What is the total number of employees in your firm?**

1	<input type="checkbox"/> less than 100 Employees	4	<input type="checkbox"/> 501 - 1000 employees
2	<input type="checkbox"/> 100 - 200 Employees	5	<input type="checkbox"/> More than 1000
3	<input type="checkbox"/> 201 - 500 employees		

**Q11- What is the total number of personnel department employees in your firm?**

1	<input type="checkbox"/> less than 5 employees
2	<input type="checkbox"/> 5 - 10 employees
3	<input type="checkbox"/> More than 10 employees

**Q12- What is the percentage of Saudi employees in your firm?**

1)	<input type="checkbox"/> less than 5%	4)	<input type="checkbox"/> 26% - 50%
2)	<input type="checkbox"/> 5% - 10%	5)	<input type="checkbox"/> More than 50%
3)	<input type="checkbox"/> 11% - 25%		

**Q13- Does the firm have internal information system?**

1	<input type="checkbox"/> Yes
2	<input type="checkbox"/> No

**If (yes) how would you evaluate the quality of the information in and its availability to any one need it in the firm? (please tick one of the following)**

1	<input type="checkbox"/> The information is comprehensive, accurate, up to date and available
2	<input type="checkbox"/> The information is comprehensive, accurate, up to date and not available
3	<input type="checkbox"/> The information is old and not accurate
4	<input type="checkbox"/> Other please specify

**Q14- Does the firm engaged in formal business planning?**

(Following systematic procedures to produce an articulated business plan)

1	<input type="checkbox"/> Yes	Please answer the questions in the frame below
2	<input type="checkbox"/> No	Please Go to Question No.15

<b>Q14 -a</b> What is the time horizon used in the plan?	
1	<input type="checkbox"/> short-term (yearly)
2	<input type="checkbox"/> medium-term (2-3 years)
3	<input type="checkbox"/> long-term (over 4 years)
<b>Q14-b</b> What consideration is given to the manpower issues in the firm business plans?	
1	<input type="checkbox"/> only covered under a group/firm-wide manpower chapter
2	<input type="checkbox"/> only covered under chapters relating to each operating sector/department
3	<input type="checkbox"/> covered in both 1 and 2
4	<input type="checkbox"/> not covered in any of 1 and 2
5	<input type="checkbox"/> other please specify

**Q15- Is there computer system in the firm ?**

1	<input type="checkbox"/> Yes
2	<input type="checkbox"/> No

If (yes) please indicate if there is a significant utilisation of the computer in any of the following areas: (please tick as much as applicable)

1	<input type="checkbox"/> estimate future manpower needs	5	<input type="checkbox"/> Job analysis and description
2	<input type="checkbox"/> estimate manpower wastage of the firm	6	<input type="checkbox"/> monitor manpower productivity
3	<input type="checkbox"/> training needs assessment	7	<input type="checkbox"/> succession planning
4	<input type="checkbox"/> routine works	8	<input type="checkbox"/> other please specify

**Q16-Who of the following is in charge of estimating future manpower needs for your firm?**

1)	<input type="checkbox"/> The general manager	5)	<input type="checkbox"/> A specialist committee
2)	<input type="checkbox"/> The personnel department	6)	<input type="checkbox"/> The Planning department
3)	<input type="checkbox"/> The line managers	7)	<input type="checkbox"/> Other (Please specify)
4)	<input type="checkbox"/> Both 2) and 3)		

**Q17- Are you personally responsible for determining manpower needs ?**

1)	<input type="checkbox"/> Yes	please answer the following questions
2)	<input type="checkbox"/> No	please Go direct to Question number ( 20 )

**Q18- Have you ever attended any training program in the methods of determining manpower needs?**

1	<input type="checkbox"/> Yes	please what is the title and length of that course?
2	<input type="checkbox"/> No	

**If yes, have you put the methods you trained in into practice?**

1	<input type="checkbox"/> Yes	
2	<input type="checkbox"/> No	If No please give reasons

**Q19-What is the extent of your responsibility for determining manpower needs?**

1)	<input type="checkbox"/> Only restricted to your department.
2)	<input type="checkbox"/> Participation in determining all manpower needs for the firm as a whole through official group or committee?
3)	<input type="checkbox"/> Other (please specify) ?

