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**MANAGEMENT CHARACTERISTICS
AND ORGANISATION CONTEXT
IN SAUDI ARABIA**

by

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ABSTRACT

The purpose of this research was to compare the characteristics of both Western and Saudi senior management in Saudi Arabian business organisations.

The author investigated management characteristics, and the differences between Saudi and Western managers in their styles and management practices. In addition, he investigated the underlying causes of ineffective management and ineffective organisational context and systems in Saudi Arabia.

Some sources have claimed that Saudi managers are ineffective in their management styles. Yet no effort was made by these sources to compare Saudi and non-Saudi managers. In addition, no study has been made to compare non-government and government business corporations. Also, little has been said elsewhere regarding the social and organisational environments and their effects/impacts on both management and corporations. The present study has attempted to do this. Difficulties in developing management and organisation have arisen because of Saudi Arabia's rapid development from a traditional society towards industrialisation and modernisation.

Field research was conducted in several cities of Saudi Arabia from June 1989 to August 1991. Methods of eliciting data included questionnaires and interviews. Data-processing was done by Loughborough University of Technology computer centre. The author found that most Saudi managers lack effective skills and relevant knowledge. They were autocratic, exhibiting an authoritarian style for their personal interests, yet demonstrating people-concern for keeping subordinates happy. By contrast Western managers were high short term task-oriented, with low people-concern, but were strongly influenced by the Saudi Arabian environment. Recommendations for change or improvement may be topics worthy for further study.

PREFACE

Saudi Arabia is undergoing intensive development towards modernisation. Part of this is the internationalisation of the Saudi economy. Saudi Arabia has become an open country for investment by international companies. In addition, there are many joint-venture corporations from all over the industrial world, i.e., Japan, USA., UK., and several other European countries. Both Saudi and Western executives and their corporations have a major role in Saudi business progress.

Since 1982 the author of this research has been involved in the training and development of Saudi managers, supervisors, and manpower potential. His first experience in this field between 1980 and 1984 was with a large organisation, Saudi Arabian Airlines. Since 1984 he has also been with another large organisation, International Airports Projects. Prior to these training and development experiences, he worked for three years as a project manager. He has conducted training courses for management and supervision. Furthermore, he has had several international training courses in management, and organisation development, and he had training in instructional skills. Also, he has become a fellow and member of several international training and management institutes. He had several training courses in developing questionnaires, conducting interviews, and in data analysis. These experiences plus his formal education, his MBA, publication of two books on management development (Leadership Basic Skills, and Time Management in Saudi Arabia; both in Arabic), and over 60 relevant articles in a well known national newspaper (OKAZ) have contributed in this research.

Through his management training study and experience, the author found that there is a great need to understand the impact of Saudi management characteristics and style(s) on both their non-Saudi counterparts and on their organisation's objectives and systems. In addition, there is a great need to understand the Saudi Arabian cultural and social value system as it impacts on the organisational context and on management practice.

The author chose Western senior managers as a comparison sample because they may be thought to represent a

better or more effective contribution to the management task. This results from their advanced management knowledge and skills, and from their home background from modern and high technology societies. In addition, they are the largest non-Saudi sample available at senior management levels in most of the large Saudi business corporations.

The sample surveyed consisted mainly of senior managers, executives, and top officials because of their leadership role. Leadership, of course, is seen as an essential element in corporate success or failure.

Without understanding the destructive Saudi Arabian business environment any management development programmes will not be effective. This is particularly important if these programmes are based on Western techniques and ideology. In addition, Western managers in Saudi Arabia, and also all other non-Arabs, may not be effective if they try to apply Western techniques or practices without suitable adaptation.

This research, therefore, is intended to describe the characteristics of both Saudi and Western managers in Saudi corporations, and to make a comparative analysis. It is also intended to describe the effect of the local industrial and business corporation's context and systems, on those managers. Furthermore, it explains the Saudi societal impact on both management and organisations.

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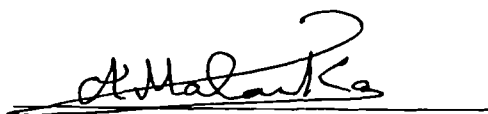
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Abdulaziz M. Malaika

23 Feb. 1993

Date

CHAPTER I

INTRODUCTION

RESEARCH ISSUES AND PARAMETERS

I. INTRODUCTION: RESEARCH ISSUES AND PARAMETERS

A. FRAMEWORK OF THE RESEARCH

The following presents the conceptual framework of this research, its theses, and purpose, and the major reasons and considerations that directed its development. It also presents the reasons for making a comparative study between Western and Saudi managers and for studying the Saudi organisational context and social environment as well. In addition, it presents effective leadership and management definitions.

1- Purpose

The emphasis of this study is on management characteristics in the private and government sectors, both Saudi and Western. It also covers both the governmental and non-governmental organisational context. However, it studies management in corporations that are directly involved in industry, business, marketing, services, and construction. In addition, it studies some government organisations, such as the Ministry of Trade that have a great effect on the progress of business in Saudi Arabia.

The objectives of this study were to investigate management characteristics in Saudi Arabian business in relationship to the social, cultural, and organisational environment, to demonstrate the effective/ineffective characteristics of modern management; and to show in fact

Note: The term government organisations refers to both business and industrial corporations that are fully owned by the government, and to corporations that are semi-government, those partially owned by the public, but dependent on government support and direction.

that the application of modern management practice in Saudi Arabia is low. It also investigates the social and organisational context and systems effects.

The purpose of this study is to analyse and compare characteristics of Western and Saudi senior managers working in Saudi Arabia, in Saudi government and non-government organisations. Its primary focus is on senior level management work in organisations that are highly influenced by the local social value systems.

This comparative management study of Saudi Arabia is felt to be valid because:

1. Saudi Arabia is a nation state, and is undergoing intensive development towards industrialisation and modernisation.
2. Saudi Arabia's international relationships are no longer limited to the oil industry, though the Kingdom has a very large role in and influence on the oil industry. Those relationships have become greater than before 1970 because of Saudi Arabia's leading role in the Muslim and Arab world and its role in the United Nations.
3. Many Saudi business corporations today deal with international companies and markets, and live in a highly competitive world. They have developed good business relationships with both modern societies and underdeveloped countries.
4. In addition, business and industrial corporations in Saudi Arabia have started to play a significant role in the Kingdom's development. The non-government sector is making a great contribution in the Kingdom's gross domestic product (GDP). Its share in the Kingdom's GDP has increased from about ten per cent (10%) in 1981/82 to thirty-five per cent (35%) in 1991/92.

2- The Areas Covered by this Study

The purpose of this study is to cover and understand the following areas:

- 2.1 What are the management characteristics of both Saudis and Westerners in Saudi corporations?
- 2.2 How do those characteristics influence/affect organisational context and systems?
- 2.3 What effects do Saudi organisations, context, and systems have on management?
- 2.4 How does Saudi Arabian culture impact on both management and organisations?
- 2.5 To what extent are Western managers affected/influenced by the Saudi environment and culture?

3- Reasons for Comparing Western and Saudi Managers

- 3.1 Western senior managers working in Saudi Arabia represent the largest non-Saudi executive group of all nationalities.
- 3.2 Western senior managers have a key role in most large Saudi business corporations.
- 3.3 Western managers are from modern industrial societies, for example, USA and UK. In addition, they have advanced technical skills and management knowledge. For instance, fifty-four per cent (54%) of the Western participants in this study are from USA, thirty per cent (30%) are from UK, eight per cent (8%) are from Germany, and the last eight per cent (8%) from France (see Appendix A for the background of the participants).

While these Western managers do admittedly come from different countries the present research tends to treat them as a homogeneous group on the

grounds that they have several things in common:

- they are not Saudis
- they are not Arabs
- they are not of the Islamic faith
- they are not going to make lifelong careers in Saudi Arabia.

For all these reasons the participating Westerners contrast with our (larger) sample of Saudi executives, and have a distinctive viewpoint on Saudi management and society, a viewpoint that is of particular value in the context of this research.

- 3.4 On the other hand Saudi managers are potential leaders in the development of their organisations, businesses, and communities.
- 3.5 Saudi managers/leaders have to become effective and expert if they are to manage their organisations successfully. Therefore, they need to know how their characteristics affect/influence the progress of their corporations, and what needs to be changed. In addition, they need to know what organisational context and social values are effectively contributing and/or impacting on their business success, and what needs to be changed.

The comparison between Saudis, who are from a traditional, underdeveloped country, and Western managers, does show significant differences. The results highlight effective/ineffective management beliefs/philosophy and practices in Saudi Arabia. In addition, the results show how Saudi managers/colleagues affect their Western counterparts and organisation, and/or vice versa. Finally, the results show how the Saudi social environment affects/influences Western and Saudi managers.

B. RESEARCH PARAMETERS, METHODOLOGY

1- Areas of Analysis

Three major areas/elements that relate to management and organisation in Saudi Arabia were investigated.

In examining the areas the author has tried to analyse all necessary major functions and tasks of management in many large Saudi business organisations, both government and non-government. He has also examined a large area of the organisational context. For instance, he has examined organisational boundaries, systems, and culture. In addition, he has examined the Saudi Arabian social environment in relation to its effects on organisations and management, for instance, value system. The following represents the elements that were investigated and examined/analysed.

1.1 Management characteristics

Examining, analysing, and comparing management characteristics, for both Saudis and Westerners, in relation to their major tasks and functions. This includes:

- The level of formality/informality (formalism) in different situations, for example, crisis, conflict, handling performance problems, planning, and directing employees to raise output.
- Decision making; the decision making process and style(s) in relation to the development of planning objectives, planning, and operations, besides the levels of delegation and consultation.
- Levels of cooperation, teamwork, and handling conflict among management.
- Acceptance and application of confrontation, criticism, feedback, and support of colleagues/-subordinates' ideas or feedback.
- The level(s) of management obsolescence in

technical and management knowledge and skills, in addition to knowledge related to Saudi culture.

- Perception of both Saudi and Western managers regarding their characteristics, work preferences, work priorities, performance, and relationships.
- Perception of both Saudi and Western managers regarding needs for management improvement in Saudi Arabia.

1.2 Organisation's Context

Examining, analysing, and comparing organisational context and systems in both government and non-government business, and industry. This includes:

- Organisational mission statement, objectives goals, and planning. It focused on management's understanding of its company's business nature, future, mission, objectives and goals. In addition, it examines management's participation, commitment, and communication of planning, and its process in relation to objectives and goals.
- Development and application of standards of performance; appraisal systems, and job descriptions.
- It focuses on organisational policy development, structure effectiveness, use of power and authority, and level(s) of centralisation.
- Organisational boundaries; how effective organisational boundaries are, and how compatible the inter-departmental functions are in Saudi corporations. In addition, it examines level(s) of consistency and/or conflict among departments/divisions in those organisations.
- The budgeting systems efficiency and effectiveness in relation to planning, objectives, investment, and commitment towards developed plans.

- Employee recruitment, promotion, rewards, and training and their effectiveness. This is somewhat focused on job satisfaction besides decision-making concerning workforce capabilities.
- Punctuality and discipline of the workforce in relation to supervision absenteeism, and attendance policy.
- It also examines organisational communication systems in relation to the cause of problems. The focus here is on the effectiveness of in/out company meetings and efficient time utilisation.

1.3 Societal Effects

Examining and analysing the Saudi Arabian social value system and cultural effects on both management and organisational systems. This includes:

- Organisational culture and values versus the mission statement. It also examines organisational culture effectiveness and support or contribution in achieving objectives/mission, and the organisational value system effects on the companies progress. It also focuses on what the most important value(s) are at work, how relative those values are to productivity/business, and what their relationship is to the social value system.
- Social relationships effects on personnel and organisations. This examines social effects that include: impact on subordinates, collectivism, socialising at work, effects/impact on time value, and cultural impact on attendance and punctuality.
- It also questions the requirement for improving Saudi business in relation to the areas of social, government, management, education, training, and organisational improvement needs.

- It examines features of the Saudi Arabian environment that could enhance business.

2- Research Methodology and Hypotheses

The approach of this study is comparative, not with the intention of systematically comparing two societies, but to bring under consideration the corresponding management situation in Saudi Arabia. This study's major comparison is between Saudi and Western senior management's characteristics in Saudi Arabia. However, it was also important to compare government and non-government Saudi organisations. In addition, it was important to analyse Saudi Arabian culture and the development of Saudi Arabia in connection with the societal effects on both Saudi and Western managers and business organisations.

The formulation of working assumptions and hypotheses for this research was divided into six major sections. Each section includes one statement or more. Those hypotheses are:

- 2.1 The Saudi Arabian social value system and culture are not helpful in improving or maintaining the industrial and economical development the Kingdom has so far achieved. In addition, Saudi labour lacks adequate attitudes and skills concerning maintaining the development of industrialisation and modernisation.
- 2.2 Lack of adequate industrial values and attitudes in Saudi Arabia has resulted in an ineffective organisational value system and culture.
- 2.3 Obsolescence among Saudi managers in relation to effective management knowledge and technical skills and leadership is high. In addition, Western managers working in Saudi Arabia lack knowledge of Saudi culture although they are influenced by the Saudi social environment. Therefore, they do not display effective management characteristics.

- 2.4 Many Saudi corporations lack effective management and leadership. Therefore, there is a lack of understanding of the nature, purpose, and objectives of business in those corporations.
- 2.5 Most Saudi corporations lack effective organisational boundaries, policies, structure, communications systems, and standards of performance. In addition, there is a lack of effective budgeting, recruitment, promotion, and labour planning and development systems. In addition, centralisation is high and formal authority is over used.
- 2.6 Most non-government, profit-seeking organisations in Saudi Arabia are not long-term oriented. They lack long-term planning. In addition, their participation in developing Saudi labour is low.

The sampling used in this research was based on random means, for example, selecting the top one hundred business corporations in Saudi Arabia. On the other hand selecting the government organisations that are supporting business and industry was not random (Appendix A). This is because they are few in number and directly related to the progress of business, for instance, the Ministry of Trade. The selection of participants and managers was also by random means, for example, sending 3 or more questionnaires to the selected organisations and asking them to distribute them, and make copies for additional interested senior managers if necessary. This, of course, was done after talking to and/or introducing the objective of this research to a top senior manager in each company.

However, responses represented forty-four per cent (44%) of the total organisations asked to participate in this research. They represented eighty-eight per cent (88%) among 17 government organisations that support business and industry. In addition, they were somehow low among 100 semi-government and non-government business corporations only

thirty-seven per cent (37%) (Appendix B). The author also sent 400 questionnaires to the senior management of the selected organisations, but received only 140 responses, thirty-five per cent (35%). This somewhat low input from the management side was due to one or more of the following:

- a) Some of the participating or selected organisations did not have more than one or two senior level managers.
- b) About one-third of the selected organisations did not have Western managers at senior levels.
- c) Upon reviewing the questionnaires, some Chief Executive Officers or Directors General of the selected organisations were not interested in the study and therefore did not distribute the questionnaires to their colleagues/senior managers. This could be either because they were too busy (the study was conducted just before and during the Gulf crisis) or because they did not want their companies to be surveyed.

However, this thirty-five per cent (35%) response has given this author enough input and good information to carry on his research. For instance, twelve of the participating business corporations rated among the top 28 in 1990. In addition, twenty-five corporations were among the second top 80 business corporations.

3- Development of the Questionnaire and Data Gathering

In order to examine both the efficiency and effectiveness of the questionnaires the author conducted a pilot test. This test showed that it was not practical to try to survey the areas this research tried to cover with a large number of open-ended questions. Most of the participants in the pilot test (12) said that they did not have time to answer so many open-ended questions, though those questions

constituted about 1/4 of the total questionnaire. They preferred a multiple choice selection or rating scale to having to render comprehensive answers. Yet a few open-ended questions were necessary because they would help participants to give some of their impressions, and/or to express their answers in more than a statement, an advantage that most rating scale or multiple choice questions does not provide.

The questionnaires were therefore re-developed to save as much time for the participants without impacting on the areas this research had to cover and without making the participants lose their interest and enthusiasm (Appendix C). The author used his previous MBA research training and professional experience in developing these research instruments. In addition, he used the questionnaire development techniques acquired through a course attended at the Institute of Training and Development, Marlow, England, and the techniques he learned through a Diploma course at Wolverhampton Polytechnic, England. He also used several published tests for testing the validity and reliability of his questionnaires.¹ In addition, questionnaires were developed in both Arabic and English and tested to give exactly the same meanings, validity and reliability. Each participating company was given copies of both Arabic and English questionnaires, and it was left up to the participants to choose which one to answer. Yet most of the Saudis chose Arabic questionnaires. However, for the purpose of analysis using software technology all Arabic responses had to be translated into English (except for open-ended

1- Robinson, J. P. and Shaver, P. R. Measures of Social Psychological Attitudes: Survey Research Center, Institute for Social Research. University of Michigan, USA., 1980.

Balian, Edward S. How to Design, Analyze, and Write Doctoral Research. University Press of America. Lonham, USA., 1982.

Emory, William C. Business Research Methods. Richard D. Inc., Homewood, USA., 1980.

the questions).

Along with an introductory page, questionnaires a, b, and c were used and followed by an interview. Most interviews were through direct meetings with the participants. Some interviews, however, were done by telephone. This was either because some participants were too busy to allocate a specific time for meeting the author, or because it was difficult for the author to travel 1000 miles, for instance, to the Eastern Province several times to meet around 18 participants from several companies.

Data were naturally treated confidentially and participants were promised that their names or titles would not be mentioned without their advance permission. Questionnaires therefore, incorporated code numbers to make sure they were held in confidence.

The questionnaires were designed so that there was no suggested or implied favoured response. The questionnaire items led to forced choice responses using a Lickert-type scale, with agreements to statements at the positive end, disagreement at the negative end. In addition, there were multiple choice questions where the highest selected statement was the most positive response and the least selected statement was the most negative one.

The tests used to examine the validity of the questionnaires and measurement were:

- 1) A content validity test based on different responses to statements using a Lickert-type scale.
- 2) A cumulative scale was used to measure the significant results between positive and negative responses of the same group, such as Saudis, and the two groups (Saudis and Westerners).

- 3) The result of 1 and 2 served as the criterion related validity test and measurement.

The reliability test and measurement was made to show a correlation or consistency between a response and another response that both had the same meaning or indicate the same management style or characteristic but in a slightly different situation. For instance, questionnaire C had fourteen questions that purported to examine how much a manager was people-oriented or task-oriented. The more positive and/or negative responses a participant selected, using Lickert-type scales, the more people-concern or task-orientation he was (questions 4-10, 12-13, 15-16, 19-21, questionnaire 2, c).

The analysis of the survey result was done through Loughborough University of Technology (Appendix D). It was supervised by Dr. John Wilson of the Business School, who used SPSS-X Release 3.0 (Super Performance Statistical System, Software). The variable tested were 393 (excluding open-ended questions). Of course, many questions had more than one variable, especially the multiple choice ones. Eighty nine questions out of ninety were analysed through the Loughborough computer center. Forty-five questions had many multiple choice answers, and this alone raised the variables to more than two hundred. The SPSS was a programme produced cross tabulations and presented their results for analysis.

4- Analytic Procedure

In order to present this study's results the following analytical procedure was used. At the outset the procedure required identifying the different variables which affect management characteristics (style) in Saudi Arabian business. These variables were identified as follows:

- 1) The social value system in Saudi Arabia; for instance, social structure, tradition, and social development.
- 2) The Saudi manager, experience, knowledge, and personal approach (style) in relation to modern management practices.
- 3) Other business, external and internal environment effects or impacts on the above variables, for example, organisational systems and context, and the Kingdom's rapid development.

The variables' relation to findings from data results above were analysed, examined and presented through tabulation and cross tabulation in Chapters V, VI, and VII.

5- Data Collection and Limitations

In addition to the questionnaires and interviews, data were obtained from: King Abdulaziz University Library and Data and Research Center, International Airports Projects Library (Jeddah), the Institute of Public Administration Library (Jeddah), Saudi government reports and statistics, and other relevant publications. However, publications and reports related specifically to management characteristics and organisational context in Saudi Arabia were very limited and/or not available in practice.

- 1- Although there were a few publications and reports concerning Saudi Arabian management and organisations through other libraries, such as that of the Institute of Public Administration, they tended to be limited to government corporations, and to be for Saudi management alone without any comparisons. In addition, they did not typically study the societal influence on management and organisations in any depth.
- 2- The sample taken in the present research was not large (about 400) because it dealt very much with the senior

managerial level. The response rate was 35%.

- 3- Although many managers showed interest in the study before they were sent the questionnaires (through advance telephone conversations or brief meetings), a large number did not in fact answer the questionnaires.
- 4- This study is limited to Saudi Arabia. Yet, the findings presented here may well be applicable to other Arab nations, especially the Arab Gulf countries.

C. MANAGEMENT/LEADERSHIP AND THE RELATED TERMS

This section will introduce management and leadership definitions, characteristics, and functions. Its major purpose is to highlight what has been published about good management and effective leadership.

1- Leadership Definition

According to George R. Terry, leadership is the activity of influencing people to strive willingly for group objectives.² Thus leadership is the process of influencing the activities of an individual or a group using motivation, communication, and power in an effort to achieve goals in a given situation.

General characteristics of effective leadership

The average leader is an above average person in the areas of: intelligence, educational attainment, dependability in exercising responsibilities, activity, social participation, socio-economic status, sociability, initiative, persistence, self-confidence, alertness,

2- Paul Hersey and Ken Blanchard. Management of Organisational Behaviour. Prentice Hall Inc., London, UK., 1982. pp. 82-83.

cooperation, adaptability, and verbal facility.³ Yet, most managers tend to act as transactional leaders, while effective leaders are more transformational.⁴

Transformational leaders increase commitment to group goals, increase the work output of units, and have followers who find more satisfaction in their work. The transformational leader articulates a realistic vision of the future that can be shared, stimulates subordinates intellectually, and pays attention to the differences among the subordinates (Bass, 1985).⁵

Transformational leaders have four strategies⁶

1. Attention through vision. The ability to draw others to them, not because they have vision but because they communicate an extraordinary focus or commitment. It is managing attention through a compelling vision that brings others to a place they have not been before.
2. Meaning through communication. To make dreams apparent to others and to align people with them. Leaders communicate their vision and alignment of work together.
3. Trust through positioning. Trust is essential to all organisations. The main determinant of trust is reliability and constancy. Trust implies accountability, predictability, reliability. It is trust of people who are predictable, whose positions are known and who keep at it. In addition, leaders who are trusted make them-

3- Peter Ribeaux and Stephen Poppleton. Psychology and Work, Macmillan Business Management and Administration Series, London, UK., 1987, p. 273.

4- Kenneth Clark and Miriam Clark. Measures of Leadership, Leadership Library of America, Inc., New Jersey, USA., 1990, p. 34.

5- Ibid., p. 71.

6- Warren Bennis and Burt Nanus. Leaders. Harper and Row Publisher, New York, USA., 1987. pp.27-68.

selves known, make their positions clear.

4. Development through positive self-regard. Management of self, knowing one's skills and deploying those skills effectively. Leaders know their strengths and nurture them.

Transactional Leader

Process-oriented "transactional" models of leadership developed out of a social exchange perspective. It emphasises the implicit social exchange or transaction that exists between leaders and followers as a feature of effectiveness.⁷ The leader gives benefits to followers, such as a definition of the situation and direction, which is reciprocated by followers in a heightened esteem for, and responsiveness to, the leader.

Transactional model of leadership centers on the followers' perceptions of, and expectations about, the leader's actions and motives, in accordance with attributional analysis. Heider's (1958) earlier work on the attribution of intentions through interpersonal perception is exemplified in the distinction between "can" and "will." If a leader is perceived to be able to achieve a favourable outcome, but does not because of an apparent failure of will, this causes a greater loss of following than the reverse, that is an inability to achieve something desirable but with an evident try.⁸

Transactional leadership is not basically charismatic leadership. A charismatic leader has considerable appeal to followers and great power over them, especially in a time of crisis when there are strong needs for direction (Weber

7- Kenneth Clark & Miriam Clark. Measures of Leadership, 1990, p. 86.

8- Ibid., p. 87.

1921). In an update by House (1977) in line with his path-goal theory, the leader-follower bond is seen to be based less on an emotional appeal than on the leader's programme of action which grips followers, that is, a goal and path to achieve it.⁹

2- Management Definition, Characteristics and Effectiveness

Management may be defined as:

Management is working with, and through, individuals and groups to accomplish organisational tasks and goals.¹⁰

Robert Lee and Peter Lawrence (1985) described the manager as someone who often supervises other employees or is in charge of important systems or tasks. But this may also be true of employees who are not called managers.

Sometimes a manager is thought to have particular responsibilities for 'efficiency', 'productivity' or 'profit'. He is seen as part of the company rather than a mere employee who works for it.

In political terms a manager is simply someone with the title. But we should note that it tends to carry with it certain powers and privileges. Managerial job descriptions often specify rights to spend money, recruit people, give orders and other such useful, political possibilities.

Characteristics of Effective Management

Managers are often ambitious. This means they wish to rise up the formal hierarchy, acquiring more power and privileges on the way. To reach the higher levels they may have to conform to the behaviours desired by those who are

9- Ibid., p. 88.

10- Paul Hersey and Ken Blanchard. 1982, p. 3.

there already. This may mean wearing the right clothes and expressing the right beliefs, or achieving the right levels of performance. On reaching the higher levels the manager may be able to change organisational systems to influence the behaviour of those around and below him. Until that time he will usually wish at least to seem to be conforming to expectations, otherwise he is unlikely to progress.¹¹ Effective managers are concerned with both tasks and people. They try to build a good relationship with and among their subordinates, develop team work, motivate the work group, and get the goals achieved.

3- A Comparison between Leadership and Management

Successful management must have effective leadership skills and attitudes. However, it is important to distinguish between the concept of 'leadership' and 'management'. The term management usually "connotes these processes that result in other people executing prescribed formal duties for organisational goal attainment." It deals mainly with planning, organising, and controlling the work of others to achieve organisational goals.¹²

The term Leadership "is the one aspect of managerial activity that focuses on the interpersonal interactions between leader and subordinates."¹³

4- Distinction between Leadership and Management

Management and leadership are thought of as the same thing. We feel, however, that there is an important distinction between the two ideas. In essence, leadership is a broader concept than management. Management is thought of as a special kind of leadership in which the

11- Ibid. p.14.

12- R. Bruce McAfee and Paul J. Champagne. Organisational Behaviour. West Publishing Co. New York, USA. 1988. p. 303.

13- Ibid.

achievement of organisational goals is paramount. Leadership occurs any time one attempts to influence the behaviour of an individual or group, regardless of the reason. It may be for one's own goals or those of others, and they may or may not be congruent with organisational goals.¹⁴

Tables a, b, and c present a summary of studies conducted by University Associates, San Diego 1985. They show the differences between leaders and managers.

Because leadership studies are numerous, however, most leadership qualities were found to be similar.¹⁵ Yet every investigator who studied the dimensions of leader and manager behaviour comes up with a slightly different list.¹⁶

In a few words, managers are essential to run organisations efficiently; leaders are vital to keep organisations running for longer periods. Managers are important to organise work, leaders are necessary to get work done. And managers are required to run business, leaders are needed to make business.

5- Management Functions, Skills, and Activities

Functions of Management

1. Planning: setting goals and creating plans and programmes

Planning is a comprehensive process in which managers formulate the specific goals of an organisation and develop the plans for attaining them. The planning process is critical, since the goals (or objectives) established thereby limit the scope of an organisation's activities as well as its plans. Effective planning is future-oriented also systematic. In developing their strategies, managers must recognise the limitations placed upon an

14- Paul Hersey and Ken Blanchard, 1982. p. 3.

15- Kenneth Clark and Miriam Clark. Measures of Leadership, 1990, p. 70.

16- Ibid.

organisation by its environment.¹⁷

Effective planning requires understanding the organisation's mission, objectives, policy, and procedures. In addition, it requires a fair amount of skill in knowing how to develop operating plans, project management, budget forecasting, time management, and scheduling; the manager must then communicate these plans to colleagues and staff effectively and get their commitment to achieve them.

2. Staffing: dividing up the work in a structured framework

Organising is the process of dividing up the work of a business firm, not for-profit institution, or public agency into individual tasks and groups of related tasks. Managers specify not only the responsibilities associated with these tasks and groups but also their relationship, one to another. The resulting groups and their relationships form the structure of an organisation. The distribution - or delegation - of authority throughout an organisation creates the most critical of these relationships. Typically, such delegation follows a chain of command from top to bottom. Authority is greatly affected, however, by the degree of centralised control that an organisation retains at the top. Authority within the chain of command is further modified by the extent to which it is extended to support and advisory staff.¹⁸

The preceding quote means that to organise the work effectively, managers have to:

- a. divide the work of an organisation so the tasks can be performed in the most-effective manner to accomplish the plans (goals).
- b. collect similar tasks and group them into departments according to a variety of organisational structures that indicate relationships as well as functions.

17- 36 Hours Management Development. McGraw-Hill Co. London, UK. 1989. p. 71.

18- Ibid., p. 97.

- c. distribute the authority for carrying out tasks from the top to the bottom of an organisation through a chain of command, using either centralisation or decentralisation, whichever appropriate, to control an organisations' activities.
- d. extend authority to support and advisory staff (in a large organisation) and thereby create useful relationships with departments that are in the direct chain of command.
- e. place the right people in the right jobs, clarify to the staff their duties, orient them, train them, make the goals clear to them, and effectively communicate to them the plans, relationships, and so on.
- f. appraise their subordinates performance to ensure conformance to the organisation's standards.

3. Directing: providing communications, motivation, and leadership

Directing is the managerial function that requires the greatest interpersonal skills of its practitioners. Plans and organisational structures staffed with people are essentially inert. They come alive only through the powers of communication, motivation, and leadership. These are the powers by which managers can release the inherent energies and talents of the organisation. Some managers were seemingly born with these interpersonal skills. Most managers, however, acquire them through experience and application.¹⁹

Directing is a major managerial task. It requires communication skills, motivation and interpersonal skills. Effective leaders are effective in communicating their vision, their organisation's goals and plans, and in motivating subordinates. Managerial leadership grows from combining an inherent talent with learned skills.

Effective communication, as necessary for directing,

is the most important leadership skill.²⁰ Such effective communication goes both ways. It ensures subordinates understand the goals and makes them more willing to accomplish them. It provides a better understanding of what drives subordinates, what will satisfy their needs, and what will motivate them. Simply directing them to do their jobs will not be enough to get them to achieve the results expected from them.

4. Controlling: monitoring progress and exercising control
Controlling means developing evaluation, feedback, and correction systems.

Controlling is the function that brings the management cycle full circle. It is the steering mechanism that links all the preceding functions of organising, staffing, and directing to the goals of planning. The control process sets standards and measures progress against them. Corrective action is taken when the gap between what was planned and what is actually happening becomes too large. Controls may be exerted before, after, or at any stage within the conversion process. Controls are most effective when applied selectively at critical, make-or-fail points. In practice, the major controls are concerned with (1) operations, (2) finance, and (3) human resources.²¹

The major concepts of controlling could be describe as follows:

- a. Management control is the systematic effort taken to set standards, compare progress with them, and take corrective action when necessary to bring performance into line with what was planned and expected.
- b. Controls are most economic and effective when applied selectively at the crucial points most likely to determine the success failure of an operation or activity.
- c. Financial controls focus on the accumulation of

20- Lin Bothwell. The Art of Leadership, 1983, p. 93.

21- 36 Hours Management Development, 1989. p. 179.

funds needed to sustain an organisation and on proper disbursement of these funds to assure its survival and growth.

- d. Operating controls monitor the progress of, and results from, the activities associated with the conversion processes of an organisation.
- e. Human resources controls are concerned with inducing and maintaining satisfactory performance by an organisation's workforce.

Table a

A COMPARISON OF LEADERS AND MANAGERS ACCORDING TO ZALEZNIK (1977)

Dimensions for Comparison	Leaders	Managers
Attitudes Toward Goals	Personal; active	Impersonal; reactive; passive
Conceptions of Work	Projecting ideas into images that excite people; developing options	An enabling process of coordinating and balancing; limiting options
Relations with Others	Prefer solitary activities; relate intuitively and empathetically	Prefer to work with people; relate according to roles
Senses of Self	Feel separate from their environment; depend on personal mastery of events for identity	Belong to their environment; depend on memberships, roles, etc for identity

Source: University Associates, San Diego, 1985.

Table b

A COMPARISON OF LEADER-TRANSFORMATIONAL AND LEADER-TRANSACTIONAL (MANAGERS)

Dimensions for Comparison	Leaders	Managers
Emotional Involvement	Emotional involvement is with the institution and with ideals/vision	With the task and the people associated with the task
Personal Life	Work and personal, private life not that distinguishable	Separates work from personal, private life
Achieves Commitment Via	Inspiration	Involvement
Hold People Accountable Via	Implicit, guilt introduction Wants whole person	Explicit; contractual transactions Wants task accomplishment
Value Emphasis	Terminal; end-state	Instrumental; means
Problems	Create them	Fix them
Plans	Long range	Short range
Appreciates from Followers/Subordinates	Contrariness	Conformity
Engenders in Followers/Subordinates	Intense feelings-love, sometimes hate; desire to identify with; turbulent	Feelings not intense but relations smoother and steadier

Source: University Associates, San Diego, 1985.

Table c

DIFFERENCES IN THE EMPOWERING PROCESS AS A FUNCTION OF ROLE-LEADERS COMPARED WITH MANAGERS

Empowering Process	Leaders	Managers
Providing Direction for Followers/Subordinates	Via ideals, vision, a higher purpose, superordinate goals	Via involvement of subordinates in determining paths toward goal accomplishment
Stimulating Followers/Subordinates	With ideas	With action; things to accomplish
Rewarding Followers/Subordinates	Informal; personal recognition	Formal; incentive systems
Developing Followers/Subordinates	By inspiring them to do more than they thought they could do	By involving them in important decision-making activities and providing feedback for potential learning
Appealing to Follower/Subordinate Needs	Appeal to needs of followership and dependency	Appeal to needs for authority and independency

Source: University Associates, San Diego, 1985.

CHAPTER II
FEATURES OF SAUDI ARABIA

II. FEATURES OF SAUDI ARABIA

This chapter is divided into three parts. Part A provides some essential data about Saudi Arabia's geographical features, location, climate, and population. Part B contains historical data about Saudi Arabia's establishment and political system. The third part, C, describes Saudi Arabia's cultural value system and its effects on management.

A. GEOGRAPHICAL

1- Location

The Kingdom of Saudi Arabia comprises the bulk of what is known as the Arabian Peninsula and has a Land area of about 2.4 million square kilometers.¹ Saudi Arabia is bordered on the North by Jordan, Iraq, and Kuwait; on the South by North and South Yemen; on the West by the Red Sea and Gulf of Aqaba; and on the East by Oman, Qatar, the United Arab Emirates, and the Arabian Gulf (Figure 1).

Geographic Features

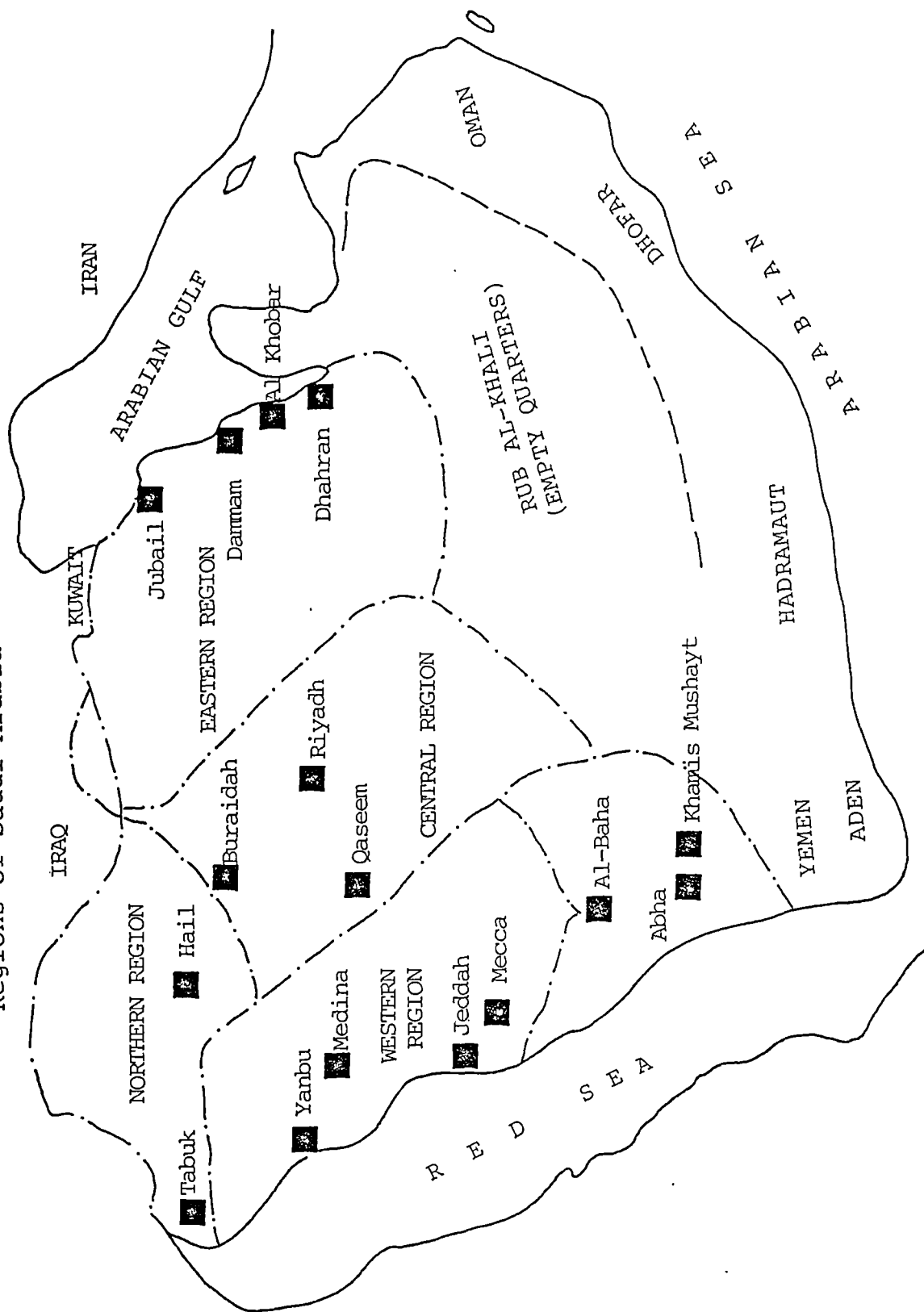
Along the Red Sea lies a narrow plain whose width varies from one place to another (Figure 2).² The coastal plain, which is characterised by extensive marshlands and lava fields, is called 'Tihama'. East of the coastal plains, a range of mountains runs the full length of the Arabian

¹- Statistical Year Book 1987, Ministry of Finance and National Economy, Central Department of Statistics. Riyadh, Saudi Arabia, pp. 15-16.

²- Ibid.

Figure 1

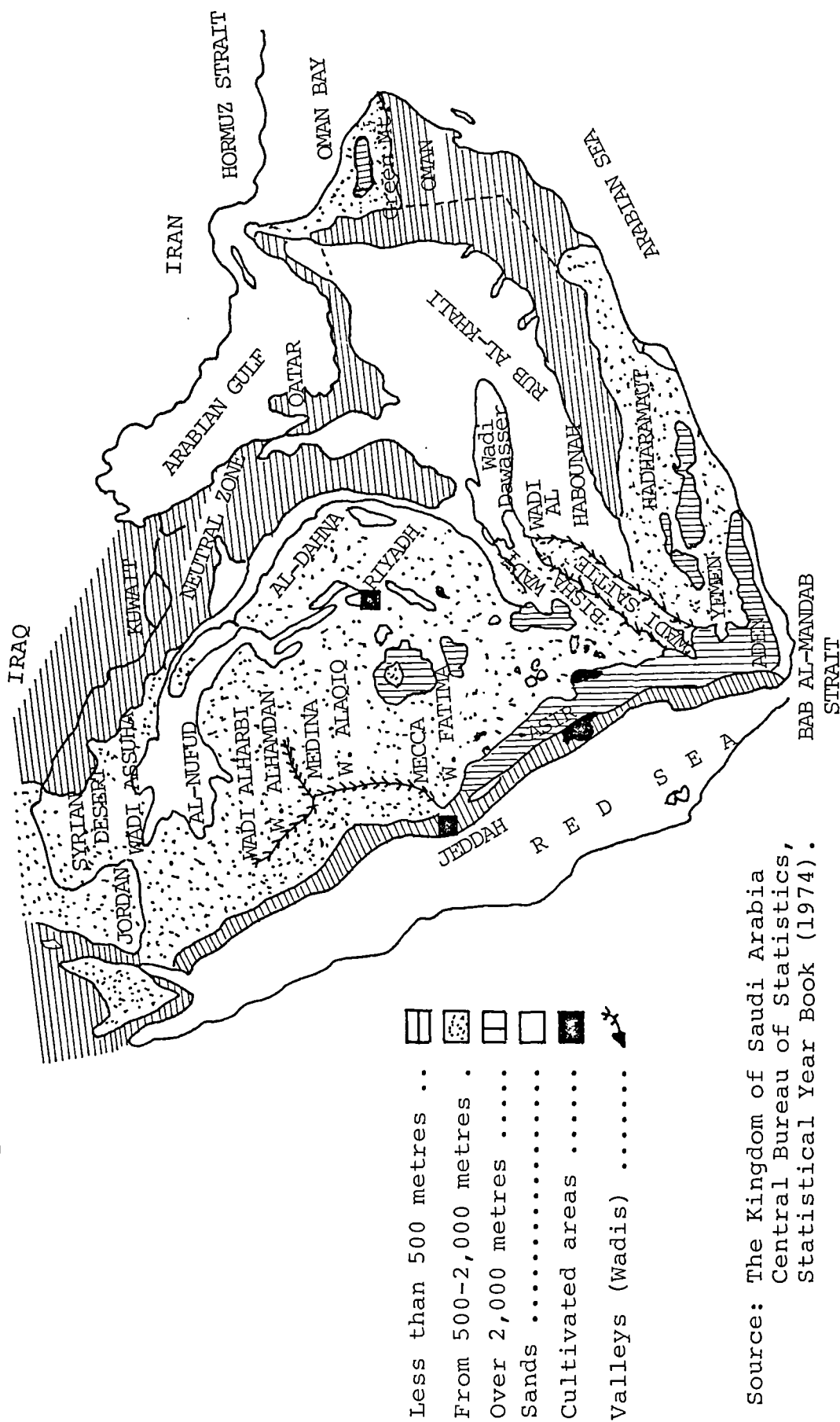
Regions of Saudi Arabia



Source: Kingdom of Saudi Arabia, Third Development Plan
1400 - 1405 (1980 - 1985)

Figure 2

Physical Features of Saudi Arabia



Source: The Kingdom of Saudi Arabia
Central Bureau of Statistics,
Statistical Year Book (1974).