**Q20- Which of the following methods are most often used to estimate manpower needs in your firm?**

1)	<input type="checkbox"/> Managerial judgement	4)	<input type="checkbox"/> Statistical and mathematical models
2)	<input type="checkbox"/> Work load study	5)	<input type="checkbox"/> Other (please specify)
3)	<input type="checkbox"/> Ratio trends		

**Q21- Are you completely satisfied about the effectiveness of the methods you employ to estimate manpower needs?**

1	<input type="checkbox"/> Yes	
2	<input type="checkbox"/> No	please give reasons

**Q22- Who of the following is responsible for determining the labour resources for the firm?**

1)	<input type="checkbox"/> The general manager	4)	<input type="checkbox"/> A special committee
2)	<input type="checkbox"/> The personnel department	5)	<input type="checkbox"/> Other (please specify)
3)	<input type="checkbox"/> The line managers		

**Q 23- Do you participate in the selection of the labour market from which the firm will recruit the manpower needed?**

1	<input type="checkbox"/> Yes
2	<input type="checkbox"/> No

**Q24- Please rank the following factors according to its priority in determining the source from which the firm will recruit ; The most important takes the number 1 and the less important takes the number 6 in the field of priority below:**

	The factors	priority
a)	Manpower wages	
b)	Costs of importing manpower	
c)	Performance level	
d)	Skills needed	
e)	Behaviour of the manpower	
f)	Government legislation	

### **SECTION III - INFORMATION RELATE TO THE METHODS AND PROCEDURES OF HUMAN RESOURCE PLANNING**

**Q25- Does your firm engage in formal human resource planning? (Following systematic formal procedures to produce an articulated human resource plan)**

1	<input type="checkbox"/> Yes	please Go to Question No. 28 [ part III (b) ]
2	<input type="checkbox"/> No	please answer the following questions [ part III (a) ]

#### **SECTION III (a) Questions related to human resource planning**

**Q26- please answer all the questions in the table below using (✓) in front of the most appropriate alternative describe the actual practice of the firm.**

Any comments will be welcomed. If no enough space please use the back of the paper and please write the number of the question.)

	The questions	Yes	No	Not know
1	Does your firm maintain up-to-date personnel records?			
2	Does the firm keep records of either of products / sales or the level of services?			
3	Are the objectives of the firm (in terms of products, services, sales,etc.) clear?			
4	Does the firm undertake regular performance appraisal of its workers?			
5	Does your firm undertake studies to the manpower resources from which it will recruit?			
6	Does the firm link the personnel activities to the business plan?			
7	Have the skills and abilities of the manpower been used efficiently?			

8	Do you think that human resource planning function is necessary for your firm?			
9	Does the firm have job description and person specification to its jobs?			
10	Are there clear objectives to the personnel department?			
11	Does the firm undertake regular evaluation to the work methods and job design?			
12	Does the person responsible for estimating manpower needs have access to participate in the meetings of the firm board?			
13	Are there co-ordination between the personnel department activities (recruitment, training and promotion)?			
14	Are there classifications to the worker by either of skills, age or length of service?			
15	Does the firm undertake formal estimation of manpower wastage?			
16	Are there co-ordination between personnel department and line departments to estimate manpower needs for the firm?			
17	Does the firm observe the costs of import and training the foreign workers?			
18	Does the firm undertake estimation of the labour cost as a percentage of the production costs?			
19	Does the firm evaluate the effectiveness of the pay and benefit in retaining and encouraging the workers?			

**Q27- In your opinion what is the barriers facing applying formal human resource planning in your firm?**

1	<input type="checkbox"/> lack of manpower information	4	<input type="checkbox"/> low priority of planning compared with immediate management concerns
2	<input type="checkbox"/> insufficient top management commitment	5	<input type="checkbox"/> other (please specify)
3	<input type="checkbox"/> lack of line management co-operation		

**The above section was the final for the firms which were not engaged in formal HRP, the following is only concerned with the firms engaged in formal HRP.**

**SECTION III (b) This part of the questionnaire is only directed to the firms which undertake formal human resource planning (HRP)**

**Q28- Please indicate the time horizon used in your HRP process?**

1	<input type="checkbox"/> One year	4	<input type="checkbox"/> Four years
2	<input type="checkbox"/> Two years	5	<input type="checkbox"/> Five years
3	<input type="checkbox"/> Three years	6	<input type="checkbox"/> Over five years

**Q29- Which department is most responsible for preparing human resource plan?**

1	<input type="checkbox"/> personnel department	4	<input type="checkbox"/> planning department
2	<input type="checkbox"/> a specialist department	5	<input type="checkbox"/> other please specify
3	<input type="checkbox"/> line managers		

**Q30- Does your HRP process include a systematic analysis of the following external factors or their equivalent ? (please tick as many as applicable)**

1	<input type="checkbox"/> Demographic trends	5	<input type="checkbox"/> Social / Cultural values and attitudes
2	<input type="checkbox"/> Technological development	6	<input type="checkbox"/> Economic conditions
3	<input type="checkbox"/> Political / Legal / Regulatory development	7	<input type="checkbox"/> Other (please specify)
4	<input type="checkbox"/> Labour market conditions		

**Q31- Does your HRP process include the identification of objectives and strategies for any of the following? (please tick as many as applicable)**

1	<input type="checkbox"/> Recruitment and staffing	5	<input type="checkbox"/> Compensation
2	<input type="checkbox"/> Training and development	6	<input type="checkbox"/> Health and safety
3	<input type="checkbox"/> Employee benefits	7	<input type="checkbox"/> Other (please specify)
4	<input type="checkbox"/> Management succession		

**Q32- To what degree is your HRP integrated with strategic Business planning (SBP) in your firm? (please tick one only )**

1	<input type="checkbox"/> Before SBP are finalised (HRP) data is requested by strategic planners.
2	<input type="checkbox"/> (HRP) begins only after strategic business plans are formulated.
3	<input type="checkbox"/> (HRP) is an integrated part of SBP.
4	<input type="checkbox"/> There is no formal integration.

**Q33- Does your HRP process contain procedures for reviewing progress toward the attainment of objectives and /or procedures for correcting any discrepancies identified?**

1	<input type="checkbox"/> Yes
2	<input type="checkbox"/> No

**Q34- Please indicate if a systematic approach to HRP been beneficial to your firm in the following areas? (please tick as many as applicable)**

		Yes	No	Not know
1	Saving in unit labour costs			
2	Increased employee productivity			
3	Increased job satisfaction/motivation			
4	Improved identification of training needs			
5	Reduced skills shortages			
6	Reduced labour turnover			
7	Other benefits (please specify)			

**Q35- In your opinion, what has been the contribution of HRP to the bottom line performance of your firm? (please tick one)**

1	<input type="checkbox"/> Of no importance	4	<input type="checkbox"/> Very important
2	<input type="checkbox"/> Slightly important	5	<input type="checkbox"/> Extremely important
3	<input type="checkbox"/> Important	6	<input type="checkbox"/> Don't know

**APPENDIX THREE**

بسم الله الرحمن الرحيم

سعادة مدير عام

المحترم

السلام عليكم ورحمة الله وبركاته ،، وبعد:

أفيدكم أنني أحد الطلبة المتبعثين للدراسات العليا في بريطانيا من قبل المديرية العامة لحرس الحدود، أحضر لئيل درجة الماجستير من جامعة ليفربول جون موريس، وأعمل حالياً على بحث تخطيط القوى العاملة في المملكة العربية السعودية. ونظراً لقلة المعلومات المتوفرة عن هذا الجانب وخاصة في القطاع الخاص، فقد اخترت بعض منشآت القطاع الخاص كعينة لهذه الدراسة.

أهدف في هذه الدراسة الى التعرف على بعض المظاهر الرسمية وغير الرسمية لتخطيط القوى العاملة وإدارتها (أقصد بالمظاهر الرسمية هنا تلك التي لها طرق وانظمة معتمدة من قبل المنشأة) ومحاولة تشخيص أي مشاكل متعلقة بإدارة وتخطيط القوى العاملة واقتراح الحلول المناسبة لعلاجها في ضوء الخبرات العالمية في هذا المجال، هذا ولا تخفى أهمية تخطيط القوى العاملة في زيادة القدرة التنافسية للمنشأة . وتعتمد طرق البحث الميداني في هذه الدراسة على استمارة الاستبيان المرفقة، و الموجهة للمستنول عن ادارة القوى العاملة لديكم. هذه الاستمارة قد اعدت بشكل لا يحتاج الكثير من الوقت أو حتى الكثير من الكتابة . هذا وأؤكد أن البحث لاعلاقة له بأسرار ووثائق المنشأة وجل ما آمل التوصل اليه هو معرفة بعض الممارسات اليومية الروتينية في إدارة القوى العاملة ، كما أؤكد بان المعلومات الواردة في هذا الاستبيان سوف تستخدم لغرض البحث العلمي فقط وستعامل بسرية تامة، هذا وتجيدون بطيه خطاب من المعهد يؤيد ما ذكر أعلاه،

أمل تعاونكم وذلك بتوجيه المختصين لديكم بالاجابة على جميع الاسئلة المتعلقة بمنشأتكم في استمارة الاسبيان ،

شاكر لكم مقدماً حسن تعاونكم لاتمام هذا العمل وتقبلوا تحياتي ،

أخوكم المبعث

علي عبداللطيف البهلال

تلفون و فاكس رقم ٠١٤٧٧٩٦٨٠

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

استمارة استبيان  
عن بعض مظاهر  
تخطيط القوى العاملة  
في منشآت القطاع الخاص

إعداد الباحث  
علي عبداللطيف البهلال  
شوال ١٤١٤

## تعليمات للإجابة على هذا الاستبيان

عزيزي المحيبي

السلام عليكم ورحمة الله وبركاته

لاحظت في الاختبار التجريبي هذه الاستمارة أن بعض الاخوة يحرصون على اختيار الاجابات التي يعتقدون أنها تعكس أفضل صورة للمنشأة وليس الواقع الفعلي للمنشأة عليه أرجو تحري الدقة في اختيار الاجابات التي تصف واقع المنشأة دون كتابة مايدل على هوية المنشأة أو المحيبي.