Peninsula. The mountains are broken by great valleys, called "Wadis". The most important Valleys are Wadi Fatima, Wadi Yanbu, and Wadi Bisha. The mountains make a nearly vertical drop towards the coastal plain. Rain and flood waters wash silt onto the coastal plains, making the land of these plains more fertile.³

The entire central area of Saudi Arabia is the huge Najd plateau, tilted from West to East. The average height of the plateau is 1000 meters. The Eastern edge of the Najd is bordered by a long, crescent shaped sand desert, the Al-Dahna. East of the Al-Dahna the land continues to decline until it reaches the Arabian Gulf.⁴

The Southern edge of the Najd plateau borders Wadi Al-Dawaser, and the sand desert of the Rub Al-Khali, the empty quarter. From here, the Najd extends North through the Central area of Saudi Arabia for nearly 1400 kilometers until it meets the borders of Iraq and Jordan.⁵

There are two great sand deserts in Saudi Arabia. North of Riyadh approximately 500 kilometers is the Nufud desert. In the South, between the Southern edge of the Najd plateau and the borders of South Yemen and Oman, lies the Rub Al-Khali. These two great deserts are connected by the thin crescent shaped sand desert Al-Dahna. These deserts are characterised by their aridity and sand. The Nufud receives about 2 cm of rain annually. The Rub Al-Khali, also known as the empty quarter, is the largest continuous sand desert in the world. There have been periods where there was no measurable rainfall for a whole decade.⁶

³- Saudi Arabian Geography 7th Edition. Ministry of Education. 1984. Riyadh, Saudi Arabia. pp. 16-17.

⁴- Ibid.

⁵- Ibid.

⁶- Ibid.

2- Water

Water resources of Saudi Arabia display great variation in quality, quantity and location. Water resources fall into the following categories:⁷

1. Confined Aquifers: ground water of this category is stored in water bearing formations under pressure (artesian wells).
2. Free Flowing Aquifers: underground water of this category does not exist under pressure. Water from wells in a free flowing aquifer must be pumped to the surface.
3. Springs: there are many springs in Saudi Arabia, specifically in the East, i.e., Al-Ahssa.
4. Dams: there are no valleys in Saudi Arabia with a permanent flow of water. There are, however, many valleys that fill up with rain water. Dams in these valleys were constructed to contain this important source of water for irrigation and other purposes.
5. Desalination: Saudi Arabia also produces water through desalination plants at many of its coastal regions; specifically at big cities, i.e., Jeddah and Dammam. Today, Saudi Arabia is the largest producer in the world of drinking water through desalination. It makes more than 503 million gallons per day of desalinated water. As a spin-off, over 3400 mega-watts of electricity is generated through its desalination operations.

Water continues to be a major concern in the Kingdom. Some regions have water resources, but improperly drilled private wells hinder efficient utilisation (this is especially true in the Northern regions of the Najd Plateau).

⁷- Ibid.

Some seaport areas still suffer from lack of water, or from poor quality water.

3- Temperature

Temperatures vary in Saudi Arabia depending on the season and the location. In the Southern mountain regions snow will occasionally fall and the temperature drop below freezing. This, however, is exceptional. The nationwide average in winter is warm, between 14°C and 23°C. Summers are extremely hot, with temperatures from June to August exceeding 38°C, and frequently reaching 47°C.

4- Agriculture

Before the discovery of oil Saudi Arabia was an agrarian society. Saudis in villages and remote areas were dependent on agriculture, and the produce constituted the greater part of the national income.⁸

Since the discovery and development of the oil fields (1934), and the introduction of Five-Year Development Plans in 1970, agricultural development has proceeded rapidly. Antiquated methods of irrigation have been superseded by modern pumps. The changes brought about a great increase in cultivated land area. A large variety of fruits and vegetables are now familiar crops to the farmers of Saudi Arabia. They are taking full advantage of government introduced plant protection and pest control measures. The use of modern mechanical farm equipment is widespread and popular.⁹ Agricultural production has increased so dramatically that Saudi Arabia now exports tomatoes, potatoes, wheat, and other staple crops to neighbouring countries.

⁸- Statistical Book. 1987, p. 18.

⁹- Ibid.

5- Mineral and Petroleum Resources

Only after the discovery of oil in 1934 did attention shift to geological studies to find mineral wealth other than oil. A recent geological survey of sixty-five per cent (65%) of the Precambrian Arabian shield (located in the Western part of the country) has been completed. The survey has revealed substantial deposits of other mineral assets, including copper, lead, zinc, gold, silver, iron, phosphates, uranium, and potash (see Figure 3).¹⁰ There is presently commercial development of non-metallic deposits of cement, gypsum, lime, marble, and salt.¹¹ Saudi Arabia has built a petrochemical industry to process part of its oil production. It now has the largest petrochemical industry in the Middle East, and exports produce to Japan, Europe, and other countries.

6- Urban Development

Before Saudi Arabia was declared a Kingdom in 1932, urbanisation was limited to few small cities, i.e., Mecca, Jeddah, Taif and Medina. By 1964, large urbanised centres had increased to about 12, including Riyadh, Tabuk, Dammam, Dahrán, Hail, Jizan, Qatif and Al-Khobar. Since 1970, with the development of regions and the settling of nomads, the country has experienced great urban development, and more cities have been created or developed. Today, there are more than 16 major cities with an average size of 600 square kilometers each, and over 50 developed towns with an average size of 100 square kilometer each (Figures 4, 5, and 6).¹²

¹⁰- Annual Report 1983. Ministry of Petroleum and Mineral. Riyadh, Saudi Arabia. pp. 6-9.

¹¹- Ibid.

¹²- Report on the Fourth Development Plan 1985-1990. Ministry of Planning (1987) Riyadh, Saudi Arabia. pp. 18-20.

Saudi Arabia consists of five regions, or provinces as follows:¹³

The Northern Region: the Northern Region is mainly high Plateau Desert with only two major cities, Tabuk and Hail. A large part of this desert has grass and scrub steppe vegetation, and is used as pasture by nomadic and semi-nomadic herders.

The Southern region (the Aseer): the Aseer consists mainly of mountains. There are six major cities; Abha, Bisha, Khamis Mushayt, Jizan, Al-Baha and Najran. Many new village and agricultural areas have been developed in this region.

The Western region has the biggest part of the population (3.3 of 13 million). It has nine major cities with an average size of 600 square kilometers each; Mecca, Medina, Taif, Jeddah, Yanbu (a new, large industrial city), Al-Wajeh, UmmLuj, Al-Ula, and Khaibar. In Jeddah alone, which is a coastal city and is considered the most important trade centre in the Kingdom, there are 1.4 million people.¹⁴

The Eastern region is the most productive region. Agriculture is spread throughout the North of the Eastern region. Oil is produced in this region. The most developed and biggest industrial city, Al-Jubail, is located in the Eastern region. There are over 2 million people in the Eastern region, mainly in the big Cities of Dammam, Dahrhan, Jubail, Qatif, Hafuf, Ab-gaiq, and Al-Ahssa.¹⁵

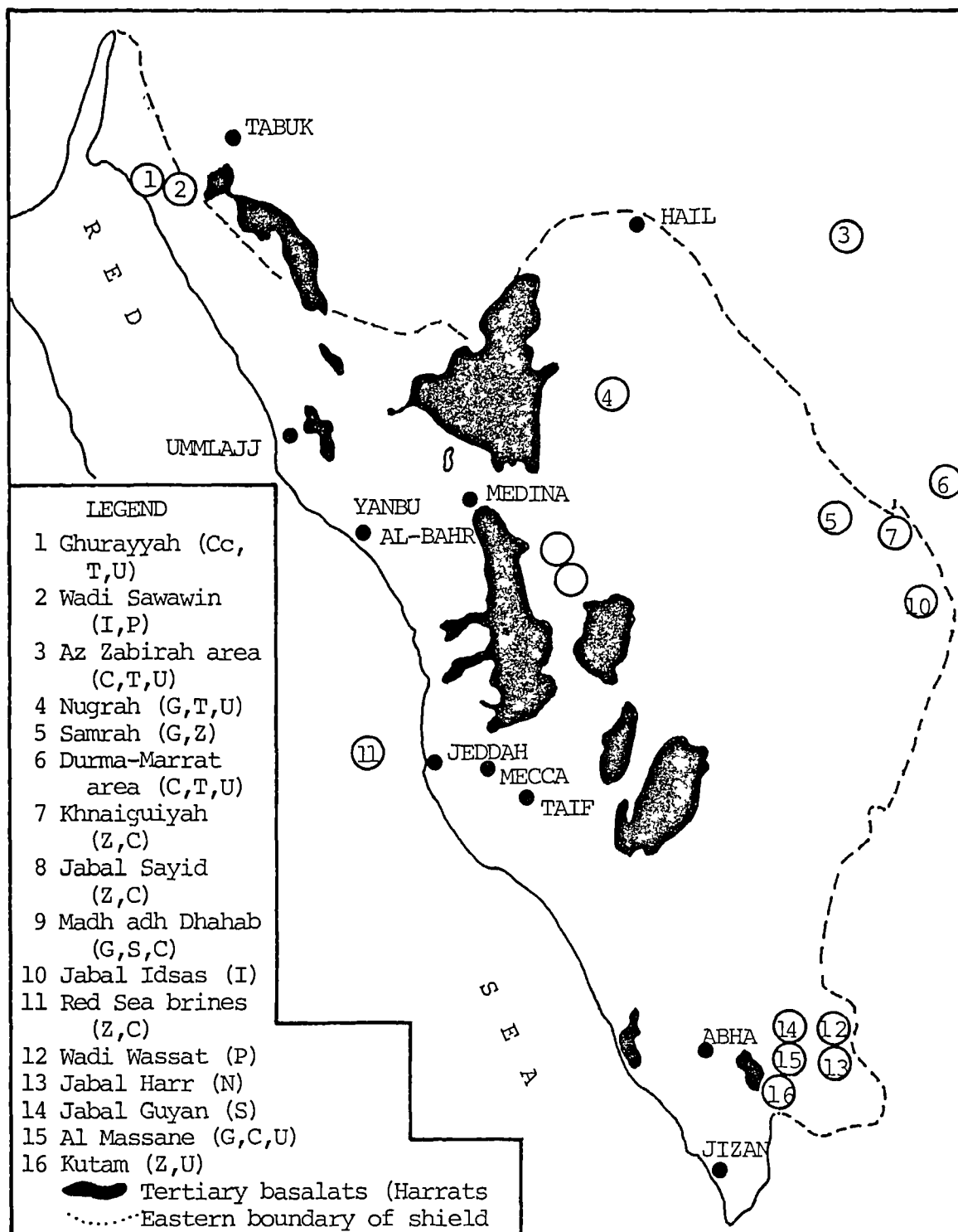
Riyadh, the capital, is located in the Middle region, Najd, where about 1.6 million people live. The large

¹³- Ibid.

¹⁴- Ibid.

¹⁵- Ibid.

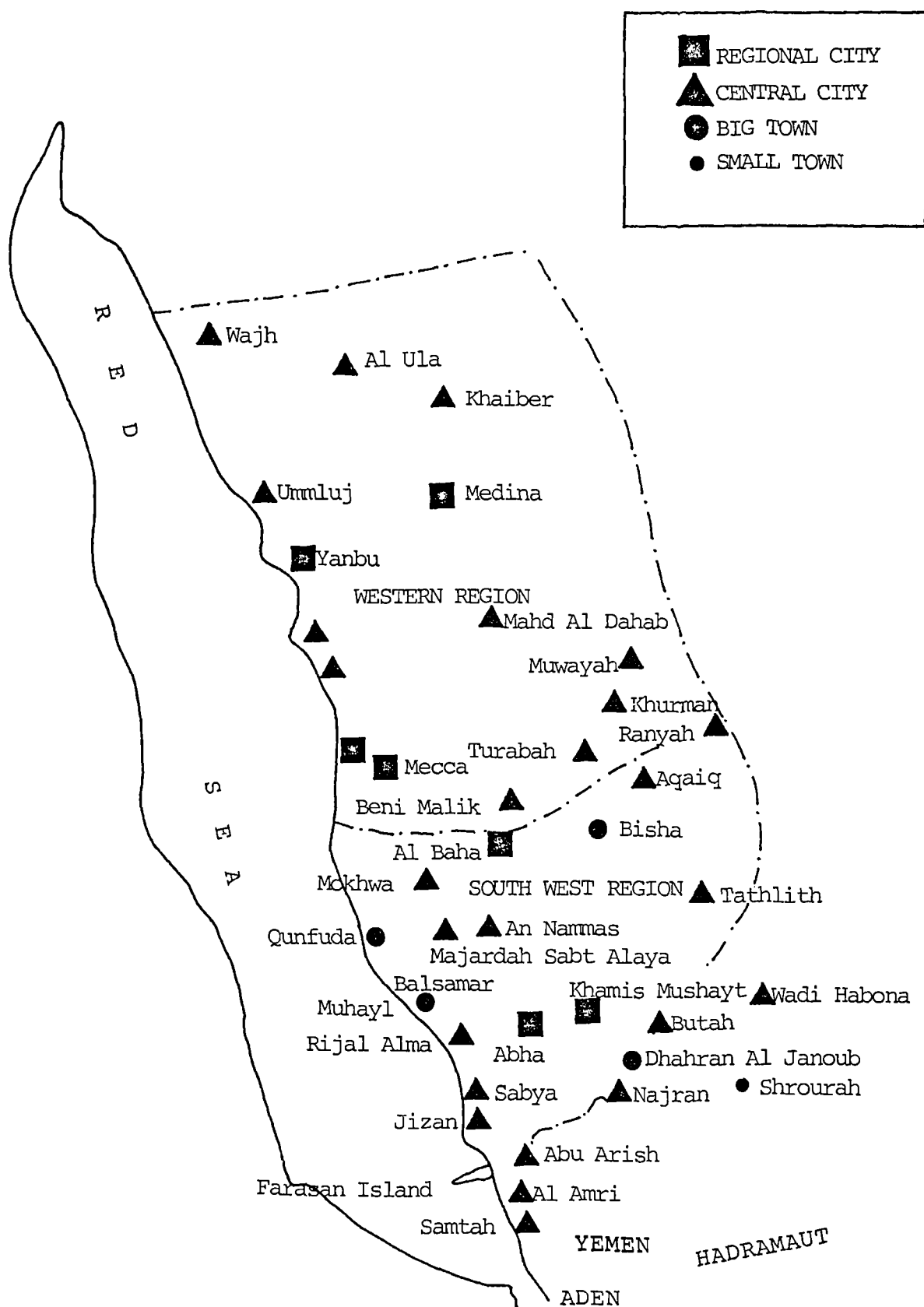
Major Mineral Deposits: Metalliferous Minerals



Source: Kingdom of Saudi Arabia, Third Development Plan, 1400 - 1405 (1980 - 1985) Chapter 4, p. 209.

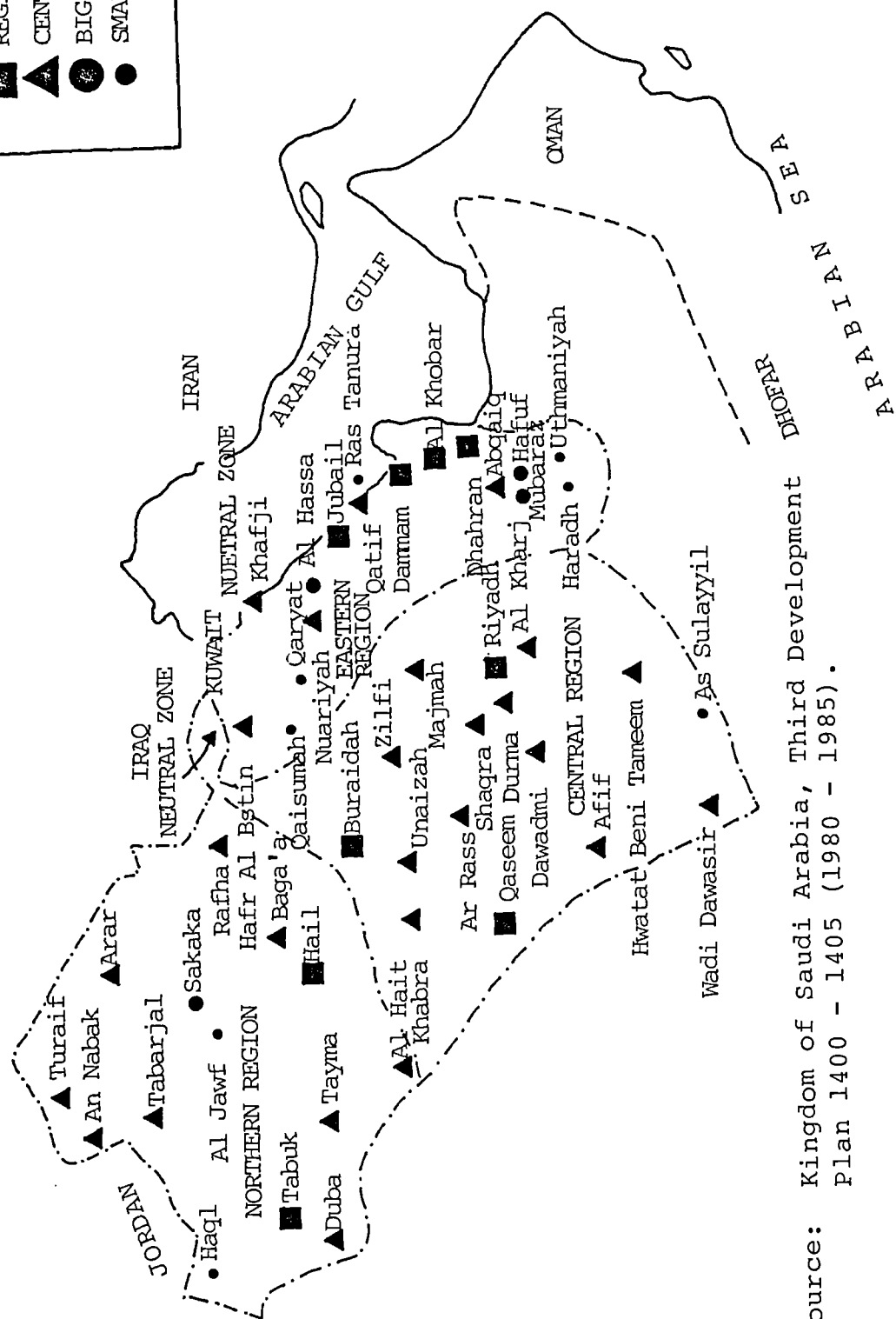
S - Silver, G - Gold, C - Copper, Z - Zinc, U - Uranium,
 I - Iron, P - Pyrite, N - Nickel, T - Tantalum,
 Cc - Columbium

Municipalities of Western and South Western Region



Source: Kingdom of Saudi Arabia, Third Development Plan 1400 - 1405 (1980 - 1985)

REGIONAL CITY
CENTRAL CITY
BIG TOWN
SMALL TOWN



Source: Kingdom of Saudi Arabia, Third Plan 1400 - 1405 (1980 - 1985).

cities are Riyadh, Buraidah, Qaseem, Aunaizah, and Al-Zilfi. The Southern part of the middle region is desert; however, there are areas of grass used as pasture in other parts of the middle region.¹⁶

7- Population

Fifty five per cent (55%) of Saudi Arabia is either rugged mountain or desert and sand, and is uninhabitable. This is reflected in the fact that the overall population density is 5 persons per square kilometer.¹⁷

The annual rate of growth has varied. From 9.3 million in 1981/82, the population had grown to 12.8 million by 1991 (see Table 1-1 and 1-2).¹⁸ Jeddah and Riyadh together have a population of 3 million, which is twenty-three per cent (23%) of the population. This leaves the country with small population in other cities, towns, villages and tribal areas.

For the intensive development Saudi Arabian has undergone, it has required much more labour than the local market (national manpower) could provide. The reported foreign workforce increased from 1.54 million in 1979 to 2.66 million in 1985 and to 3.2 million in 1991 (Tables 3-1 and 3-2), but this is only part of the picture. There are 500,000 foreign workers employed as domestics, such as house-maids. The estimated total workforce was about 5.6 million in 1991 (3.7 million foreigners + 1.9 million Saudis).

The effect of this workforce on a population census is even greater because many foreign employees brought their

¹⁶- Ibid.

¹⁷- Statistics Year Book. 1984. p. 15.

¹⁸- Saudi Arabia's Population Estimate, Okaz Newspaper, 12 November, 1990, p. 5.

families with them when they accepted work contracts in the Kingdom. The Saudi National population is currently 7 million, and the foreign population is 5.8 million, for a total population of 12.8 million.¹⁹

The annual population growth rate has varied. From two per cent (2.0%) in 1960, it increased to two and nine-tenths per cent (2.9%) in 1974,²⁰ and to four and one half per cent (4.5%) p.a. in 1980 to 1984. The high of four and one half per cent (4.5%) annual growth rate reflects the high foreign inflows. Since 1984 the economy has slowed as oil prices and revenue had dropped, and the annual growth rate has decreased. Since 1984 it has averaged three and eight-tenths per cent (3.8%). It dropped, however, to one and four-tenths per cent (1.4%) during 1990-1991 because of the Gulf crisis (Table 1-1 and 1-2).

There are some other contributing factors to the large increase in foreign labour.

- 1) A large part of the population is young (Table 2). Sixty-four per cent (64%) is under 25 years old (about 2.5 million in schools). Therefore a large part of the population that will enter the workforce is still attending schools, universities and vocational institutes.
- 2) Because of Saudi Arabian culture and traditions, many Saudis prefer administrative jobs to technical or manual jobs. This outlook or preference has recently changed since hundreds of graduates cannot find administrative jobs, and have to study or re-train, at vocational and technical institutes in order to occupy technical, professional and skilled jobs, replacing

¹⁹- Ibid.

²⁰- Ibid.

some of the foreign labour.²¹

8- Workforce

Since 1973 Saudi Arabia has undergone an intensive, accelerated development. The population in 1973 stood at around 7 million. The rush towards development required foreign labour at all levels, professional, technical, skilled and unskilled. The educational institutes in Saudi Arabia could not graduate enough Saudi youth to meet the market needs for qualified manpower. The intensive development required much more labour than the local market could supply. The foreign workforce, therefore, increased rapidly to 3.7 million workers (from more than 65 different nationalities)²² while the Saudi workforce was less more than 2 million (Table 3-1 and 3-2).

Today with the Gulf crisis, the slow-down of economic activities, the completion of much of the industrial infrastructure, a more rational level of development activities, and the increase of Saudi graduates, the foreign workforce annual growth rate has started to decrease.

Although the development of universities, technical colleges, and vocational institutes has resulted in an increase in the number of graduates, the Saudi workforce in the private sector is still only about fifteen per cent (15%) of the total²³ (the private sector's total workforce is about 4 million).

Unemployed Saudis claim that the private sector does not encourage Saudiisation (replacing foreigner-held positions with Saudis). As a result they try to join the

²¹- Saudi Gazette, Blue Collar Jobs Are No More Shunned, Local News. 27 August 1989. p. 3.

²²- Al-Riyadh Newspaper, 6 May 1985, p. 3.

²³- Meeting with the Minister of Industry and Electricity. Okaz Newspaper, 3 April 1989, p. 11.

Population Of Saudi Arabia In Ten Years Annual Growth Rate 1

1-1

Y e a r	1981/ 1982*	1982/ 1983*	1983/ 1984*	1984/ 1985**	1985/ 1986**	1986/ 1987**	1987/ 1988**	1988/ 1989**	1989/90 **	Annual Growth Rate %
Population	9.3	9.7	10.1	10.6	10.9	11.2	11.6	12.1	12.6	3.8

* Source: Saudi Arabia Market Conditions, Business International. 1984, p. 4.
 ** Annual Growth Rate 3.8 Source: Government Statistics Year Book 1986.

1-2

Year	1990/91	Annual Growth Rate %
Population	12.8	1.4

Annual growth rate decreased due to the Gulf crisis in August 1990.

DISTRIBUTION OF POPULATION (SAUDI AND NON-SAUDI)

YEAR		1 9 7 5			1 9 8 5		
SEX/AGE		MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
- 1		100,306	95,843	196,149	145,593	138,076	283,669
1 - 4		496,348	501,537	997,885	719,322	721,807	1,441,129
5 - 9		593,323	584,579	1,177,902	859,785	841,483	1,701,268
10 - 14		461,185	425,387	886,572	668,484	612,505	1,280,989
15 - 19		376,055	319,370	695,425	674,385	546,290	1,220,675
20 - 24		299,067	222,541	521,608	475,386	352,853	828,239
25 - 29		244,658	210,068	454,726	354,598	306,797	661,395
30 - 34		210,235	186,107	396,342	304,616	267,687	572,303
35 - 39		194,320	161,888	356,208	281,691	233,087	514,778
40 - 44		166,191	144,421	310,612	260,644	207,759	468,403
45 - 49		126,585	90,591	217,176	210,117	121,847	331,964
50 - 54		118,443	100,439	218,882	190,076	135,135	325,211
55 - 59		69,215	43,655	112,870	170,502	129,470	299,972
60 - 64		100,306	74,837	175,143	175,934	120,699	296,633
65 +		143,981	120,789	264,770	205,763	169,148	374,911
Not Reported		1,110	328	1,438	1,715	502	2,217
T o t a l		3,701,328	3,282,380	6,983,708	5,698,611	4,905,145	10,603,756

Source: Manpower Development Needs And The Educational And Training System In Saudi Arabia. The Institute Of Public Administration. 1987, Riyadh, Saudi Arabia, p. 85.

Note: The Male Population is higher than the Female because of the foreign workers where many of whom are single, or their families are not living with them in the Kingdom.

government sector, even though there is no room for them (ninety per cent (90%) of the government sector positions (1.1 million) are occupied by Saudi nationals, Table 3.)

The Workforce Problem

The private sector has benefitted from intensive development, and is provided with many incentives to aid in the development of the economy. The vast majority of work by the private sector has been government contracts for construction and services. Private sector factories, shops, and firms increased about three hundred per cent (300%) in the 10 year period from 1970 to 1980.²⁴ The Saudi government has assisted and provided support for the private sector. The process for obtaining foreign labour, for example, was made fast and easy. Foreign labour, especially from the Far East, is considered inexpensive since the salary is one-third (1/3) of that paid to Saudis. The majority of these labourers are skilled or semi-skilled and were considered better qualified than their Saudi counterparts. Even if Saudi labour were better, the local market could not provide a sufficient quantity of qualified workers.

There are many considerations on both sides of the argument as to why there are not more Saudis in the private sector work force. The private sector claims that they could not recruit Saudis for the following reasons:

1. Saudi graduates do not meet the work requirements, and do not have the experience. Also the educational and vocational institutes do not 'look deeply' into the needs of the market and job requirements.²⁵

²⁴- Middle East Newspaper, Economy Weekly issue. 3 June 1989, p. 12.

²⁵- An interview with an economist, What Do We Need For 2000 Century. Okaz Newspaper, 29 May 1989, p. 7.

NATIONAL COMPOSITION OF LABOUR-FORCE

3-1

	1967/68	1979/80	1984/85	Increased	Annual Growth **
Saudi ⁺	0,632.4	1,491.2	1,786.0	294.8	3.7
Non-Saudi	0,384.7	1,534.8	2,660.0*	1,125.2	11.7
Total	1,017.1	3,026.0	4,446.0	1,420.0	9.0

* 300,000 Foreign Workers, employed as domestics, i.e., housemaids, to be added.

** For the Period 1979 to 1985

⁺ (Includes Saudis in military jobs)

Source: Fourth Development Plan, 1985-1990, and Statistics Year Book 1967-1968 and 1990/91.

3-2

	1984/85	1990/91	Annual Growth Rate
Saudi ⁺	1,786.0	1,890.943	0.7
Non-Saudi	2,666.0	3,220.608	3.2
Total	4,446.0	5,111.551	2.1

* 500,000 Foreign workers employed as domestics, i.e., housemaids, to be added. Total = 5,611,551

⁺ Includes Saudis, 200,000 in military jobs.

2. The private sector used to make contracts with the government. The cost of those contracts was based on many factors, and manpower cost was one of the major factors. The private sector used to get cheaper manpower from the Far East, since the cost of Saudi labour was higher, and was higher still if re-training, familiarisation, and lack of experience was included in cost estimates. If the private sector tries to include such costs in their estimates, then the government will not award them contracts. The government expects contracts to cost about the same as when cheaper foreign labour was included.²⁶
3. The salaries, especially for Far East and some Middle East employees in the private sector are less than Saudi salaries. The reason for this lower salary is either that the foreign labour cannot find attractive jobs in their home countries, or that they do not mind a spartan lifestyle for a two-year contract. In this way they can save money to take back home to invest.
4. The private sector claims that a Saudi graduate's knowledge, qualifications, and experience are poor. They feel they cannot use them to replace foreigners because it will reduce productivity.²⁷
5. Another claim is that Saudi graduates are not punctual and tend to be unreliable.²⁸
6. The Saudi graduates look for management jobs, leadership positions, and administrative work. They do not like field and technical jobs, and

²⁶- A meeting with some businessmen. What the Private Sector Has Got to Offer. Okaz newspaper, 29 May 1989, p.6.

²⁷- Dr. Hashim A. Hashim. What the Private Sector has done so far to the Graduates? Okaz Newspaper, 24 September 1988, p. 5.

²⁸- Ibid.

they do not want to receive instruction or directions from a foreign supervisor.²⁹

7. Saudi graduates do not like to work in cities or villages outside of those where they were born and raised and where their families reside.³⁰
8. Saudi labour looks for high salaries, thinking that the private sector should pay salaries equal to what the government sector pays. However, salaries in the private sector should not be compared with the government because productivity, competition, performance and experience are more critical factors in the salary structure of the private sector.³¹
9. Many private companies have found it necessary to re-train the Saudi graduate, specifically those who graduated from vocational schools. They have found that their knowledge was basic and bore little relation to the real work environment.³²

The opposite view is that the private sector is irresponsible and does not encourage Saudiisation. The comments are:

1. Development of Saudi Arabia is not only the government's responsibility, but is the responsibility of the private sector as well. But the private sector has participated so far in the development only as a business that makes a lot of profit and has not shared responsibility for social development. The private sector will not do any business unless it provides a high

²⁹- Ibid.

³⁰- Ibid.

³¹- Saudiisation, Dr. Omar Ba-Qaar. Okaz Newspaper, 24 March 1987, p. 8.

³²- Ibid.

percentage of profit. The private sector should participate in training or re-training the Saudi youth and graduates, rather than leaving this function completely to the government and then claiming that the government educational institutes are not supplying good graduates.³³

2. The private sector knows that sharing the responsibility means giving up some of the high levels of profit. Recruiting Saudis, for instance, means increasing personnel costs. But does not consider that Saudi manpower development would be a human resource investment for both the private and government sectors.³⁴
3. Even if the private sector is right about Saudi graduates lacking experience, knowledge and qualifications, the private sector can develop a committee or a centre that discusses and resolves those issues with the government institutes.³⁵
4. Graduates are no longer looking for jobs located in the same areas where they were born. There is much evidence to show that they now work in cities and villages other than their home Region.³⁶
5. The claim that foreign labour is cheaper may be true if one calculates only the salaries the private sector is paying them. Foreign labour also benefits from the government subsidies on food and medicines, and many other services that in most cases are free, such as education and health care. If these indirect costs that the government is handling are added in, it would no longer be true

³³- Dr. Hashim A. Hashim. What the Private Sector has done so far to the Graduates? Okaz Newspaper, 24 September 1988, p. 5.

³⁴- Ibid.

³⁵- Ibid.

³⁶- Ibid.

that the foreign labour is cheaper less than Saudi labour.³⁷

Of course the main objective of the private sector is to make a profit, but the profit should not be made through hiring cheaper labour alone, or by increasing working hours to a level that the Saudi will avoid, for instance, 54 hours per week. Nor should the profit be made by avoiding training personnel or by asking them to do multiple tasks and jobs they were not hired to do.³⁸ The profit can be made by attaining high performance, high productivity and good quality, and by reducing waste and operational costs.³⁹

Only a small percentage of Saudi females that are capable of working actually join the Saudi workforce. Most estimates show that about eleven per cent (11%) of the capable Saudi females are in the workforce. This female group is eight and seven-tenths per cent (8.7%) of the Saudi national labour force, and only three and two-tenths per cent (3.2%) of the total workforce. There are about 1 million female college, university, and high school graduates who can work, but only 176,000 are working. Most of these work at educational institutes, hospitals, and social work departments. There are more than 200,000 jobs occupied by foreign female workers, for example, nurses, paramedics, lab technicians, teachers, and administrators.

In addition, there are about 200,000 clerical and administrative jobs occupied by foreign male workers that could be replaced by Saudi females. The most important factor here is Saudi culture. Saudi culture allows females to work in jobs that do not involve free association with men. If

³⁷- Ibid.

³⁸- Dr. Sayd Al-Kholy. Saudiisation at the Private Sector. Okaz Newspaper, 26 May 1989, p. 9.

³⁹- Ibid.

the job requires working with men, then some restrictions are to be made, especially in administrative jobs such as that of secretary. Other problems are: home responsibilities and duties, the necessity of additional leave days to take care of babies, and the unwillingness to work in some jobs for a very low salary. For instance, a Far East nurse's monthly salary at a private or a government hospital is about US \$ 350, plus accommodation. The monthly salary for a Saudi nurse for the same job at a government hospital is about US \$ 800. Private hospitals in the Kingdom, which have about 20,000 nursing jobs, refuse to pay higher than US \$ 350-400. So far, no resolution has been found for this problem of female unemployment.

Furthermore, Dr. Ansari in 1987 criticised the Saudi Government's Saudiisation (placing Saudis in foreign labour positions) plans:

Based on the published Development Plans for the Kingdom, it was concluded that the strategy of Saudiisation was not clearly defined at the formal level. At best it appeared to refer superficially to a policy of simply replacing foreign workers, particularly those in managerial positions, with trained and qualified Saudi nationals. However, we argued that taking into account the Islamic principles outlined elsewhere in the Development Plans, the strategy of Saudiisation was, implicitly, a good deal more complex than merely a replacement policy. In particular, we drew attention to the ways in which criteria of managerial theory usually applied uncritically within the context of Western business organisation might need to be redefined to make them compatible with the Islamic principles fundamental to Saudi development. Thus, we concluded, that Saudiisation could not be conceived merely as a strategy to obtain quantitative results (i.e., replacements) but also had to be considered as having qualitative objectives, that is the creation of organisational procedures and structures compatible with Islamic teachings. This dimension was seen to be of particular importance in relation to the most recent Development Plan which seeks to apply Saudiisation to the private sector of the economy, for it is here that Western-oriented business and organisational practices are likely to be most deeply ingrained and most difficult to control. Replacement alone might lead to an increased showing of Saudi personnel but might do little to bring about patterns of business practice compatible

with the wider aspirations of Saudi Society.⁴⁰

Between 1991-2000 there will be more than 575,000 new jobs in the Saudi Arabia.⁴¹ Most of those jobs will be for technical and skilled labour. For instance, there will be 107,000 jobs at the Al-Jubail Industrial Complex, 90,000 jobs at the Yanbu Industrial Complex, and 80,000 jobs at the Al-Yamamah Projects (see Chapter III).

Therefore, Saudiisation may be a problem for the next two decades, causing more unemployment among national graduates and putting pressure on the government to find jobs for Nationals.

B. THE POLITICAL SYSTEM OF SAUDI ARABIA

Before 1932 the Kingdom was divided into many areas ruled by different and conflicting tribes. At Al-Kijaz, Mecca, Jeddah, Medina and Taif the rulers were Ashraaff, a family whose root belongs to the Prophet Mohammed, and was under the Othmani (Turkish empire control). In the Southwest, the Aseer region, the rulers were strong land-owning families, for instance, the Al-Edreesi, and partly controlled by the Othmani empire. The South was controlled by a strong tribe called the Dawasser. The country in general experienced a great deal of tribal warfare, low education, poverty, minimum economic activities limited to small-scale farming and small hand-crafts. The Midlands, for example, Najd and Riyadh, were ruled by many conflicting tribes such as Saud and Al-Rasheed. The East and North were ruled as well by many conflicting tribes, for instance, Shammar.

Since statehood in 1932 the Kingdom has been ruled by the house of Saud. The King is the symbol of the political

⁴⁰- Al Sharq Al-Awsat. 03 June 1989.

⁴¹- Dr. Sayd Al-Kholy. A Survey about the Saudi Labour Needs for the Fifth Development Plan (1990-1995). Okaz Newspaper, The Economy Page, January 1990, p 6.

and religious power. All Saudis are Arab Muslims; and the majority of them are Sunaa rather than Shia. The Sunaa are those who practice Islamic teachings as in the Holy Quraan and as described by Prophet Mohammed and his followers. Even though they may have some conflicts, they obey their religious leaders as long as they do not disagree with the Holy Quraan. The Shia follows part of the Quraan and believe that their shia religious leaders are always right even when in conflict with the Quraan or with the Prophet Mohammed's acts and statements. However, they believe that most of the Sunaa's leaders are wrong or do not follow the real Islamic teachings.

The following is a description of the political and religious power in the political system of Saudi Arabia. However, since it is very difficult to distinguish it completely from the social and economic system there will necessarily be some repetition.

1- Political Organisations

The Kingdom is ruled by the Royal family (Saud). Leadership in Saudi Arabia can be described as a family business. A family business that is drawn from the tribal family where the King is the father, the Royal family members, religious leaders and ministers are the senior members of this family, and the public are the junior members. The political and government system is divided into three main units:

1. The King, together with the Royal family, is the first political power. The Kingdom is ruled by the Royal family, and the King is the elder son of former King Abdulaziz.
2. Haiaat Al-Iftaa, the Islamic formal legal opinion organisation, is the second political power and the most influential system in Saudi Arabia.

Haiaat Al-Iftaa is concerned with law and government decisions that may conflict with the Islamic religious instructions and teachings. It was developed through the last century, and it is the authority that approves or disapproves governmental laws and decisions as they interface with Islam's teachings. In addition, judges are recommended by the Haiaat. The Haiaat completely rely on religious teachings and instructions.

3. The Ministerial cabinet is the second source of power. The King presides over the cabinet as the chairman. The Crown Prince (his next younger brother) is his deputy, and the second younger brother is the second deputy. Ministers are members of the cabinet. Some ministers are from the Royal family (for instance, the Minister of Defense, and the Minister of Interior Affairs). Others are selected by the Royal family's senior members and/or appointed by the King himself. However, the ministers are usually from well-established families and most have a good or fair education. The ministerial cabinet makes policies, and negotiates and approves plans as needed such as regulations for government expenditures and foreign affairs. Legal, formal laws, (for instance, rules for charging criminals) must be approved by the Haiaat Al-Iftaa "the second source of power".
4. The executive power of the ministries is the fourth source of power. Ministers are responsible for recommending plans and putting the Kingdom's plans and development into action and carrying out its mission. Ministers can also recommend several policies and rules. If those policies are only administrative, then they may issue them and approve them for applications without sending them to the ministerial cabinet for approval; but in

some cases the approval of the Civil Bureau is required, for example, for the employees' promotion policy. At other times the approval of the ministerial cabinet is required, for example, for ministry expenditures and for foreign policy.

In addition, a new royal decision, issued early in 1992, approved the development of Majlis Al-Shouraa, the advisory council. This council was established in 1943 and was supposed to be second in political power and influence in Saudi Arabia; however, it has had no role since 1962, and its coming role may not be influential or even important. The members of this council are, or will be, selected and appointed by the King or his deputy, based on their tribal or family's influence, and not their knowledge, experience, and qualifications. The Advisory Council in the first two centuries of Islam, 570-770 A.D., was the most powerful unit in Muslim life. Governors and senior members of government were selected or recommended by the Council, and "Fatuwa" (formal legal opinion) was given through it.

The political and governmental system in Saudi Arabia is centralised. There are no political parties or labour unions in Saudi Arabia. Saudi Arabia has enjoyed political stability since 1932. Because of its political stability and available government revenue for development, the Kingdom is recognised as a good place for investment and business.

2- The Royal Family of Saud

2.1 King Abdulaziz (1902-54):

In the year 1902 Abdulaziz Saud started plans for a unified country. He unified the middle region's districts and villages, and he became the Prince of Najd (the middle region). In 1916 Abdulaziz took over the Eastern region, in 1921 the Northern region, and in 1925 the Western region.

In 1927 his authority expanded from the Gulf to the Red sea and he became the King of Hijaz and Najd. In 1932 Saudi Arabia was declared a Kingdom.

King Abdulaziz realised the necessity of developing international relationships with modern countries, such as Britain and the United States of America and, therefore, established diplomatic contacts with them.⁴² In 1932 he established a council of ministers and appointed his son, Saud, to head the council⁴³. Oil was discovered in 1932, and in 1933, the Arabian American Oil Company (ARAMCO) was formed. Because of the Second World War the oil development was very slow in Saudi Arabia and oil revenue did not exceed US \$4 million until after 1944.⁴⁴ In 1948 the Kingdom's annual revenues were about US \$85 million and increased geometrically each year thereafter. This influx of capital helped the country and the government to start some social and agricultural development.⁴⁵ In early 1954 King Abdulaziz died and his son Saud became the King of Saudi Arabia (Figure 6).