هذا وقد صُممت هذه الاستمارة بطريقة تُسهل عملية الإجابة؛ حيث يمكنك إجابة جميع الأسئلة بوضع علامة (✓) أمام الخيار الملائم و دون أن تحتاج إلى كتابة كلمة واحدة ، ولا يعني ذلك أن لاجابة لكاتبك، بل على العكس من ذلك، يسعدني أن تجد في وقتك متسع لكتابة ملاحظاتك التي سوف تلقى كل اهتمام . هذا ويمكنك استعمال الجزء الخلفي من الورقة لكتابة ملاحظاتك وتعليقاتك ، ولكن لاتنس كتابة رقم السؤال الذي علقت عليه.

يتكون هذا الاستبيان من ثلاثة أجزاء:

- الجزء الأول: أسئلة عامة عن المحيبي.

- الجزء الثاني: أسئلة عامة عن المنشأة.

- الجزء الثالث: أسئلة متعلقة بعملية تخطيط القوى العاملة :

وأسئلة هذا الجزء مقسمة الى قسمين : (أ ، ب) والمطلوب إجابة قسم واحد فقط ، يحدد ذلك القسم وجود أو عدم وجود تخطيط رسمي للقوى العاملة في المنشأة و المقصود بتخطيط رسمي (وجود إدارة أو قسم يصدر خطة مكتوبة لإدارة القوى العاملة في المنشأة).

ملاحظات :

- ١- هذا الاستبيان موجه للمستول عن ادارة القوى العاملة.
- ٢- رجاء عدم كتابة إسمك أو إسم منشأتك.
- ٣- هدف البحث التعرف على بعض الممارسات الروتينية التي تجرى في المنشآت الخاصة.
- ٤- ليس هناك حاجة مطلقاً للرجوع إلى سجلات المنشأة أو أسرارها.
- ٥- المعلومات الواردة في هذه الاستمارة سوف تعامل بسرية ولن تستخدم إلا لغرض البحث العلمي فقط.

للاستفسار أرجو الاتصال بـ :

تلفون وفاكس رقم ٠١٤٧٧٩٦٨٠

علي البهلال

## الجزء الأول أسئلة عامة عن المجيب :

س١ - ما مسمى وظيفتك؟.....

س٢ - كم لك من المدة في هذه الوظيفة؟

أقل من أربع سنوات.	<input type="checkbox"/>	١
٤ - ٧ سنوات.	<input type="checkbox"/>	٢
٨ - ١١ سنة.	<input type="checkbox"/>	٣
١٢ - ١٥ سنة.	<input type="checkbox"/>	٤
أكثر من ١٥ سنة.	<input type="checkbox"/>	٥

س٣ - كم عمرك؟

أقل من ١٩ سنة.	<input type="checkbox"/>	١
١٩ - ٢٥ سنة .	<input type="checkbox"/>	٢
٢٦ - ٣٥ سنة .	<input type="checkbox"/>	٣
٣٦ - ٤٥ سنة .	<input type="checkbox"/>	٤
٤٦ - ٥٥ سنة .	<input type="checkbox"/>	٥
٥٦ - ٦٠ سنة .	<input type="checkbox"/>	٦
أكثر من ٦٠ سنة .	<input type="checkbox"/>	٧

س٤ - ما آخر مؤهل تحصله؟

الشهادة الابتدائية .	<input type="checkbox"/>	١
الشهادة المتوسطة .	<input type="checkbox"/>	٢
الشهادة الثانوية أو ما يعادلها .	<input type="checkbox"/>	٣
دبلوم مختص ( فضلاً اذكر التخصص ) .	<input type="checkbox"/>	٤
درجة البكالوريوس ( فضلاً اذكر التخصص ) .	<input type="checkbox"/>	٥
درجة الماجستير ( فضلاً اذكر التخصص ) .	<input type="checkbox"/>	٦
أخرى ( فضلاً اذكرها ) .	<input type="checkbox"/>	٧

س٥ - ما جنسيتك؟

سعودي .	<input type="checkbox"/>	١
غير سعودي .	<input type="checkbox"/>	٢

## الجزء الثاني أسئلة عامة عن المنشأة :

س٦ - متى تأسست المنشأة؟

قبل عام ١٩٦١ .	<input type="checkbox"/>	١
في الفترة بين ١٩٦١ - ١٩٧٠ .	<input type="checkbox"/>	٢
١٩٧١ - ١٩٨٠ .	<input type="checkbox"/>	٣
١٩٨١ - ١٩٩٠ .	<input type="checkbox"/>	٤
بعد عام ١٩٩٠ .	<input type="checkbox"/>	٥

س٧ - ما النشاط الرئيسي للمنشأة ؟

الزراعة.	<input type="checkbox"/>	١
التجارة.	<input type="checkbox"/>	٢
الخدمات العامة.	<input type="checkbox"/>	٣
الصناعة الغذائية.	<input type="checkbox"/>	٤
الصناعات الأخرى.	<input type="checkbox"/>	٥
أخرى فضلاً اذكرها.	<input type="checkbox"/>	٦