2.2 King Saud (1954-64):

King Saud followed his father's role in developing the government, revenues, and foreign relations. By 1958 the annual oil revenues exceeded US \$300 million.⁴⁶ In 1958 King Saud gave his brother, Faisal, powers in foreign and internal affairs, including fiscal planning, which is very essential in developing the country. In 1961 Faisal became head of the Council of Ministers.⁴⁷ The government

⁴²- Saudi Arabia, A Country Study. p. 45.

⁴³- Ibid.

⁴⁴- Ibid.

⁴⁵- Ibid.

⁴⁶- Ibid.

⁴⁷- Ibid.

organisation during King Saud's rule improved slightly and increased to 10 ministries and 9 corporations and agencies.

2.3 King Faisal (1964-75):

King Faisal was the first King of Saudi Arabia who took development towards modernisation seriously.⁴⁸ He gave more attention and support to developing education - schools, universities, vocational and other institutes.⁴⁹ He also started settling nomads into village and towns. King Faisal established strong and friendly relationships with the Kingdom's neighbours and with other Muslim and Arab countries. He also improved the Kingdom's foreign relationships.

During his rule, King Faisal developed and or created new ministries such as the Ministry of Petroleum and Minerals, Ministry of Social Affairs, and many other corporations, i.e., Saudi Arabian Airlines. Oil prices went up almost four fold in 1973 because of his manipulation and threats to reduce oil production. This position was taken during the October 1973 war between Israel and two Arab nations, and led to an oil embargo on major oil consumers who were either supporters or allies of Israel.⁵⁰ This oil embargo led to increased oil prices from about US \$2.0 per barrel in 1973 to about US \$10.8 in the middle of 1974, and to about US \$34 in 1982 (Table 4). It was the start of an oil boom era in Saudi Arabia and other Arab oil producing countries. This helped the Kingdom to push forward its development programmes and move quickly towards modernisation.

The government organisation during King Faisal's rule

⁴⁸- Ibid.

⁴⁹- Fatina Shaker. 1974.

⁵⁰- Saudi Arabia. A Country Study. The American University, Washington D.C., USA. p. 42.

improved and increased to 14 ministries and over 12 corporations and agencies. The men King Faisal chose eventually carried out many of his plans after his assassination on March 25, 1975.

2.4 King Khalid (1975-82):

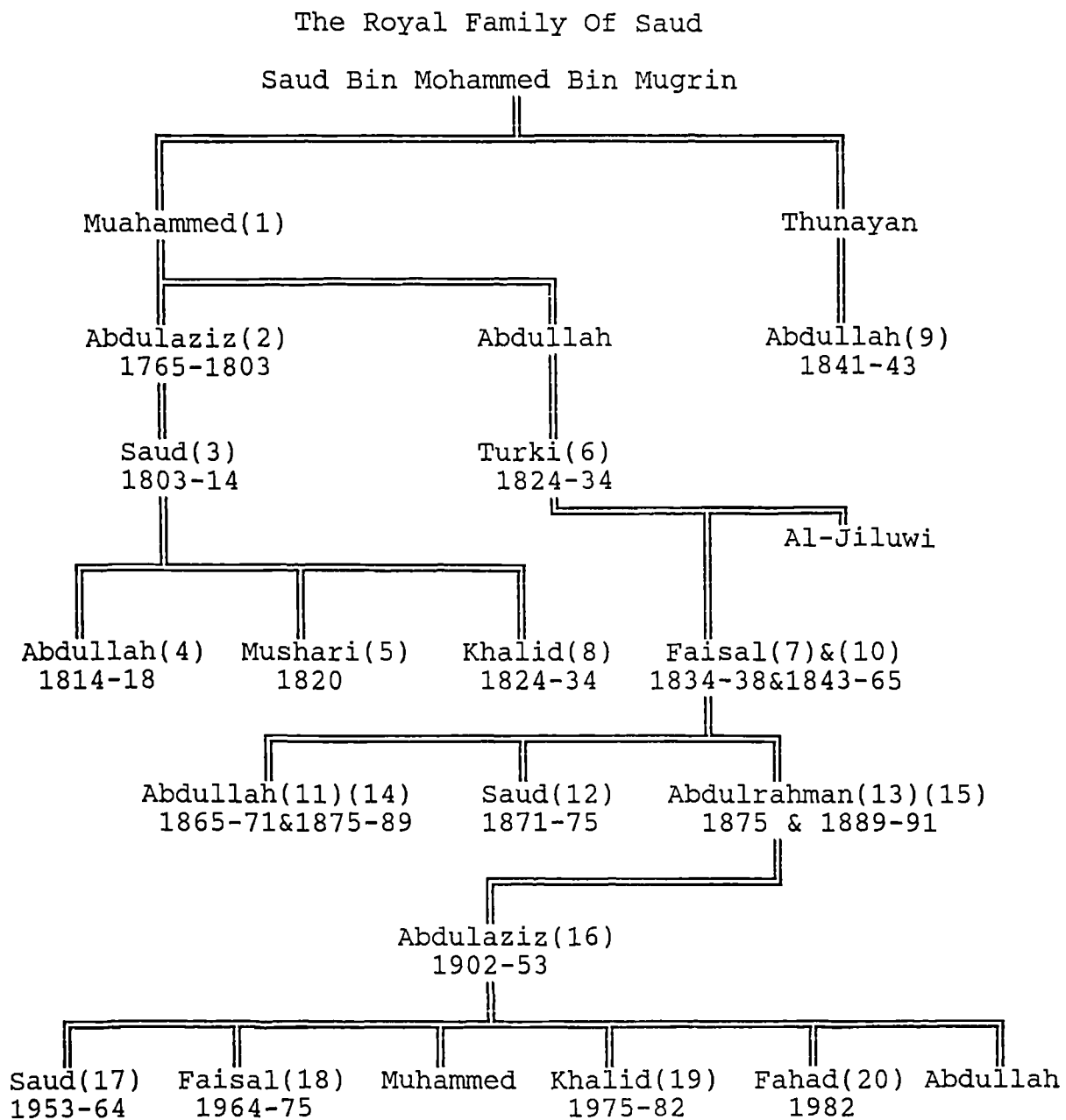
Upon the assassination of King Faisal, Khalid became the King of Saudi Arabia, and Prince Fahad became the Crown Prince. King Khalid was liberal in terms of informing the press and consulting his brothers and ministers in his decision-making. He also gave more authority and autonomy to the ministers and governors.⁵¹ King Khalid also laid the foundations for the Gulf Corporation Council (GCC), which was formed in 1981. The GCC includes the six Arab states of Saudi Arabia, Kuwait, Qatar, Oman, Bahrain, and the United Arab Emirates. These states of the Arabian Peninsula have many similarities regarding religion, social conditions, and political institutions. Saudi Arabia is the biggest country among the GCC in terms of population, land, revenue and resources.

King Khalid also reorganised the Council of Ministers late in 1975. The Ministry of Higher Education and the Ministry of Municipal and Rural Affairs were created in 1976. During his rule, Ministries increased to 18 in addition to the National Guard, and there were over 15 government corporations and agencies.⁵²

⁵¹- Ibid., pp. 43-46.

⁵²- Ibid., 1982-1983.

Figure 6



King Khalid continued to push many of the economic plans developed under Faisal's rule. During his reign, revenues leaped from US \$6.08 billion in 1973/74 to around US \$90.67 billion in 1980/81 (Table 5).⁵³ In 1970, crude oil revenue represented ninety-two per cent (92%) of the Gross Domestic Product (GDP).⁵⁴ With the tremendous push for industrial, agricultural, and investment development undertaken by the Kingdom, crude oil revenue was only forty-six per cent (46%) of the GDP as of August 1989.⁵⁵ (However, this percentage increased between September 1989 and February 1992 to sixty-five per cent (65%) due to the double increase in oil production as a result of the Gulf War and the serious reduction or cessation of Kuwaiti and Iraqi oil production).

King Khalid died in June, 1982 and his brother, Crown Prince Fahad, was appointed King by the Royal family senior members and the senior religious leaders (Ulama). His brother Abdullah became the Crown Prince.

2.5 King Fahad (1982):

The first year of King Fahad's reign was one of the best years Saudi Arabia had for generating revenue. The government budget in 1981/82 was 90,666.6 million. This paved the way for the Kingdom to push its development programmes faster and more intensively. King Fahad used this opportunity to create new government agencies and educational institutions,

⁵³- Ibid.

⁵⁴- Ibid., 1987, p. 5 and 1984, p. 6.

⁵⁵- Saudi Arabian Monetary Agency Annual Report. August 21, 1989.

Opec Oil Prices (U.S. \$ Per Barrel)

Period	Light Oil API 34		Heavy Oil API 31	
	Official Price	Spot Market Price	Official Price	Spot Market Price
1970	1.35	1.21	1.30	1.15
1971	1.75	1.74	1.68	1.62
1972	1.90	1.87	1.80	1.77
1973(Late)	13.65	4.10	3.50	3.90
1974	9.52	11.65	9.37	10.6
1975	10.46	10.44	10.37	10.35
1976	11.51	11.70	11.26	11.26
1977	12.38	12.59	12.32	12.43
1978	12.70	13.08	12.27	12.42
1979	18.16	28.26	18.20	25.70
1980	29.26	37.60	29.56	35.68
1981	33.38	35.52	33.63	34.16
1982	33.51	31.37	31.41	29.84
1983	29.66	28.71	27.91	27.69
1984	28.68	27.93	26.99	27.46
1985	28.07	27.77	26.70	26.48
1986	28.00	17.96	25.00	17.38
1987	24.00	21.20	22.00	14.64
1988	22.00	18.78	19.17	14.52
*1990 Early	22.50	20.10	20.00	17.32
*1990 Late	23.10	31.50	21.00	29.40
*1991 Early	21.15	28.40	20.00	26.50
*1992 Early	19.05	24.20	17.50	22.00

Source: Statistical Book. 1991, p. 236

* Government and Public Publications. (The rapid increase was due to the Arabian Gulf crisis when Kuwait and Iraq's oil exports stopped.)

such as King Abdulaziz City for Science and Technology. As a result, Saudi Arabia today has 24 Ministers, the National Guard, and over 18 major government corporations and agencies.⁵⁶

King Fahad's guidance improved the Kingdom's relationships with its neighbours - the GCC countries, Arab nations, Muslim nations, and the international community. He follows Faisal's and Khalid's steps towards modernising Saudi Arabia and shifting the country from dependence on oil into industrialisation.⁵⁷ Although the oil prices went down from US \$34 a barrel (1981/82) to US \$20 (1988) crude oil revenue in 1989 represented only forty-six per cent (46%) of the GDP⁵⁸. In 1985/86 the Kingdom's revenue dropped drastically, but then started increasing in August 1989 through 1991, due to both the increase in the price of crude oil and the high increase in production because of the Gulf crisis, when oil revenue reached sixty-five per cent (65%) in January 1992.

King Fahad realised that developing the country towards modernisation should not be based on utilising expatriate expertise alone, but that Saudi Nationals must be developed in almost all technical and professional areas. Therefore, he gave his instructions and guidance to improve education, vocational education and training. In addition, he has given instructions to place Saudis in 600,000 positions occupied by expatriates, a process which has moved very slowly since 1991.

⁵⁶- Ibid.

⁵⁷- Ibid.

⁵⁸- Iqraa, Weekly Magazine. Report on the Kingdom National Day. pp. 3-8, 21 November, 1990.

GOVERNMENT REVENUES AND APPROPRIATIONS

(MILLION SAUDI RIYALS)*

Year	Estimated Revenue	Estimated Appropriation
1960/61	17,786.0	17,786.0
1969/70	59,666.0	59,666.0
1973/74	22,810.0	22,810.0
1978/79	130,000.0	144,558.3
1980/81	340,000.0	298,000.0
1983/84	225,000.0	260,000.0
1984/85	214,100.0	260,000.0
1985/86	200,000.0	200,000.0
1986/87	200,000.0	200,000.0
1987/88	117,000.0	170,000.0**
1988/89	116,000.0	162,000.0**
1989/90***	116,000.0	141,000.0**
1990/91***	118,000.0	143,000.0**
1991/92***	150,000.0	181,000.0**

* 3.75 Saudi Riyals equals one U.S. Dollar.

** The difference between revenue and appropriation is to be funded from the States General Reserve, and/or government bonds.

*** Source: Annual Report, Saudi Arabian Monetary Agency, 21 August 1989, and Ministry of Finance, Annual budget 1990, 31 December 1989, and Annual Budget January 1992. And Statistical Books 1988 - 1991.

The political system in Saudi Arabia has become very centralised as is normal in most traditional societies.⁵⁹ Centralisation in Saudi Arabia is a strong characteristic not only in government organisation, but in the private sector as well⁶⁰.

C. THE SOURCE OF VALUE IN SAUDI ARABIA

Introduction

Saudi Arabia has seen a noticeable development in the government organisations and structure. The Gross Domestic Product (GDP) since 1970 has undergone large increases, especially in the non-oil sector. Due to these factors, the government has set intensive and long term development plans to influence change and development in the country in the direction of modernisation. These plans emphasise development of the economy, industry, education, and public services, but also stress the importance of keeping the social values and beliefs stable. Ragaei El Mallakh in 1982 pointed out that:

Most of the Saudi rulers were able to accept the modernisation which oil wealth bestowed upon the country, but without drastic changes in the social values of the population.⁶¹

Saudi Arabia has so far exhibited an unusual ability to maintain most of its social values and institutions. This was very clearly outlined in the objectives of every development plan.

⁵⁹- Abdullah Al-Karaji. Al-Tanmiah Al-Ejtimaeeh. "Social Development". 1986. Jeddah, Saudi Arabia. pp. 215-216.

⁶⁰- Ibid.

⁶¹- El Mallakh, Ragaei. Saudi Arabia, Rush To Development. 1982, pp. 26-27.

Saudis share many cultural traits and practices that are common among traditional societies (traditions are the social and cultural life, the customs and the daily habits that are commonly practiced between individuals and groups for many decades). However, traditional societies do not lack institutions or facilities to modernise, while traditionalism does.⁶² Saudi Arabian society should be studied from this perspective. It is a different society from a modern one, since traditions have a great impact upon it. But its traditions are not impossible to change, nor do they resist any serious transition efforts, although the transition might be slow. As long as there is an ability to develop and maintain an institutional structure capable of absorbing change beyond its own initial premises and dealing with continuously changing problems, while also developing quality of liberty and rationality, Saudi Arabia can implement modernisation⁶³. In Saudi Arabia people make social contact and mingle easily. The ease of social contact derives from the family and Islamic values found in the society. To better identify and understand these values and their sources, we can categorise them as follows:

- A) Islamic Religion
- B) Saudi Social Structure and Values
- C) Saudi Family and Kin Structure and Relations
- D) Saudi Culture and Value System Effects on Management.

1- Islamic Religion

1.1 Islam and Islamic Cultural

Islam is a Religion and the first major source of values in Saudi Arabia, which is considered the birth place of

⁶²- Ibid.

⁶³- Ibid.

Islam. Islam is the Saudis' religion, and all Saudis that live in Saudi Arabia are Muslims.

Saudi Arabia contains the two most important holy cities in the Muslim world: Mecca and Medina. Mecca is the first holy city in the Muslim world. The Holy House and the Kabbah are located there. Medina is the second Holy City in the Muslim world. It is where the Prophet Mohammed died and was buried.

Islam is the source of political legitimacy, the judicial system and the moral code for the Saudi society. Islam is the primary political and social frame of reference. On the one hand it is the formal religion of the state and its principles are the supreme authority. On the other hand, it is the social and cultural institution whose system of social conduct and spiritual forces penetrate every aspect of a Muslim's life. Ibrahim Al-Awaji in 1971, pointed this out clearly:

For Saudi Arabians, it is not only the importance of Islam as a major source of social values and norms that complete the constitutionalisation of Islamic doctrines and teaching, but also, its effects as the source of all legal and political acts that perpetuates and enforces such an institutionalisation.⁶⁴

1.2 Islam's Vision

Islam is the religion of Muslims. They believe in God, Mohammed 'Peace be upon him' as the prophet, and in God's other writings too, such as the books found in Jewish and Christian religions.

God said:

Say (O'Mohammed) we believe in God, and in the revelation given to us, and to Abraham, Ismael, Isaac, Jacob and the Tribes. We believe in the revelation that was sent to Moses, Jesus and all other Prophets from their Lord. We make no distinction between them, and to Him we surrender. Holy Quraan (3:83)

⁶⁴- Dr. Ibrahim Al Awaji. 1971, pp. 67-68.

Islam is an Arabic word and denotes submission, surrender and obedience. A complete obedience and submission to Allah, "God"⁶⁵. "Peace", is the other significant literal meaning of the word Islam, peace of everything through submission and obedience to Allah.

God said:

Those who believe and whose hearts find rest in remembrance of God alone that the heart of man finds rest - those who believe and act righteously, joy is for them and a blissful home to return to. Holy Quraan (12:28 & 29)

1.3 Some Basic Characteristics of Islam

Simplicity, Rationality, and Practicality of Islam

Islam is a religion without any mythology. Its teachings are simple and intelligible, it is free from superstition and irrational belief.⁶⁶ *The Oneness of God*, the Prophethood of Mohammed (peace be upon him) and the concept of life after death are the basic articles of its faith. All the teachings of Islam follow from these basic beliefs, and are simple and straight forward. There are no complicated rites and rituals. Everybody can translate from the Holy book "Quraan" and put the teaching into practice. The basic understanding of Allah "God" and religion is gained through the seeking of knowledge. The Quraan advised mankind to pray:

My Lord; advance me in knowledge. (20:114)

The Prophet Mohammed has stated that man should seek after knowledge:

To seek knowledge is obligatory for every Muslim.⁶⁷

⁶⁵- Mohammed Jamil. 1978, pp. 8-10.

⁶⁶- Kurshid Ahmed. 1977. p. 12.

⁶⁷- Tirmizi, Darimi Dar Al-Feekr. 1968, p. 118.

This is how Islam brings man out of the world of superstition and darkness, and initiates him into that of knowledge and light.

Islam is also a practical religion and does not allow indulgence in empty and futile theorising. It says that faith is not a mere profession of belief.⁶⁸ Religion is something to be practiced and not of mere lip-service. The Holy Quraan says:

Those who believe and act righteously, joy is for them, and a blissful home to return to. (13:29)

Therefore, Islam is a simple, rational and practical religion.

Unity of Matter and Spirit

A unique feature of Islam is that it does not divide life into materialism and asceticism. "It holds that spiritual elevation is to be achieved by living piously in the rough and tumble of life, not by renouncing the world."⁶⁹ The Quraan advises us to pray as follows:

Our Lord! Give us something fine in this world as well as something fine in the hereafter. (2:201)

God strongly censures those who refuse to benefit from His blessings. God said:

Say: Who has forbidden God's finery which he has produced for His servants and the whole something from (His) provision. The Holy Quraan (7:32)

The Prophet Mohammed (Peace be upon him) said:

A Muslim who lives in the midst of society and bears with patience the afflictions that come to him is better than the one who shuns society and can not bear any wrong done to

⁶⁸- Khurshid Ahmed. 1977, p.13.

⁶⁹- Ibid., p. 14.

him.⁷⁰

He also said:

...Your body has its rights over you, your wife has a claim upon you, and the person who pays a visit to you has a claim upon you.⁷¹

Thus, Islam does not admit any separation between material and moral, mundane and spiritual life. It enjoins man to devote all his energies to the construction of life on healthy moral foundations. It teaches him that moral and material power must be welded together and that spiritual salvation can be achieved by using material resources for the good of man in the service of just ends, and not by living a life of criticism or by running away from the challenges of life.⁷²

Balance Between the Individual and Society

Another unique feature of Islam is that it establishes a balance between individualism and collectivism. It believes in the individual personality of man and holds everyone personally accountable to God. It guarantees the fundamental rights of the individual and does not permit anyone to tamper with them.⁷³ It does not subscribe to the view that man must lose his individuality in society or in the state.⁷⁴

God said:

Man shall have nothing but what he strive for (53:39)

He also said:

God only assigns to a soul what it can cope with: in its favour stands whatever it has earned, while it is held responsible for anything it has brought upon itself. (2:286)

⁷⁰- Ibid.

⁷¹- Ibin Majah, Termizi. 1971, p. 215 and 233.

⁷²- Mohammed Jamil. 1978, p. 16.

⁷³- Ibid., p. 18.

⁷⁴- Ibid.

On the other hand, it also awakens a sense of social responsibility in man, organises human beings in a society and enjoins the individual to subscribe to the social good. Islam encourages and instructs for the following disciplines and self control:

Humility, patience, endurance, courage, thankfulness, brotherhood, greetings, helpfulness, cooperation, generosity, hospitality, hard work and so many good behaviour and attitudes. All of these values and good manners can not be achieved without having good discipline and self-control and timing one's activities (obligations). So, Muslims have to work towards punctuality and discipline as it is essential to practice good character and put his belief into action.⁷⁵

Islam and Fatalism

It is a generally accepted fact in the West that Muslim actions are fatalistic. Yet it is wrong to believe that this fatalism is caused by Islamic teachings.

Many authors have thought that Islam is a fatalistic religion where people must accept what happens to them, because it is God's Will. Dr. Awaji said:

The average Arab is a fatalist who believes that whatever happens to him is "God's Will" and there is very little that he can do to change the course of events.⁷⁶

In addition to Farid Mouna, many other Arab authors have taken this view.⁷⁷

Professor Sania Hamady, argued from a different standpoint. In 1960 she said:

The impact of fatalistic philosophy on the Arabs is therefore due not so much to religious doctrine of determination (though it does seem to encourage a fatalistic behaviour) as to the nefarious influence of political subjugation, economic poverty, and social tyranny. The Arabs picked from the Quraan only the passages that can support significantly their improvident outlook on life and in which they can find a religious excuse

⁷⁵- Ghulam Sarwar. 1980, Chapter XIII.

⁷⁶- Ibrahim Al-Awaji. 1971, pp. 74-76.

⁷⁷- Fatina Amin Shaker. 1972, pp. 99-100 and Farid A. Mouna. 1982. p. 93, and p. 23.

for their inactivity and stagnation.⁷⁸

The Holy Quraan points out that God controls all human destinies, but He also wants people not to rely on this fact, and to work hard for their lives and survival.

God said:

He it is who has made the earth easy to live upon: go about, then, in all its regions; and partake of sustenance which He provides: but (always bear in mind that) unto Him you shall be resurrected. (67:15)

Islam is not the cause of any fatalistic attitude, but it is true that many Arabs are fatalistic. This fatalism, is mainly due to the Islamic culture that was developed during the second century of Islam, 670-770 A.D. In time this became the attitude of most Arabs. This Islamic culture mixed or confused the idea of reliance on God. Arab fatalism stems from this cultural confusion. Briefly, reliance on God for a Muslim means that you do the best you can, work as hard as you can, but if you do not reach your goal or fail to achieve what you were after, do not give up. It is God's will and do not forget to rely on God. It may be, it was not good for you to reach that goal and only God knows what is beyond human knowledge.

The real reliance on God was defined by the 2nd Muslim Khalifa (Leader), Omar Ibn Al-Khattab in A.D. 615:

Oh Muslim People you misunderstood the objective behind reliance on God. This objective will lead you to have your basic needs accordingly. It is similar to the birds reliance on God. They leave home in the morning with an empty stomach and they come back at evening with no more hunger.⁷⁹

The real reliance should not be confused with "We can, do nothing, it is God's will." It means, you have to initiate and start doing, leaving the end results to God's will.

⁷⁸- Sania Hamady. 1960, p. 76.

⁷⁹- Sirat Omar Ibn Al-Khattab. 1972.

In addition, Islam calls for hard work and God established people on the earth with the power (physical) and knowledge (brains) they need for achievement. He gave them the achievement requirements and they must work and implement the right means for human survival and development. The Holy Quraan gives us an example of the Two-Horned One in order to develop such an attitude within Muslims.

Behold, We established him securely on earth, and endowed him with (the knowledge of) the right means (that he might set out to achieve) and so he chose the right means (in whatever he did). (18:78-81)

Furthermore, The Holy Quraan tells man to utilise the resources that God has given us on the earth and to work towards achievement and development of human life.

In-deed, (even afore time) did we send to earth our apostles with all evidenced of (this) truth; and through them we bestowed revelation from on high, and Thus gave you a balance (where with to weight right and wrong), so that men might behave with equity; and we bestowed (upon you) from on high (the ability to make use of) iron, in which there is awesome power as well as (a source of) benefits for man. (18:82-85)

2- Social Values and Saudi Society Structure and Tradition as the Second Source of the Value System

Prior to 1932, Saudi Arabia was predominantly a tribal society. There were some rural villages (Taif, Jizan, Hail) and a few towns (Mecca, Medina). Only two urban centres (Jeddah, Mecca) could be classified as cities, and they were small (Figure 1).

2.1 The Tribal System and Value

Tribes were the basic social and political units to which many Saudi Arabians looked for centuries for the preservation of order and the resolution of conflict. More than that, in pre-oil Arabia, they were the repositories of both the means and actual process of a substantial proportion

of what limited production occurred in the non-urban areas.⁸⁰ Tribal nations were founded hundred of years prior to the founding of Islam in the sixth century (570 A.D.).

2.2 Tribes and their Political Influence

In the past, tribes existed as independent political entities. As such, they were capable of uniting for common actions. More often than not, they acted as divisive forces in any larger societal context.

In the early years of this century a number of tribes proved politically decisive both to the ongoing acceptance of Al-Saud's (the King's family) rule in the Najd, and to the extension of the ruling family's authority to areas previously under different administrative control. The Royal family is from a tribe called Aneza. The importance of the Aneza and other tribes, for instance, Qahtan, Utaybah, Dawasir and Shammar, derived more often than not from a combination of one or more of the following factors: size, military power, geographic location, form of livelihood, character and orientation of leadership, progeny and/or religious outlook.

Tribal characteristics as much as any other attribute were what prompted the late King Abdulaziz, the founder of modern Saudi Arabia, to seek a number of means by which he could integrate the various tribes into a new national political structure. The religious content of Abdulaziz's message as he set about knitting Arabia into a single state proved to be the greatest source of his strength. He was able to direct and control a strict adherence to Islamic modification of the tribal distinctions which formerly had divided

⁸⁰- El Mallakh, Ragaei. 1982, p. 93.

the realm.⁸¹

Tribal Sheikhs (Leaders) have traditionally played a role that goes far beyond merely enhancing tribal identification in the Kingdom. The influence of tribal leaders for many years derived largely from their role as a major channel of communication between the authorities in Riyadh City and the country's hundreds of thousands of tribesmen.⁸² Yet there were always well defined limits to the sphere of their influence. Whether the tribe was settled or nomadic and whether their lands were strategically important or not, their influence seldom extended beyond the geographic focus of the tribe itself.

2.3 Tribes and the Impact of their Value System

The tribal system has been declining in Saudi Arabia since 1932. It is steadily undergoing fundamental changes and will eventually be dissolved. Due to the decline of wildlife, most tribes drift away from the deserts to villages and towns to seek other sources of income. The Kingdom also created new opportunities previously unknown to the nomad. These include employment in the service sector, army, and the National Guard, which is mostly recruited from the tribes⁸³

The value system in Saudi Arabia, however, has not changed much since 1932.

Thus, although certain segments of Saudi Arabian society may have undergone some observable changes in their outlook as a result of abundant wealth and new cultural exposure, and despite the conspicuous change in both the economic conditions and the organisational and formal environments, it is unquestionable that the dominant social value system is still traditional. Not only that, it has continued to dominate, but also to compel the

⁸¹- Ibid.

⁸²- Ibrahim Al-Awaji. 1971, pp. 101-103.

⁸³- Ibid.

administrative institutions to adapt their behaviour to its demands, which have resulted, in many important situations, in the inactivation of formal mandate and rules.⁸⁴

Tribal ties are still important, though declining. People who have a tribal background still boast about it, with some direct influence upon management behaviour. Early tribal structural patterns, such as kinship and lineage, have remained an essential of social relations in Saudi Arabian society. Communal values such as mutual obligations and interdependence, are still a basic social value in the country. Almost twenty-four per cent (24%) of the Kingdom's population is nomadic.⁸⁵

The Arab tribal system consists of large kin groups. Each tribe may include a number of very cohesive extended families, whose relationships are well recognised by members of each lineage. Mutual obligation and interdependence mainly stem from the fact that:

- 1) members of a lineage rely for their protection on their lineage group and/or the tribe at large, and;
- 2) members of the lineage share common economic interests and, therefore, they are obliged to participate and enhance the interests of their groups.⁸⁶

In other words, since the identity of individuals is identical with that of his group, he is primarily responsible for its welfare. Individualistic independence does not exist in a tribal society apart from the demands and needs of the

⁸⁴- Ibid.

⁸⁵- El Mallakh. Ragaei. Saudi Arabia, Rush To Development. 1982, p. 21.

⁸⁶- Dr. Abdullah Al-Kharaji, Elm Al-Ejtima Al-Aily. 1981, pp. 189-220.

particular group. Individual initiative is only encouraged when it serves and enhances the interests of the group.

These tribal ties and characteristics are not unique to the nomadic structure, but are also reflected in the structure and behaviour of other social groups. Kinship and interdependence are typical traits of the social organisation in Saudi Arabia. This is what is implied by those who still describe Saudi Arabian society as largely tribal.

2.4 Village Social System and Values

The Saudi village is a local territorial unit dependent on agriculture. There are still some villages which function as a trade market for tribes. The village is also important in the social structure because it is a transitional stage between tribalism and urbanisation.⁸⁷ Historically, Bedouin "nomads" settle first in villages through which they acquire their first experiences in a settled society.

Village kinship relations are important because in many villages, though not all, an important segment of its population may consider themselves related through a common male ancestor.⁸⁸ Consequently, the social position of the individual villager is determined by his belonging to a particular extended family and by its position within a large kin-group or in the village as a whole. As in a tribe, the village chief "Amir" is the spokesman for his villagers.⁸⁹

2.5 Villagers

Villagers who have begun to move to larger cities because of greater business opportunities and for government jobs usually continue to identify themselves and maintain

⁸⁷- Ibid., pp. 70-84.

⁸⁸- Ibid., pp. 93 and 96.

⁸⁹- Ibid.

their ties with their village. These ties are very similar to tribal ties. Villagers rely on their family members and relatives for farming and agriculture.

2.6 Urban Social System and Values

Contrary to the homogeneous tribal and village communities in Saudi Arabia, urban communities at present are heterogeneous. This is due to the mixed historical background of the five regions. With respect to broad similarities cities can be classified into two main categories:

- 1) Major cities in the Western region.
- 2) Cities in other parts of the country.

Because of the religious-historical significance of Mecca and Medina and the important location of Jeddah as a trade centre and old port on the Red Sea, Western region cities' social structure, cultural orientation, and economic and political organisations are quite different from the rest of Saudi Arabian cities.⁹⁰ About eighty per cent (80%) of the nomads live around the other cities. Different cultural traits have been absorbed and assimilated into one culture which is unique to these cities. Trades and hand-crafts were the basic economic activities, though some small industries were started there too. The background and the basic values were still traditional. Social organisation is based on occupational patterns and commercial relationships, but the family is still the fundamental social unit.

The cities of the Najd (Middle region), Aseer (South Western region) and the Eastern region acquired different historical development and common characteristics. Historically, they resembled villages in their activities and social profile. They were mainly agriculture-oriented, although

⁹⁰- Ibrahim Al-Awaji. 1971, p. 69.

other activities such as handicrafts existed. Their social organisation was homogeneous and centred around large kin-groups. They were usually ruled by a few powerful families.⁹¹

However, the discovery of oil, the growth of government activity, and the development of new types of commercial sectors, all have led to:

- 1) the expansion of old urban centres particularly Mecca, Jeddah and Medina, and
- 2) the emergence of several urban centres which fundamentally differ from their original characteristics.

This was the situation with Riyadh, Burayda and Unaizah in the Najd, and Dammam, Jubail and Al-Khobar in the Eastern region. But on the other hand, big cities in Aseer (South Western region) have witnessed only relatively minor alterations.⁹²

The result at the present is expanded cities, and a push for industrialisation, while most of the traditions continue to exist. The traditional cities of Mecca, Medina and Jeddah have expanded tremendously in population size and level of economic activity, but have at the same time preserved most of their basic social features. The new expanding urban centres in other provinces have experienced fundamental changes in their social structure and outlook, but most of the village and tribal values and institutions still exist. Despite the oil boom the value system has not changed much since 1932.

It is a social structure in which social and economic differen-

⁹¹- Ibid. 1971, pp. 61 and 66.

⁹²- Ibid.

tiation has begun, but many remain incomplete, a social structure in which family and friendship still dominate many spheres of life.⁹³

In addition, the social structure is steadily approaching a sharper socio-economic stratification in which the society is divided into three distinctive clusters. The first largely consists of the components of the power structure, namely, the Royal Family, followed by a small group of wealthy families (about 520 families of 900,000), mainly big merchants and high-ranking officials. The second category is a middle class which combines a fair number of employees (professional and managerial) and the small business class. Compared with the middle class the size of the upper class is small. The two combined represent only a small fraction of entire social system whose masses present the third category of the socio-economic structure.⁹⁴

Despite the three different structures in Saudi Arabian society, tribal, village and urban, and despite the social stratification, the most common and shared system of values is tribalism. Tribal values and norms were developed and had strong roots because of living conditions that existed for centuries. Wild territories needed defence, and this had its influence on the social structure and values.

The main source of restraints on selfish behaviour in man come from cultural learning.⁹⁵ This influence is particularly strong on individuals and families. Due to this fact there is little or no independence, and the family ties are strong on individuals. These ties lead the individual to behave in a manner that expresses his family patterns and interests.

⁹³- Farid A. Mouna. 1980. p. 11.

⁹⁴- Ibrahim Al-Awaji. 1971, p. 64.

⁹⁵- Michael Argyle. 1984, p. 19.

3- Family and Kinship System and Value in Saudi Arabia

Saudi society is a familistic society. In other words, it is a traditional society.⁹⁶ It has been undergoing continuous development which will lead to a big change in the family value system. It is beyond the scope of this study to analyse the development process today in Saudi Arabia and its future effect on the family, but it is important to point out that though the family value system is traditional, in the future a big change will occur in this system because of the process of mobilisation, industrialisation, and the push for modernisation. The Saudi Arabian society has gone through intensive mobilisation. The growth of cities indicates this mobilisation. Most of the population now live in cities and villages; very few remain in the old tribal life-style. With this mobilisation, Saudi Arabia can make solid progress into modernisation. In about three decades with this development the urban characteristics will become stronger than tribal ones. This will also affect the family structure and ties, and influence of the individual.

Nonetheless, this change will take a long time because of the historical basis of family values. The efforts to make these changes happen must be well-planned and continuously developed.

1.1 The Family Structure and Value System

The family unit in Saudi Arabia is the basic establishment of many values, goals, objectives, norms and traditions.⁹⁷ The family is the centre of all activities in Saudi Arabia. Though this fact has been changing slowly over the last few years (particularly since 1974), it remains the dominant characteristic of the Saudi family. Whether in

⁹⁶- S. N. Eisenstadt. 1983, p. 27.

⁹⁷- Dr. Abdullah Al-Kharaji. 1981, pp. 361 and 237.

tribes, villages, or cities, the family remains the primary source of identification.⁹⁸ Identification with a certain family influences one's economic and political status. Among the nomads, the family is largely a self-sustaining economic unit. In the cities such as Jeddah, the family is usually centred around a business enterprise that includes the fathers, sons, brothers, uncles, aunts and other relatives.⁹⁹

The Arab family is the basic social unit and the centre of all loyalties, obligations and status of its members. Arab society, consequently, starts with the family rather than with the individual, and is patterned on it. Relations extend from the family and remain within its orbit. The individual is responsible for the well-being of his family, and if he fails in his role, he is regarded as a bad character, but does not lose his membership. He carries out his acts in terms of his family, and his behaviour in various life-situations is therefore mainly an expression of his family patterns. Furthermore, the individual's wider contacts come through the family and its extensions, for example, lineages, kin-groups and clan.¹⁰⁰

It is, therefore, of the utmost importance to point out that the Arab family comprises more than the direct members of a nuclear unit. The family consisting of the parents and children is not what we mean by the basic social unit. Instead, we refer to the joint family, a larger or extended family group, consisting of parents, their children, grand parents, uncles and aunts and descendants and collective relatives three or four times removed.¹⁰¹

⁹⁸- Ibid.

⁹⁹- Fatina Shaker. 1972, p. 189.

¹⁰⁰- Ibrahim Al-Awaji. 1971, pp. 67-70.

¹⁰¹- Ibid.

This extension of the family unit and its relationship is expanded to group relations and formal contracts. As Farid Mouna said:

The Arab executive lives in a society where family and friendship remain important and prevalent factors even in the functioning formal institutions and groups.¹⁰²

At the outset, one may suspect that the role of the family is basically similar to the role of the family in the West. However, looking closely at the patterns of Arab familial relationships and the extent of their effects upon the individual's relations with other groups outside the family circle, the distinction between the two social settings becomes quite apparent. The degree of commitment and the obligations of Arabs towards their families, their responsibilities, and their association outside the family are not typical of Western family relations.¹⁰³

The primacy of the Arab family has evolved out of three factors. These factors are:

- a) the Arab tradition,
- b) Islamic teachings and,
- c) economic and political factors.

The Arab traditions are the main source of a family's social legitimacy. The social structure of the Saudi family, where descendants are traced through the paternal line, is organised around related males. A newly born child automatically carries the father's name, religion and identification. Sex and age are the two basic determinations of one's status in the family and for all outside decisions and activities affecting one. The mother's attention, in turn,

¹⁰²- Farid A. Mouna. 1980. p. 12.

¹⁰³- Morroe Berger. 1957, pp. 32-70.

is centred around the welfare of her children. Children are expected to obey and respect their parents.

The second source is Islam, which asserts the priority of the family and the relatives. Islam instructs the children as they grow up to assume economic responsibility for their aging parents and other needy relatives in the extended family. Generally the Islamic law governs all aspects of a Muslim family. In Saudi Arabia Islam is the legal form that is applied to almost all aspects of life. Thus Islamic law governs, for instance, marriage rules, divorce, and inheritance relationships between children and parents.

The third source is the economic and political factors. Saudi Arabia has been going through a very intensive development. Tremendous change has happened to the family structure and its interrelationships. Because of the nature of the Arab world of handicrafts, simple trade, agricultural and a pastoral life, the whole family continues to be relied on as an economic organisational unit and a social unit. Dr. Fatina Shaker declared that (1972):

The development of an industrialised economy in some parts or areas (in Saudi Arabia) has not yet provided a major viable substitute for the family role.¹⁰⁴

Without having some substitute for the extended family very little change will affect these values and structures. For progress and development, there must be an ability to develop and maintain an institutional structure capable of absorbing changes beyond industrialisation and dealing with continuous changes.¹⁰⁵

In spite of major economic activities, the majority of

¹⁰⁴- Fatina Shaker. 1972, p. 116.

¹⁰⁵- S. N. Eisenstadt. 1983, pp. 209-210.

families are unchanged, and remain the centre of most social activities. the maintenance of the family is seen as an economic virtue. This family role has remained strong, even in current political and organisation dealings. Thus, family and relationships may remain for the next few decades a major factor in Saudi political and economic systems. This was argued also by John Anthony in 1982:

It is impossible to gain an adequate picture of their social and political organisation without an examination of family structure. The impact has, of course, been immense in the formation of past and present political structure in Saudi Arabia. Yet its paramountcy in the initial formation of the tribes themselves has often been overlooked along with the predominant role of one or more families in the determination of the political function expected of the tribal Sheikh (leader). Most important of all, perhaps, is the fact that tribal roles were usually roles of a particular family writ large. This certainly appears to have been the case with respect to the Al-Saud (Royal family), which over time eclipsed the political role of its tribal progenitors. As the core unit within the overall system of political activity in the Kingdom, the government knows it is on firm sociological and doctrinal ground in emphasising, as it has repeatedly done, the ongoing importance of familial solidarity as fundamental value. In its view, the family far more than the tribe or other kinds of societal groupings - remains the structural foundation on which, ultimately, the edifice of the Saudi Arabian state will stand or fall. Indeed, much is made of the fact that this one unit remains at the centre of the process through which the procreation and perpetuation of all the other social units in the Kingdom is manifested. Of no less significance, it remains the key unit through which lineages is maintained, social cohesiveness is reinforced and nourished, and by extension, structural integrity up to the highest levels of national government is enhanced. By contrast the overall degree of influence wielded by tribal leaders as a whole has been diminished considerably as a result of numerous forces, change which they find increasingly difficult to control or influence in their favour.¹⁰⁶

Like other institutions in Saudi Arabia, the family is experiencing some changes in its structure and function. The phenomenon of having one extended family living in one household is disappearing due to the socio-economic and geographic mobility of the younger generation. The development of the bureaucratic apparatus of the government, as well

¹⁰⁶- El Mallakh, Ragaei. 1982, Chapter 9.

as Aramco, Saudi Airlines, and other big organisations, has created a new, "huge" job market that was not known before. This new market has attracted people to the cities, but many of the extended families have changed little, at least on the formal level. One must, of course, be cautious in undertaking any generalisation regarding the Saudi family at large. The changes occurring are to be viewed primarily with regard to the socially and geographically mobile groups of the population; a problem on which very little statistical information exists. Another factor leading to certain changes in the family is the increasing emphasis on education for both men and women. This could be seen in the view of the educated young people towards "arranged marriage", the institution of polygyny, the size of the family and the role of women.

1.3 Kinship and its Interrelation

Kinship ties are very pervasive and important in Saudi Arabia. Group affiliation and group interaction still form the most distinctive feature of Arab society. Farid A. Mouna said in 1980.¹⁰⁷

Small groups in Arab society are formed on the basis of primordial ties such as family, school or neighbourhood friendship, religious and regional affiliation as well as other competing ties and loyalties such as political party, trade, or profession. However, the strength of such ties, and the types of them that are important, differ from person to person and from society to society; it will be argued that it is the former primordial ties which are generally the more pervasive and more important.

The Saudi community consists mainly of extended family, friends, business associates and government officials. Saudi executives and managers are expected to carry out obligations to each set and to reciprocate with members in each unit.