س٨ - ما نوع المنشأة؟

مؤسسة فردية.	<input type="checkbox"/>	١	مساهمة عامة.	<input type="checkbox"/>	٣
١٠ - ٢ شركاء..	<input type="checkbox"/>	٢	أخرى (فضلاً اذكرها).	<input type="checkbox"/>	٤

س٩ - من يدير المنشأة؟

المالك أو اقاربه.	<input type="checkbox"/>	١	إدارة شركة (سعودية وغير سعودية).	<input type="checkbox"/>	٤
إدارة سعودية .	<input type="checkbox"/>	٢	أخرى فضلاً اذكرها	<input type="checkbox"/>	٥
إدارة غير سعودية .	<input type="checkbox"/>	٣			

س١٠ - كم العدد الإجمالي للعاملين في المنشأة؟

أقل من ١٠٠ موظف.	<input type="checkbox"/>	١	١٠٠٠ - ٥٠١.	<input type="checkbox"/>	٤
٢٠٠ - ١٠٠	<input type="checkbox"/>	٢	أكثر من ١٠٠٠ موظف	<input type="checkbox"/>	٥
٥٠٠ - ٢٠١	<input type="checkbox"/>	٣			

س١١ - كم عدد العاملين في إدارة أو قسم شئون الموظفين (إدارة القوى العاملة)؟

أقل من ٥ موظفين.	<input type="checkbox"/>	١			
١٠ - ٥ موظفين.	<input type="checkbox"/>	٢			
أكثر من ١٠ موظفين	<input type="checkbox"/>	٣			

س١٢ - كم نسبة السعوديين في المنشأة؟

أقل من ٥%	<input type="checkbox"/>	١	٢٦% - ٥٠%	<input type="checkbox"/>	٤
١٠% - ٥%	<input type="checkbox"/>	٢	أكثر من ٥٠%	<input type="checkbox"/>	٥
١٠% - ٢٥%	<input type="checkbox"/>	٣			

س١٣ - هل يوجد في المنشأة نظام داخلي للمعلومات؟

نعم	<input type="checkbox"/>	١
لا	<input type="checkbox"/>	٢

إذا كانت الإجابة (بنعم) فكيف تقيم جودة وتوفير المعلومات في هذا النظام؟

فضلاً ضع علامة (✓) أمام الخيار الملائم أدناه:

المعلومات الموجودة في هذا النظام شاملة ودقيقة ومتاحة لأي مستول	<input type="checkbox"/>	١
المعلومات شاملة ودقيقة لكن يصعب الحصول عليها	<input type="checkbox"/>	٢
المعلومات غير دقيقة وتفترق الى التجديد	<input type="checkbox"/>	٣
أخرى (فضلاً اذكرها)	<input type="checkbox"/>	٤

س١٤ - هل تسير المنشأة وفق خطة عامة؟

نعم	<input type="checkbox"/>	١	فضلاً اجب على الاسئلة في المربع التالي
لا	<input type="checkbox"/>	٢	اذهب إلى سؤال رقم ١٥

(أي اتباع اجراءات رسميه لاعداد خطة عامة مكتوبة)

س١٤ (أ) إذا كانت الإجابة (بنعم) فما المدى الزمني لخطة المنشأة العامة (الفترة التي يتم التخطيط لها) ؟	
١	<input type="checkbox"/> قصيرة المدى (سنة واحدة أو أقل)
٢	<input type="checkbox"/> متوسطة المدى (٢ - ٣ سنوات)
٣	<input type="checkbox"/> طويلة المدى (أكثر من أربع سنوات)
س١٤ (ب) إذا كان يوجد خطة عامة في المنشأة فاین تُصنّف القوى العاملة في هذه الخطة؟	
١	<input type="checkbox"/> تصنف في فصل أو باب خاص بالقوى العاملة في المنشأة عموماً
٢	<input type="checkbox"/> تصنف تحت الفصول الخاصة بإدارات المنشأة الأخرى (مثل عمالة الانتاج توجد تحت فصل الانتاج)
٣	<input type="checkbox"/> مصنفة في كلا الحالتين السابقتين ١ ، ٢
٤	<input type="checkbox"/> غير مصنفة في أي من الحالتين السابقتين ١ ، ٢
٥	<input type="checkbox"/> أخرى (فضلاً أذكرها)

س١٥ - هل هناك استخدامات للحاسب الآلي (الكمبيوتر) في المنشأة عموماً ؟	١	<input type="checkbox"/> نعم
	٢	<input type="checkbox"/> لا

إذا كانت إجابتك (بنعم) فضلاً اذكر إذا كان هناك استخدامات للكمبيوتر في أي من المجالات الآتية :