¹⁰⁷- Farid A. Mouna. 1980, pp. 12-13.

As Ibrahim Al-Awaji said, 1971:¹⁰⁸

The public bureaucracy in Saudi Arabia exists in a traditional society whose role conception is primarily particularistic, meaning that public employees have the obligation to serve the interests of their special social units first. Consequently, favouritism and corruption have become not only common-place in the daily activities of the bureaucracy, but also a socially accepted, and in some situations a respected form of bureaucratic behaviour.

4- Saudi Arabian Culture and Value System, Effects on Management

We have seen in the last three sections that Islamic religion, social structure and culture, traditions, political and social system have their effects on the whole of Saudi society. It is a value system that influences the Saudi conception of work and the country's business philosophy. These values and philosophy have their impact on management regardless of how much management is trained and educated. The following will describe some of these effects. This description will be general since details and specific analysis will be dealt with in the subsequent key chapters of this study. The objective in the present section is to help the reader to understand the study's empirical results and findings, presented in later chapters.

4.1 Islam and Management

Effective and efficient management is a subject of Islamic teachings. Muslims are enjoined to practice good management in their work and life. This includes management of wealth, personnel, energy, all other resources and life's affairs. Indeed, all of Islam's religious practices are for the development of Muslims' actions, motivations, physical

¹⁰⁸- Ibrahim Al-Awaji. 1971, p. 22.

and spiritual needs. For instance, fasting during the month Ramadan is not just to obey God's instruction of not having food or drink from sunrise to sunset, but it is, in addition, to develop patience, self-control, and consideration for others. Thus, Islam calls for the practice of management not only in religious applications, but in all aspects of life.

Muslims are also told to manage their resources well and to plan their activities. Many other examples of this type were given by the Prophet Mohammed (Peace be upon him) and his friends, for example, team decision making and consultation. The Prophet Mohammed (Peace be upon him) demonstrated implementation of the Holy Quraan's instructions and teachings. He put this belief into all of his actions, and he was a symbol of high manners and of very fine character. Managing oneself and one's time and temperament, and planning for tomorrow are examples of faith, effective leadership and innovation. Many other disciplines were part of his message to Muslims on how to manage wealth and resources, trade and economy. He also taught Muslims how to structure and organise their work, social and religious activities, and their military organisation during peace or in war against disbelievers.

I will briefly introduce the Prophet Mohammed's ideas on managing one's physical power, energy, wealth, and time so as to achieve human welfare and progress. He said:

Take charge of five things: your youth before you get old, your health (energy) before you get sick (or where your health no more could help you as in the oldest days), your wealth before you may get poor, your time resource before you get engaged (and have not enough time left for you), your life before your death.¹⁰⁹

In short the exhortation is to take advantage of opportunities, not to waste what you already have, and to

¹⁰⁹- Al-Bokhari, Sahih. 1967, p. 387/2.

utilise these five things for the benefit of yourself and other human beings before you run out of them.

In addition, the following statements from the Holy Quraan and/or Prophet Mohammed (Peace be upon him) are basic for Muslims in their relationships and application.

o Excellence

The Prophet Mohammed (Peace be upon him) said:
God likes that when you do a job you do it thoroughly.¹¹⁰

o Team Work

The Prophet Mohammed (Peace be upon him) said:
God prefers team work.¹¹¹

The meaning here is that God assists team work for, He likes people to work together as one, effective team.

o Involvement and Participation

The Holy Quraan supports consultation:
Regular prayer, for those who (conduct) their affairs by mutual consultation. (42:38)

o Facing up and Feedback

The Prophet Mohammed (Peace be upon him) said:
If your brother asked for your advice (consultation), advise him.¹¹²

¹¹⁰- Ibid., p. 230/V.3.

¹¹¹- Ibid., p. 280/V.3.

¹¹²- Ibid. p. 260/V.2.

o Effective Communication

The Holy Quraan says:

And argue with them in ways that are best and most gracious.
(16:25)

It is addressed to Prophet Mohammed (Peace be upon him) and Muslims that when they try to convince the disbeliever, to do it in a gracious way.

o Morale and Cohesion

The Prophet Mohammed (Peace be upon him) said:

Allah, the Merciful shows mercy upon the merciful people. So show mercy upon the earthy creatures so that One who is in Heaven should show mercy on you.¹¹³

He also said:

Do not dislike each other, indulge in envy, turn your back upon each other, be good brothers.¹¹⁴

o Initiative

The Prophet Mohammed (Peace be upon him) said:

Show initiative.¹¹⁵

o Leadership

The Prophet Mohammed (Peace be upon him) gave many good examples of effective leadership. He used to consult his people in all matters, for instance, war, peace, trade, and many other actions that effect life. He also used to seek opinions from both men and women. He gave

¹¹³- Ibid. p. 260/V.2.

¹¹⁴- Ibid. p. 115/V.1.

¹¹⁵- Ibid., p. 50/V.3.

instruction regarding travelling, trade, and so on. The people, where they could be two or more, must chose a leader to follow. But leadership must not be followed blindly. If a leader does not follow Islamic teachings and tries to lead his people in the wrong direction, they must discuss it with him, re-direct him, not obey him, or even stop him.

4.2 The Political and Government System Impact on Management

As previously mentioned, under the political system, the government organisations in Saudi Arabia are extremely centralised:

Centralisation of authority in the hands of the few is a common phenomenon throughout the entire administrative system... The relation between ministries and other central organisations and field agencies is generally characterised by an excessive centralisation of authority... In both personnel and financial matters, little authority is delegated to the people at the lower level. Consequently, by and large, decisions in minor issues, for example, purchasing a part for a broken machine, may usually await approval from central agencies for weeks or months due to the slow procedures of the central administration.¹¹⁶

Such centralisation delays an agency's activities and creates a large amount of routine work at the central level. This also has an impact on the official's time because it leads to the 'top-man syndrome' where clients believe that the top man is the only one that can get their requests handled quickly.

This is manifested by the familiar scenes of crowds at the doors and desks of the administrators in the central agencies.¹¹⁷

¹¹⁶- Al-Awaji. 1971, pp. 206-207.

¹¹⁷- Ibid.

The other form of centralisation is authority which is concentrated at the central agency itself:

Every thing has to be submitted to the man at the top, including extraneous work. The consequences are devastating. First, top officials spend their time discussing or signing papers of insignificant value to their official responsibility. They have little time left for major issues and long term development. Second, they also spend a great deal of time receiving people who follow up their concern to the officials' desk regardless of the importance of the issues involved.¹¹⁸

Thus, centralisation causes wasted time, puts pressure on officials' time, and helps to create the top-man syndrome.

In a recent study conducted by the Public Administration Institute in Riyadh,¹¹⁹ it was found that twenty-two per cent (22%) of the participants of 18 ministries and agencies complained that they were lacking sufficient authority. In addition, it was found¹²⁰ that ministers and top officials created too many committees for non-major issues. These committees waste time, delay actions and create coordination difficulties. Such committees take too much time to achieve the objectives of their organisation. The biggest problem here is that members of these committees are top officials. There is an average of 400 committee meetings for every top official per year.¹²¹

Another form of centralisation is the passing of letters and documents between agencies. It was found that an official letter or request from one agency to another in the same city takes about a week to be received by the official concerned. Interdepartmental mail may take two or three days to be

¹¹⁸- Al-Awaji. 1971, p. 208.

¹¹⁹- Nadoat Al-Wehdat Al-Mousaeedah. 'The Supporting System in Government Organisations; Conference' 1983, p. 97.

¹²⁰- Ibid. pp. 182-183.

¹²¹- Ibid. p. 189.

delivered even within the same building.¹²²

Ibrahim Al-Awaji found that eighty-two per cent (82%) of the participants in his study (271 officials) said that there was excessive centralisation in their organisations.¹²³ He also found that over-centralisation resulted in a lack of sufficient authority at various levels of the organisation. Fifty-two per cent (52%) of the participants in his work confirmed this fact.¹²⁴

Centralisation appears to be the most difficult problem and biggest time waster in government organisations. This has affected the private sector as well, not only because the private sector has many activities that come within the government sector, such as construction contracts, but also because there are many government employees and managers who have joined the private sector, taking with them this attitude toward centralisation.

4.3 The Social Value System impact on Management

The social and business environment in Saudi Arabia has considerable impact on Saudi Management attitudes and behaviour. Here, I will describe briefly how the Saudi Arabian social value system impacts on management and managers. Later, in the discussion of the research findings, this impact will, of course, be described and presented in more detail. As previously stated, tribal, village and family value systems in Saudi Arabia have a great impact on individuals. Individualism is not supported and senior family leaders take charge of almost everything. This is a value to which the Saudi managers and their employees were exposed

¹²²- Ibid. p. 25.

¹²³- Al-Awaji. 1971, p. 208.

¹²⁴- Al-Awaji. 1971, p. 11.

during their formative years. The senior family role attitude has its influence on individual managers:

The management concept is practiced in terms of the father role. An example is that senior managers consider themselves as fathers of their departments and their employees responsibilities are defined in such terms.¹²⁵

Furthermore, Arab executives live in societies where family and friendship remain important and prevalent factors even in the functioning of formal institutions and groups.¹²⁶

The Saudi managers not only affect their work and employees with their attitudes, but they are also affected by the pressure their society put on them. This pressure coming from the society constitutes expectations of management, such as following the social values, norms, and customs, and therefore management is regarded as both a target and agent of social influence and change.¹²⁷

Social values also have their effects on the Saudi manager's interpersonal styles. For example, as described in Part Two, the Saudi society does not support independence on the part of individuals. This leads managers to consider the loyalty of employees as more important than their performance.¹²⁸ The use of rituals and customs in conducting business is essential, and the use of personal ties and connections is a faster and more effective way to get things done.¹²⁹

¹²⁵- Farid A. Mouna. The Arab Executives. 1982, p. 40.

¹²⁶- Ibid.

¹²⁷- Ibid. pp. 20-71.

¹²⁸- Ibid.

¹²⁹- Ibid.

Generally, the social value system has its impact on management and a manager's interpersonal style, communication, decision making, planning, control, and giving of direction.

SUMMARY

Saudi Arabia has many geographical features and natural resources. It has been undergoing change from a tribal society into a modern one. The country since 1970 has been undergoing an intensive development in almost all aspects. The huge revenue, mainly from oil, has helped the achievement of the Kingdoms' development plans. Many new cities and urban areas have been created since 1970. The population in 1991 in Saudi Arabia was about 12.8 million, of which forty-five per cent (45%) was foreign workers and their families. Because of the intensive development Saudi Arabia has undergone the foreign labour force increased from 0.38 million in 1968 to 3.8 million in 1991. However, the government is trying to develop Saudi youth to replace these expatriates. The youth population is about sixty-four per cent (64%) of the total population.

The workforce in Saudi Arabia, therefore, is thirty-four per cent (34%) Saudis and sixty-six per cent (66%) foreigners. Of the 5.6 million workforce 1.1 million Saudis are in the government sector and 800,000 in the private. The private sector has 4.5 million employees but only fifteen per cent (15%) of them are Saudis. The Saudi government wants to increase the Saudi workforce in the private sector.

However, there are many obstacles in the face of this objective, for instance, many Saudi nationals lack experience, training, qualifications, and do not like to work in the private sector, either because of the low salaries or the working conditions. The Kingdom's government is trying to resolve this problem through several tactics, including the privatisation of some government corporations.

The Kingdom is ruled by the royal family (Saud). The royal family is the most powerful unit in Saudi Arabia. Following the royal family is the religious council, followed

by the ministerial cabinet. The government system in Saudi Arabia is heavily centralised.

There are three major sources of value in Saudi Arabia: the religion of Islam, the social values, which include the tribal and village values, and the family values and ties. In addition to Islam, the family values are considered the second most influential force on individuals, followed by societal values.

The family is the basic social unit in Saudi Arabia. The individual's loyalty and devotion is to the interests of his family, kin and intimate group(s). Consequently, as a member of such a communal society, the employees, when discharging their formal duties and when attempting to secure necessary social acceptance, are bound to adhere to its values and modes.

CHAPTER III
BUSINESS AND DEVELOPMENT IN
SAUDI ARABIA

III. BUSINESS AND DEVELOPMENT IN SAUDI ARABIA

This chapter describes the business and development Saudi Arabia has undergone, mainly since 1970, and the prospects of further development. Since business and development in the Kingdom cannot be fully discussed in one chapter, I will cover only the main items that relate to business, economy, and social development.

DEVELOPMENT GOALS

Saudi Arabia's primary goal is to provide for the economic and social well-being of its people. The Kingdom has a great potential for fulfilling that goal through economic diversification, development of human skills and resources, and the maintenance of a stable society.

1- The Development Strategy of the Government

The actual centralised government system began in the 1950s while the other economic conditions were slowly developing. Yet the development of a country into a modern industrial society capable of sustaining a high standard of living for its people does not depend solely on abundant financial resources, technical know-how and management expertise. It also needs to meet the challenge of development.¹

Through international cooperation, Saudi Arabia today hopes to build a better future for both its people and the world. The objectives of Saudi Arabia in seeking international cooperation are, on the one hand, to benefit from the experience, technology and human resources of international agencies and friendly nations in meeting its development

1- G. Mutawakil. Business and Law in Saudi Arabia. The Falcon Press, Napoli, Italy. 1979. pp.9-10

goals. On the other hand, it plans to assist in the recycling of international resources to the benefit of oil consuming nations in the interest of continued expansion of international trade and investment.²

Saudi Arabia has determined not to restrict free enterprise or to interfere with the personal freedoms of people as long as they are law-abiding citizens.³

Discussions are held with developed and developing countries about the means by which they can contribute to the development of Saudi Arabia on terms advantageous to both parties. Agreements have been signed or are being negotiated with the following governments to participate and/or assist in Saudi Arabian development and business: Belgium, Brazil, Canada, Denmark, Egypt, France, Finland, West Germany, Holland, India, Italy, Japan, South Korea, Malaysia, Morocco, Philippines, Sweden, Tunisia, Turkey, the United Kingdom, and the United States.⁴

2- Development Plans of Saudi Arabia

Development Planning in Saudi Arabia began in 1958. With the shortage of income, development was slow and hard to engineer. In 1968 King Faisal looked seriously toward setting long term developmental plans and the first five year development plan was approved in late 1969.

The First Five-Year Development Plan (1970/75)

The outline of the Development Plan for the five years 1970/75 prepared by the Central Planning Organisation was

2- G. Mutawakil. Business and Law in Saudi Arabia. The Falcon Press, Napoli, Italy. 1979. pp. 9-10.

3- Ibid.

4- Ibid.

approved in September 1969.⁵ The general objectives of this plan were to increase the productive capacity of the economy, and to raise the standard of living and the wealth and welfare of the people of Saudi Arabia.⁶ It also aimed to promote national security and to maintain economic and social stability along the path of development.⁷ Specific objectives of this plan were:⁸

- 1) to raise the rate of growth of the Gross Domestic Product (GDP);
- 2) to diversify the economy and to reduce the country's dependence on oil by increasing the contribution of other productive sectors to the national product;
- 3) to lay down the foundations for sustained economic growth; and
- 4) to develop human resources so as to enable different elements of society to contribute more effectively to the growth of the economy, and to participate more fully in the process of development.

The Second Five-Year Development Plan (1975/80):

Unlike in the first development plan period, both the production of oil and its price rose in 1973, and foreign exchange and government revenue increased as well (Table 4, Chapter II). Government expenditure on development increased rapidly. Financial constraint was not a serious consideration, but the government wisely decided not to push its development expenditure too far (Figures 7 and 8), especially since it might cause social and moral value conflicts.

5- El Mallakh, Ragaei. Saudi Arabia, Rush To Development. 1982, p. 145.

6- Ibid.

7- Ibid.

8- Ibid.

The goals of the second plan were to:⁹

- 1) maintain the religious and moral values of Islam;
- 2) assure the defense and internal security of the Kingdom;
- 3) maintain a high rate of economic growth by developing economic resources, maximizing earnings from oil over the long term, and conserving depletable resources;
- 4) reduce economic dependency on the export of crude oil;
- 5) develop human resources through education, training, and raising standards of health;
- 6) increase the well-being of all groups within the society and foster social stability under circumstances of rapid social change; and
- 7) develop a physical infrastructure to support achievement of the stated goals.

The second development plan showed substantial progress, and gross domestic product grew at an average annual rate of eight and four-hundredths per cent (8.04%). The non-oil sector increased at an average rate of fifteen and thirteen-hundredths per cent (15.13%) annually. In 1984 crude oil revenue was reduced, but the other petrochemical and non-oil GDP kept increasing. However in 1991/92 the crude oil price was increased by twenty-five per cent (25%), (production increased sixty per cent (60%) in comparison with 1987/88), (Figures 9 and 10).

The Third Five-Year Development Plan (1980/85)

At the beginning of the Third Plan period Saudi Arabia ranked as one of the world's foremost financial powers, with great international strength deriving from monetary wealth and its role as the major oil exporter to the free world. Of course,

9- El Mallakh, Ragaei. Saudi Arabia, Rush To Development. 1982. pp. 163-164.

Government Revenues & Expenditures

(in billions of US Dollars)

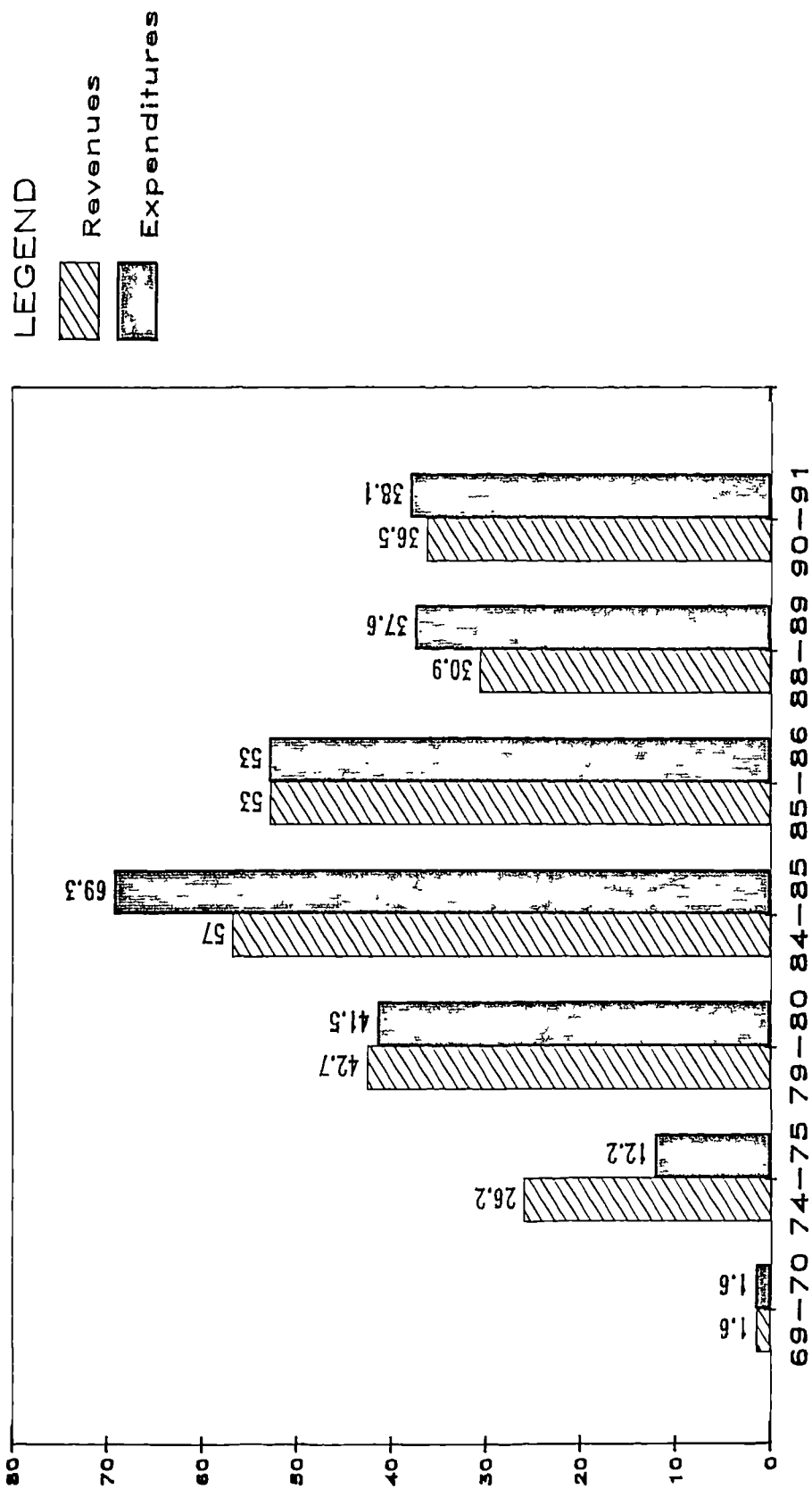


Figure 7

Sources: Ministry of Planning, Achievement of the Development Plans, 1970 - 1988, p.3, and Saudi Arabian Monetary Agency Annual Report, February 1991.

Percent Distribution of Government Expenditures

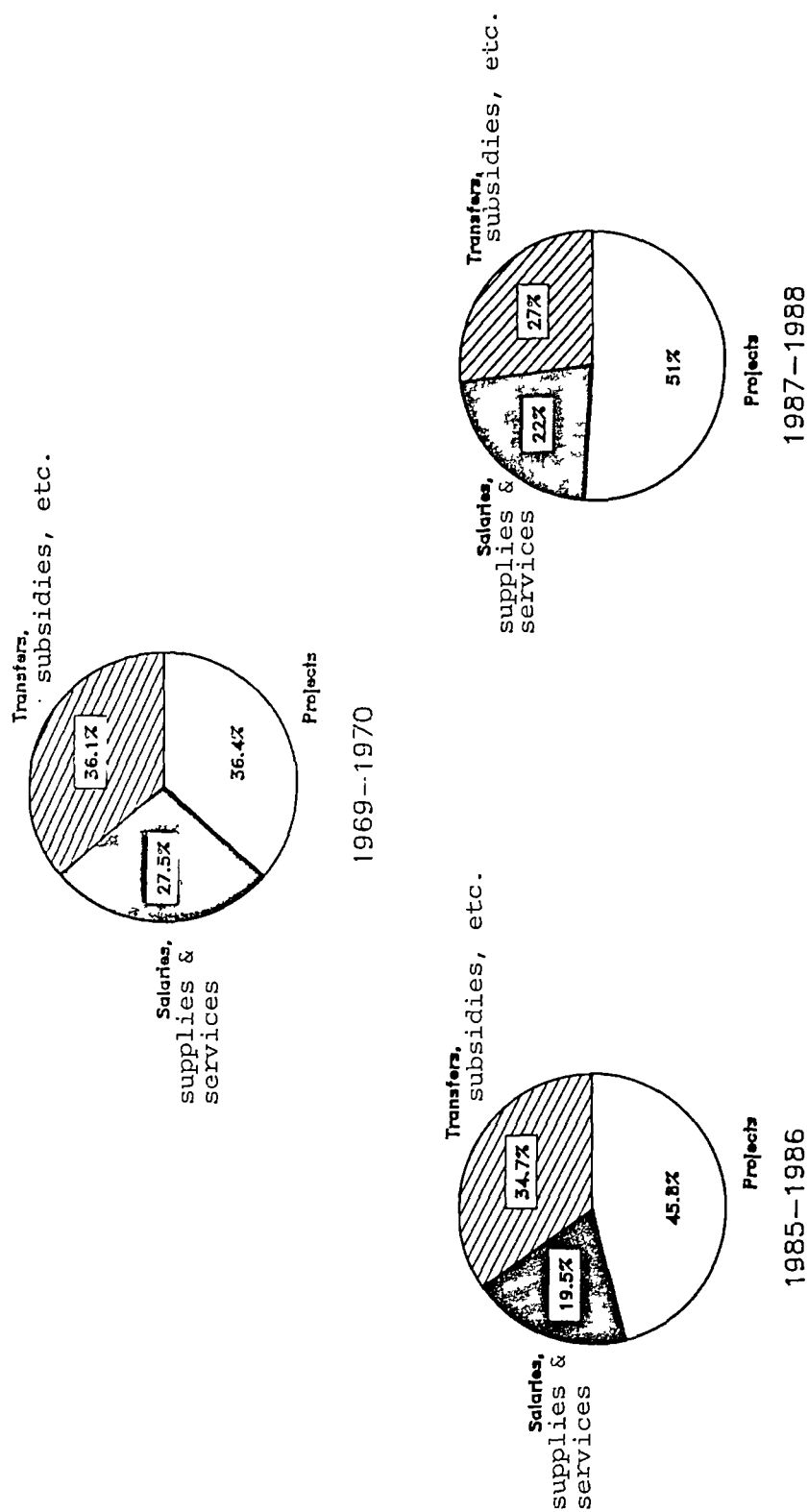


Figure 8

Sources: Ministry of Planning, Achievement of the Development Plans, 1970-1988, p.6, and Saudi Arabian Monetary Agency, August 23, 1989.

Gross Domestic Product (In billions of US Dollars)

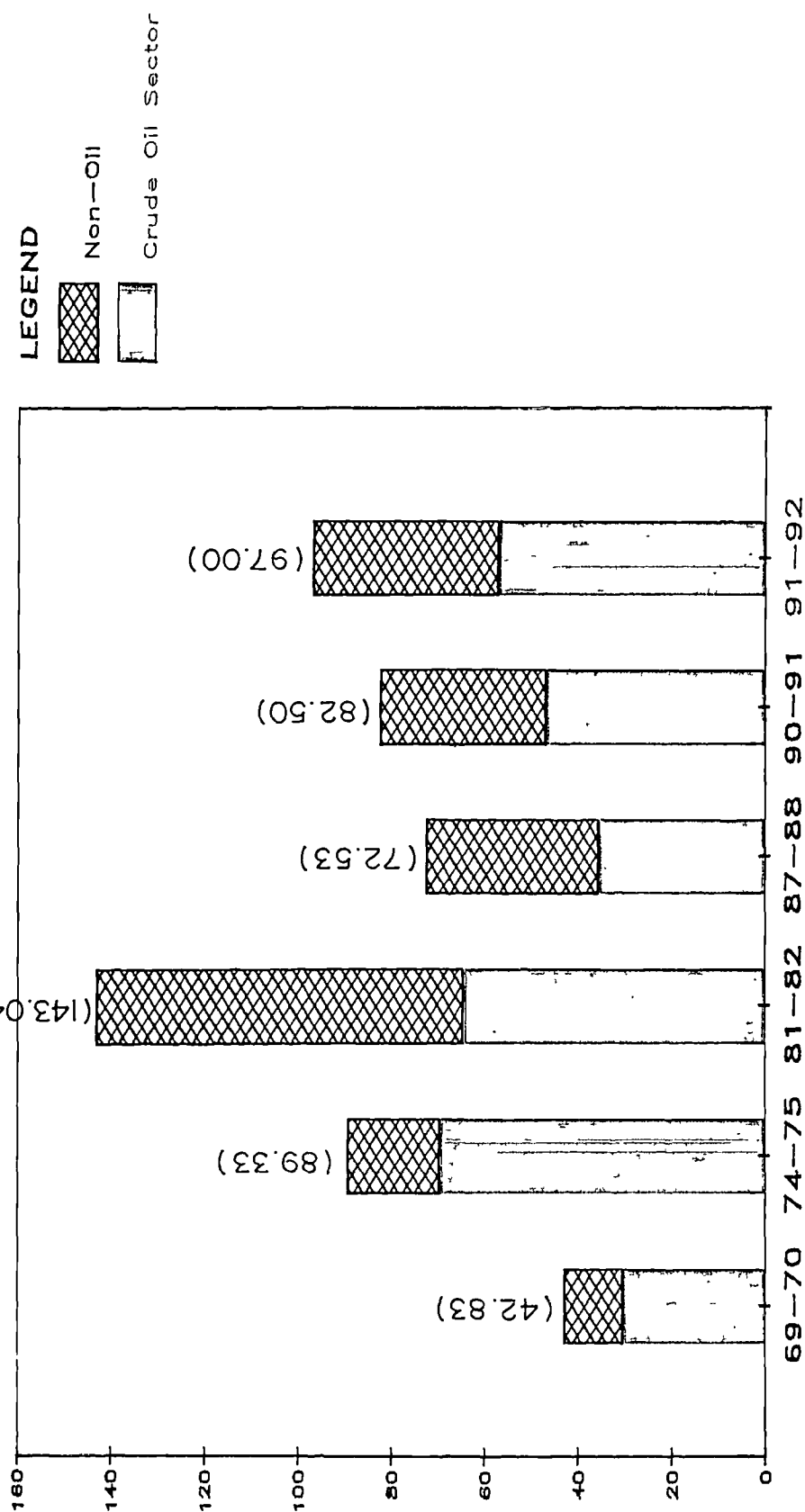


Figure 9

Source: Ministry of Planning, Achievement of the Development Plans 1970 - 1988 and Saudi Arabian Monetary Agency Annual Report, February 1991, and January 1992.

Oil and Non-Oil Percentage of GDP

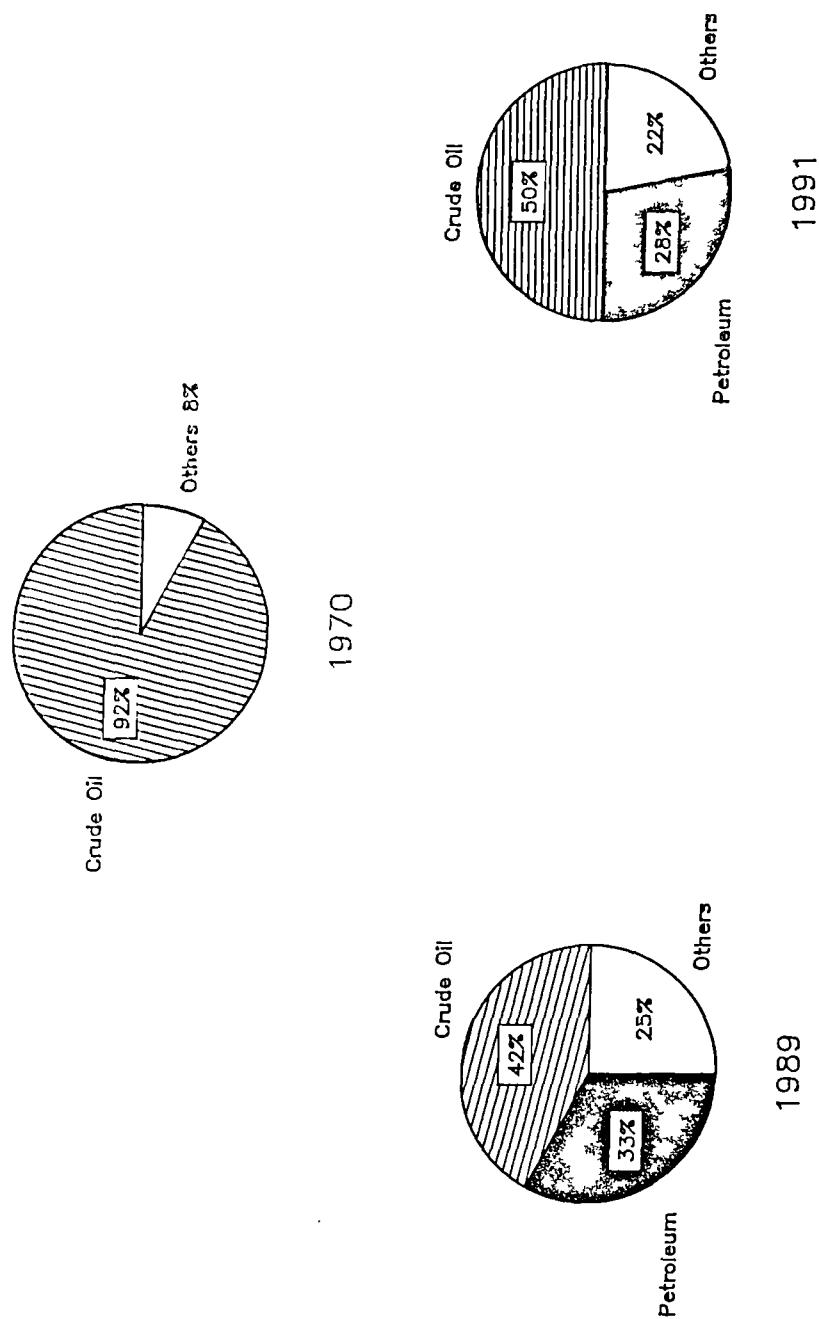


Figure 10

Source: 1) The Statistical Book 1985/1988
 2) The Annual Report, Saudi Arabian Monetary Agency, 21 August 1989.
 3) The Annual Report, Saudi Arabian Monetary Agency, January 1992

with this status there were added responsibilities and duties, not only in global finance but in political areas as well.¹⁰

Major physical constraints to development, while not eliminated, had been reduced in significance at the start of the Third Plan. While not yet fully sufficient for the demands of planned development, the infrastructural framework in 1980 was adequate. Absorptive capacity was improved by the beginning of the Third Plan compared to five years earlier as imports rose dramatically during this period. The government's actual expenditure exceeded allocated amounts by the end of the Second Plan.¹¹

The Third Plan (1980/1985) was to begin in a much more favourable situation than the previous plans with regard to the rate of price increase. Inflation, which was particularly severe at the end of the Second Plan, was reduced to an average rate of increase of three per cent (3%) in 1986. Appropriate government monetary policy, and increases in supply capabilities were crucial in alleviating the threat to the living standards of Saudis and to the price structure of the Kingdom. However in 1990 the cost of living again increased by three per cent (3%) again, mainly due to the Gulf crisis (Figure 11).¹²

With controlled inflation, most, but not all, of the population was able to have a much higher standard of living at the beginning of the Third Plan than at the comparable period of the Second. Average per capita annual income from employment increased from approximately US \$ 1,297 in the 1970s to about US \$ 2,187 in the 1980s (in constant 1979

10- El Mallakh, Ragaei. Saudi Arabia, Rush To Development. 1982, pp. 214-216.

11- Ibid.

12- Saudi Arabian Monetary Agency, February, 1991.

Cost of Living Index (General Index = 100)

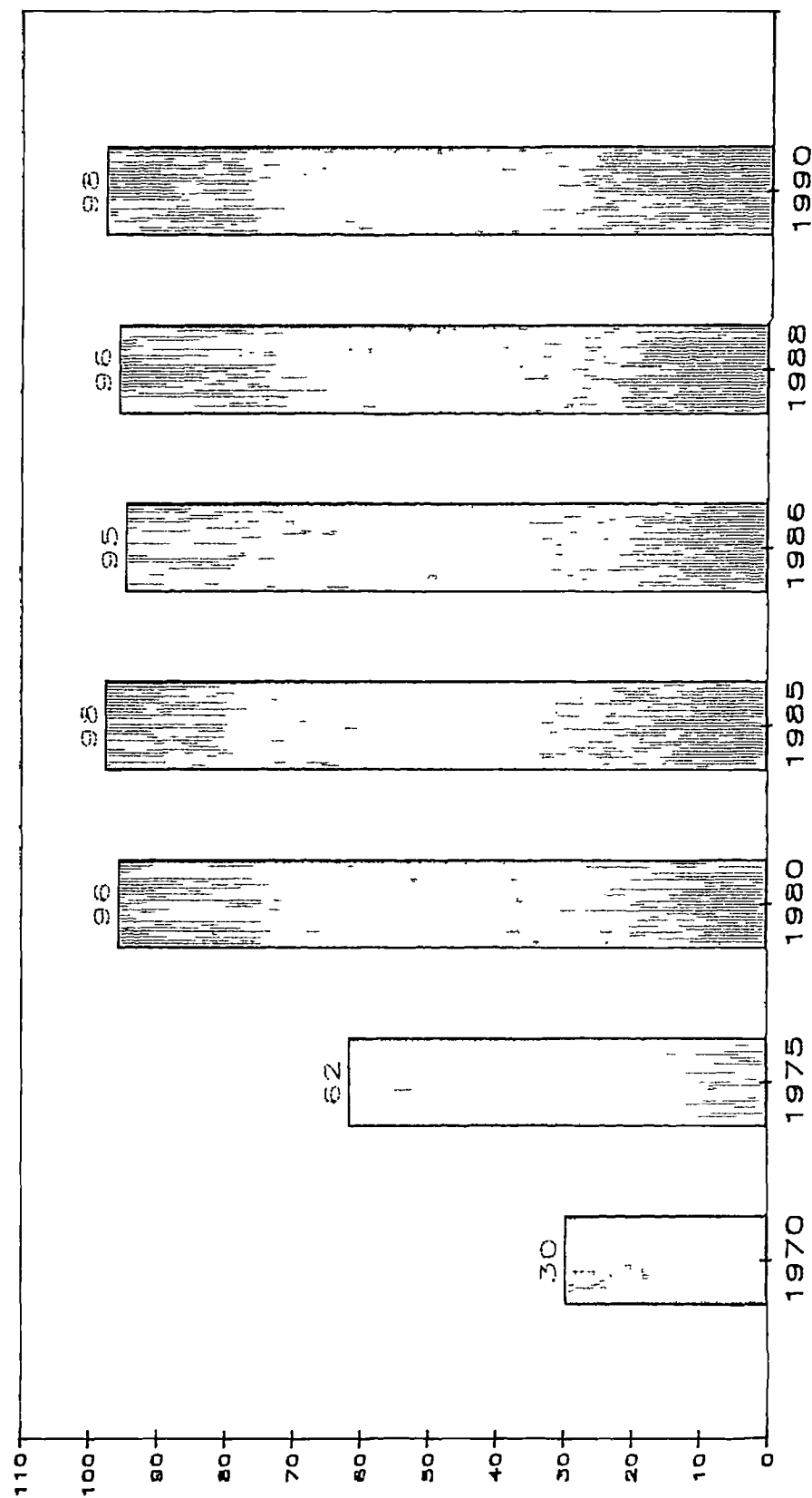


Figure 11

Sources: Ministry of Planning, Achievement of the Development Plans 1970 - 1988, p.43, and Saudi Arabian Monetary Agency Annual Report, February 1991.

prices). Moreover, government social-welfare programmes added an estimated extra twenty-nine per cent (29%) to personal income level during the period. While distribution figures were not available, the 'average' Saudi was much better off in the 1980s than in the 1970s.¹³ However, the Saudi government, in order to maintain a reasonable living standard, has provided subsidies in many areas, for example, food, farming, social and health care, electricity, transportation, and so on. In 1970 the government subsidies were US \$ 13.3 million, rising to US \$ 2.9 billion in 1982. Due to the development achieved, the level of subsidy was gradually reduced to US \$ 1.2 billion in 1990.¹⁴

While development accomplishments were evident from the Second Plan, so was the recognition of constraints regarding continued development. Shortfalls in the achievement of manpower goals indicated that this critical area would very likely be a central issue in economic decisions for the Third Plan. The problem consisted of a continuing imbalance between the economy's growing manpower needs and the number of new Saudi entrants into the workforce (see Chapter II, Workforce).

The Fourth Five-Year Development Plan (1985/90):

Having carried out three successful five-year plans (1970-85), Saudi Arabia announced its Fourth Five-Year Development Plan in March 1985. This plan envisaged civilian expenditure of US \$ 184,000 million spread over 1985/86 to 1989/90. This is 4.3 per cent (4.3%) higher than the previous plan's actual spending, which was estimated to have totalled US \$ 175.9 million. Allocations for the "development sector", which includes industry, agriculture, education and training, health, and transportation and communications, accounted for

13- Ibid., pp. 214-216.

14- Saudi Arabian Monetary Agency. August 1990. Annual Report Al-Madina Newspaper, 24 August 1990, p. 3.

nearly three quarters of the five-year total.¹⁵

The objectives of the Fourth Plan were formulated to ensure continuity with the strategy of the Third Plan. The emphasis, as in the Third Plan, was on the effective use of material resources, development of the productive sectors, and of human resources. The objectives represented an all encompassing framework for structural change. The objectives were:¹⁶

1. to safeguard Islamic values, duly observing, disseminating and confirming Allah's Shariaa (God's Divine Law);
2. to defend the Faith and the Nation; and to uphold national security and social stability;
3. to form productive citizen-workers by providing them with education and health services, ensuring their work;
4. to develop human resources, thus ensuring a constant supply of manpower, and to upgrade and improve its efficiency in order to serve all sectors;
5. to raise cultural standards to keep pace with the Kingdom's development;
6. to reduce dependence on the production and export of crude oil as the main source of national income;
7. to continue with real structural changes in the Kingdom's economy to produce a diversified economic base with due emphasis on industry and agriculture;
8. to develop mineral resources and to encourage the discovery and utilisation thereof;
9. to concentrate on qualitative development through

15- International Airports Projects. A Background On The 4th Development Plan 1987, Department of Public Relations. Jeddah, Saudi Arabia.

16- Ministry of Planning, Estimates of the Fourth Development Plan (1985-1990).

improving the performance of the utilities and facilities already established during the three previous plan periods;

10. to complete the infrastructural projects necessary to achieve overall development; and
11. to achieve economic and social integration between the Arab Gulf Cooperation Council (GCC) countries.