وذلك بوضع علامة (✓) أمام الاستخدام، ويمكنك وضع أكثر من علامة

١	<input type="checkbox"/>	في تقدير الاحتياجات المستقبلية من العمالة.	٥	<input type="checkbox"/>	في عملية تحليل ووصف الوظائف
٢	<input type="checkbox"/>	في تقدير النقص المتوقع من العمالة الحالية في المنشأة.	٦	<input type="checkbox"/>	قياس إنتاجية العاملين
٣	<input type="checkbox"/>	في تقدير الاحتياجات التدريبية .	٧	<input type="checkbox"/>	في عملية الدوران الوظيفي
٤	<input type="checkbox"/>	في إنجاز أعمال روتينية.	٨	<input type="checkbox"/>	أخرى (فضلاً اذكرها)

س١٦ - من المسئول عن تحديد احتياجات المنشأة المستقبلية من العمالة؟

١	<input type="checkbox"/>	المدير العام	٥	<input type="checkbox"/>	لجنة مختصة
٢	<input type="checkbox"/>	إدارة القوى العاملة (شئون الموظفين)	٦	<input type="checkbox"/>	إدارة أو قسم التخطيط
٣	<input type="checkbox"/>	مدراء الإدارات	٧	<input type="checkbox"/>	أخرى (فضلاً اذكرها)
٤	<input type="checkbox"/>	كل من ٢ + ٣			

س١٧ - هل أنت شخصياً مسئول عن تحديد الاحتياجات من القوى العاملة؟

١	<input type="checkbox"/>	نعم	فضلاً استمر في إجابة الأسئلة التالية
٢	<input type="checkbox"/>	لا	فضلاً اذهب مباشرة الى سؤال رقم ( ٢٠ )

س١٨ - هل اشركت في دورات تدريبية عن طرق تحديد الاحتياجات من القوى العاملة؟

١	<input type="checkbox"/>	نعم	فضلاً اذكر عنوان الدورة .....
٢	<input type="checkbox"/>	لا	مدتها..... اسابيع

إذا كانت إجابتك (بنعم) فهل هناك تطبيق فعلي لتلك الطرق في المنشأة ؟

١	نعم <input type="checkbox"/>
٢	لا <input type="checkbox"/> فضلاً أذكر الأسباب

س١٩ - ما حدود مسئوليتك عن تحديد الاحتياجات من القوى العاملة للمنشأة؟

١	فقط مقصورة على الإدارة أو القسم الذي تديره <input type="checkbox"/>
٢	المشاركة في تحديد الاحتياجات للمنشأة ككل من خلال لجنة رسمية <input type="checkbox"/>
٣	أخرى (فضلاً اذكرها) <input type="checkbox"/>

س٢٠ - أي الطرق الآتية يتم استعماله لتحديد الاحتياجات من القوى العاملة للمنشأة؟

١	الخبرة الإدارية <input type="checkbox"/>	٤	استخدام النماذج الرياضية أو الاحصائية <input type="checkbox"/>
٢	دراسة عبء العمل <input type="checkbox"/>	٥	أخرى (فضلاً أذكرها) <input type="checkbox"/>
٣	تحليل معامل الاتجاه <input type="checkbox"/>		

س٢١ - هل أنت راضٍ تماماً عن فعالية الطرق المتبعة لتحديد الاحتياجات من القوى العاملة في المنشأة؟

١	نعم <input type="checkbox"/>
٢	لا <input type="checkbox"/> (فضلاً اذكر الأسباب)

س٢٢ - من المسئول عن تحديد المصادر التي سوف يتم منها سد احتياجات المنشأة من القوى العاملة؟

١	المدير العام <input type="checkbox"/>	٤	لجنة مختصة <input type="checkbox"/>
٢	إدارة شئون الموظفين <input type="checkbox"/>	٥	أخرى (فضلاً اذكرها) <input type="checkbox"/>
٣	مدراء الإدارات <input type="checkbox"/>		

س٢٣ - هل تشارك في اختيار مصادر سد الاحتياجات من القوى العاملة التي سيتم التوظيف منها؟

١	نعم <input type="checkbox"/>
٢	لا <input type="checkbox"/>

س٢٤ - فضلاً رتب العناصر الآتية حسب أولويتها في تحديد مصادر القوى العاملة؟ وذلك بترقيم العناصر من ١ إلى ٦

حسب أولويتها. العنصر المهم يأخذ الرقم ١ والأقل أهمية يأخذ الرقم ٦ وذلك في خانة الأولوية أدناه .

الأولوية	العنصر
I	رواتب العمالة
II	تكاليف الاستقدام
III	مستويات أداء العمالة
IV	المهارات أو الخبرات المطلوبة للمنشأة
V	سلوك العمالة
VI	التنظيمات الحكومية

### الجزء الثالث أسئلة متعلقة بعملية تخطيط القوى العاملة

س ٢٥ - هل يوجد في المنشأة تخطيط رسمي للقوى العاملة ؟

(وجود اجراءات معتمدة رسمياً من قبل إدارة المنشأة لإعداد خطة مكتوبة للقوى العاملة)

١	<input type="checkbox"/> نعم	فضلاً اذهب مباشرة الى سؤال رقم ٢٨ - الجزء الثالث (ب)
٢	<input type="checkbox"/> لا	فضلاً استمر في الإجابة على الأسئلة التالية - الجزء الثالث (أ)