NEW EMPHASIS. The Fifth Development Plan (1990/1995)

The Fifth Plan envisages considerable upgrading of public services, especially electricity supplies, transportation and education. Training Saudis in all aspects of business, administration, industry and social services is a priority as the Kingdom wants to increase dependence on its own people. The allocation of health care and social development account for about fifteen per cent (15%) of the Fourth Development Plan. Furthermore, education, training, social and Human Resources development in the Fifth Development Plan 1990/95 has increased to US \$ 14.2 billion. This increase represents about thirty-five per cent (35%) of the 1990/95 government expenditure. Increasing of local production and service is also one of the Plan's important features. To achieve this, private investment is encouraged, through generous financial and other incentives, to boost its share in mainstream and other industries (Figure 12).¹⁷ However, due to the Gulf crisis in 1990/91 this government support to the private sector was actually reduced by seventy-five per cent (75%) compared with 1988/89. However, in January 1992 the Kingdom announced its new budget for 1992 which somehow re-increased its support to the private sector, bringing it almost up to 1989 level. The present five years plan (1990-95) also accorded high priority to the enhancement of the role of the private sector in the development process. The manufacturing sector grew at an annual average rate of

17- International Airports Projects, A Background On The 4th Development Plan 1987.

fifteen and one-half per cent (15.5%). The agricultural sector grew at six per cent (6%) a year while construction activity declined by about three per cent (3%) a year, reflecting the completion of major infrastructural projects and the excess supply of residential housing.¹⁸

Between 1985 and January 1992, gross domestic product (GDP) was raised by five per cent (5%) a year. In the same period a sharp drop in crude oil exports and price occurred, and GDP decreased by thirty-five per cent (35%) in real revenue terms (Table 6, and Figure 12). After adjusting for this, the share of the non-oil sector in GDP has increased by four and one-half per cent (4.5%) a year, and that of the petrochemical industry by 6 per cent a year. Naturally, the pace of economic activity achieved during the previous three plans should not be expected to continue indefinitely. This is not because the Kingdom's oil revenues have dropped 35-40%, but because most infrastructure schemes have been completed.¹⁹

The previous three development plans, 1975/80, 1980/85, and 1985/90, compressed the Kingdom's economic transformation into only 15 years. Time, of course, had its own price; project costs in many sectors were high by international standards simply because time was critical. High costs were paid because of the need to move quickly. However, market forces are bringing local wages, business and domestic rents and profit margins to levels that are fairly compatible with the pace of economic activity. Consequently, projects will cost far less now than during the previous plans.²⁰

18- Saudi Gazette, Local News. 28 October 1989. p. 3.

19- International Airports Projects, A Background On The 4th Development Plan 1987.

20- Ibid.

Investment Credit Extended by Government (in billions of US Dollars)

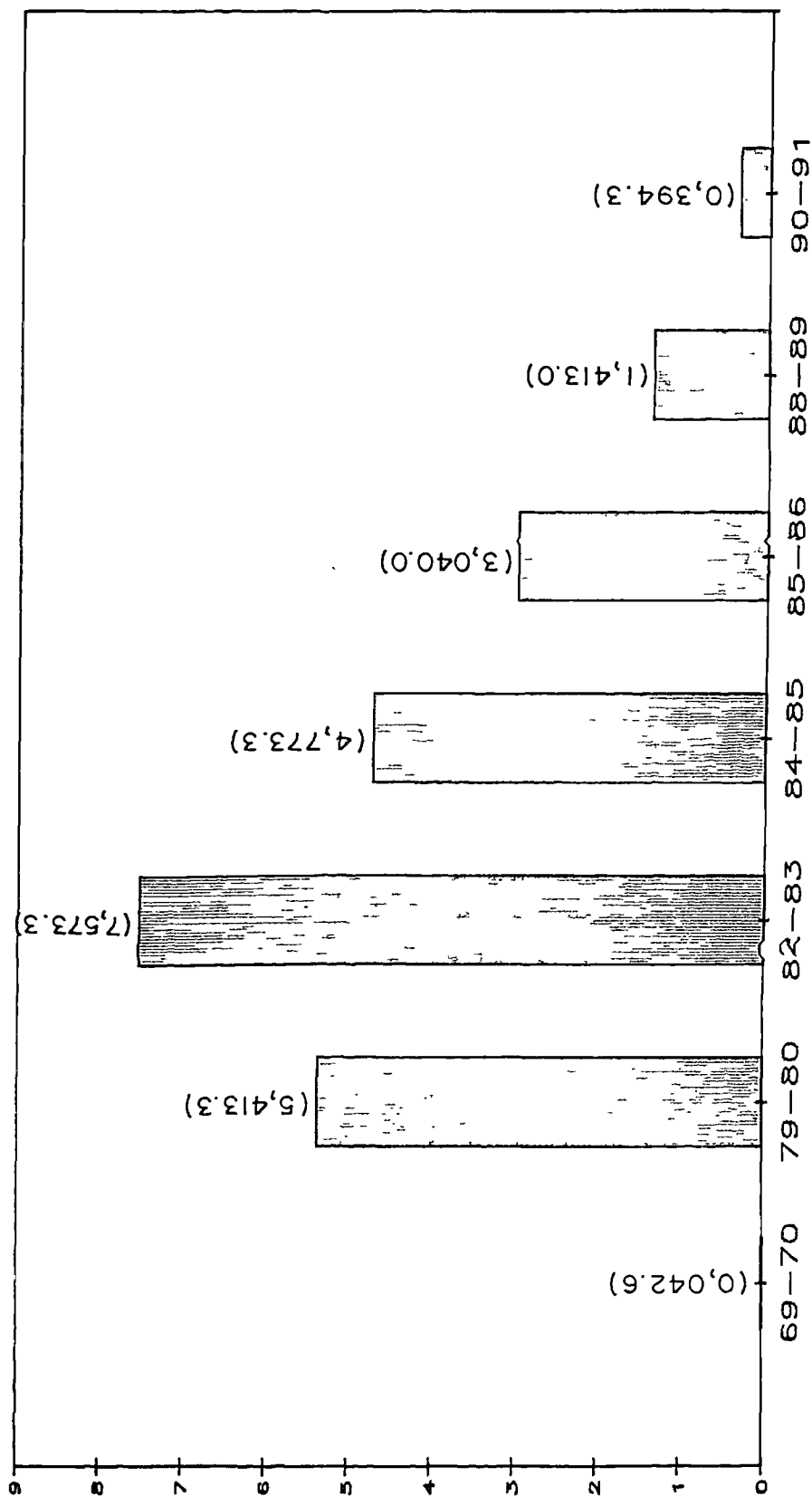


Figure 12

Sources: Ministry of Planning, Achievement of the Development Plans, 1970 - 1988, p.23, and Saudi Arabian Monetary Agency Annual Report, February 1990.

Table 6

REAL GROSS DOMESTIC PRODUCT (GDP)

Year	G D P		%	Government Revenue U.S. \$ Million
	Crude Oil Sector %	Other Sector %		
1969/70	70.0	30.0	100	1,590.9
1974/75	69.0	31.0	100	26,199.2
1979/80	65.0	35.0	100	42,666.6
1984/85	39.0	61.0	100	57,093.3
1985/86	31.0	69.0	100	53,333.3
1988/89*	30.0	70.0	100	27,733.3
1989/90*	40.0	60.0**	100	30,933.0
1990/91*	45.0	55.0**	100	38,666.0
1991/92	60.0	40.0**	100	40,533.0

Source: The Statistical Book, 1969/70, 1975/76, 1979/80, and 1985/86.

* Source: Saudi Arabian Monetary Agency Annual Report, 21 August 1989, and 24 December 1990. And Saudi Arabian Monetary Agency Annual Report, April 1991.

** This does not mean that other sector's GDP decreased, but the oil revenue increased due to the increase in production forty-three per cent (43%) because of the Gulf crisis. The non-oil sector's GDP in actual term increase at eight per cent (8%) is an annual rate.

Today the emphasis is shifting from infrastructure building to production, Saudi labour development, and Saudiisation. There are bound to be some major adjustments in the Kingdom's labour market and costs. Despite an almost unrestricted labour policy in the past decades, the speed with which projects were built led to high labour costs. Wages are now going down and, at the end of the Fifth Plan, the number of expatriates working in Saudi Arabia should drop by 700.000, from 3.7 million to 3 million.²¹

3- Investment Credit by Government Sponsored Financial Institutions

Total investment credit disbursed by all public financial institutions recorded a steep growth from US \$ 4.26 million in 1964-70 to a peak of US \$ 7.54 billion in 1982-83. In view of the reduced credit needs, disbursements were gradually reduced in subsequent years and amounted to US \$ 3.04 billion in 1985-86.²² However, the grand total of investment credit disbursed by the government institutions between 1970 and 1990 is more than US \$ 64 billion.²³ Those investment credits covered: agricultural, industrial, estate development, construction, health care, hotels, and public services (Figure 12 previously).

Flexibility Factor

The present years are witnessing a "judicious" policy toward project costs and evaluation. High government expenditures are to be avoided. Unlike previous plans, the Fifth Plan has a new element of flexibility. Development spending

21- Ibid.

22- Ministry of Planning. Achievement of the Development Plan. 1990, p. 22.

23- Saudi Arabian Monetary Agency. Annual Report 1990, p. 16.

is categorised on the basis of coordinated programmes rather than individual projects. The crude oil sector's contribution to the Kingdom's gross capital formation decreased and the other sector's capital formation rose from twenty-three per cent (23%) in 1980/81 to thirty-five per cent (35%) in 1984/85 (Figure 13). The private sector is now set to enjoy even greater opportunities, especially in services work in the inner cities, maintenance work, industry, training, marketing, farming and health services.²⁴

Saudi Arabia has become slightly less dependent on crude oil, and its economic structure has changed considerably in recent years allowing non-oil sectors to grow steadily. Besides its huge oil and gas resources, Saudi Arabia has many other minerals, including gold, iron, magnetite, copper, silver, zinc, phosphate, potash, bauxite, niobium, tantalum, gypsum and limestone. Several international firms are surveying the Kingdom's mineral wealth. Some minerals, such as gold, are already being exploited. Saudi Arabia has about a quarter of the world's oil exports.

Oil production reached a peak of nearly 10 million b/d in 1980/1981, but because of weak world demand and OPEC's policy of cutting production, output dropped to about 6.5 million b/d in 1982, 4.5 million b/d in 1983 and 3.4 million b/d in the 1985. The Kingdom's crude oil exports averaged 3.9 million barrels a day (b/d) in 1986/87, a little less than half of the peak in 1981.²⁵ Due to the international market demand in 1989, Saudi Arabia crude oil production increased to 4.2 million barrels (b/d)²⁶, and in 1990 increased to 5.38 million (b/d).²⁷

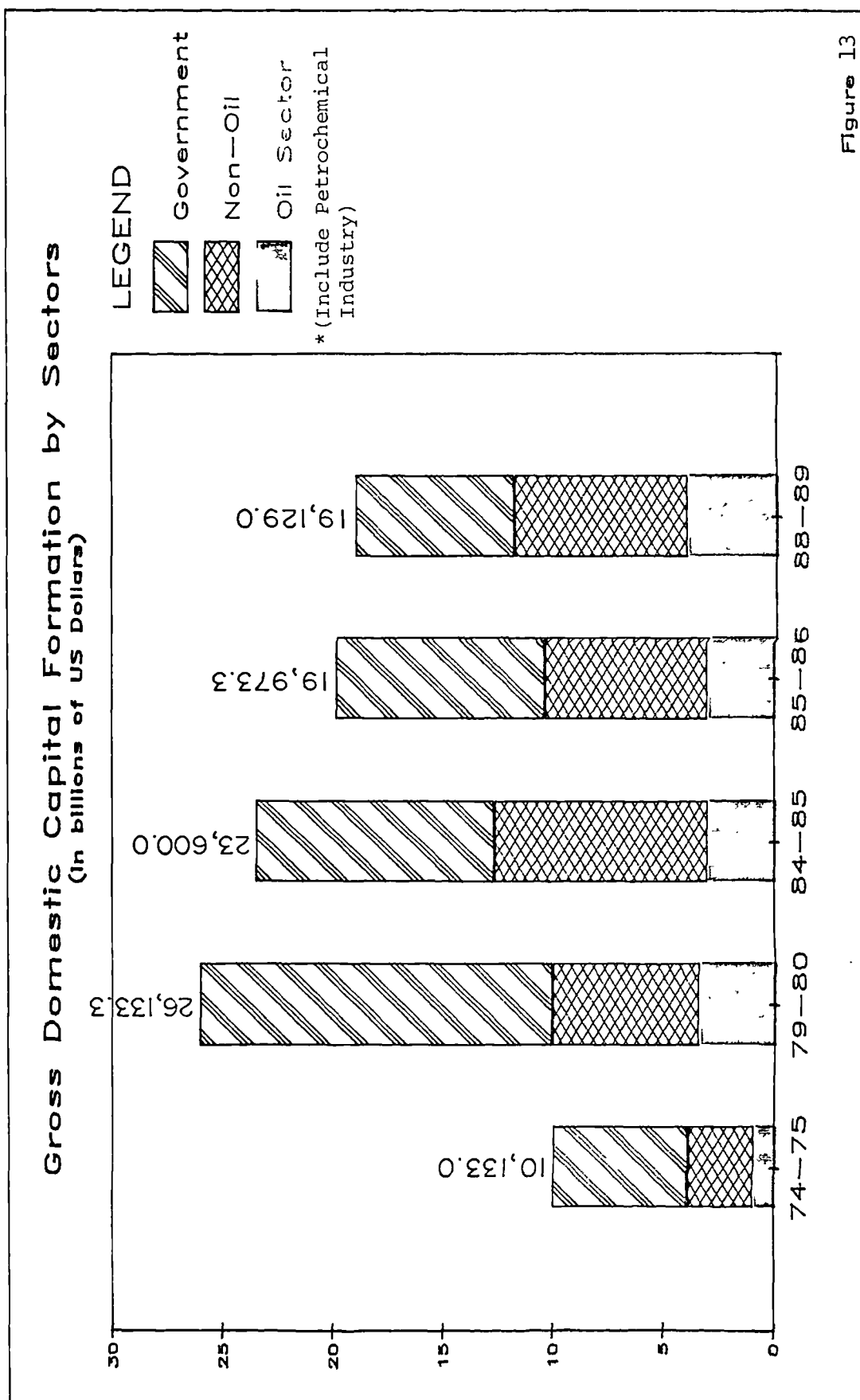
However, because of the Gulf crisis in August 1990

24- Ibid.

25- The statistics Book. 1987.

26- Arab News, The Local News, Jeddah. 01 January 1990, p. 3.

27- Minister of Petrol and Mineral (H. Nazer). p. 2, Arab News, National News. 7th January 1990.



Sources: Ministry of Planning, Achievement of the Development Plans, 1970 - 1988, p.15, and Saudi Arabian Monetary Agency Annual Report, August 1989.

through 1991, Saudi Arabian crude oil production increased to 8.4 million (b/d), and re-reduced to 7.8 million (b/d) in February 1992.

4- Money Supply and Banking

The currency in circulation rose at an average annual rate of 20.9% from \$ 400 million in 1969-70 to \$ 4.6 billion in 1988-89 (Figure 14).²⁸

Demand deposits showed a more vigorous growth, rising from \$ 217 million in 1969-70 to \$ 15.4 billion in 1988-89, representing an average annual rate of growth of 26.1% (Figure 14).²⁹

Money supply(M_1) registered an average annual growth of 23.4%, rising from \$ 613 million in 1969-70 to \$ 25 billion in 1988-89.³⁰

Including quasi-money, the money supply (M_3) rose from \$ 827 million in 1969-70 to \$ 47.6 billion in 1988-89 corresponding to an average annual growth of 26.2%.

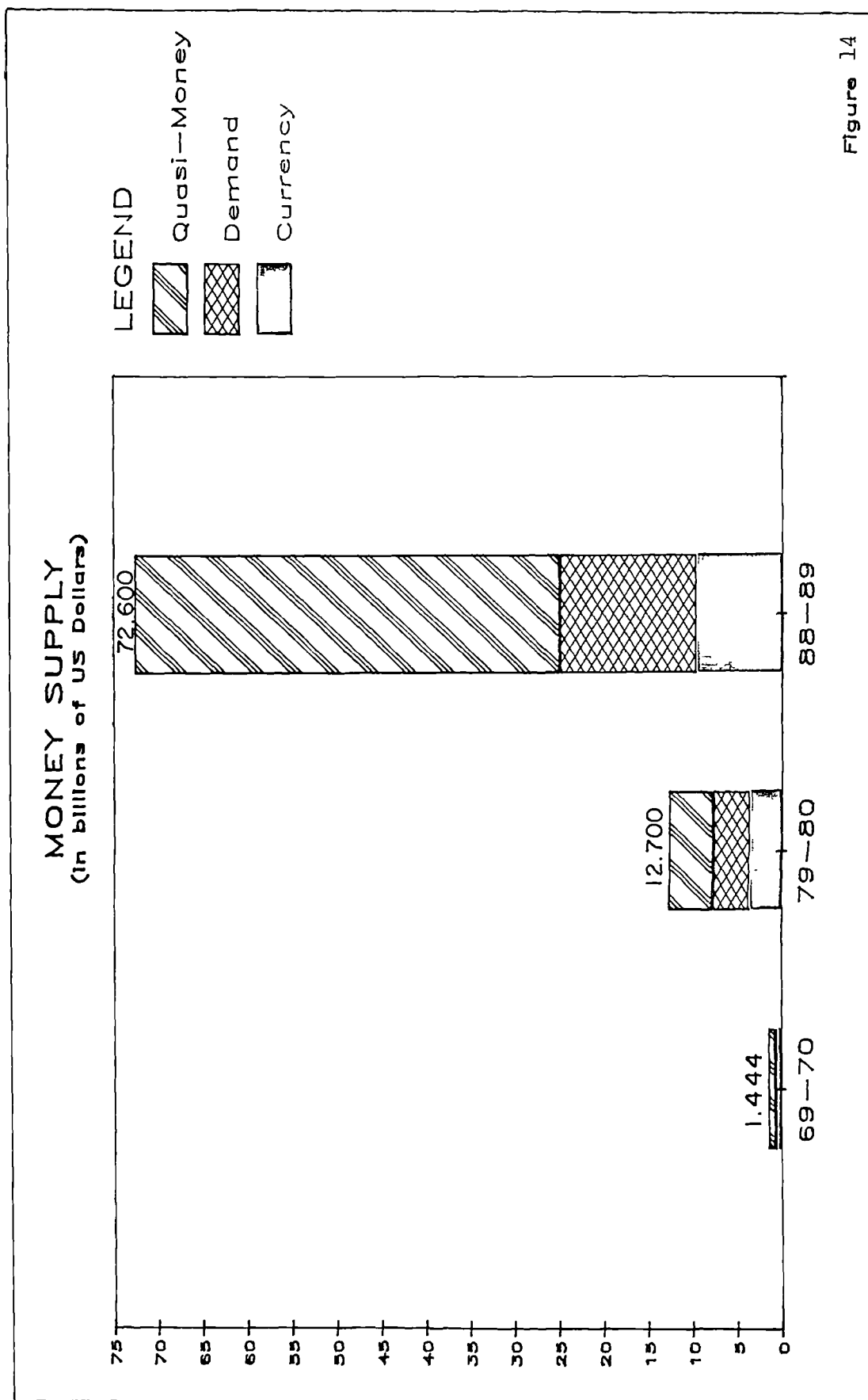
The relative composition of money supply has witnessed considerable changes. The share of currency in circulation has declined from 48.7% in 1969-70 to 20.1% in 1988-89 reflecting the rapid development of the banking system and the growing popularity of cheques over currency as a mode of payment or receipt. The steep fall in the share of currency is attributable mainly to gains in demand deposits, which have increased from 25.9% in 1969-70 to 32.4% in 1988-89. Quasi money rose from 25.4% to 47.5% over the same period, of which 22.7% represented time and saving deposits, and 24.8% other quasi monetary deposits (Figure 14).³¹

28- Ministry of Planning, Achievement of the Development Plans 1970-86, and Saudi Arabia Monetary Agency, Annual Report. August 1989.

29- Ibid.

30- Ibid.

31- Ibid.



Sources: Ministry of Planning, Achievement of the Development Plans 1970 - 1988, p.39, and Saudi Arabian Monetary Agency Annual Report, August 1989.

Commercial banks and their branches increased from 60 in 1969-70 to 955 in 1989. The capital of these banks increased at an average annual rate of 16% from US \$ 219 million in 1969-70 to US \$ 9.4 billion in 1989.³² Loans from Commercial banks also increased from US \$ 23 million in 1969-70 to US \$ 5.9 billion in 1989.³³

5- Saudi Economic Development

Saudi Arabia in the 1970s and 1980s saw the most significant economic change and improvement in Saudi Arabian history. The oil boom between 1973 to 1982 helped the country to push business development. It furnished a solid foundation for the country's continuing and ongoing developmental plans and activities. Oil was the catalyst, but with wise government planning and direction, Saudi Arabia has become less dependent on oil for its revenue and source of development expenditures. In 1989, crude oil export revenue was about half of the country's gross domestic product. The country reduced the effects and risks of being heavily dependent on crude oil for its economy and progress.

(Con't.)

32- Ibid.

33- Ibid.

The Production of Oil (Figure 15):

Saudi Arabian American Oil Co. (ARAMCO)*

The story of ARAMCO dates back to 29 May 1933 when the Government of Saudi Arabia signed the basic concession agreement with the Standard Oil Company of California (SOCAL). The original concession agreement has since been revised several times. In 1973, the Kingdom acquired a twenty-five per cent (25%) participation interest in ARAMCO, which increased to sixty per cent (60%) in 1974. In 1980, the participation interest was increased to one hundred per cent (100%) when the Kingdom bought all of ARAMCO's assets.³⁴

Since the historical agreement, achievements of the Arab American Oil Company have been spectacular. Some of ARAMCO's achievements in 1986 include:³⁵

Production³⁶

- ARAMCO crude oil production totalled 1,711.8 million barrels in 1986 as compared to 1,110.0 million barrels in the previous year.
- Recovery of NGL (Natural-Gas Liquids) from associated gases amounted to 111.0 million barrels compared to 115.5 million barrels for the last year.
- In 1986, the Ras Tanura refinery processed 142.4

* ARAMCO, today, is considered the highest crude oil producer in the world.

34- Ministry of Planning. Achievement of the Development Plans. 1970-86.

35- Ibid.

36- Ministry of Planning. Achievement of the Development Plans, 1970-86.

Kingdom's Production of Crude Oil 74-92 (In millions of barrels)

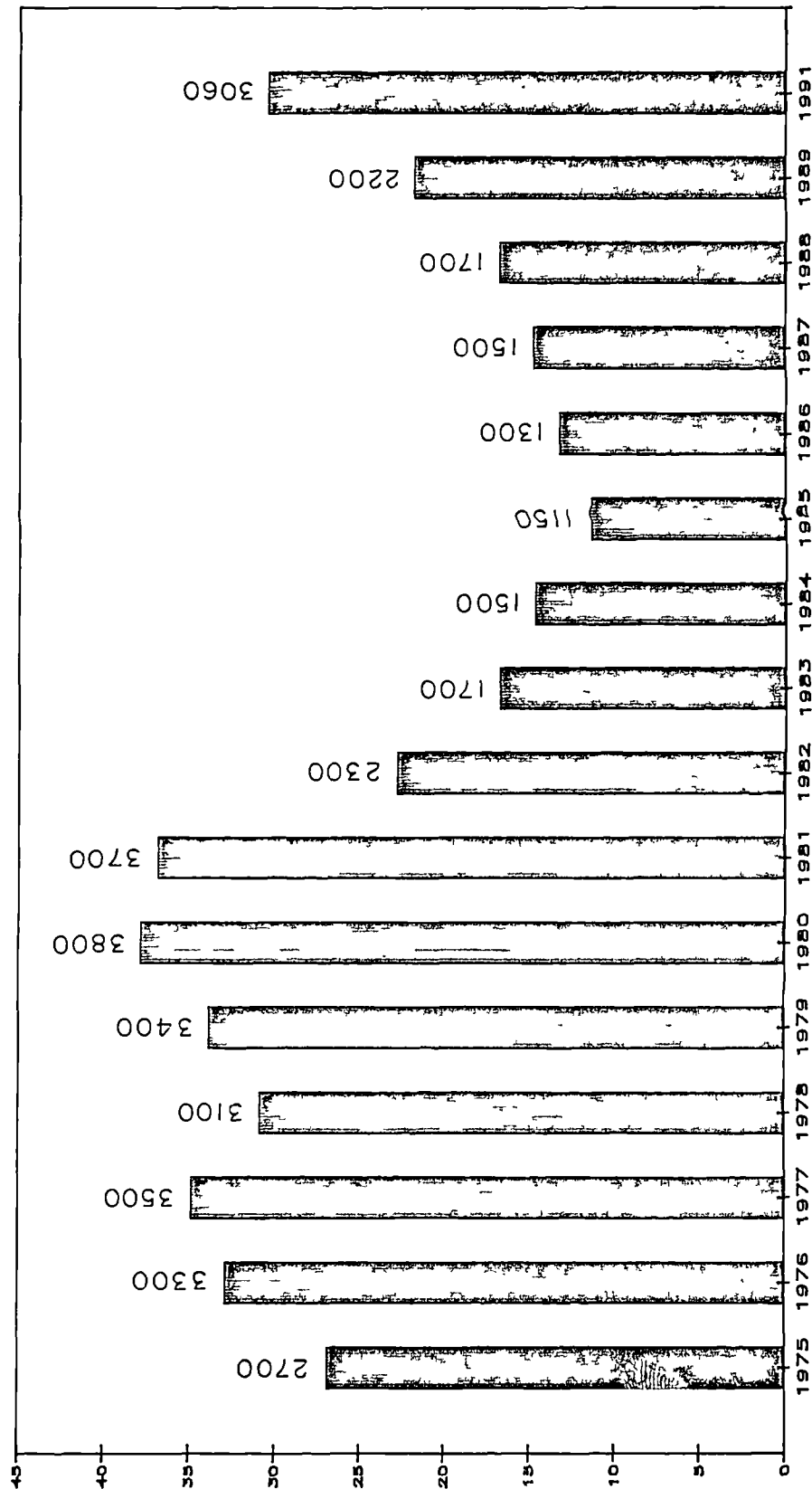


Figure 15

Sources: Ministry of Planning, Achievement of the Development Plans, 1970 - 1988, and Saudi Arabian Monetary Agency Annual Report, August 1989.

Note: From Aug. 90 through 1991, the Kingdom's crude oil production increased to an average 8 million barrels a day due to the Gulf crisis.

million barrels of crude oil. The three NGL (Natural-Gas Liquids) plants at Ju'aymah, Yanbu and Ras Tanura Refinery processed 58.4 million barrels of propane, 36.2 million barrels of butane and 14.4 million barrels of natural gasoline.

Reserves

ARAMCO has discovered a total of 52 commercial oil fields and one commercial gas field since it began operation in 1933. The remaining recoverable reserves on these fields are estimated at 167 billion barrels of crude oil and 135.8 trillion standard cubic feet of gas.

General Organisation for Petroleum and Mineral (PETROMIN)³⁷

Set up in 1962, PETROMIN is responsible for the development of petroleum, gas, and mineral resources of the Kingdom. Other tasks include the installation of oil refineries for domestic consumption and export, construction, operation and maintenance of oil pipelines and distribution facilities for petroleum products.

- Oil Refineries for Local Consumption

The oil refinery in Jeddah went on-stream in 1968 with a capacity of 12,000 barrels per day. The Jeddah refinery underwent its first expansion in 1974, bringing the total capacity to 45,000 barrels per day. The second expansion of the Jeddah refinery brought its total capacity to 96,000 barrels per day in 1979. The oil refinery in Riyadh went on-stream in 1974 with a capacity of 15,000 barrels per day. By adding a new unit in 1981, the capacity was increased to 135,000 barrels per day. PETROMIN set up and operated a refinery in Yanbu for domestic consumption in 1983 with a capacity of 170,000 barrels per day.

37- Ibid.

- Export Oil Refineries

Two refineries, one at Yanbu and the other in Jubail, with a refining capacity of 250 thousand barrels per day each went on-stream in 1984 and 1986 respectively. The Rabigh refinery with a capacity of 325 thousand barrels per day was completed in 1988.

- Lubricating Oils

The Petromin Lubricating Oil Company (Petrolube) started its activities by constructing a lubricating oil blending plant in Jeddah, with a capacity of 50,000 barrels per year in 1971. The capacity rose to 160,000 barrels per year in 1976 and to one million barrels per year in 1984.

A second blending facility was completed in Riyadh in 1982, with an initial capacity of 175,000 barrels per year, which rose to 350,000 barrels per year in 1983. Its capacity was further expanded to 500,000 barrels per year in 1986.

However, SAMAREC (Saudi Arabian Marketing and Refinery Company under PETROMIN) was established in 1988 to play the role of marketing the oil production and supervising the refineries.

The Importance of Oil to Saudi Arabia

Oil is not the only source that Saudi Arabia relies on for its revenue, but since it has been the most important part of its GDP and the government revenues, performance of the Saudi economy can be accurately measured by the growth of the oil production.³⁸

In 1969-70, government revenue was mainly from crude

38- The Statistical Book. Year 1975 and 1987.

oil, in fact ninety-two per cent (92%).³⁹ However, with the economic and business development Saudi Arabia has undergone the non- crude oil sector revenue increased to about sixty per cent (60%) by 1989. Reliance on crude oil as a general source for government revenue has become slightly less important (Table 6).⁴⁰

In summary, the creation of a viable industrial base, using crude oil income as a major source to develop industry and later to reduce the Kingdom's reliance on crude oil as the main source of income, has been the most significant economic development strategy of Saudi Arabia. This means that Saudi Arabia will not rely only on crude oil income, but now has a variety of other industrial resources. Part of this strategy is represented by the development of petrochemical industry and export of petrochemical product.

The Kingdom does, and will continue to, play an important role in the international petrochemical industry besides oil production. However, although it is true that the Kingdom has reduced its reliance on crude oil as the only major revenue source, the petrochemical industries are still dependent on oil.

The Petrochemical Industry in Saudi Arabia

In 1960 the Saudi government was already negotiating with foreign oil companies concerning the development of a petrochemical industry. Since these companies showed little interest, other ways had to be found to attract investment. In 1962 the General Petroleum and Mineral Organisation (Petromin) was established to undertake hydrocarbon projects that did not attract private investors. State support for

39- Ibid.

40- The Annual Report, Saudi Arabian Monetary Agency. 21 August 1989.

industrialisation increased when King Faisal came to the throne in 1964. The interest of the government in pressing forward with the development of the petrochemical industry was underlined in 1976 when the Saudi Arabian Basic Industries Corporation (SABIC) was created (page no. 130).⁴¹

This emphasis on the petrochemical industry finds its full expression in the third five-year plan (1980-1985), which calls for the production of an important volume and variety of petrochemicals as well as fertilizers. These projects began producing in 1986, and achieved almost full production in 1991/1992.⁴²

The Jubail and Yanbu Infrastructure

In the early 1970s Petromin saw Jubail in the Eastern region as a possible growth pole for petrochemical and other industries because of the proximity of the Berri crude oil and gas field, and a deep-water channel that makes that site suitable for international shipping.⁴³

In 1973 the American Bechtel Corporation was called in to draw up a master plan for Jubail that defined infrastructure requirements and located industries within the site. It set forth land use and community plans, conceptual designs of components, and environmental-control measures. When the master plan was presented to the Saudi government in 1975 it was decided to establish a Royal Commission for Jubail and Yanbu, the latter town being added as the second development pole.

In June of 1976 a management contract was signed with Bechtel covering a 20-year period. A subsidiary of Bechtel, the Arabian Bechtel Company Limited, was given the responsibilities of mapping out the infrastructure of the in-

41- El Mallakh, Ragai and Dorothea. 1982, pp. 51-52.

42- Ibid.

43- Ibid.

dustrial complex and the town, supervising the granting of contracts after evaluating bids, and doing the actual construction. The Royal Commission, however, retained the responsibility for policy.⁴⁴

By the year 2000 this "Industrial City" plans to have petrochemical complexes, oil refineries, a steel mill, and over a dozen other industries as well as a port area and an airport. The total investment will have reached some \$ 40 billion.⁴⁵

The other new Industrial City, Yanbu was started in 1979. Saudi Arabian Parsons Limited, which acted as project manager for the Royal Commission, has developed vast storage tanks facilities. An NGL (Natural-Gas Liquids) facility was prepared for the gas that arrived by pipeline from the Eastern Province in 1982, and a pier was built. The Yanbu industrial complex is divided into nine areas, one being specifically designed for petrochemicals. In 1986 this port had the capacity to handle 400,000 tons of petrochemicals a year. While Jubail is the centre of the petrochemical industry, Yanbu is not far behind.⁴⁶

a) Jubail Industrial Complex

The infrastructure of the industrial city of Jubail was established on a site covering 1030 sq kms and has a current day-time population of more than 150,000 people. It is envisaged that by the year 2010 the city will accommodate 340,000 people.⁴⁷

44- El Mallakh, Ragai and Dorothea. 1982, pp. 51-52.

45- Ibid.

46- Ministry of Planing, Achievement of the Development Plans. 1970-86, pp. 136-144.

47- Ibid.

Industrial Achievement⁴⁸

There are currently 17 major plants in Jubail, most of which are operating, though at time of working (January 1993) some are in the construction phase. All of these plants are capital intensive in nature and are estimated to cost a total of US \$ 12 billion.

By the year 2010 these industries will create in Jubail alone 107,000 new jobs and will have utilised four billion dollars worth of natural gas which is now being flared without any return to the economy. The gas will be utilised as fuel and feedstock in the steel, aluminum, plastics and fertilizer industries.

The industries at Jubail Complex are divided into three categories:

Basic Industries (Petrochemical)

These are undertaken by SABIC, PETROMIN and ARAMCO to produce basic Petrochemical products. Twenty basic industry plants are planned, of which thirteen are now operational.

Secondary Industries

These industries depend on products from basic industries (petrochemical). It is planned that the number of such industries will be around sixty-eight (68). The products will include such things as plastics, tyres, fertilizers, and pipes.

Supporting and Light Industries

These plants manufacture products which are needed by other industries or by the housing projects at the construction stage or for operations and maintenance activities. These plants are established and operated by the private sector. Currently there are 87 such plants in production at

48- Ministry of Planning, Achievement of the Development Plans. 1970-86, pp. 136-144.

Jubail.

b) Yanbu Industrial Complex

Plans for the construction of Yanbu Industrial Complex and its modern residential estate were completed. It covers an area of 100 sq kms and accommodates over 60,000 inhabitants. It is envisaged that by the year 2010 the city will have a population of 200,000.

Work is proceeding to complete the Yanbu Industrial City, which will accommodate basic and secondary industries. Construction of residential areas and other services has been done, and by 2010, the Yanbu industries will create 110,000 new jobs.⁴⁹

Industrial Achievement⁵⁰

The industries at Yanbu complex are divided into three categories:

Basic Industries

These industries are undertaken by SABIC, PETROMIN and ARAMCO. Six basic industry plants were constructed, and they are operational. Total costs were estimated at US \$ 7.7 billion.

Secondary Industries

These industries depend on the basic industries. The plan is to increase the number of these industries to 34.

Supporting Industries

These plants manufacture products which are needed by other industries or the housing sector at the construction stage or for operations and maintenance activities. These

49- Ibid.

50- Ibid.

plants are established and operated by the private sector. There are currently 29 plants in operation, two under construction.

Saudi Arabian Basic Industries Corporation (SABIC)

Saudi Arabian Basic Industries Corporation (SABIC) was established with a capital of US \$ 2.7 billion. The extensive industrialisation programme undertaken by SABIC was considered a milestone for industrial development - the establishment of viable basic, downstream and support industries in Saudi Arabia which utilise the local resources of hydrocarbons and minerals as raw materials.⁵¹

Since 1979, SABIC has completed 18 projects: seven basic petrochemical projects with a total capacity to manufacture 5.65 million tons of ethylene and its derivatives and methanol per year; one iron and steel plant of 800,000 tons capacity per year; expansion of Jeddah Steel Rolling Mill to produce 140,000 tons of steel per year; one urea plant with a capacity of 500,000 tons per year; a plant for producing ammonia with a capacity of 500,000 tons per year; two other projects for down-stream products and five projects for supporting industries. Total investment in these projects in 1986-87 amounted to US \$ 14 billion.⁵²

Since 1986 the following 13 basic companies, downstream and support industries have been in operation: Saudi Iron and Steel, Jeddah Steel Rolling Mill, Saudi Methanol, Al-Jubail Fertilizer, Saudi Yanbu Petrochemical, Al-Jubail Petrochemical, Saudi Petrochemical, National Methanol, Arabian Petrochemical, Eastern Petrochemical, Saudi Arabian Fertilizer, National Plastic, and National Industrial Gases

51- Ministry of Planning, Achievement of the Development Plans. 1970-86, pp. 136-144.

52- Ibid.

Company.⁵³

In 1985-86, SABIC employed 7,904 persons, of when fifty per cent (50%) are Saudis.⁵⁴ In the field of industrial cooperation SABIC has a twenty per cent (20%) share in the Aluminum Smelter and Gulf Aluminum Rolling Mill Co. It also owns one third of Gulf Petrochemical Industries Company.⁵⁵

Joint Ventures with American Corporations

Shortly after SABIC was established in 1976, Dr. Alghosaibi, the former Minister of Industry, approached some of the leading oil and chemical corporations to interest them in establishing joint-venture petrochemical complexes. These corporations had great misgivings. Doubts existed concerning the adequacy of the rate of return, as to whether satisfactory markets could be found for the petrochemical products and whether or not the political risk in the Gulf area did not preclude any massive commitment. After negotiations in Riyadh, Houston, and other world centres, five major U.S. corporations showed serious interest: Mobil Oil, Shell Oil, Exxon, Dow Chemical, and Celanese-Texas Eastern. It was tentatively agreed with the five US. corporations to produce the petrochemicals noted in Table 7.⁵⁶

Joint Ventures with Asian Corporations

Asia, rapidly becoming a major economic force in the world, accounts for many of the most dynamic economies today: Taiwan, Japan, and South Korea. With their lack of natural resources, these countries have made outward-looking policies

53- Ibid.

54- Ibid.

55- Ibid.

56- Ibid.

central to their overall economic strategy. While these Asian nations are, with the exception of Indonesia, net importers of oil and gas, they are developing an appreciable petrochemical capacity.⁵⁷

SABIC arranged three joint-venture agreements with Asiatic corporations, one Taiwanese and the others Japanese. Table 8 outlines the agreed-upon production.⁵⁸

The Al-Jubail Fertilizer Company (SAFCO)

The close links between Saudi Arabia and Taiwan have found a concrete expression in an agreement signed on December 4, 1979, between SABIC and Taiwan Fertilizer Company Limited to establish the Al-Jubail Fertilizer Company, which will be located in the industrial complex of Jubail. This joint venture uses methane to produce 1,000 metric tons of ammonia per day and 1,600 metric tons of urea per day (500,000 tons a year).⁵⁹ The actual construction on the site in Jubail started in June of 1980, and the plant was on stream in 1984.⁶⁰

SABIC and the Taiwan Fertilizer Company each subscribed fifty per cent (50%) of the shares of the Al-Jubail Fertilizer Company, putting up \$ 100 million with the balance being lent by the Saudi Public Investment Fund.⁶¹

Some sixty per cent (60%) of the output marketed by the Taiwan Fertilizer Company is in Taiwan and other places in the Far East. The other forty per cent (40%) is marketed jointly by the Taiwan Fertilizer Company and SABIC elsewhere.

57- Ibid.

58- El Mallakh, Ragaei and Dorothea. 1982, pp. 56-71.

59- Ibid.

60- Ibid.

61- Ibid.

Table 7

JOINT-VENTURE PETROCHEMICAL PRODUCTION
(IN METRIC TONS PER YEAR)

Product	SABIC-Mobile	SABIC-Shell	SABIC-Exxon	SABIC-Dow	SABIC-Celenese/Texas
Ethylene	450,000	656,000	-	500,000	-
Low-density polyethylene	200,000	-	240,000	68,000	-
High-density polyethylene	91,000	-	-	105,000	-
Ethylene glycol	200,000	-	-	300,000	-
Ethylene dichloride	-	454,000	-	-	-
Caustic soda	-	377,000	-	-	-
Styrene	-	295,000	-	-	-
Ethanol	-	281,000	-	-	-
Chlorine	-	330,000	-	-	-
Ethyl benzene	-	327,000	-	-	-
Methanol	-	-	-	-	730,000

Source: Saudi Arabian Energy, Development, Planning, and Industrialization.

El Mallakh, Ragaei and Dorothea. 1982.

Table 8

SABIC-ASIAN COMPANY JOINT-VENTURE PRODUCTION

(IN METRIC TONS PER YEAR)

Product	SABIC-Taiwan Fertilizer	SABIC-Mitsubishi Corporation	SABIC-Mitsubishi Gas
Ethylene	-	450,000	-
Low-density polyethylene	-	250,000	-
High-density polyethylene	-	80,000	-
Ethylene glycol	-	80,000	-
Methanol	-	-	730,000
Urea	500,000	-	-

Source: El Mallakh, Ragaei and Dorothea. 1982.

No serious difficulty was experienced in marketing the ammonia-urea. Ammonia, being a source of nitrogen fertilizer, is closely linked to agricultural production.⁶²

Saudi Arabian Fertilizer Company

In 1976 SAFCO (Saudi Arabian Fertilizer Company) took over management from Occidental Petroleum. Between 1979 and 1986 SAFCO showed an accumulated profit of \$ 35 million. In the first six months of 1980, 145,084 tons of urea were produced. With the continuing upward movement in the world price of urea and expanding international markets, future prospects look good. SAFCO provided the backdrop for a petrochemical industry.⁶³

The Saudi Polymer Processing Industry

A vital part of the Saudi industrialisation policy is to move from the production of crude oil and gas to the manufacture of polymers and then, further downstream, to the processing of these polymers. As one moves from the original feedstock to the final consumer, more and more value is added. Thus the principal thermoplastics such as high and low-density polyethylene, polyvinyl chloride (PVC), polypropylene, and polystyrene, increase in value between two and five times. The price of these thermoplastics is around \$ 1,000 a ton.⁶⁴

Saudi Arabian Plastic Product Company (SAPPCO)

One of the leading producers of plastics in Riyadh is the Saudi Plastic Company (SAPPCO), established almost a decade ago to manufacture plastic pipes and fittings. The

62- Ibid.

63- Ibid.

64- Ibid., 56-71.

British firm Chemidus was brought in to provide the technology and part of the equity. The output and the profitability of SAPPCO has grown steadily. Today there are twelve extruders and three molding machines which use 25,000 tons of PVC a year, and 370 workers with an office staff of sixty. In order to enter into the field of polyurethane insulation, SAPPCO linked up with Texaco Saudi Investment Incorporated to set up the firm SAPPCO Texaco Insulation Products (SAPTEX), to be located in Riyadh. Polyurethane insulation panel boards are particularly suitable for roofing insulation on institutional, commercial, industrial, and even private residences. This partnership is seen as providing Saudi Arabia with manufacturing technology for products that previously have been available only through imports.