### الجزء الثالث (أ)

س ٢٦ - أدناه جدول يتضمن بعض الأسئلة المتعلقة بتخطيط القوى العاملة فضلاً أجب عن الأسئلة التالية جميعاً وذلك بوضع علامة (✓) أمام الإجابة المناسبة التي تصف الوضع القائم في المنشأة

الأسئلة	نعم	لا	لا أدري
١ هل يوجد مجلات حديث و متكاملة لشئون العاملين في المنشأة ؟			
٢ هل هناك تسجل منتظم لإنتاج المنشأة أو المبيعات أو مستوى الخدمات التي تقدمها ؟			
٣ هل أهداف المنشأة للإنتاج او الخدمات او المبيعات واضحة؟			
٤ هل تجري المنشأة تقييم منتظم لإداء العاملين ؟			
٥ هل تجري المنشأة دراسات لمصادر العمالة التي سيتم التوظيف منها ؟			
٦ هل هناك نشاطات شئون الموظفين مربوطة بأهداف او خطط المنشأة؟			
٧ هل المهارات والقدرات الحالية للعاملين في المنشأة تستخدم بكفاءة؟			
٨ هل ترى ضرورة وجود وظيفة أو قسم لتخطيط القوى العاملة في المنشأة؟			
٩ هل وظائف المنشأة مصنفة وموصوفة؟			
١٠ هل أهداف إدارة القوى العاملة واضحة؟			
١١ هل تجري المنشأة تقييم لفاعلية طرق العمل ومدى الحاجة لتحسينها؟			
١٢ هل المسئول عن تحديد الاحتياجات من القوى العاملة يحضر اجتماعات الإدارة العليا؟			
١٣ هل هناك تنسيق بين أنشطة ادارة القوى العاملة المختلفة (التدريب، التعيين والرقبات)؟			
١٤ هل يوجد تصنيف للعمالة الحالية على اساس العمر أو طول الخدمة أو المهارات؟			
١٥ هل هناك تقديرات منتظمة للنقص المتوقع من العمالة (التقاعد أو الاستقالة أو خلافة)؟			
١٦ هل هناك تنسيق بين إدارة القوى العاملة وباقي الإدارات لتحديد الاحتياجات من العمالة؟			
١٧ هل هناك حسابات دقيقة لتكاليف استخدام وتعيين وتدريب القوى العاملة؟			
١٨ هل تجري المنشأة حساباً لتكاليف العمل كنسبة من تكاليف الوحدة من الناتج؟			
١٩ هل تجري المنشأة تقيماً لفعالية الرواتب والمكافآت في إبقاء وتشجيع العمالة؟			

س ٢٧ - ماهي في نظرك أهم معوقات تطبيق نظام رسمي لتخطيط القوى العاملة في منشأتكم؟

١	<input type="checkbox"/> نقص المعلومات عن القوى العاملة	٤	<input type="checkbox"/> انخفاض أولوية التخطيط مقارنة بالشئون الإدارية اليومية
٢	<input type="checkbox"/> عدم تحمس الإدارة العليا للتخطيط	٥	<input type="checkbox"/> أخرى (فضلاً اذكرها)
٣	<input type="checkbox"/> عدم تعاون مدراء الإدارات		

عزيزي الجيب بنهاية الجزء السابق تكون قد اكتملت الاستمارة للمنشأة التي لا يوجد بها تخطيط للقوى العاملة. الجزء التالي موجه فقط للمنشأة التي لديها نظم رسمية لتخطيط القوى العاملة.

### الجزء الثالث (ب)

إذا كانت المنشأة تجري تخطيطاً رسمياً للقوى العاملة فضلاً عما يجب عن الأسئلة الآتية وذلك بوضع علامة (✓) أمام إجابة واحدة فقط إلا إذا ورد استثناء كما في بعض الأسئلة .

س٢٨ - ما المدى الزمني لخطة القوى العاملة في منشأتكم ؟

سنة واحدة <input type="checkbox"/>	١	اربع سنوات <input type="checkbox"/>	٤
سنتين <input type="checkbox"/>	٢	خمس سنوات <input type="checkbox"/>	٥
ثلاث سنوات <input type="checkbox"/>	٣	أكثر من خمس سنوات <input type="checkbox"/>	٦

س٢٩ - ما الإدارة أو القسم من المنشأة الذي يتولى إعداد خطة القوى العاملة للمنشأة؟

إدارة القوى العاملة ( شئون الموظفين) <input type="checkbox"/>	١	إدارة أو قسم التخطيط في المنشأة <input type="checkbox"/>	٤
قسم مختص بتخطيط القوى العاملة <input type="checkbox"/>	٢	أخرى (فضلاً أذكرها) <input type="checkbox"/>	٥
مدراء الإدارات <input type="checkbox"/>	٣		