One of the main reasons for Texaco's entering into this venture is its profitability since benzene, readily available in Saudi Arabia, accounts for some forty per cent (40%) of the cost of the raw materials going into polyurethane insulation. This plant has a capacity of 120 million square feet of polyurethane insulation panel board. The cost of the enterprise is estimated at \$ 30 million. Sixty per cent (60%) of the equity is held by SAPPCO and the other forty per cent (40%) by Texaco Saudi Investments Incorporated. While SAPTEX is only interested in the domestic market at present, exports could eventually be considered.⁶⁵

6- Merchandise Trade in Saudi Arabia

The merchandise trade balance has been in surplus over the entire period from 1970 to 1989, although the magnitude of the surplus has declined significantly since 1981. Between 1970 and 1981 the value of merchandise exports rose steeply from US \$ 2.9 billion to US \$ 308 billion. During the same period, the value of merchandise imports also increased from

65- Ibid., pp. 56-71.

US \$ 853 million to US \$ 31.9 billion. In 1982, while the value of merchandise exports declined to US \$ 72.3 billion, the value of merchandise imports rose to US \$ 37.2 billion, resulting in a decline in the merchandise trade balance surplus from US \$ 76.3 billion in 1981 to US \$ 35.1 billion in 1982 (Figure 16).⁶⁶

Since 1982, mainly because of the declined in exports of oil, the value of merchandise exports has declined rapidly, amounting to only US \$ 26.9 billion in 1985. Merchandise imports have also declined to US \$ 22.8 billion in 1985. This decline was much smaller than the drop in exports. As a result, the merchandise trade balance surplus further declined from US \$ 35.1 billion in 1982 to only US \$ 4.2 billion in 1985.⁶⁷ In 1987-88 exports further declined to US \$ 23.2 billion because of reductions in the oil price. However, imports in 1987-88 decreased to US \$ 18.3 billion but the trade balance improved some over 1985.⁶⁸ In 1988 the non-oil merchandise export increased fourteen and fourth-tenths per cent (14.4%), and oil export revenue increased as well, due to oil price rises. The Kingdom since 1987 has noticed an improvement in its trade balance (Figure 14).⁶⁹

Balance of Payments

Until to 1984, the current account balance (the difference between total receipts and disbursements) had been in surplus. In fact, the current account surplus increased

66- Ministry of Planning, Achievement of the Development Plans. 1979-86, p. 26, and Saudi Arabia Monetary Agency, Annual Report. August 1989.

67- Ibid.

68- Ibid.

69- Ibid.

Merchandise Trade (in billions of US Dollars)

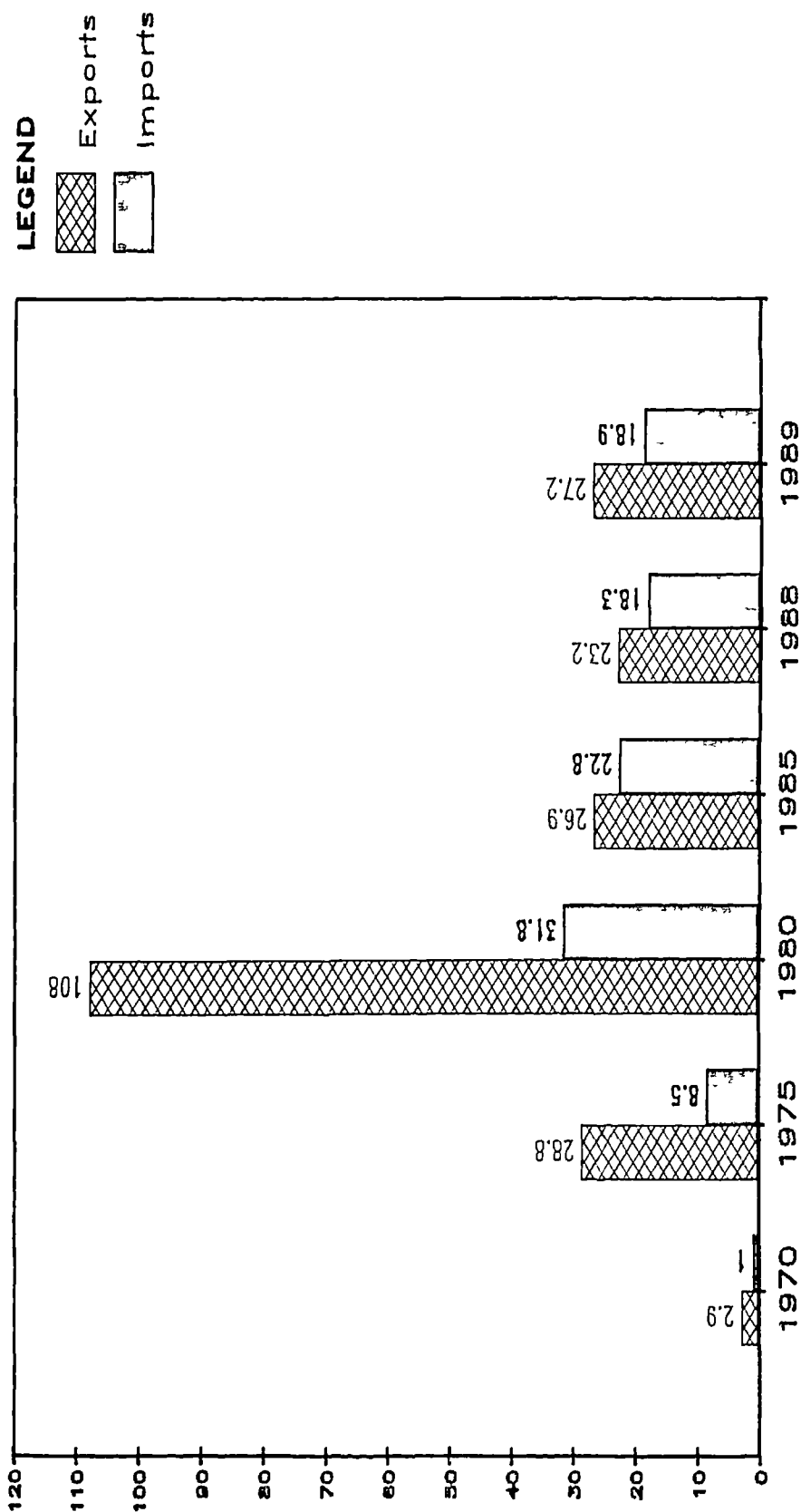


Figure 16

Sources: Ministry of Planning Achievement of the Development Plans: 1970 - 1988, p.27, and Saudi Arabian Monetary Agency Annual Report, August 1989.

from US \$ 2.9 billion in 1970/71 to nearly US \$ 98 billion in 1980/81. In subsequent years as the pace of development was accelerated, the surplus changed into a deficit of US \$ 10 billion in 1985/86. With the small rise in oil prices and slight increase in oil production levels, the current account balance showed improvement in 1989 and the deficit was US \$ 1.5 billion.⁷⁰

The deficits Saudi Arabia has had since 1984 are the result of two forces. First, the deterioration in the world oil market, which has adversely affected export revenues from oil, and secondly the Kingdom's commitment to safeguard the living standards of its citizens and to continue to pursue its development objectives in spite of the reduction in the level of current oil revenues.⁷¹ Since 1988 the Kingdom has experienced some improvement in its payments balance. This is because oil prices improved slightly and oil exports increased, in addition to the big increases in the export of the non-oil merchandise, which improved about 50% during 1984-87 (Figure 17).⁷²

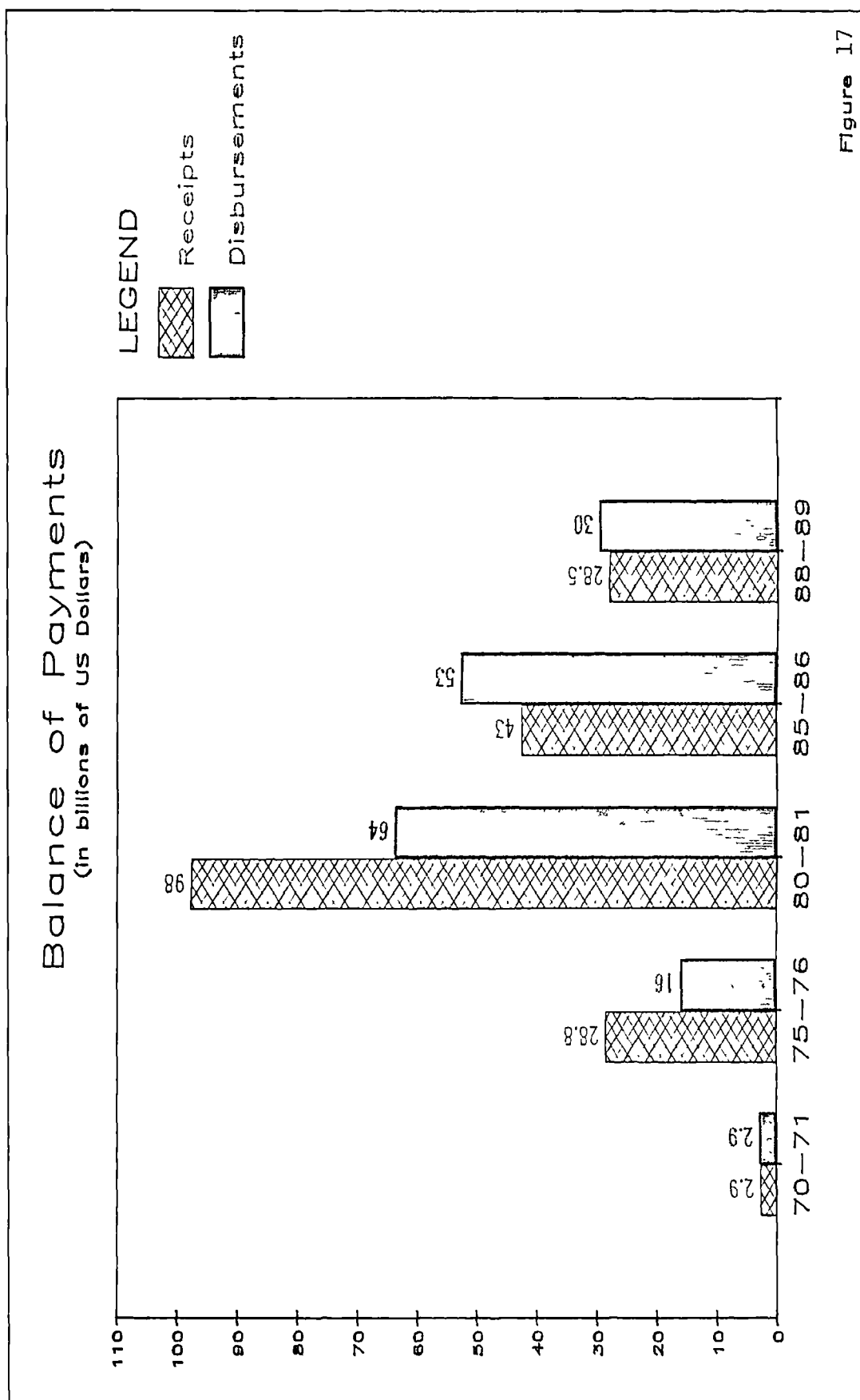
7- The Non-Oil and the Private Business Development

In support of the government's policies to promote the development of non-oil production and the private sector, both short and long term credits were given to private agencies. The government credits to the private sector in 1969-70 amounted to US \$ 12 million. However, since 1970 the credits have increased to US \$ 50.6 billion. This policy of providing credits with no interest to support the development of the private sector and non-oil production has brought the Kingdom's non-oil and petrochemical sector production to a high

70- Ibid., p. 32.

71- Ibid.

72- Saudi Arabia Monetary Agency, Annual Report. August 1989.



Sources: Ministry of Planning, Achievement of the Development Plans, 1970 - 1988 p.32, and
Saudi Arabian Monetary Agency Annual Report, August 1989.

Table 9

GROWTH IN OIL AND MAJOR NON-OIL SECTOR
(COMPOUNDED ANNUAL REAL RATES OF GROWTH)

	I Plan Average	II Plan Average	III Plan Average	Average Of All Three Plans	FOURTH PLAN		
					1405/06 (1985)	1406/07 (1986)	1407/08 (1987)
Total GDP (Oil and Non-Oil)	13.0	9.2	- 1.6	6.9	- 4.1	5.7	- 2.2
Oil Sector GDP	15.1	4.8	- 14.5	1.8	- 18.9	40.3	- 9.9
Non-Oil GDP	10.1	14.8	6.2	10.4	0.7	3.3	0.7
Government	20.1	14.6	2.8	12.5	- 0.4	- 2.5	0.5
Private:	6.6	14.9	7.8	9.8	1.1	3.5	0.8
Agriculture, forestry and fishing							
Construction	3.6	6.9	9.5	6.7	18.0	15.0	16.4
Electricity, gas & water	21.4	15.8	- 2.4	11.6	- 16.9	- 12.4	6.4
Manufacturing (total)	3.4	21.9	21.2	15.5	6.9	5.5	5.8
Refining	3.9	9.8	7.3	7.0	12.2	0.2	1.9
Other	0.9	6.1	3.0	3.3	22.1	4.1	4.9
Transport, storage and Communications	10.8	15.4	11.7	12.6	5.5	- 2.8	- 0.5
Wholesale and retail trade, restaurant and hotels	0.7	19.3	7.1	9.0	- 0.2	- 2.7	- 2.4
Finance, insurance, real estate & business service	13.8	22.7	8.7	15.1	- 0.1	- 3.8	- 1.7
Community, social and personal services	7.9	23.7	2.5	11.4	- 8.8	-15.5	- 4.0
	7.1	10.6	4.4	7.4	13.7	- 4.0	- 4.1

Source: Saudi Gazette, Local News. October 29, 1987, p.3.

Based on data supplied by the CDS, Ministry of Finance and National Economy.

position. This private sector represented three and nine-tenths per cent (3.9%) of the GDP in 1982, and today it contributes thirty-two per cent (32%). Table 9 is a summary of the growth in oil and non-oil sectors.

8- Other Aspects of Saudi Arabia Development

There are many areas in Saudi Arabia which have undergone development and change, for example, social, education, industry, transportation, housing and civil constructions, and health care. It is beyond the scope of this study to present all those areas, but the ones most relevant to both the economy and human resources development will be presented below.

Electricity⁷³

The private sector plays a major role in the production of electric power in Saudi Arabia through the electric companies. The Electricity Corporation (Electrico) undertakes the management and operation of electric utilities in rural areas. The Saline Water Conversion Corporation generates electricity as a by-product of desalination. Its dual purpose plants are located at sea coasts where the generated power is sold to electric companies. The entire investment by private companies since 1975 has been financed by the Saudi Industrial Development Fund (SIDF) through interest-free long term credits. Total credits approved and amounts disbursed by Saudi Industrial Development Fund (SIDF) to electric companies during the period of 1985-86 amounted US \$ 10.2 billion. Beginning from 1985/86, the SIDF credit programmes to the electricity utilities were replaced by direct allocations in the GEC (General Electric Company) budget. The government also subsidises small-scale companies through financial grants, and assists in management and operations.

73- Ministry of Planning, Achievement of the Development Plans. 1986, pp. 145-147.

The government ensures a ten per cent (10%) return to private sector investors on their capital share in electric companies. It also pays direct subsidies through the Ministry of Industry and Electricity to maintain the price of electricity at affordable levels, which stood at US \$ 0.02 per kwh for industrial consumption. Total subsidies paid by the government to electric companies in the period 1975-86 amounted to US \$ 6.7 billion.

Ports⁷⁴

The Ports Authority was established in 1976, charged with the responsibility of modernising and upgrading the efficiency of the Kingdom's seaports to meet the increasing volume of imports and industrial exports and to match the progress achieved in all fields. The Ports Authority has successfully met these objectives through the use of newly developed techniques in operation, increasing the number of berths and ensuring a high standard of facilities and equipment. The achievements realised by the Ports Authority during this short period are considered outstanding by all international standards. The number of operating berths at main seaports rose from 27 in 1975 to 165 by the end of 1986. 16 of the berths at King Fahad Industrial Port at Jubail and 22 at King Fahad Industrial Port at Yanbu are specialised for transporting industrial products. Handling capacity at the main ports rose from 6 million tons/day in 1975 to 58 million tons/day in 1986. In 1988 Saudi Arabia had 372 passenger and cargo ships. Today there are more than 165 sea transportation and cargo companies.⁷⁵

74- Ibid., pp. 145-147.

75- Okaz News Paper, Report about Transportation and Cargo in the Kingdom. 14 August 1989, p. 7.

International Airports⁷⁶

The International Airports Department in the Ministry of Defence and Aviation is responsible for supervising the implementation, operation and maintenance of international airport projects in the Kingdom. These projects include three international airports; King Abdulaziz Airport at Jeddah, King Khalid Airport at Riyadh, and new King Fahad Airport in the Eastern Region. These international airports will cater for the rapidly growing number of air passengers, projected to reach 27.5 million/year in 1993. In addition, the kingdom has 25 local airports.

Airlines

The national airline, Saudi Arabian Airlines, was established in 1945 with two small aircraft. Today Saudia Airlines has had over 154 aircraft including 30 Jumbo 747s. Saudia Airlines in 1989 carried about 12 million passengers.⁷⁷

Housing⁷⁸

The achievements realised by the housing sector up to 1990-91 had two important aspects: the supply of housing was increased, but rent cost increases were limited. Total housing constructed throughout the Kingdom since 1974/75 is estimated at 578,000 units. Of these, 414,000 were built by the private sector with the help of the Real Estate Development Fund, and 26,000 units by the Deputy Ministry of Housing. Since 1970 the government has constructed more than

76- Ministry of Planning, Achievement of the Development Plans. 1986, pp. 146-148.

77- Okaz News Paper, Report About Transportation and Cargo In The Kingdom. 14 August 1989, p. 7.

78- Saudi Arabian Monetary Agency, Annual Report, 14 August 1990, p. 5, Al Madina Newspaper.

300,000 units. In addition, the Government Housing Development Funds since 1973 has provided credits for building for more than 500,000 private housing units.

Social Care⁷⁹

The Deputy Ministry of Social Care (DMSC) provides rehabilitation and care for families and individuals needing assistance due to their physical or social circumstances. It assists them in adjusting to their condition and in overcoming some of the problems which they face. Services are provided for disabled individuals, juvenile delinquents, and the elderly. It seeks to maintain family relations, to protect children and to emphasise a constructive role for women. The subsidies provided to benevolent societies rose from US \$ 1.07 million in 1975-76 to more than US \$ 13.4 million in 1985-86.

The targeted rates of growth in real non-oil GDP was exceeded in each of the plan periods, for instance, 1980-85, 1985-90. This called for a significant adjustment in total expenditure.⁸⁰ For instance, health and social development expenditure by the government in 1989 was US \$ 2.81 billion, rising to US \$ 3.14 billion in 1990. In addition, Human Resources Development's expenditure in 1989 was US \$ 6.0 billion and in 1990 was US \$ 6.4 billion.⁸¹ However, the Saudi government realised the need for more investment in human resources, health and social development, and therefore decided to spend 1/3 of its 1990/95 expected revenue on these areas.

79- Ministry of Planning. Achievement of the Development Plan, 1986, pp. 147-151.

80- Saudi Gazette, Local News. 28 October 1989. p. 3.

81- Saudi Arabian Monetary Agency. Annual Report, 14 August 1990, Al Madina Newspaper, p. 5.

Transportation

Paved roads between cities were less than one thousand kilometers in 1969-70. Today there are 37,000 kilometers of intercity paved road and super-highways. Also, there are 73,000 kilometers of country and earth-surfaced roads.⁸² Railways increased from 540 kilometers in 1975 to 900 kilometers in 1989.⁸³

The General Presidency for Youth Welfare (GPYW)⁸⁴

GPYW was established in 1974 as the agency responsible for sports, cultural and social activities. It licenses and subsidises sports, arts clubs, specialised private organisations, and is responsible for the construction of sports facilities for sport clubs and for the public. It is responsible for encouraging athletic excellence at international sports competitions.

GPYW provides sports facilities, such as sports centres, youth camps, sports halls, public courtyards and club buildings with full equipment. It sponsors literary and poetry competitions, and awards the government Merit Prize for Literature. In 1975 there were 53 sports clubs. This rose to 154 in 1986 with a membership of 54,000.

Ministry of Information⁸⁵

The Saudi radio broadcast service started its activity from Jeddah Radio Station in 1949. Television telecast

82- Okaz News Paper, Report about Transportation and Cargo in the Kingdom. 14 August 1989, p. 7.

83- Ibid.

84- Ministry of Planning, Achievement of the Development Plans. 1982, pp. 108-153.

85- Ibid., pp. 108-153.

service started in Jeddah and Riyadh in 1965.

The Ministry of Information is responsible for all information services including, radio, television and the press. These services are a showcase of how information for the intellectual and cultural development of citizens can be disseminated while safeguarding Islamic values and conforming to the Shariaa. Radio broadcasting services cover three continents through directed programmes broadcast in eight languages.

The Ministry of Information also provides information and news to the Saudi people through a network of Radio and Television broadcasting stations and through the publication and distribution of books and other materials. The Ministry of Information initiates and undertakes information campaigns in cooperation with other government agencies covering different fields such as health, literacy, fire risks, and traffic instructions.

The Ministry of Information has seven local and three foreign information offices. In addition, the Saudi Press Agency has six foreign and three main local offices.

King Abdulaziz City for Science and Technology (KACST)⁸⁶

KACST was established by a Royal Decree in 1977 under the designation "Saudi Arabian National Centre for Science and Technology (SANCST)."

In the year 1985-86, KACST awarded 29 grants for scientific research in its seventh annual programme of research grants. The total value of these grants amounted US \$ 4.67 million. During this period, KACST also received 155 proposals for support under its eighth annual programme of research grants. The research fields of these proposals

86- Ibid., pp. 108-153.

include agriculture, industry, medicine, engineering, and manpower studies. The proposals are currently being evaluated in relation to their applicability to the Kingdom's development programmes. At the request of various government agencies, KACST also supports a number of other research projects which are national in scope and which serve the priorities of these agencies.

In the field of applied research, KACST has adopted an intensive programme for the development of solar energy applications in the Kingdom. Applied research programmes in this field have become extremely varied through international cooperation with the United States and the Federal Republic of Germany. KACST is engaged in various other programmes of national importance in this field. All such programmes are intended to assist in the general development of the solar energy technology while at the same time facilitating its use within the Kingdom. One aim of this programme is to develop the skill of the Saudi national manpower in this field.

Grain Silos and Flour Mills Organisation (GSFMO)⁸⁷

The GSFMO was established in 1972 as a base for agricultural industries. It makes a valuable contribution to agricultural and live-stock development and aims to achieve the strategic targets of food self-sufficiency. It ensures protection against fluctuations in grain prices through its storage and production capacity. The GSFMO exceeded the targets set for the Third Plan. It achieved two hundred and one per cent (201%) of the target for grain storage, one hundred and forty per cent (140%) of the target for flour storage/production, and one hundred and forty per cent (140%) of the target for animal feedstock.

Flour production amounted to 737,000 tons in 1985-86,

87- Ibid., pp. 108-153.

an increase of sixteen per cent (16%) over the previous year. The strategic stockpile covers a year's consumption. GSFMO's project allocations in the Second Development Plan totaled US \$ 716 million of which US \$ 520 million was spent. During the Third Plan a sum of US \$ 2,699 million was allocated to GSFMO, of which US \$ 2,343 million was spent. Local wheat purchases by GSFMO amounted to 2 million tons, costing US \$ 1.06 billion in 1986, an increase of forty-three per cent (43%) over the previous year.

Agriculture⁸⁸

The contribution of the agricultural sector to the Gross National Product of the Kingdom increased from US \$ 744 million in 1969-1970 to US \$ 2,248 million in 1986-87. Since 1981-82, the share of agriculture in the Gross National Product has been rising, from a mere three and two-tenths per cent (3.2%) in that year to six and seventh-tenths per cent (6.7%) in 1986-87.

The most remarkable results in the agricultural field were obtained in the production of wheat, dates, poultry, eggs and tomatoes. Wheat production rose from 26,000 tons to a spectacular 2.6 million tons. Having satisfied local demand, Saudi Arabia is now able to export a surplus of 1.4 million tons of wheat. During the last two decades the production of dates rose from 7,000 tons to 250,000 tons, some sixty per cent (60%) of home consumption. Self-sufficiency was attained in egg production with an increase from 5,000 tons to 124,000 tons. The tomato crop reached an output of 346,000 tons, to be compared with 100,000 tons seventeen years ago.

88- Saudi Gazette, Local News. 28 October 1989. p. 3.

Industry⁸⁹

In the field of industry the number of operational plants rose from 199 units in 1970 to 2,050 units in 1987. Total invested capital in this sector is now US \$ 25 billion and there are some 133,000 workers employed in the sector. The industry is producing goods with a total value of SR 25 billion per annum.

The efforts of industrialisation are focused on basic industries, especially oil and petrochemical products. Yet, numerous other products, such as foodstuffs, paper and mineral products, and electrical equipment are also manufactured. Jubail and Yanbu are the country's largest industrial centres with 108 industrial projects on stream. This will rise to a total of 148 industries in the years to come. The generating capacity of electricity grew during the period 1969-1987 at an annual average rate of twenty-eight per cent (28%), from 418 Mega-watts in 1970 to 18,000 Mega-watts in 1987. Some ninety per cent (90%) of the residents now benefit from power supplies, the number of subscribers having increased from 216,000 to 2 million.

Water Resource Development⁹⁰

During the past 15 years, water desalination stations were set up all over the country in order to meet the rising demand due to new economic and social conditions. The water desalination capacity rose from 5.12 million US gallons/day in 1979 to 500 million US gallons in 1989. Water consumption per inhabitant increased in the same period from one gallon to over 49 gallons. A most spectacular growth took place in the construction sector. Growth rates reached thirty-one per cent (31%) in 1981-82, compared with ten and nine-tenths per

89- Ibid.

90- Ibid.

cent (10.9%) in 1969-70. In 1986-87 the growth rate of this sector stood at sixteen and nine-tenths per cent (16.9%).

Health Care

The Ministry of Health provides free health services to all people living in Saudi Arabia. The health care system nowadays includes a large number of sophisticated, up-to-date hospitals. In 1987, there were 224 hospitals in the country and a further 2,258 health care centres. Hospital beds numbered 35,697 (four times more than in 1970) and the number of doctors increased fifteen fold to reach 18,048, and today there are more than 58,000 employees in the health care sector.⁹¹ In 1980 the health services expenditure was US \$ 18.5 million, and in 1990 it reached US \$ 31.4 million.⁹²

Telephones⁹³

The expansion of the telephone communication system in the Kingdom has been a stated goal of successive Development Plans. The expansion of this system has indeed been spectacular. In 1986 alone the exchange line capacity was expanded by nearly 86 thousand lines. In 1970, the total exchange line capacity in Kingdom was only 76,6000, which had increased to nearly 1.3 million by 1986, representing an average annual rate of growth of twenty-four and seventh-tenths per cent (24.7%).

Educational Enrollment

The total number of students enrolled in all educational institutions increased from 547,000 in 1969-70 about 3

91- Ibid.

92- Ibid.

93- Ministry of Planning, Achievement of the Development Plans. 1982, pp. 106-108.

million in 1991.

The number of students receiving elementary education rose from 397,000 in 1969-70 to over 1.2 million in 1990.⁹⁴

The number of students receiving intermediate and secondary education expanded from 77,000 to 15 million over the same period.⁹⁵

The number of students receiving vocational education grew from 587 in 1969-70 to 22,000 in 1990.⁹⁶

The number of students receiving technical education rose from 889 in 1969-70 to 27,000 in 1990.⁹⁷

The number of students receiving university and higher education grew from 7,000 in 1969-70 to 113,000 in 1987/88.⁹⁸

Today, there are over 1 million graduates from grammar schools, 5,000 from vocational and technical schools, 20,000 from local universities and colleges, and 12,000 from universities and colleges from abroad.⁹⁹ More than 350,000 government employees have enrolled in technical upgrade, management, and administrative courses since 1979.¹⁰⁰

Government appropriations for education increased from US \$ 15.3 million in 1969-70 to 5.4 billion in 1991.¹⁰¹ This intensive care and development of education increased both the number of students and graduates, and the educational institutions (Figure 18).

94- Statistical Book Year. 1987-88.

95- Ibid.

96- Saudi Gazette, Local News. 28 October 1989, p. 3.

97- Ibid.

98- Ibid.

99- Statistical Year Book. Year 1987-88.

100- Ibid.

101- Saudi Arabia Monetary Agency, Annual Report. August 1989.

Educational Institutions (in thousands)

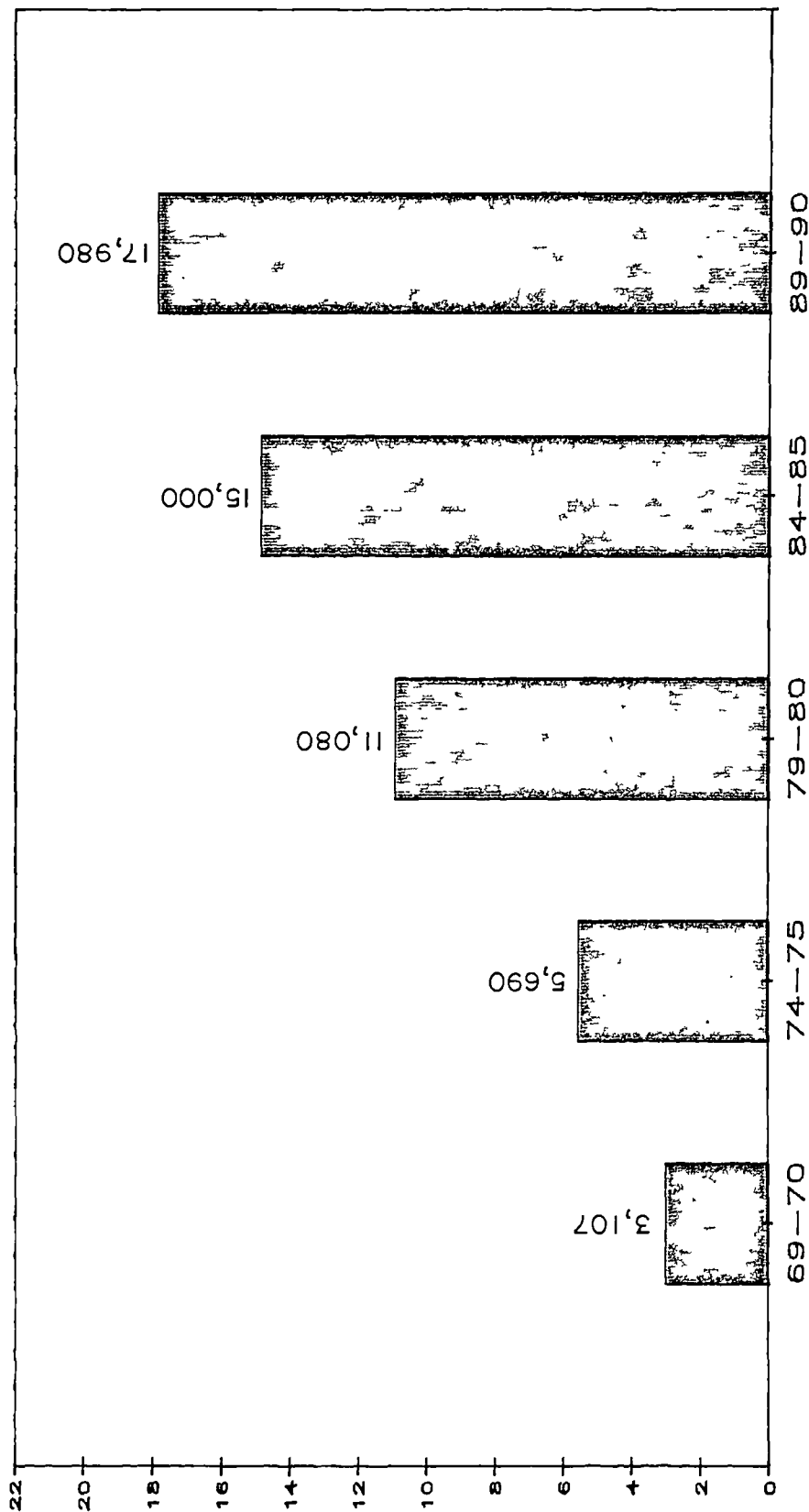


Figure 18

Sources: Ministry of Planning, Achievement of the Development Plans 1970 - 1984
p. 111, and Okaz Newspaper, Report on Schools Operating dated 24 Sep 89, p. 9.

9- The New Plan (1990/95)*102

The new development plan was begun in 1990. The strategic features of the plan are as follows:

a) A Greater role for the Private Sector

The government will no longer assume industrial activities that might be assumed by the private sector. This new policy aims to entrust the private sector with the operation, administration, and maintenance of services that are presently carried out by the government. The private sector is supposed to bring about a reduction in cost, better management, and improved employment prospects. It will be made possible for private investors to purchase shares and contribute to the management of large national companies such as SABIC (Saudi Arabian Basic Industries Corporation) and Petromin (Petroleum and Minerals Company).

b) Economic Development

In order to achieve this objective, the government stresses the development of natural resources that represent a profit investment for the near future: mineral prospecting, exploitation of the sea, extraction and industrial processing of gas.

c) Development of Human Resources and Social Welfare

Education and vocational training programmes will undergo some changes in conformity with the teachings of Shariaa, the needs of the society, and development requirements.

* It is very important to note that the Gulf crisis, August 1990, delayed the implementation of some of the programmes of this Plan.

102- Saudi Gazette, Local News. The Former Director of Public Relations, Ministry of Planning. Abdullah Derhally. October 28, 1989, p. 3.

In the field of social welfare, projects intended for children remain a priority. The scope of preventive medicine and the efficiency of disease detection are to be encouraged. The private sector will be able to take part in most of these projects.

Therefore, the government designated 35% of its Fifth 5-Year Development Plan (1990-1995) expenditure to the intensive development of its Human Resources, about US \$ 70.2 billion over five years.

d) Al Yamamah Economic Offset Project

Saudi Arabia recently has started negotiation with the British government to develop an economic project. This project is called Al-Yamamah, and is targeted to achieve a joint-venture between Saudi and British companies, mainly the British Aerospace Company. The project is concerned with construction, petrochemicals, electronics, the defense industry, and sales.

The objective of this project is to develop industry in the designated areas as joint-venture (50/50) between British and Saudi companies, big and middle-size organisations, and to sell the output of these industries both in the local market and in Middle East and Far East countries. Five companies have been established in Riyadh under this project and are expected to start the production and sale of electronic materials by 1993. Negotiations with British companies are in progress to establish a joint-venture marketing company(s) for this project's production. The initial cost of this project is about \$ 3.20 billion. The investment capital is about US \$ 20 billion, and it is assumed that it will open 70,000 job opportunities.¹⁰³

103- Al-Yamamah Projects Conference between British and Saudi Businessmen. Okaz Newspaper, the Finance and Economy. 1st June 1989, p. 10.

10- Business Development in Saudi Arabia and Some Obstacles

Privatisation

We have discussed how the private sector in Saudi Arabia has undergone development and progress. The private sector capital today represents about thirty-five per cent (35%) of the national capital. The government is looking to enroll the private sector in almost all important government projects and to provide it with the support and credits it needs to attract the private sector to share a bigger role in the Kingdom's development and progress.

The Private Sector Role's in Development¹⁰⁴

Privatisation increases economic growth, and lowers government budgetary deficits. It also promotes economic efficiency and improves the allocation of resources towards areas of higher return. In the case of Saudi Arabia, the private sector also can make a similarly important contribution to economic growth and development. This role, however, may have to be somewhat different given the particulars of Saudi Arabia's economy.

Saudi Arabia's economy is oil dependent. Saudi Arabia must compensate for oil depletion by developing alternative sources of economic output, and at the same time further diversify its economic base and exports. It is the private sector, with government support, that can most logically achieve these goals. The private sector's contribution must be to increase non-oil output and to diversify Saudi Arabia's export base.

104- Dr. Wadi Kabli. The Private Sector Role's in Development Invaluable. Saudi Gazette, Local P.2. 18th April, 1989.

The private sector during the 1970s was driven by government expenditures. Given large government expenditures and contracts, the private sector had its hands full in fulfilling government contracts, benefiting from the construction boom and basically profiting from an artificially booming economy. Rapidly rising domestic income levels fuelled imports, and stimulated trading and retailing activities. The private sector was more than pre-occupied with trading and the production of non-tradeable goods, such as housing. To a lesser extent the private sector started to produce imported substitutes, with government subsidies. But what was missing was the dawn of a competitive private sector that could produce import substitutes competitively and eventually compete in the international markets. These shortcomings of the private sector are understandable. With a booming domestic economy, there was little incentive, especially because the real exchange rate of the Saudi Riyal (currency) appreciated dramatically and as a result the production of non-tradeables became the profitable thing to do. There was little incentive to export.

During the 1980s, lower oil revenues have had implications for the private sector. The private sector, which had averaged fifteen per cent (15%) growth during the second plan (1975/ 80) and eight per cent (8%) growth during the third plan (1980/85), fell to two per cent (2%) during 1985/86 (the growth rate, however, re-increased to eighteen per cent (18%) during 1989/90). But over the years the private sector has become more competitive. It has cut costs. It has become more efficient, and is beginning to show positive growth. The focus of private sector activities during the 1980s shifted from satisfying large government contracts and the production of non-oil tradeables to a large effort in the production of import-substitutes. This effort was supported by government subsidies and somewhat higher tariffs. Still one gets the strong feeling that the private sector is hoping for another oil boom and higher government expenditures to fuel

future expansion and to increase profit margins. The private sector has still to take the next step, to compete in the world market place and to diversify the Saudi economic base and exports.

In the 1990s, the private sector ought to be so competitive and efficient that it could compete in the world market place. However, the government has re-emphasised the necessity for the private sector to participate strongly and competitively in the development of the Kingdom. It is only through this kind of development that its contribution to the Saudi economy can increase.

In the Kingdom the role of the private sector is absolutely necessary for the following reasons:

- economic and export diversification.
- economic growth.
- sufficient job opportunities for its increasingly educated citizens.

Obstacles that Privatisation Faces in Saudi Arabia

The Privatisation idea in Saudi Arabia has not been crystallised yet. Any rush towards privatisation may lead to negative results in both private and government sectors. Saudi society has special economic, social, cultural, and population systems. We must take these factors into consideration before making privatisation decisions. It is very early to rush towards privatisation in Saudi Arabia. There are many obstacles facing the private sector such as:¹⁰⁵

- * Lack of qualified management and technicians.

105- Dr. Nawal Al-Qabalan. A Survey and Meetings About Privatisation Conducted By Al-Yamamah Magazine, 31st May, 1989, pp. 16-20

- * Lack of good feasibility studies and data on investment opportunities.
- * Private sector activities so far are a reflection of the public activities, for example, construction and services contracts.
- * The Saudi Arabian population is not high enough to justify the involvement of the private sector in many services such as providing electricity to small villages with a very small population.
- * The educational system in Saudi Arabia does not provide enough qualified young Saudis.

Privatisation must not be seen as transferring government cooperation to the private sector. The objectives of privatisation are:¹⁰⁶

- a) to improve production efficiency,
- b) to achieve more investment opportunities,
- c) and to increase the growth of domestic production and income.

Therefore, competition, qualified personnel, good management practices, good policies and work methods, effective government policy and procedures, and active and free money markets and supply are very important to achieve those objectives. The Kingdom is not ready yet to rush towards privatisation, it has to be done gradually. Furthermore, the private sector does not encourage Saudi labour to join either because they lack sufficient qualifications or because the foreign labour costs less. To make privatisation successful, Saudi labour must join the private sector workforce (see Chapter II, Workforce). This

106- Dr. Naser Al-Qaoud. Ibid.

) will reduce unemployment and improve the Saudi labour income and experience. However, the government must develop a policy and a strategy to achieve effective and efficient saudisation (saudiising the workforce) if it hopes to make a balance in the market manpower supply and demand. The Saudi private sector's most important concern is the projects that provide a quick and high return. It does not undertake industrial projects with long range investment such as production of heavy equipment and engines. Therefore, the government took the responsibility of these heavy industries. However, when the government recruited Saudi labour for these industries it did not make a strong effort to select the most qualified personnel. Today if the private sector is to take over these industries, their present workforce has to be changed, trained or re-trained, or re-positioned. It is quite costly for the private sector to run those industries without the governments establishing a new strategy and support to guarantee effective and efficient Saudi manpower in those industries.

) Privatisation in Saudi Arabia cannot be successful without developing an investment and business data base. We lack information about both future national projects and present government industrial corporations. In addition, analysis of the present government industrial cooperation may result in the need to develop their systems, manpower, strategies, and policies to make them profitable and competent, rather than selling them to the private sector.¹⁰⁷

107- Wahhib Bin Zager. Ibid.

The Needs of Successful Privatisation

In addition to the workforce problems facing Saudi Arabia today and maybe for the 2000s, the following points were also discussed at the Saudi Businessmen's conference in 1989.¹⁰⁸

The fourth Saudi Businessmen's Conference that took place in Jeddah between 29 - 31 May 1989 was significant in that it coincided with the onset of the Fifth Five-Year National Development Plan (1990-1995). Attendance by the cream of the Kingdom's business community, public officials, economists and academics was at an all-time high.

Among the many issues of the conference was the satellite linkup with London to announce the launch of two projects under the Al-Yamamah Economic Development Project. The deliberations also covered some of the issues which were not discussed in the Dammam conference held in 1983, Riyadh in 1985, and Abha in 1987. A group of 57 British businessmen, officials of Arab and Islamic federations and councils, and commercial counsellors of a number of countries, attended the meeting.

For the first time, many questions hitherto unanswered were raised, and frank replies were given in a genuinely creative and congenial atmosphere. To most of the young entrepreneurs and first-time participants, the conference provided a forum of on-going dialogue for a productive, prosperous, and well planned tomorrow.

In brief, the participants resolved to improve the structure of the private sector, increase its role in the development of the national workforce, promote local and

108- The Businessmen Fourth Conference, Jeddah 29-31 May 1989. Al-Yamamah, Okaz, Iqraa and Saudi Gazette New. 31 May, 1st and 2nd, and 7th June 1989.

foreign investment, and privatise public sector establishments. Recommendations under the four resolutions were equally wide-ranging. They included the amalgamation of small and medium-sized businesses, the expansion of joint stock companies, the creation of specialised marketing companies, the institution of medium and long-term credits for projects with feasibility studies, investment as well as incentives for internal tourism, the setting up of national insurance companies, and support for local advertising agencies to ensure their share in the international market.

The participants agreed that improved support for the private sector was vital. As for redefining the role of the private sector so as to absorb the national workforce, it was stressed that the educational policy and technical vocational and secondary education should meet the qualitative demand for manpower. Intensive on-the-job training was emphasised. The Chamber of Commerce and Industry was asked to update their training programmes. National concerns were asked to come out with their own plans for workforce development. Labour and population studies, compilation statistics, and facts and figures were sought. Local companies were urged to provide jobs for Saudis and arrange for their training and education.

The third resolution, involving increased private sector participation in local investments so as to diversify the Kingdom's production base, urged participants to create an advanced financial market with a view to attracting more savings and deposits, both from individuals and business houses, and banks. The setting up of specialised financial institutions to link the Kingdom's banking system with the financial market, and the creation of a stock market were recommended. Investment of surpluses with private and financial sectors, not only in the Kingdom but also in the Arabian Gulf, was envisaged. In this respect, the need for relevant data on local investment opportunities was

underscored. Tax exemptions for fuller participation in the investment activity were desired. The establishment of free zones for attracting international capital and also for the transfer of technology was discussed. The free zones are to be duty free, with no tax or customs duties, and to be secured against political interference or interruption. In this regard, businessmen were asked to participate in the economic development programmes.

Privatisation, the fourth resolution, was the subject that attracted the attention of all participants. It was recommended that a planning body assess the situation and sets priorities for privatisation. Joint stock companies were suggested as the model to achieve the ends of a step-by-step move in this direction. A thorough study of the investment market and an equally thorough evaluation of the same was urged. Participants desired that both the officials and private sector should cooperate and coordinate in locating what could be transferred profitably to the private sector, and deciding which of the projects should be taken on a priority basis. Linked with this aspect of transfer was the suggestion that employees of such projects should be encouraged to purchase the respective shares.

Panels, discussing the Saudi workforce issue, were unanimous in their opinion that it was essential that all positions should be manned by Saudi citizens. The officials noted that, of late, the private sector was concentrating on citizens more than ever before.

The pertinent question was how efficiently and profitably public sector projects could be transferred to the private sector. It was noted that there was a need for privatisation and that the government was ready to adopt such policies that would facilitate the transfer. Businessmen were assured that privatisation was part and parcel of the Kingdom's plans and policies. Businessmen indicated that Saudia (Saudi Arabian

Airlines Company), Petromin and Saudi Telecom, among other public sector projects, were suitable for transfer. Panelists were unanimous in their view that profitability alone was the best judge. In their opinion, profitability and efficiency go together and that this very equation will greatly contribute to keeping costs competitive.

It was pointed out that privatisation depended specifically on the private sector's financial, administrative and organisational potential. Officials rightly pointed out that the infrastructure already provided by the government was sufficient for profitable and efficient utilisation by the private sector. Most officials, however, said the private sector's role was not up to expectations. They said a desirable business atmosphere already existed and that more facilities were in the pipeline.

The creation of free zones in different parts of the Kingdom, stock markets, specialised financial institutions, and insurance companies was urged. The officials disclosed that the establishment of all these entities was under active consideration. They asked businessmen to open more joint stock companies and investment houses. As regards the amalgamation of smaller and medium size units, a few businessmen were of the view that it could lead to near-monopoly situations. Steps to forestall the cover-up in trade practices were urged. The officials said a law would be soon introduced, and fines and penalties would be imposed on violators.

The conference also discussed the deposits of Saudis abroad. Bankers said there was no way to influence depositors to bring back their capital. The simplification of the legal framework for the private sector was urged. In the businessmen's view, performance would improve with such simplification. Others suggested minor adjustments in order to boost performance. Interesting facts and figures were disclosed

during the deliberations. For example, SABIC will reduce the prices of its products for local manufacturers. It will also buy most of its requirements from the local market. Some businessmen, while acknowledging the step, said this would mean savings of ten per cent to twenty per cent (10-20%). SABIC's combined fertilizer unit, with a production capacity of 1.2 million tons of urea, will start production by the first quarter of 1990. SABIC's Jubail Steel Complex's expansion will be completed in two years' time. The naphtha cracking units at Jubail and Yanbu will start production by the year end.

Other points of interest:

- Participants were assured that if public stock companies were found to be economically viable, they would be permitted.
- One official announced that some Saudi companies engaged in contracting have now moved over to maintenance work.
- The Kingdom will have its first missile engineering facility and aluminum smelting project as a result of the launch of the Al-Yamamah Economic Offset Programme, an offshoot of the Al-Yamamah Project.
- The liquidity of Saudi Arabian banks was much better than in the past. Bankers said that recession had been overcome, and that the number of credit recipients and the amount of credits had been on the increase for quite some time.
- Sixty per cent (60%) of the major economic activity was managed by the public sector; the private sector's establishments were large under individual ownership rather than being joint stock companies.
- Partnership companies constitute around one per cent (1%) of the total, but they have one-third

of the total capital wealth.

- The government plans to set up a higher council for internal tourism.
- A project is under way to combat dumping. As for commercial fraud and counterfeit and fake products on the market, the private sector will have the full support from the government to overcome this.

Stock Market

It sounds as though the government wishes to get the private sector enrolled in its economic activities and investment, but only under its rules and limitations. For instance, although the Businessmen's Fourth Conference strongly recommended the establishment of a local stock market, and many of the government officials agreed, the Minister of Finance and Economy has been trying to avoid this recommendation.

Minister of Finance and National Economy Muhammad Aba Al-Khail used the word "Harraj" - the local equivalent of auction to describe the stock exchange, also known as the bourse. It is precisely the word that adequately defines the meaning of stock exchange. The minister has the right to hold his opinion against establishment of a stock market in the country. He may have his own reasons for caution. The main concern may be the desire to protect small shareholders against adventurous speculators. But the stock market is not confined to buying and selling stocks. It is also a place where all kinds of bonds issued by governments and companies are exchanged. The stock exchange is known to promote the growth of large financial firms. So long as privatisation is the objective, laying down rules for a stock exchange would facilitate the growth of the private sector.

What alternative to the stock market is there in our country after joint stock companies have grown in number and the exchange of stock has become a normal practice. The alternative cannot be restricting stock exchange to banks as it is the case now. Some bankers may use that in their own interest. In fact, a lot is being said about an odd routine and the lengthy time involved in the process of transferring stocks from the seller to the buyer.

In the past, the procedure was completed quickly at the company's premises by recording the transaction in its ledger in the presence of the two parties. Wahib Binzagr, a renowned businessmen, believes the stock exchange does not mean the place

where the stocks are offered for sale. It means the method and the rules that systematise the process of exchanging stocks and their transfer from one person to another under due protection of law. The absence of a place with the name "stock exchange" written on its front door does not mean that no stock exchange may be created. According to Binzagr, a stock exchange can be formed at any place where the buyer and seller meet. Names and buildings are not essential.

What we really need is not the place but rather the rules that make the exchange free of difficulties and exploitation.¹⁰⁹

Saudi Investments Abroad

The private sector has invested over US \$ 50 billion abroad. In addition, the Kingdom's commercial banks also have invested over US \$ 140 billion abroad.¹¹⁰ Also, the government has had investment abroad for more than US \$ 80 billion.¹¹¹ Such investment may provide profits to the investors, but some effects on the national economy are:

1. a lack of investment in local market and a waste of opportunities for growth,
2. it delays privatisation, and government expenditures stay high,
3. the money invested abroad is under more risk, as in the crash of a stock market, than if it is invested locally in the Kingdom.

Between 1985 and 1989 businessmen reinvested US \$ 16 billion locally.¹¹² The return on these investments will accelerate the Kingdom's development process in terms of setting up productive industrial projects which will serve

109- Mohammed Omar Al-Amudi, Stock Exchange, Saudi Gazette. 1st November 1989, p. 4.

110- Okaz Newspaper, The Financial And Economy Page. 23 July 1989, p. 9.

111- Al-Yamamah Magazine. A Report about Industrialisation at the Kingdom. 16 June 1989, p. 21.

112- Ibid.

the interests of investors and citizens.

However, there are obstacles facing the investment in the Kingdom. Some obstacles are:¹¹³

1. Investment in Saudi Arabia is limited to just a few projects and businesses.
2. Revenue from investments in the Kingdom is less than from abroad.
3. The market in the Kingdom is small and does not attract high investment.
4. Production and manufacturing in the Kingdom are expensive due to the lack of local qualified manpower, high manpower cost, and the expense or unavailability of raw material.
5. Saudi businessmen lack good investment experience.
6. Lack of accurate local market and economic data and feasibility studies.
7. Lack of specialised and qualified investment companies.
8. Lack of an efficient investment policy and control system.

113. Dr, Wadi Kabli. Money Invested Abroad Must Encouraged to Return To the Kingdom. Al-Yamamah Magazine, 31st May, 1989.

Future Business in Saudi Arabia¹¹⁴

The growth and development in Saudi Arabia during the first 4 Five-Year Development Plans (1970 through 1989) is nothing short of phenomenal, but this does not mean that it is now easy to conduct business in the country. There are many key issues that must be recognised and dealt with by business in the near future. A partial list is as follows:

- o There are likely to be surprises politically in Saudi Arabia, but the overall political risk will remain relatively unchanged.
- o Companies involved directly or indirectly with government contracts are likely to continue to suffer payment delays, but there is no risk of default.
- o The Saudi economy will become more protectionist.
- o There will be increasing pressure from the government to reduce the numbers of foreigners in the Kingdom and to increase the employment of Saudis.
- o There will be a growing need for careful and subtle public affairs programmes by major international companies.
- o There will be a strong demand, or insistence, to offset investment in the Kingdom by companies bidding for major defense and capital equipment contracts.
- o The relationship between the government bureaucracy and the private and semi-government will become more difficult, with demands for the increased use of Arabic in government business and more detailed controls of foreign business.

114- T.S. Eliot. The Middle East Corporate Survival And Growth To The 1990s. Business International S.A. Geneva, Switzerland. 1985, pp. 110-112.

Trading opportunities exist in Saudi Arabia in sustaining operating and maintenance contracts, in environmental control technologies, in defense and security equipment (though it must be recalled that most defense deals "are made in heaven" at a high political level), and in manpower training and general educational development. They also exist in medical equipment, health care products and pharmaceutical, foodstuffs, and consumer durables and consumer electronics, though the latter market tends to be saturated at present. It is essential to have a Saudi partner.

Substantial opportunities exist for licensing technology and selling know-how, especially in petroleum, gas and petrochemicals, and related industries. Opportunities also exist in solar energy research and desalination technology, though Saudi Arabia has probably as high a level of practical desalination experience as any country in the world. The same could be said of telecommunications. Young telecommunications engineers are happy to work in the Kingdom, because they find themselves in the forefront of technology. Clearly, a reliable Saudi partner is essential.¹¹⁵ Foreign investment in Saudi Arabia is being discouraged in low technology and general service applications, but encouraged for high technology applications. It is essential to have a Saudi joint investor.¹¹⁶

There is no practical alternative for foreign companies wishing to do serious business in Saudi Arabia except to establish a permanent presence in the Kingdom. The costs of establishing such a presence are coming down, but the difficulties in getting family visas are tending to become

115- T.S. Eliot. The Middle East Corporate Survival And Growth To The 1990s. Business International S.A. Geneva, Switzerland. 1985, pp. 110-112.

116- Ibid.

greater.¹¹⁷

Perhaps one of the best ways to get a "feeling" about the business environment in Saudi Arabia is to read some of what been said. The following are some excerpts from comments made by executives doing business in Saudi Arabia:¹¹⁸

We expect some major changes at the top of our political leadership within the next few years. These changes may make world headlines, but they will not affect either the Saudi business climate or our willingness, rather, our need, to sell our oil.

- A French Businessman

We have committed several hundred million dollars to back up our belief in the future of Saudi Arabia.

- A Senior Executive of Major US Oil Company

I have enormous personal faith in the future of Saudi Arabia, but I must confess to be having great difficulty convincing my board of directors at home of the long-term potential of this market.

- An European Managing Director of a High Technology Joint-venture Construction Company.

How can the Saudis expect foreign companies to invest in the Kingdom when they the Saudis have difficulty in persuading their own people to invest at home?

- A Senior Executive of a US Company with major interest in the Kingdom.

We had an offset requirement in Korea. The component manufactured there was of such a high quality and produced at

117- Burnt Norton. The Middle East Corporate Survival And Growth To The 1990s. Business International, Geneva, Switzerland. 1985, pp. 110-112.

118- Ibid.

so low a cost that we decided to set up a complete manufacturing operation in Korea. I cannot see us doing that in Saudi Arabia for a few years yet.

- An Executive Vice President of a major US Co.

The government remains the motor of the economy, and it is nonsense to think that the private sector could ever match it. The first instinct of the private sector is profit, the second is survival. And to survive without losing their profits, many private sector Saudi businessmen invest their money outside the Kingdom. If the Saudi government really wants to mobilise the Saudi private sector, it has got to get the money moving in the domestic economy. Maybe the government would be better advised to introduce taxation or exchange controls or eliminate subsidies to keep the money in the country and to encourage local investment and encourage people to earn money in the country.

- An European Banker

In a large country like Saudi Arabia, a logical next step is to encourage development and stimulate business in the smaller centres away from the three major cities (Jeddah, Riyadh, and Dammam). But for the Saudi government, this is a minefield. There is a real fear in the Kingdom that if the government gives too much economic power to the remoter areas of the country, such a move would encourage tribalism. The government has spent the last 20 years or so trying to stamp out tribalism and has no wish to encourage its reemergence.

- An European Manager in Saudi Arabia

Saudi Arabia is our biggest market in the Middle East, and we are nervous of longer-term political trends. We hear rumbles from discontented technocrats, we hear stories from Saudis about likely succession difficulties, we are told that the Shiaa* of Qatif are still very unhappy. We consider the risk, and then we forget it, as there is nothing that we can do about it.

- An Executive Vice President of US Multinational

* Shiaas of Qatif are a support group close to Iran's government. They represent the opposite of the Sunaa. The majority of Saudis are Sunaa (Sunaa and Shiaas are Muslim groups with different and conflicting beliefs).

If the Saudis do decide to build an industry behind permanent high-tariff protective barriers, this industry will be high cost and inefficient and unlikely to attract most foreign investors.

- A Prominent International Banker

This country is fine for an achievement-oriented executive but terrible for his wife and quite impossible for his teenage children.

- An European Executive in Saudi Arabia

SUMMARY

Since 1970 Saudi Arabia has been working on a series of intensive development programmes. The main goal of the programmes is to provide for the economic and social well-being of the Saudi people without affecting the Islamic and social culture. To accomplish this development the Kingdom has established Five Year Plans to achieve its goals. The plans will extend up to the year 2000.

The major goals of the first four Five-Year Plans, between 1970-1990, were mainly to develop the infrastructure and economy, particularly industrial, export, and gross domestic production (GDP). The Government spent over \$ 500 billion on these development goals. Oil revenue was the major source of income, averaging nearly ninety per cent (90%); with GDP development and the increase in other revenue sources, it now represents about sixty per cent (60%) of total GDP revenues. The government has also encouraged the private and share-holding sectors. They have provided investment credit, both long and short-term, without interest. Between 1970 and 1990, the investment credits reached a high of \$ 64 billion. The supply of money also increased about seventy times. Currency in circulation, and the banking business, grew at an average annual rate of twenty-five per cent (25%). Today the Kingdom has two major industrial complexes, many joint-venture corporations, and many other different industries in food, fertilizer, gas, polymer, and plastics. In addition to industries, there has been a huge development in the agricultural sector.

The development of Saudi Arabia has extended to almost all aspects of life, including: public works, housing, roads, ports, social care, health care, education, transportation, communication, and the general standard of living. The Saudi government has realised the need to develop further its national human resources. Therefore the current plan for 1990-1995 has given more attention to social development,

including education, training, health, culture and social welfare.

Saudi Arabia developed its infrastructure so fast that it now needs to slow down a little and shift the development emphasis. There is a great need to develop Saudi national manpower and work with the younger generation so that they can become confident in handling industrial and technological advances. The private sector, which represents forty per cent (40%) of the GDP and more than sixty per cent (60%) of the workforce, has not adequately shared in the responsibility of developing the society and communities. Nearly eighty-five per cent (85%) of the private sector workforce is comprised of foreigners, and as yet the private sector has not played a vital role in developing Saudis to join the workforce.

The government is trying to implement privatisation in many of its productive sectors, such as basic industries and transportation, but there are obstacles. Some of the major obstacles are government control, cultural effects, the Kingdom's small population, inadequate educational and vocational systems, lack of sound feasibility studies and data, and a lack of qualified managers and technicians. Many of these obstacles have created the need to invest abroad. The private sector's overseas investment is now over \$ 140 billion. The market in Saudi Arabia is still too small or inadequate to accommodate so many economic projects and such huge investment.

In spite of many problems, there are many advantages in investing in Saudi Arabia. There is political stability, no risk of default on payments, and more opportunities in smaller communities (villages) that have not yet developed sufficiently. Saudi Arabia needs to improve its business, government organisations, and management and leadership, as well as to develop and qualify Saudi manpower. It also needs to reduce the high cost of inefficiency, and reduce the government control bureaucracy.

CHAPTER IV
REVIEW OF LITERATURE

IV. REVIEW OF LITERATURE

Introduction

The objective of this chapter is to review the major Saudi and international literature about Saudi Arabian management and organisations in both the public and private sectors. This review only covers the years 1960 to 1991, and is divided into two sections: 1960-1971 and 1971-1991. The private sector will be excluded from the first section because there were no published studies during the period that related to the objectives of this dissertation. In addition, this chapter will review some of the comparative management literature and cross cultural studies concerning the Arab countries, including Saudi Arabia.

Since 1971 major industrial development and modernisation have been taking place in Saudi Arabia as was demonstrated in the previous chapter. There is a need to review the literature published prior to that year to see how much the characteristics and context of management and organisations in the country have changed, but very few investigations of the subject area exist.

The most intensive study available was done by Dr. Ibrahim Al-Awaji in 1971*.

* In it he surveyed and interviewed 271 top officials, who represented nine per cent (9%) of the total senior officials at that time. This investigation also covered 19 central "headquarters" organisations, that represented sixty-three per cent (63%) of the Saudi central organisations in 1970. Dr. Al-Awaji's work also discussed findings of the few local studies published between 1962 to 1969. These included the Ford Foundation team who surveyed some public organisations in Saudi Arabia in 1965 for the purpose of reorganisation.

I. MANAGEMENT CHARACTERISTICS AND ORGANISATIONAL CONTEXT BEFORE 1971

A- MANAGEMENT CHARACTERISTICS IN THE PUBLIC SECTOR

Senior officials and top management in the public sector generally did not possess a high level of formal education. Yet it was usually adequate to handle the simple assignments demanded of them at that time.¹ Most of these officials were either relatives of the Royal family, or from well-established families or tribes.

Prior to the development of the present bureaucratic structure, top administrators were hand-picked individuals chosen on their personal connection with and loyalty to the King and his aides. Even though some of them may have come originally from a rural or tribal background, they had, before entering the service, lived in an urban community where they received a certain degree of education sufficient for handling their simple assignments at that time. Consequently, the government service was almost exclusively dominated by a small group of influential officials. However, the expansion of the bureaucracy and the increase of the educational output within certain social groups have resulted in a new element in the top echelon of the bureaucracy. Hence, while previously the criterion was personal connection with the centre of political power, now the trend has become a combination of that and of certain educational attainments. Nevertheless, because the sons and associates of members of the traditional officialdom are privileged and hence, are relatively more educated than the bulk of the social structure, they have become the centre of the bureaucratic leadership.²

The ages of senior officials in that period varied from 32 to 59, depending on their organisational level. Many of them were young employees; the average age was 35. This was due to the fast expansion of government organisations between 1961 and 1971, and to the shortage of Saudi labour.³

¹- Al-Awaji, Ibrahim. *Bureaucracy and Society in Saudi Arabia*. (Ph.D. Thesis) University of Virginia, USA., 1971, p. 169.

²- Ibid., pp. 169-170.

³- Ibid., p. 171.

Middle and top management in the public sector were influenced by their perceptions of how the society expected them to behave in their relationships with their families, relatives, and intimate groups. This influence affected the definition of their roles, management practices, formal rules, informal relations, job satisfaction.⁴

Below is a summary of Dr. Al-Awaji's major findings:⁵

1. Government employees generally served their personal-interest, even at the expense of the interests of the public.
2. Government jobs, especially management positions, enjoyed privileges because the individuals who held them were highly respected by the public. Citizens also feared public officials and administrators, and that played a role in their manifestations of respect.
3. Favouring a relative was a recognised social duty, and officials were expected to comply with relatives' requests.
4. Obligations to families, relatives, and friends were stronger than obligations to organisations. Officials, therefore, might alter their decisions if these conflicted with their personal interests.
5. Job dissatisfaction was high among middle management, especially the young, because of the general discontent with the total administrative environment and practices. Dissatisfaction was high due to the dual moral standards they encountered in their daily activities, ambitions they could not fulfill in their careers, and boredom because of the routine nature of their jobs.
6. Generally, the prevailing attitude among Saudi management towards formal rules was informal and

⁴- Ibid., p. 180.

⁵- Ibid., pp. 181-204.

normative. For instance, the interaction between a superior and a subordinate followed the traditional Arab pattern of the father-son relationship. This attitude, characterised almost without exception by the submission of the subordinate to the will of the superior. It was applied in the informal direct contacts with employees in other divisions, especially if those contacts would benefit the employee in some aspect of his job.

Decisions were often made based on informal contacts rather than on a formal decision-making process. Yet internal regulations designed to control the organisation's activities were considered of high importance. Rules, for instance, were considered essential because they could be a safeguard against corruption. In other words, a formal appreciation for rules and regulations existed, but an informal attitude for making decisions or contacting subordinates from other divisions usually took precedence.

7. Because of the development in the educational system in Saudi Arabia on the one hand, and the lack of development in the private sector on the other, government jobs became the most favoured type of employment among Saudis. This was recognised by the leadership and resulted in overstaffing in most government organisations, particularly in administrative areas. The situation was characterised by layers of routine jobs and superfluous bureaucratic activities. This made administrative development more difficult especially in procedures, planning and supervision, that in turn caused dysfunctions in the efficiency and effectiveness of public administration. All this, besides, was compounded by the lack of qualified personnel and the absence of a system of comprehensive planning.

B- ORGANISATION CHARACTERISTICS AND CONTEXT BEFORE 1971

Very few, limited, investigations examined Saudi Arabian organisations without looking in depth into organisational context, structure, strategy, and problems of development. The Institute of Public Administration (established late in 1961) has done some work in this area, but mainly to resolve specific problems or evaluate certain limited parts of some government organisations. The Institute's studies do not give a full picture of most government organisations. The former Arabian American Oil Company, now Saudi-ARAMCO, has also published a few articles about Saudi organisation, but they provided only a broad overview mainly for public relations purposes. So, the study conducted by Dr. Al-Awaji will again be referred to because it is the most detailed and comprehensive for that period.

1- Cultural Environment Impact on Government Organisation⁶

1.1 Overlapping

Divisions within Saudi government organisations overlapped in their personnel and financial policies. Administrative regulations also overlapped, though there was some development.

1.2 Centralisation

Administrative activities in government organisations developed and became a complex, sizeable, central structure after 1950. The centralisation of authority was in the hands of a few top officials situated in Riyadh or Jeddah and extended through the whole country. An agency in another province, for example, could not promote one of its employees to a middle management level or approve a business travel request without

⁶- Al-Awaji, Ibrahim. 1971, pp. 206-230.

going through the central authority.

The relation between ministries and other central organisations and field agencies is generally characterised by an excessive centralisation of authority, except in situations where the personality factor is involved. In both personnel and financial matters, little authority is delegated to the people at the local level. Consequently, by and large, decisions in minor issues (i.e., appointing an out-cadre employee or purchasing parts for a broken machine, and so on) may usually await approvals from central agencies for weeks or months, and in some cases a year, due to the difficulties in transportation and communication and/or the complicated and slow procedures at the central administration. Not only does such a system result in a delay of the activities in the field, but also in unjustifiable amounts of routine work at the central levels. People travel hundreds of miles from their localities to the capital to follow up routine issues. This is manifested by the familiar scenes of crowds at the doors and desks of the administrators in the central agencies. The negative effect of such centralisation on bureaucratic performance is realised by many officials.⁷

To illustrate the excessive centralisation, a person could bypass the governor of his province and report directly to the Minister of the Interior, who is the superior of the governor. Sometimes a report could be given directly to the King.⁸ People tended to bypass officials who had direct supervision or input, but not final approval, to get their transactions done quickly.

All transactions must receive the approval and signature of at least three to four administrative officers, in addition to several other signatures of routine auditors. It appears that the concept of accountability is not known or else ignored.⁹

Furthermore, Dr. Al-Awaji found that the problems caused by centralisation were compounded by a lack of

⁷- Ibid., p. 208.

⁸- Ibid., p. 209.

⁹- Ibid., p. 210.

delegation of authority.¹⁰

1.3 Lack of Qualified Personnel

The lack of qualified, trained personnel at all levels was, and still is, a problem in Saudi Arabia. Only a few employees in government organisations were professionally qualified, and that caused frequent recruiting of other nationalities. To combat this problem the Saudi government established the Institute of Public Administration (IPA) in 1961 to improve its personnel at all levels. The IPA was supposed to cover the training needs of the 1970s. Overall, the training provided was not sufficient, particularly for lower level public employees.¹¹

1.4 Over-staffing

The public sector, even today, is considered the preferred employment by Saudi nationals.

As a result of developments in the educational system, a new kind of unemployment problem is in the making. Not only is the increase in the number of educated people not paralleled by similar increase in employment opportunities outside government agencies, but also a government job itself is highly desirable to young graduates because it is a promising channel for higher social mobility and economic well-being. Furthermore, within the bureaucratic context, top officials competitively try to augment their power position by increasing the number of their subordinates regardless of the actual needs of their tasks. The growing complexity of bureaucratic activities provides officials with ready rationalisation for the proliferation of divisions and departments as a means to provide new public services for which the demand is widely expressed. Because the prevalence of such attitudes is supplemented by the lack of any substantial improvement in the quantity and quality of the economic activities of the private sector, a government job has become the main target for the unemployed.¹²

¹⁰- Ibid., p. 212.

¹¹- Ibid., p. 219.

¹²- Ibid., p. 221.

1.5 Lack of Organisation Manuals

Clear definitions of the duties of employees in the government sector were not available.¹³ Later in 1970 the Institute of Public Administration, together with the Civil Service Bureau, developed some organisational manuals for a few organisations, but they were not updated nor did they cover most duties and functions. Even those who had organisation manuals between 1965-1970 complained that they were ineffective, or not comprehensive. This problem caused inconsistency between job titles and the nature of responsibilities, and irrelevancy to the activities.¹⁴

2- The Impact of Cultural Environment on Government Employees' Behaviour

2.1 The Immateriality of Time

Over-staffing and a low value placed on time created an environment where many government employees did not work hard, and were not punctual. They exhibited high absenteeism, and wasted time mainly in personal relationships and personal activities during working hours. There was no adequate motivation to induce employees to modify their ineffective utilisation of time. There was also insufficient internal supervision within the organisations.¹⁵

2.2 The Personality Factor and Administrative Behaviour

The senior family member's personality, that is, the father's, is the single most influential factor in developing an individual's behaviour and personality in Saudi Arabia. So, the behaviour of an organisation's members revolves around the personality of their superiors; they behave in a normative way.

¹³- Ibid., p. 213.

¹⁴- Ibid., p. 216.

¹⁵- Ibid., pp. 223-224.

Personality is a central factor in the dynamics of the administrative behaviour in Saudi Arabia. In essence, this originated in the family structure where things are determined by, and revolve around, the personality of the father, who is the superior head of the organisation. With the development of a formal administrative bureaucracy, such a normative pattern has been embodied into its behaviour as a basic element. Consequently, the activities of an organisation usually revolve around one or few personalities. Hence, the development of the centralised patterns can be attributed to the influence of the role of personality in the social structure. But on the other hand, centralisation of the authority in few hands has, in turn, reinforced and institutionalised the personality pattern. Thus, certain personalities in the organisation become the centre of a mixture of official and social (clique) activities inside and outside the organisation itself. As a result, like the son-father relationship, an individual's initiative, earning, organisational and social status, and career advancement depend, to a large extent, on his association with his superiors.¹⁶

2.3 Formalism

Government employees in Saudi Arabia were very formal in applying laws, regulations and standards, but only when this coincided with their interest. Also, formality was strictly applied when it would change the situation to the better in an official's personal interest. However, there was a great discrepancy between formal rules and actual practices related to promotions and recruitment.¹⁷

2.4 Social Relations

Social relations were, and still are, deeply reflected in the behaviour of government employees'. Objective considerations were, and still are, of a secondary importance in determining the selection of employees and in assuring the necessary cooperation

¹⁶- Ibid., pp. 225-226.

¹⁷- Ibid., pp. 226-227.

within the organisation.¹⁸

It is common to see many friends and relatives of top officials working in their ministries, departments, or divisions. Therefore, identification of public offices with the private properties of officials heading them is subconsciously accepted. Hence, official and social obligations and motivations interlace in shaping the administrative behaviour.

Another commonplace phenomenon is that one or two personalities attract a social clique composed of relatives and friends, many of whom may work in the same organisation. A clique's activities may extend to friends, many of whom may work in the same organisation. A clique's activities may extend from personal interaction and cooperation in the inter or intra-departmental arena to social gatherings in the evening mainly to play cards, gossip, and exchange views on different personal and official problems.

The extent to which social connections interplay with official behaviour is also reflected in the extent of cooperation among colleagues. Personal relationship based on either social or regional grounds is more likely to motivate strong collegueship and esprit de corps among employees.¹⁹

2.5 Nepotism and Favouritism

Nepotism and personal favouritism are considered by officials as a social duty, and they feel they should serve the interests of their relatives; these are the most important factors in employee selection. Favouritism and personal connections (called "Wasttah" in Arabic, and involving either the official himself or seeking favourable decisions through one of his favoured persons) were, and remain, a normative and dynamic force in the daily activities of government officials.²⁰

II. MANAGEMENT CHARACTERISTICS AND ORGANISATION CONTEXT SINCE 1971

The following section presents the major characteristics

¹⁸- Ibid., p. 228.

¹⁹- Ibid., pp. 229-230.

²⁰- Ibid., pp. 231-233.

and context of both private and government sectors since 1971. There is not much to say about the Saudi private sector except perhaps some additions to what was presented in Chapter III.

Research in this area is scanty, but some minor studies have covered small samples of senior executives or a single firm or corporation in the sector. These investigations did not survey all the important functions and skills of management. In addition, no studies that compared the private sector's management and organisations with the government sector exist. Neither do any that compare Saudi management practices with those of other nationalities working in the Kingdom.

The research at hand works towards ameliorating this situation by examining both private and government organisations, and particularly those that have a direct impact on business or industry. Attention will be given in this study to comparisons between Saudi management and Westerners who work in the Kingdom.

A- MANAGEMENT CHARACTERISTICS SINCE 1971

1- Management Characteristics in the Government Sector Since 1971

1.1 Nepotism, Favouritism and Collectivism

Though Saudi Arabia has undergone intensive development in the field of management, nepotism has remained a strong characteristic. An official's main concern at work is often the desire to take care of his interests, his family, and his friends. He is expected to provide them with benefits and services through the privileges of his position. A high sense of collectivism (dependency) is respected and supported by many officials; this comes from the societal traditions and

norms.²¹

Furthermore, favouritism and personal connections (wasttah) play a strong role in Saudi society and business. Saudi officials are influenced by this trend and spend much of their time dealing with it.²²

1.2 The Open Door Policy and Hospitality

Saudi managers consider hospitality, and that means welcoming any visitor to their office, whenever, a very important and dynamic practice. This policy could be an effective management tool if conducted according to a timetable, particularly in dealing with subordinates. Yet, it is unrestricted and wastes considerable amounts of time. Lengthy social interaction also occurs at meetings, both with people from the company as well as guests. These activities, that are expected by Saudi managers and considered part of good manners, are viewed as positive and beneficial, and so remain a strong characteristic of Saudi management.²³

1.3 Loyalty

Saudi public sector managers put loyalty above performance. A relationship between a superior and subordinates based on loyalty creates difficulties. It decreases the independence of the subordinates and increases pressure on the manager. It makes employees too loyal to make any decision without the approval or direction of their boss. Employees also become over

²¹- Malaika, Abdulaziz. Time Management in Saudi Business, (MBA research, California Coast University, Santa Ana, USA., 1987.) This research, which was published in book form in 1991 (see references), compared Westerners working in the Kingdom with Saudis, and dealt mainly with characteristics and factors affecting time values and time management.

²²- Ibid., p. 59.

²³- Ibid., p.57.

dependent on their superior's directions, and they take no action, fearing it might upset him.²⁴

1.4 Confrontation and Handling Conflicts

Saudi employees are expected to be loyal by their superiors and adherence to the practice is rewarded with favouritism. Saudi managers dislike confrontation, and even minor disagreement may be considered impolite and a challenge though a critical evaluation might resolve a conflict.²⁵ Most decisions are made in isolation, away from subordinates, because of the dislike of confrontation. In addition, feedback must be presented when requested, but very gently or it could be considered as trying to make the boss lose face.²⁶

1.5 Saudi Management Style

The Saudi management style has a personal orientation. The Saudi executive likes the practice of the personal approach and the development of very strong personal relations with his employees. In addition, personal connections and ties are important for him to get things done. This style leads to, or increases, informality. Meantime, formality is reserved for critical situations or when the personal interests of management are not served. This interpersonal style is another manifestation of the high preference for loyalty, collectivism, nepotism and dependency.²⁷

1.6 Delegation and the Top-man Syndrome

Delegation in Saudi government organisations is

²⁴- Ibid., pp. 63 - 64.

²⁵- Farid A. Muna. The Arab Executive, St. Martins Press, New York, USA., 1980. p. 118.

²⁶- Malaika., p. 65.

²⁷- Ibid., p. 80.

low. This is mainly because of Saudi traditions, for example, family reliance on its senior members to be in charge of everything. In addition, collectivism, loyalty, fear of delegation itself, and a high dependency on superiors are major causes of low delegation.²⁸ Delegation is also rare because of poorly qualified personnel.²⁹

Due to centralisation, and specifically because senior officials like to control their activities and dislike delegating authority, the top-man syndrome remains a strong characteristic of Saudi management. The public and clients are obliged go to the top man to get their routine work done expeditiously, or they will be delayed by the long, normal process.³⁰ There is no doubt that effective delegation could resolve the top-man syndrome, save time, and improve both efficiency and effectiveness.

1.7 Decision-Making

Generally, decisions are of three types: operational (daily), tactical, and strategic. Operational, daily decisions in Saudi government organisations tend to be based on management's own judgement, seventy-five per cent (75%) with some involvement of senior staff. However, once the decision is made it becomes final.³¹ In tactical decisions Saudi management tend to consult their colleagues but independently make the final

²⁸- Ibid., p. 80.

²⁹- Abdulwahab, M.A. Decision-Making in Saudi Arabia, Institute of Public Administration, Riyadh, 1979, pp. 134-135. (Research done in 1977 to study the decision-making practices by managers in some government organisations. It used a sample of 76 senior and middle managers.)

³⁰- Malaika., p. 79.

³¹- Abdulwahab., p. 79.

decision, seventy-four per cent (74%). Strategic decisions are based on consultations, but the final selection is in the hands of top officials, seventy-six per cent (76%).³²

Decisions, therefore, tend to be dependent on the top executive's direction, especially those decisions of strategic and tactical type.³³

Most decision-making in government organisations is inflexible and made with little team involvement. This is due to the high dependency, lack of qualified personnel, interpersonal style, and so on. It is the result of the non-supportive government organisation systems, old and inflexible policies, conflicting procedures and regulations. Also, it is due to poor coordination among organisations and departments, and to changing instructions too frequently. Therefore, centralisation is high, responsibilities are not tied to authority, and resources (financial) are limited and tied to central approval. In addition, information is either obsolete or not available (and that reduces the development of alternatives), and management is too busy with routine work that leaves little time for thinking. Implementation of decisions also faces many obstacles, for example, employee resistance to accept the decision, that some managers attribute to the negative attitude of subordinates.³⁴

In addition, subordinates lack adequate commitment to implement decisions. Also, there is overlapping among organisations and departments as well as a lack of effective communications, for example, the outgoing and incoming mail system. Moreover, poor time management and the heavy bureaucracy epitomised by the large amount of paper work contribute to the low level of

³²- Ibid., p. 76.

³³- Ibid., pp. 114-115.

³⁴- Ibid., pp. 124-125.

performance.³⁵

Following up the implementation of decisions involves some difficulties, for example, lack of effective control systems and feedback, overlapping that causes difficulty in identifying responsibilities, and lack of qualified personnel.³⁶

Finally, most managers make decisions based on their experience and by learning through errors rather than using a scientific and analytical methodology. They also lack decision-making and problem-solving techniques and training.³⁷

2- Management Characteristics in the Private Sector Since 1971

There is very little research on the private sector. This section will highlight what has been written so far, though it covers only a small amount of information gathered from a small sample. Some views that contribute information on the private sector were quoted briefly in the last pages of Chapter III of this study.

Farid A. Muna's Study

Farid A. Muna's work examined management characteristics and organisation context as a major part of his Ph.D. at the London Business School, 1979. He later published his findings in a book entitled "The Arab Executive," in 1980. His work surveyed and interviewed fifty-two senior Arab executives in industry, manufacturing, and trade in six Arab countries. Of the fifty-two participants ten were from Saudi Arabia.

Some of his findings describe traits common among most of Saudi management, and though Arab executives

³⁵- Ibid., p. 125.

³⁶- Ibid., p. 126.

³⁷- Ibid., p. 131.

share many similarities, it does not necessarily mean that Saudis uniformly conform to Muna's generalisations. Furthermore, his work did not include a non-Arab comparative management study. Yet Muna's study is the first of its kind after 1971. It is also a good reference for foreigners who want concise, general knowledge about Arab executives before engaging in business with them. The sample he surveyed, however, is rather limited as well as being somewhat heterogenous.

Muna's findings were³⁸:

1. Joint decision-making (or a participative leadership style) is unlikely to be widely adopted by Arab management, even for decisions that are best suited for this style. The major reasons for this are:
 - Subordinates might view it as a sign of weakness on the part of the executive. They expect to be consulted, but not to make the final decision.
 - Arab executives prefer and feel more at ease with the consultative decision-making style.
 - Arab executives and subordinates tend to dislike teamwork. In addition, Arab executives employ only a low level of delegation.
2. Conflict-resolution and problem-solving techniques that rely on open confrontation, such as T-Groups or Managerial Grid, are unlikely to succeed in Arab organisations. Most Arabs are very sensitive to criticism, open confrontation, directness, and frankness, especially when in front of a group. Deference to authority, face-saving, honour, pride and loyalty, prove serious obstacles to open confrontation.
3. Personnel selection or promotion based only on

³⁸- Farid A. Muna. The Arab Executive, 1980.

efficiency or achievement may frequently be violated in view of the importance in the Arab world of nepotism, loyalty, and personal connections.

4. Impersonal and formal systems or styles are at a great disadvantage in an organisational and societal environment that is more person-oriented than task or role-oriented. The paternalistic nature of the Arab management also discourages the formal and impersonal.
5. Certain quantitative management systems or decision-making techniques, such as operational research, that rely on stable or advanced infrastructures, are often not viable. The business, economic, and governmental infrastructures are often non-existent, or not well developed yet. Accurate information and data are scarce, governmental laws and regulations are unstable (changing at short notice), and governmental red tape is widespread. Executives often rely on intuition, 'gut feelings', or connections to get things done.

Some Western managerial practices may not only be inapplicable, but might even be harmful if applied without adaptation to Arab environments. This would apply particularly to those managerial practices that deal with the personal aspects of management (points 1 to 4 previously.)

In his recommendations, Muna saw that Arab executives need training programmes that are developed and adapted to their environment. He saw at least five managerial skills essential for developing Arab executives. These skills are:

- Conceptual skills

Conceptual skills are required to encourage the executive to see the 'whole picture' in terms of its detail. Conceptual skills would lead to improved corporate

policies and strategies that are in keeping with the Arab environment.

- Delegation
By more frequent use of delegation the executive can:
(a) save time, (b) train employees, (c) utilise employee's existing skills and resources, and (d) motivate employees.
- Conflict management
Training can help the executive change his attitudes, as well as his employees' expectations regarding 'reasonable and constructive' opposition.
- Management of time
The management of time in the Arab business world is as much involved with the management of the social-relations problem as of one's working hours. Time is precious, but it has many competing factors that constrain and complicate its management. Skills must be learned to deal with both aspects of this problem.
- Change-agent skills
Arab executives have a vital role in changing their societies. They are considered agents of change. Skills appropriate to this role would include skills of introducing change, managing resistance to change, and understanding the process of change and its consequences.

B- THE CHARACTERISTICS OF GOVERNMENT ORGANISATION, THEIR CONTEXT AND THE IMPACT OF SOCIETY, SINCE 1971

- 1) There are two major studies on this subject:
 - a) A published study conducted by Professor Shaker Asfor,³⁹ who works as a senior tutor and organisational development specialist at the Institute of Public Administration in Riyadh. He is also a part-time tutor at King Saud University.

³⁹- Asfor, M. Shaker. Assol Al-Tanzim Wa-Alassalyb (Organisational foundations and methods), Dar Al-Shoroq, Jeddah, Saudi Arabia, 1985, pp. 544-558.