س٣٠ - هل عملية تخطيط القوى العاملة في المنشأة تتضمن تحليلاً منتظماً لأي من العوامل الخارجية الآتية ؟

أرجو وضع علامة (✓) على جميع العناصر التي يتم تحليلها

النمو السكاني <input type="checkbox"/>	١	القيم والعادات الاجتماعية <input type="checkbox"/>	٥
التطورات التكنولوجية <input type="checkbox"/>	٢	الظروف الاقتصادية <input type="checkbox"/>	٦
الأوضاع السياسية والقانونية <input type="checkbox"/>	٣	أخرى (فضلاً أذكرها) <input type="checkbox"/>	٧
ظروف سوق العمل <input type="checkbox"/>	٤		

س٣١ - هل عملية تخطيط القوى العاملة تتضمن وضع أهداف أو استراتيجيات لأي من الأنشطة الآتية ؟

أرجو وضع علامة (✓) على جميع العناصر الملائمة

الاستقطاب والتوظيف <input type="checkbox"/>	١	المكافأة <input type="checkbox"/>	٥
التدريب والتطوير <input type="checkbox"/>	٢	السلامة والصحة <input type="checkbox"/>	٦
المميزات الوظيفية <input type="checkbox"/>	٣	أخرى (فضلاً أذكرها) <input type="checkbox"/>	٧
التدرج الوظيفي للعاملين <input type="checkbox"/>	٤		

س٣٢ - ما العلاقة بين عملية وضع الخطة العامة للمنشأة و تخطيط القوى العاملة في المنشأة؟

يضاف الجزء الخاص بالقوى العاملة قبل التشكيل النهائي لخطة المنشأة العامة. <input type="checkbox"/>	١
يتم تخطيط القوى العاملة بعد صدور الخطة العامة للمنشأة. <input type="checkbox"/>	٢
هناك تكامل تام في إعداد الخطتين. <input type="checkbox"/>	٣
ليس هناك علاقة بين إعداد الخطتين. <input type="checkbox"/>	٤

س٣٣ - هل تتضمن الخطة إجراءات خاصة لتابعة مدى تحقق أهداف الخطة وتصحيح أي تعارض قد يوجد ؟

نعم	<input type="checkbox"/>	١
لا	<input type="checkbox"/>	٢

س٣٤ - فضلاً اذكر إذا كان إتباع تخطيط رسمي للقوى العاملة قد حقق فوائد للمنشأة في أي من المجالات الآتية :  
أرجو وضع علامة (✓) في الخانات الملائمة

المجالات	نعم	لا	لاأدرى
١ ترشيد تكاليف وحدة العمل			
٢ زيادة إنتاجية العاملين			
٣ زيادة الرضى الوظيفي للعاملين و تحفيزهم			
٤ المساعدة في تحديد الاحتياجات التدريبية			
٥ خصص القصور في المهارات			
٦ خصص معدل القص من العمالة			
٧ فوائد اخرى ( فضلاً اذكرها )			

س٣٥ - في اعتقادك كيف تقم تأثرو تخطيط لقوى عاملة في لأدء لعام لمشأتكم ؟

١	عمو مهم	<input type="checkbox"/>	٤	هم جداً	<input type="checkbox"/>
٢	محدود لأهمية	<input type="checkbox"/>	٥	في عاية لأهمية	<input type="checkbox"/>
٣	هم	<input type="checkbox"/>	٦	لاأدرى	<input type="checkbox"/>

تم بحمد الله

اشكركم على حسن تعاونكم و تكرمكم بالإحانة على هذه الاستمارة

بسم الله الرحمن الرحيم

سعادة الأستاذ

السلام عليكم ورحمة الله وبركاته

حيث تم اختيار منشأ تكم ضمن عينة بحث تخطيط القوى العاملة في القطاع الخاص، الذي هو موضوع أطروحتي لنيل درجة الماجستير في جامعة ليفربول جون مورس، فقد تم ارسال استمارة الاستبيان الخاصة بذلك بتاريخ الموافق ، وحتى تاريخه لم تصلني إجاباتكم على تلك الاستمارة واني اذ أقدر انشغالكم وضيق وقتكم فاني أرجو التكرم بإرسال الاجابات عاجلا على الفاكس المذكور أدناه. واذا كانت الاستمارة لم تصلكم لسبب أو لآخر فاني أرجو التنسيق لتزويدكم بنسخة أخرى ، وأرغب التأكيد هنا على أهمية عنصر الزمن بالنسبة لي وذلك نظرا لمحدودية البعثة عليه أرجو التكرم بسرعة الاجابة شاكرا لكم حسن تجاوبكم وقبولكم المشاركة في هذه الدراسة الذي ان دل على شئ فانما يدل على مدى وعيكم بأهمية البحث العلمي .

ولكم خالص التحية والتقدير

أخوكم المبتعث/ علي عبد اللطيف البهلال

تلفون و فاكس ٠١٤٧٧٩٦٨٠

الرياض