- b) A published MBA comparative study by the author of this dissertation that was based on a survey and interviews conducted between 1985-1987.⁴⁰ The research objectives were to analyse time value and utilisation in Saudi organisations and business, and to discover the impacts and obstacles to time value and time management. In addition, it intended to find how both Westerners and Saudis deal with those impacts.
- a) The main points of Professor Asfor's study are:
1. Most of governmental organisations' policies and regulations are obsolete and ineffective.
 2. Some government organisations lack development of their procedures, work process, and control systems. This, of course, has resulted in delays.
 3. Centralisation is very high in some government organisations. Delegation is not applicable, especially for agencies or branches in different regions, and that delays work at all levels.
 4. Coordination in government organisations is poor, particularly among those which depend on each other's activities.
 5. Overlapping among different government organisations is another obstacle. This is due to the rapid expansion between 1972 and 1986.
 6. The underemployment problem is well known in Saudi government organisations due to the recruitment of unqualified personnel and to over-recruitment.
 7. There is an imbalance of workforce distribution among departments and organisations, such as an organisation that needs 5,000 employees gets 4,000, while one that needs 4,000 gets 5,000.
 8. There is low productivity and poor performance due to lack of qualified people, lack of training and

⁴⁰- Malaika., p. 60.

- development, and lack of appropriate education.
9. There is a waste of many qualified and specific labour capabilities due to the demotivation that is caused by putting employees in the wrong positions.
 10. Many government employees are busy with private work for their relatives or for their personal interests. So they give their work tasks only second priority or insufficient attention and time.
 11. Bribery, exploitation of personal connections (wasttah), and favouritism, have considerable negative effects on performance and productivity in government organisations.
 12. Most senior officials cannot get further promotion. In addition, they have reached their highest salary level. This demotivates them and causes dissatisfaction, that in turn affects performance.
 13. Over the years some government agencies have tried to separate from their central organisation and establish a separate administration with financial support. Those that have succeeded have caused duplication of work, overlapping functions, and over-staffing.
 14. There is a general lack of qualified Saudi national labour.
 15. Financial incentives are considered very important and many organisations compete with each other. This has caused experienced employees to transfer from one agency to another, affecting the performance of those organisations that have lost qualified personnel.
 16. There is an excess of needless committees and meetings. This impacts negatively on management's time and priorities.
 17. There is a marked lack of effective filing systems. There is also too much paperwork and too

many documents.

18. Some support departments try to take charge and control higher-level ones. This creates conflict, over-staffing, and misdirected work.
19. Almost all Saudi and many Arab employees in Saudi organisations lack both punctuality and good attendance. In addition, there is a waste of work time in personal and unproductive activities.

No recommendations were offered by Professor Asfor on the basis of his study.

- b) The main findings from this author's study are:⁴¹
1. There is an excess of social gatherings and socialising activities at work, and over hospitable social relations with visitors or friends from other organisations.
 2. Formalisation is very low, and is followed only in crisis and conflict situations, and for achieving personal interests. In addition, personal interaction and informal contacts are unnecessarily high.
 3. There is a general lack of organisational manuals, and those existing are usually not updated.
 4. Government organisations lack good planning, especially strategic planning. This is because of a lack of qualified management.
 5. The educational and training systems are inconsistent with market requirements and work needs. Graduates are far away from the practical nature and reality of the work environment.
 6. The expansion of government organisations between 1972-1986 required a huge recruitment from overseas and the Middle East. This has resulted in a multi-national work environment with employees

⁴¹- Malaika., pp. 68-119.

from different cultural backgrounds. It has also caused some cross-cultural conflict and ineffective communication among employees.

The author of this dissertation concluded that the time utilisation problem in Saudi business is due to cultural, social, organisational and personal factors.⁴² Without developing and changing the social systems of Saudi Arabia, no major improvement in the direction of modernisation is likely to occur. In addition, organisational policies must be developed, and personnel and management must be trained with an emphasis on the value of time and the importance of performance and productivity. This development and change must cover all institutions, education, families, manpower, and government policies.

2- Organisation Characteristics in the Private Sector Since 1971

There is a severe shortage of studies and research in this area, especially comparative studies. The followings are overviews of the relevant works.

- a) Dr. Mohammed F. Kurashi finished his dissertation in 1984 at Claremont Graduate School, USA. Kurashi's research was a descriptive study of the social responsibility of the multinational corporations (MNCs) operating in Saudi Arabia. These MNCs are industrial, commercial, or construction companies. They are either Saudi private sector, joint ventures with foreign firms, or Saudi government foreign joint ventures.

Kurashi sent questionnaires to 201 Saudi corporations and to 509 foreign MNCs. The Saudi corporations were selected on the basis of having many foreign managers, and therefore were regarded as multina-

⁴²- Ibid.

tional. Kurashi defined an MNC as a firm operating through ownership or management, or both, in more than one country. With reference to Saudi Arabia this term includes all firms working in the Kingdom whose home office is abroad, and corporations that are partially owned by Saudi citizens or the government, but jointly managed by foreign firms or managers. In addition, it includes corporations that are wholly owned by Saudis but managed by non-Saudis. The research describes the effect and impact of Saudi society on both Saudi and non-Saudi management. The following is a summary of Kurashi's work.⁴³

The Hypotheses and Results of Kurashi Study

Ten basic research hypotheses were tested, each consisted of one or more propositions.

1. Saudis are more in agreement than non-Saudis that MNCs are more concerned with their self-interest rather than the interest of Saudi society.
2. Saudis are more in agreement than non-Saudis that MNCs have a negative impact on Saudi society.
3. Saudis are in higher agreement than non-Saudis that MNCs should provide medical care and housing for their employees.
4. Saudis are more in agreement than non-Saudis that MNCs should contribute in the area of training, research and education.
5. Saudis are in higher agreement than non-Saudis that Saudi nationals should hold key managerial positions in MNCs.
6. Saudis are in higher agreement than non-Saudis that MNCs should provide non-profit organisations

⁴³- Dahlan, Ahmed Hassan. Politics, Administration and Development in Saudi Arabia, (Edited articles and summaries of several works and research). Amana Corporation, Brentwood, MD, USA., 1990, pp. 261-277.

with financial support and technical and administrative assistance.

7. Saudis are in higher agreement than non-Saudis that MNCs need to follow written guidelines and to have their long-term plans concerning their role in Saudi Arabia.
8. Saudis have different expectations from non-Saudis of the social responsibilities of MNCs.
9. Saudis are in higher agreement than non-Saudis that MNCs should cooperate with government agencies and Saudi companies in activities other than their defined ones.
10. Saudis are in higher agreement than non-Saudis that MNCs should contribute to introducing Saudi culture to their non-Saudi employees and workers.

In summary, Kurashi found that six of his hypotheses (hypotheses nos. 1,2,3,7,9, and 10) were supported and four partially supported. Of 34 statements, eighty-two per cent (82%) showed significant differences between Saudis and non-Saudis. For Saudis, the level of education and the percentage of Saudi employees or managers in the organisation were most often found to correlate with the attitude statements. For non-Saudis, those who had worked longer in the Kingdom tended more often to hold views similar to Saudis.

Theory and observation suggested that MNCs have had an impact on a broad variety of aspects of Saudi life. Kurashi asked his Saudi respondents if this were so in a questionnaire given to them only in Arabic. The following are some findings.

- Most Saudis felt that MNCs have no effect on the following six aspects: family ties, marriage, the role of the Saudi housewife, the application of Islamic law, humanitarian organisations, and consumer protection.

- Most Saudis, fifty per cent to seventy-three per cent (50-73%), felt that MNCs have a positive impact on the following five aspects: development of technical skills, development of managerial skills, research and development, employment in the private sector, and Saudi economic policies.
- Most Saudis attributed negative effects to MNCs in relation to the following: working women, ethics in the work environment, housing, and environmental protection.
- Most Saudis viewed the size of the foreign workforce in Saudi Arabia negatively.

Discussion of the Study

In summarising the results of his study and interviews with Saudi government officials, businessmen, teachers, school children and citizens, Kurashi made several additional interesting points:

1. Differences in his study between Saudis and non-Saudis were greatest where statements were made suggesting that corporate social responsibility should go beyond the work-place.
2. Wholly-owned Saudi companies were not more concerned about their social responsibility than other MNCs and usually less so.
3. There was little concern by MNCs to train Saudis for management positions, human resource development and saudiisation. This was due partly to cost and partly because foreign managers do not relish their replacement by Saudis, that is the eventual result of training. This, of course, is contrary to self-interest.
4. Most MNCs played a small part in supporting humanitarian, social, cultural and educational organisations, but this was not due solely to

their attitudes and policy.

5. The media in Saudi Arabia endorse and foster the point of view that humanitarian organisations should approach individual businessmen or banks for funding, not MNCs or business. This may, in part, explain the reluctance to ask MNCs for charity donations or funding for research projects.
6. Kurashi believes that MNCs, especially through the increase of foreign labour they have brought into the country, have had a much greater impact on life in the Kingdom than the results of his empirical study would show. Also, many statistics show a rise in several types of social problems such as drug and alcohol use, theft, adultery, rape, prostitution and traffic violations, as well as an increase in sexual disease. Most of these crimes are attributable to foreigners, although some are committed by Saudis. Many experts agree that these crimes were almost unknown in the Saudi Arabia of 50 years ago. Then it was a conservative, religious society with few foreigners; the population lived mostly in small towns and villages.
7. Saudi government officials seem to agree that MNCs are doing little toward fulfilling socially responsible roles, but they disagree on what the scope of those roles should be. For instance, the Minister of Planning thought MNCs' responsibilities should be limited to economic activities, whereas the Vice President of the Saudi Arabian Basic Industry Corporation (SABIC) thought roles should be broader. Others interviewed were divided in their opinions.

Kurashi's Recommendations

Kurashi made several recommendations regarding the role

of MNCs in Saudi society that is consistent with the goals of Saudi development plans and that would serve the Saudi national interest. The recommendations were based on the results of his study and interviews. A few are included below:

1. Saudi board directors need to set and implement policies regarding MNCs' social responsibilities. It should not be left to largely indifferent, non-Saudi managers.
2. The need for studies on the social, economic and political impact of MNCs, and on the current laws that regulate MNCs, is paramount.
3. Saudi businessmen need to have more confidence in hiring nationals and developing promotion programmes for them.
4. Government agencies need to become more efficient in dealing with MNCs. Kurashi suggests opening up a special MNC department within the Ministry of Commerce, separate from the Department of Companies, since MNCs have special needs that most companies do not. Governmental agencies should establish clear guidelines for the role of MNCs in Saudi society.
5. Officials in the Ministry of Social Affairs should hold conferences for people who work for non-profit organisations and teach them how to solicit funds from business firms. Government officials should approach businesses and encourage them to contribute.
6. The goals of saudisation of managerial positions and reduction of foreign labour in the Kingdom need to be implemented.
7. Community centres to introduce foreigners to Saudi culture and society should be established in urban areas.
8. MNCs should get involved in organisations that may indirectly help their workers. These might include

the Saudi national organisations that help free prisoners or pay for medical care for traffic victims. They should get involved with media projects that help improve the image of Saudi Arabia abroad.

9. The international schools in Saudi Arabia should establish better programmes to introduce Arabic language and Saudi culture to their students.
10. The various Saudi Chambers of Commerce should become involved in conducting research on MNCs and make the results of their studies available to the public. They should establish "charity funds" to which businessmen can contribute, and do more about promoting the image of Saudi Arabia.
11. Foreign commercial attachés should be more concerned with motivating MNCs to be socially responsible and influencing them to promote a better relationship between their home countries and Saudi Arabia.

Kurashi's work and recommendations are concerned with improving relationships among MNCs and government agencies, Saudi workers and foreign labour, and Saudi communities. However, this work gives a good background on the MNCs, their role, impact, and effects in Saudi Arabia.

- b) Dr. Farid Muna in his book, *The Arab Executive*,⁴⁴ mentioned some social pressures on Arab executives and their businesses. These pressures were related to private businesses, industry, commerce and production. Most of these pressures have been mentioned above under management characteristics in the private sector such as low value of time, top-man syndrome, social visits at work, nepotism and favouritism. Also, these pressures were considered general among Arab executives. The executives that participated in Muna's work

⁴⁴- Farid Muna. *The Arab Executive*, 1980.

came from several Arab countries besides Saudi Arabia. Though the sample of Saudis was not big enough to generalise overall about Saudi Arabia, it is worth mentioning some common pressures all Arab executives faced. The following presents those pressures.

Socio-cultural pressures:

1. Lack of industrial mentality

Arab societies have a lack of industrial discipline, a lack of organisation (especially delegation), and a lack of professional attitudes toward business.

2. Restrictions on women

Women are restricted from working in many jobs and areas. They are also restricted in joining in company social activities, though they are on the payroll.

3. Individualistic approach to work

There is a strong preference to work alone rather than in a team; executives tend to take sole credit for good deeds, and to pass the blame onto others, or to uncontrollable circumstances, when things go wrong.

4. Marketing constraints

Social values and norms restrict certain types of advertising or marketing. You cannot advertise certain women's garments and articles, or do door-to-door selling.

C. AN OVERVIEW OF HOW SAUDI CULTURE AFFECTS SAUDI MANAGEMENT VERSUS WESTERN MANAGEMENT PRACTICES AND PHILOSOPHY

A study conducted by John W. Martyr⁴⁵ dealt with the Arab countries of the Gulf and Saudi Arabia. Its main

⁴⁵- Martyr, John W. Cultural Discontinuities and the Transfer of Management Philosophy and Practices, MPhil Dissertation. Brunel University, England, 1985.

objective was to find out how extensive is the transfer of the Western (mainly British) way of life, education and management techniques to the Gulf countries and Arab managers. The findings were as follows:

1. Management theory and practice is more culture-bound than is realised. In practice, some aspects of it are not applicable to Arab culture though others are.
2. Western management education reflects the nature of contemporary Western culture. Only certain aspects are easily transferable or appropriate to Arab societies and the socio-economic environment.
3. Cultural discontinuities are considered to be prime factors affecting knowledge, skills, practices, and transferability.
4. Western educational or training institutions rarely attempt to relate their courses to the needs of Arabs.
5. Arabs feel that they must be very careful about what they accept of Western ideas, practices, and life. They are anxious to retain their values and do not want Western contact and technology to affect their religious and cultural beliefs.
6. Though the Arab countries have much in common, they are different countries, and hence their sub-cultures may have to be considered separately when examining the problem of transferability.

Some examples Martyr used in his work were:

1. The considerable differences between the laws of Britain and the Arab countries. As evinced in the main text, the laws of the two areas have substantially different origins and as such are observable sources of discontinuities. The laws of Britain (a Western sub-culture) for instance,

are reflected in many areas of British management: industrial relations, trade unionism, personnel management, and company regulations. Thus differing legal systems alone can account for a wide range of management subjects that fall into the non-transferable zones. British trade unionism and the laws surrounding it is a product of British culture, that has no counterpart in the Arab World. It is a qualitative subject, highly influenced by culture, and effectively culture-bound.

2. Arab views of management, as compared with those held in Western countries, tend towards the extended family system. Thus the hierarchical structures of Western management organisations often fit uneasily into contemporary Arab culture. Much of Western practice involves delegation at all levels. Thus the implementation of British (and other Western) management philosophies and practices involving delegation of authority is very difficult to achieve in Arab countries.
3. The role of women in society is another source of discontinuity. The legislation and customs surrounding their employment in Western societies do not have the same application in the Arab countries.

The examples used show that the differences affect the transferability of large areas of British (and Western) management philosophies and practices to the Arabs.

III. A NOTE ON THE COMPARATIVE MANAGEMENT LITERATURE

In addition to looking at the literature on both Arab management and the Saudi economic context we have also considered the more general writing on comparative management and/or cross-cultural studies.

The major contributors to the cross-cultural study of management attitudes and values are Theodore Weinshall (Weinshall, 1977) and André Laurent (Laurent, 1986).⁴⁶ Although separated by more than a decade these two scholars have place and method in common. Both, that is, have used the French business school INSEAD at Fontainebleau outside Paris as a source of multi-national executive samples and have administered attitude-value-role perception questionnaires to groups of managers from a variety of countries, not all of them European, who were attending INSEAD courses. Fascinating though these studies are, in neither case are there samples from Saudi Arabia or indeed any other Arab country.

This, however, is not true of the celebrated work of the Dutch management professor Geert Hofstede.⁴⁷ As is well known Hofstede in his earlier role as a personnel manager at IBM administered work-attitude questionnaires to a large number of employees from a variety of countries including some Arab ones. These questionnaire responses were then in turn used to identify 4 major cross-cultural dimensions, viz.

- different degrees of tolerance for power distance.
(i.e., differences of power between organisational members)
- individualism v. collectivism
- masculinity v. femininity
- degree of tolerance for ambiguity (or uncertainty avoidance)

and the numerous countries/areas in the study were then plotted in terms of these four dimensions (Hofstede, 1980).

⁴⁶- Weinshall, T(ed). Culture and Management, Penguin, Harmondsworth/Middlesex), 1977.

Laurent, André. The Cross-Cultural Puzzle of International Human Resource Management, Human Resource Management, Spring 1986, vol. 25, No. 1, pp. 92-102.

⁴⁷- Hofstede, Geert. Culture Consequences, Sage Publications, Beverley Hills, London, 1980.

While this is a famous and much discussed study our feeling is that it will not be central to a study of management in Saudi Arabia for the following reasons:

- First, it does not disaggregate the various Arab countries, so that we do not have data for Saudi Arabia as such.
- Second, and perhaps more importantly, the "Arab countries" do not for the most part have a conspicuous place on the four dimensions (with one exception). Thus for uncertainty avoidance they are in 27th position out of 53 countries (where the 1st position indicates strong uncertainty avoidance). Similarly the Arab countries are in 27th position out of 53 countries on the individualism-collectivism dimension (where the 1st position indicates strong individualism). And the Arab countries are in position 23 out of 53 countries in the masculinity - femininity scale (where the 1st position indicated strong masculinity). Thus far the Hofstede dimensions do not strongly differentiate "the Arab countries" from other nations/cultures. Whatever it is that may be different-interesting about Arab management is not captured in this study. Only on the fourth dimension of power distance are the "Arab countries" distinguished by their rank of 7 out of 53 countries, indicating a high level acceptance of power differences between organisational members. This finding is accepted, and indeed finds corroboration in our study in the form of the Arab (Saudi) concern with rank, status, and formal authority.
- There is a third consideration which makes us reluctant to use the Hofstede dimension for our own study. This is that while there has never been an empirical challenge to Hofstede's findings some

mystery surrounds the progress from the attitude survey data to the four dimensions listed above. While no methodological impropriety is suggested here, the lack of clarity really impedes replication in any subsequent study.

Finally, my supervisor Peter Lawrence is himself a major contributor to the comparative management research literature, principally in the form of research monographs on particular countries that he has studied. At the time of writing (1992) Lawrence's published work concentrates on various European countries, and his only published study on a non-European country concerns not an Arab state but Israel!

While Peter Lawrence has indicated that he does not think it appropriate that his publications in the field of Comparative Management should be referenced here, it goes without saying that I have benefitted from a reading thereof, and ideas from this source are reflected in my questionnaire and interview schedule.

SUMMARY

A comparative management and/or cross-cultural literature regarding Saudi Arabia is scarcely available, neither internationally nor locally. However, there are a few studies concerning Arab countries, though these tend to be very general and do not provide specific data for Saudi Arabia as such. In addition, since 1971 there have been very few non-comparative studies of management and organisation of the government sector in Saudi Arabia. There have been almost none for the private sectors of industry and commerce. Still, from the literature some characteristics of government officials did emerge:

- 1- They were self-oriented, serving their personal interests first.
- 2- They practiced nepotism and favouritism, favouring relatives and friends even if it were detrimental to performance and productivity.
- 3- They were very informal in their relationships with colleagues and subordinates.
- 4- Holding a government position was considered a privilege and was a source of social recognition.
- 5- Their attitude was very formal and impersonal when it was necessary to engage in activities or make decisions that were against their personal interests.
- 6- The value they placed on time and time management was low and there was excessive socialising in the workplace.
- 7- Government organisations were highly centralised and overlapped in their areas of responsibility.
- 8- Government organisations were over-staffed but lacked qualified personnel and had poor organisational manuals.

Between 1971 and 1989 there was some improvement, but not much. The characteristics of managers in both government and

non-government sectors were much same as before 1971:

1. Nepotism, favouritism, collectivism, the top-man syndrome, and self-orientation were still strong characteristics of Saudi management.
2. Saudi managers viewed loyalty as more important than performance.
3. Saudi managers disliked confrontation, criticism, handling conflict, and were still individualistic in decision-making practices.
4. Saudi managers still maintained an open-door policy, encouraged social relationships and hospitality.
5. Saudi managers continued placing a low value on time and teamwork.
6. Organisations in the government sector had ineffective policies and regulations, and very complex and often conflicting policies and procedures.
7. Government organisations were still centralised, lacked coordination, and overlapped in duties and functions.
8. Government organisation still suffered from an imbalance of workforce distribution and from poorly qualified personnel, that in turn contributed to low productivity and performance.
9. Self-interest was still prevalent among government employees.
10. The highest level of dissatisfaction was among middle and senior management.
11. Government organisations lacked effective communication and filing systems, and had poor operating manuals.
12. Government organisation suffered from poor planning, had poor punctuality and attendance from their employees, and there was very little attempt made to develop their Saudi workforce.

The private sector was affected by many of the same characteristics and social effects as the government sector. Industry and the private sector lacked an industrial

mentality, discipline, and a professional attitude towards business.

In addition, almost all multinational, joint venture, and Saudi corporations that have many non-Saudi managers or are run by expatriates were found to have practically no interest in sharing responsibility in developing Saudi society, the community, and its national labour.

The disjunction between the Saudi culture and the expatriates' value systems has been a prime factor affecting the transfer of knowledge, skills, and practices. There tends to be an improvement when the theories and practices are adapted to fit Saudi culture, or do not conflict with Saudi religious values and beliefs. Saudi management and organisations continually try to adapt and use new technology and techniques without affecting their value system.

CHAPTER V

FINDINGS RELATED TO MANAGEMENT

CHARACTERISTICS

V. FINDINGS RELATED TO MANAGEMENT CHARACTERISTICS

Introduction

This chapter presents the research findings regarding the characteristics of the participating Saudi and Western managers, who work in Saudi Arabia in both government and non-government organisations. Data about the participants' age, background, and so on, is available in Appendix A. The findings relating to organisational context and societal effects are covered in Chapters VI and VII.

Some of the findings presented here are similar to those discussed in the review of literature, Chapter IV. On the other hand the material in that chapter did not include any studies that compared Saudi and Western managers, or government and non-government organisations, and was mainly descriptive. Furthermore, it did not provide any correlation of the findings with relationships or effects. For example, the relationship of an authoritarian style and the person's position, age, size of company, and so on. The present research does try to address some of these relationships. In addition, the findings here highlight those management characteristics in Saudi Arabian business that have changed, remained unchanged, improved, or even retrogressed since 1971. This chapter is interrelated with the information and findings in Chapters VI and VII.

Notes:

- 1) The terms "Saudi" and/or "Western" managers, as used in this chapter and the following ones, refer to those senior managers working in Saudi Arabia who participated in this research.
- 2) The formulation "Q-a number-a number, a letter, e.g., Q10-2, C" or variations thereon, means: question number 10, questionnaire 2, section C.

A. FORMALITY AND INFORMALITY

"Formality" in management refers to the use of formal organisational power and authority to gain compliance with formal rules and established procedures.* The use of formality in the management process is necessary, particularly in areas related to setting objectives, planning, strategy and policy formulation. However, the level of formality used depends on the function, and responsibilities. It also depends on the maturity of both the people and the organisation, as well as on the specifics of the situation.¹

The literature concerning Saudi managers indicates that a high degree of formality is applied mainly in activities that have an impact on their decisions, their department's interests, personal interests and in conflict or crisis situations. This study concurs with the literature but shows in more depth that formality is frequently used in conflict and crisis situations with more emphasis on the importance of authority for the manager. In addition, it shows that informality is often used to keep personnel as happy as possible with more emphasis on personal favours.

a-1 The Use of Formality

1.1 The Use of High Formality in Budget Crisis Situations

Budgeting is a major function of management. Budget development and formulation is important because it defines departments' needs for functioning and carrying out objectives. If a department is allocated less than its actual

* (Authority is the right to use power. It is authority that gives a manager the right to give direction, discharge duties, and so on.)

¹- Hersey and Blanchard. Management of Organisational Behaviour, Prentice-Hall Inc., London, UK., 1982. p. 114.

needs or plans genuinely require, it would not be able to function or carry out its tasks successfully.

A crisis is defined as "a situation that has reached a critical phase."² Good planning that anticipates crises can reduce risk for an organisation.³ Crisis situations in Saudi Arabian business are frequent because of poor or inadequate strategic planning (this point will be covered in greater detail in Chapter VI).

Particular problems are caused by budget cuts and so the current research focused on this critical situation. Holding open discussions to resolve budget cuts imposed from "above" is considered inappropriate in the Saudi management environment. Managers, therefore, put their arguments and justifications in writing. Thus, the consequences of budget decisions are referred to higher management or the board of directors.

Responses to Q1-2, a (Appendix C) showed that sixty-nine per cent (69%) of the participating managers prefer to put their arguments to restore their budget in writing. The results are indicated in Table 10.

(Con't.)

²- Steven Fink, Crisis Management. American Management Association, New York, USA., 1986, p. 15.

³- Ibid., pp. 23-24.

Table 10

FORMALITY/INFORMALITY IN BUDGET CRISIS

Item *	Saudis		Westerners		Valid %
	Frequency	%	Frequency	%	
Choice: a)	20	17.5	3	11.5	16
b)	79	69.3	18	69.3	69
c)	10	8.8	5	19.2	11
d)	5	4.4			4
	114	100	26	100	100

* Key:

- a) use personal relationship and speak informally,
- b) write a report that shows the consequences of the budget cut,
- c) either a or b,
- d) take what was given.

The Cross-Tabulation Results

The question of formality can be illuminated further by presenting the results of some of the cross-tabulations performed on the data.

The cross-tabulation analysis for use of formality in budget crisis situations indicates the following:

- ° The highest use of formality fifty-nine per cent (59%) is practiced among the largest organisations, "2900 employees or more."
- ° But the second-highest use namely fifteen per cent (15%), is in the smallest organisations, "500-800 employees".

- ° Use of formality is higher though not dramatically higher, in seventy-one per cent (71%) of the government organisations than in the non-government organisations, sixty-six per cent (66%).
- ° It is felt that using informality, keep writing a report as last option, to restore a budget cut would not have a major impact on the outcome. Only twenty-six per cent (26%) agreed that it would effect the outcome (Q15-2, a vs. Q1-2, a).

1.2 The Use of High Formality in Conflict

Conflict is the result of differences, not the cause of difference.⁴ For instance, a group of people may have different goals or opinions. If they cannot negotiate over their goal differences constructively then they would have conflict that may be harmful.

Many participants agreed that in conflict situations they try to resolve the conflict through constructive discussion (Table 25). Most of them admitted later that they had to take it to higher management (Table 11). This shows that either they could not informally or constructively resolve the conflict, or they believed it should be higher management's responsibility. Thus, some answers showed that the use of constructive discussion to resolve conflicts was a normative (subjective) response. (The term "normative" is used to describe a response that probably did not reflect the respondents' true feelings, but was given due to social values, norms, or for other intangible reasons).

⁴- Marc Robert. Managing Conflict, Learning Concept, University Associates, San Diego, CA, USA., 1985, p. 12.

Table 11

FORMALITY/RESOLVING CONFLICT THROUGH TOP MANAGEMENT

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always/most of times	46	50	48	54
Sometimes *	42	42	42	29
Seldom/Never	10	8	8	17
No Answer	2		2	
100%	100	100	100	100

- * "Sometimes" does not mean that the use of formality is excluded but that it depends on the situation, the people, or the conflict itself.

In addition, Table 11 shows that conflict resolution through formality, or using higher management, is slightly less in government organisations than non-government.

The Cross-Tabulation Results

The cross-tabulation analysis for using formality in resolving conflicts shows the following:

- ° Use of formality is at high fifty-nine per cent (59%) among executives in the 45-49 year age range. This is mainly the general-manager and director level.
- ° The second highest group at forty-nine per cent (49%) is executives in the 40-44 and 50-59 year age range. This is mainly presidents of organisations, general managers, directors, and assistant general managers.

1.3 The Use of High Formality in Getting Staff to Raise Output Levels

Sometimes there is a need for staff to get some urgent or extra work done, even though they are occupied by other important tasks. Here, the manager should reprioritise or redistribute the work load among his personnel.

Most Saudi and Western managers who participated in this research use a high degree of formality to push their subordinates to raise output even though their subordinates may be very busy with other important work. There is some difference between the two groups, but their use of formality is frequent. The responses to Q10-2, c, are shown in table 12.

Table 12

USE OF FORMALITY FOR GETTING STAFF TO RAISE OUTPUT

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
High	84.2	69.2	84	72
Medium (50/50)	10.5	19.3	11	12
Little	5.3	11.5	5	16
100%	100	100	100	100

Table 12 indicates that Saudi managers, followed by Western managers to a lesser degree, use formality and authority to push their subordinates to do more work than they would usually be asked to do.

This frequent use of formality to get staff to raise output means that management is authoritarian, using its formal

authority to get work done*⁵. Authority is the ability to get others to do things, accept orders, and so on, using the formal authority an organisation has attached to a position.⁶ Some managers use authority to tell their subordinates what to do and how to do it. The authoritarian who pushes his staff to work by using his authority, is using a transactional, charismatic leadership style.⁷ As table 12 shows, eighty-four per cent (84%) of Saudi managers use their formal authority to get staff to work. By comparison some sixty-nine per cent (69%) of Western managers are also authoritarian in this sense. This contrast suggests that this authority-formality penchant is a distinguishing features of Saudi management.

The same respondents were also asked if they would discuss their work load and pressures with their superior, and try to get their tasks reprioritised. An average of eighty per cent (80%) of both groups agreed that most of the time they had the opportunity to do this (Q9-2, c).

The Cross-Tabulation Results

The cross-tabulation analysis for using an authoritarian style to raise staff output shows the following:

- Use of this authoritarian style is one hundred per cent (100%) among directors-general and deputy directors-generals.

* (Authoritarian means: favouring a concentration of power. A manager makes decisions, tells, what to do and how, without involvement or participation of his followers.)

⁵- Hersey and Blanchard, 1982.

⁶- John Blake and Peter Lawrence. The a b c of Management, Cassell Educational Ltd., London, UK., 1989, p. 11.

⁷- Kenneth Clark and Miriam Clark. Measures of Leadership, Leadership Library of America, Inc., New Jersey, USA., 1990, p. 86.

- Eighty-seven per cent (87%) among vice presidents.
- Eighty-two per cent (82%) among department general managers and directors.
- Seventy-eight per cent (78%) among board chairmen and assistant ministers.
- Among all other organisation levels the authoritarian style averages seventy per cent (70%).

1.4 The Importance of Authority

Authority is important because it gives the right to use direction and take action; directing, coordinating, and controlling the activities of an organisation towards its goals. Formal authority is passed downward and divided among personnel. In addition, employees should have a greater role in decision-making and more autonomy.⁸ Yet, sources of authority and influence are not limited to formal organisational authority. They can be intellectual, interpersonal skills, connections, expertise, and information.⁹

Seventy-three per cent (73%) of Saudi managers believe that their formal position is the most important source of authority and power. Fifty per cent (50%) of Western managers believe this too, but not as much as Saudis. Table 13 indicates this (Q17-2, b).

⁸- Herbert Chruden and Arthur Sherman. Managing Human Resources, South Western Publishing Co., Ohio, USA., 1984, p. 52.

⁹- John W. Hunt. Managing People at Work, McGraw-Hill Co., London, UK., 1986, p. 71.

Table 13

THE IMPORTANCE OF POSITION AS A MAJOR SOURCE OF POWER

Item	Saudis %	Westerners %	Government %	Non-Government %
High importance	72.8	50	72	64
Medium (50/50)	9.7	30.8	9	20
Little	10.5	11.5	11	12
No answer	7	7.7	8	4
100%	100	100	100	100

Table 13 shows that seventy-three per cent (73%) of the Saudi managers consider their position the most important source of power; this is again authoritarian in the sense used here. As we will see later, positions and promotion are the most important and highest priorities at work for Saudi managers. A democratic or transformational leader does not gain his power through the formal authority of his position alone. He gains his power and influence through sharing his leadership responsibility with his subordinates by involving them in the planning and execution of tasks. He also utilises his skills, intelligence, expertise, and so on.¹⁰ Table 13 again shows that the importance of authority as a major source of power among government administrators, and that it is slightly less so in non-government organisations.

An authoritarian style of management can be appropriate in crisis situations. This is similar to the situation of a military commander during a crisis who has to use his power and authority to command his soldiers. But most crises in management are short term situations. Authoritarian leadership should not be the method for the long term. Management should rather concentrate instead on developing their personnel to increase their qualifications and maturity.

¹⁰- Paul Hersey and Ken Blanchard, 1982, p. 86.

1.5 The Use of High Formality in Decision-Making

In decision-making both Saudi and Western managers tend to use an authoritarian, individualistic style. An average of eighty per cent (80%) of both groups showed that they are authoritarian in their decision making and in using the authority of their position to force implementation of their decisions.

The findings of our study show that the use of an authoritarian style is higher than was indicated in the reviewed literature. The issue of decision making, still, will be discussed further in section (B).

a-2 The Use of Informality

2-1 The Use of Informality to Identify and Resolve Problems

1.1 Job-Related Problems

Most Saudi and Western managers encourage their staff to tell them about problems in their jobs and other difficulties. This was indicated in the response to Q7-2, c. Table 14 shows the results.

Table 14

INFORMALITY TO ENCOURAGE STAFF TO TALK ABOUT JOB RELATED PROBLEMS

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Strongly agree/agree	82	81	80	78
Disagree/strongly disagree	16	19	18	22
No Answer	2	0	2	0
100%	100	100	100	100

1.2 Personal Problems at Work

The majority of Saudi and Western managers try to help their staff in handling personal problems. They try to make their employees feel comfortable enough to talk freely about their problems. Western managers showed more personal concern than Saudi managers. Table 15 shows the results of Q6-2, c.

Table 15

INFORMALITY TO ENCOURAGE STAFF TO TALK ABOUT PERSONAL PROBLEMS

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Strongly agree/agree	72	88	74	73
Disagree/strongly disagree	28	12	26	27
100%	100	100	100	100

The Cross-tabulation Results

- ° Although the use of informality to resolve job and personnel problems is high, teamwork, cooperation and consultation are low, and conflict is high (Q6 and 7, 2, c vs. Q20 and 47, 2, a also Table 22). This shows that informality is used for personal concerns, but not necessarily for task achievement.
- ° The manager's age makes a difference. Of the managers who strongly agreed that they should encourage staff to talk about personal problems, forty-nine (49%) are more than 45 years old. The older the executive, the more personal concern there seems to be.

1.3 Handling Performance Problems

Most Saudi and Western managers are informal in handling subordinate's performance problems. They think it would be better to give their subordinates the freedom to resolve problems negatively affecting their performance and work. They also do not like to give warnings about performance, and do not lecture their employees on how to perform better. Warnings are viewed as a threat. These views stem from the societal system where it is thought that it is impatient, or unfair, for a manager to take a formal action to correct behaviour. Western managers' actions are also impacted by this societal system. Table 16 represents these attitudes. It shows the results of Q8-2, c.

Table 16

HANDLING PERSONNEL PERFORMANCE PROBLEMS

Item	Saudis %	Westerners %	Government %	Non-Government %
Give them freedom in resolving their problems	27	15	20	11
Instruct them to work better	13	8	8	15
Warn them to work better	8	0	5	10
Help them to resolve their problems and work better	52	77	67	64
100%	100	100	100	100

2-2 Informality and Providing Personal Favours and Welfare

2.1 Personal Favours*

Slightly less than half of the Saudi and more than half of the Western managers did not agree that they should satisfy their personnel by doing them personal favours. Table 17 represents the results of Q12-2, c.

Table 17

PROVIDING PERSONAL FAVOURS TO SUBORDINATES

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
High	26	19	24	28
Between (50/50)	28	16	31	12
Low or Never	44	61	42	60
No answer	2	4	3	0
100%	100	100	100	100

2.2 Personal Welfare vs. Department Welfare

The result of Table 17 does not, however, mean that many managers participating in this research preferred their work and departments over the welfare of their employees, and thus did not want to encourage their staff to ask for personal favours such as recruiting relatives, giving merit, promotion and/or salary increases, or not questioning absenteeism.

* (Favours or favouritism means: help to a relative or friend for example as by giving them a job on the basis of the relationship. This also can be called nepotism.

Sixty-three per cent (63%) of Saudis and thirty-one per cent (31%) of Western managers put the welfare of their personnel above the welfare of their departments. This could be due to the social system effects, or to a belief that a happy staff is a better-performing staff. This is also a serious indication of a 1,9 leadership style. The 1,9 leader shows a minimum concern for productivity coupled with a maximum concern for people. With this style, a manager's primary attention is placed on good feelings among colleagues and subordinates, even at the expense of achieving results.¹¹ Table 18 shows the results of Q19-2, c.

Table 18

DEPARTMENT WELFARE IS MORE IMPORTANT THAN PERSONNEL WELFARE

Item	Saudis %	Westerners %	Government %	Non-Government %
Strongly agree/agree	35	65	35	13
Disagree/strongly disagree	63	31	62	87
No Answer	2	4	3	0
100%	100	100	100	100

As table 18 indicates, it seems an anomaly that about two thirds of these (1,9) managers are from non-government, profit-generating, companies, and eighty-seven per cent (87%) are from government organisations but where generating revenue is among their important objectives and priorities.

¹¹- Blake and Mouton. The Managerial Grid, Gulf Publishing Co., Houston, USA., 1985.

In summary, most Saudi and Western managers use formality in: crisis, work pressure, and decision-making. On the other hand sixty-three per cent (63%) of Saudis and thirty-one per cent (31%) of Westerners use informality for supporting personal welfare or providing staff with favours. One should perhaps add that this discriminating finding shares the limitation of conventional labels of the 'formal' and 'informal' kind.

B. DECISION-MAKING

Effective managers share their leadership responsibilities with their followers by involving them in their tasks. They use a non-directive, democratic style, which stresses the concern for human relationships as well as achievement. The democratic style assures that the power of leaders is granted at least in part by the group they are to lead and that people can be self-directed (theory Y).¹² On the other hand the authoritarian style is often based on the assumption that the power of leaders is derived from the position they occupy and that people are innately lazy and unreliable (theory X).¹³ However, according to Hersey and Blanchard there are four major situational leadership styles. Those situations are:¹⁴

- a) Low maturity of followers where the leader becomes more authoritarian (telling and directing),
- b) Low to moderate maturity (people who are unable but willing) where the leader becomes directive but also supportive. It is in this situation that the leader makes decisions and sets directions, but helps his followers to understand them.

¹²- Hersey and Blanchard, 1982, pp. 85-86.

¹³- Ibid.

¹⁴- Ibid., pp. 152-156.

- c) Participating is another style for moderate to high-moderate maturity employees on organisational members (people who are able but unwilling until they participate in the decision-making and become confident and motivated to do the task); and,
- d) Delegating which is for high maturity (where people are both able and willing to take responsibility).

Telling and selling are authoritarian styles while participating and delegating are democratic ones.

A leadership style can be clearly identified by looking at the way a manager makes his decisions. Decisions may be both short and long term. They are to resolve problems, and to balance present means and future results regarding, for instance, the organisation's mission, goals, and plans.¹⁵

Decision-making must involve all possible talents, feedback, and commitment. Decision-making requires a fair level of technical, human, and conceptual skill. The higher the decision maker's level, the more conceptual skills he or she needs. This is essential if he is involved in corporate planning where he needs to see the whole picture of the company's future.¹⁶

Against the background of this Hersey and Blanchard typology, it can be said that Saudi managers do not like participative decision-making. They use consultation but mostly with their colleagues, not their subordinates. The previous literature showed that consultation among Saudi managers was high. This research shows that when it comes to non-operational decisions, such as setting objectives and plans, consultation is low.

¹⁵- Ibid., pp. 228-229.

¹⁶- Peter Drucker. The Practice of Management, Pan Book Inc., London, UK., 1988, p. 113.

Western managers who are assumed to be high in involving subordinates in their decision-making, are also found in fact to be highly individualistic (i.e. non-consultative) in their decision-making.

1- Decision-Making for Objectives and Planning

Both Saudi, ninety-four per cent (94%) and Western, eighty-one per cent (81%), managers are highly individualistic in decision-making in relation to objectives and planning. Tables 19 and 20 show the results of Q4 and 13 - 2, a and c.

Table 19

INDIVIDUALISTIC DECISION-MAKING FOR OBJECTIVES AND PLANS

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Very high/ high	94	81	91	88
Low/very low	6	19	9	12
100%	100	100	100	100

Table 19 also indicates that the individualistic decision-making in both government and non-government organisations is high.

2- Authoritarian Decision-Making

The authoritarian style in decision-making among Saudis is clear according to answers to Q13-2, c; as indicated in table 20.

Table 20

HIGH AUTHORITARIAN STYLE IN DECISION-MAKING

Item	Saudis %	Westerners %	Government %	Non-Government %
Very high/ high	69	53	96	62
Low/very low	26	42	3	30
No answer	5	5	1	8
100%	100	100	100	100

Table 20 shows the authoritarian management style in non-government organisations is less than in government organisations, yet it is still high.

Those who are not authoritarian in their decision-making in the non-government organisations (Table 20) are not necessarily team players. They may be 1,1 leaders in terms, of the Blake and Mouton typology (a minimum concern for both productivity and people).¹⁷ (Section "D" will indicate that teamwork in fact has a low value.)

3- Decision-Making through Delegation

In day-to-day operations there are many decisions that must be made without going to higher management. Those decisions usually impact on daily operations and productivity, for example, getting spare parts as quickly as possible, or approving overtime. A large number of Saudi and a third of Western managers do not give their subordinates or line managers adequate authority to make operational decisions. This behaviour not only affects line

¹⁷- Blake and Mouton, 1985.

management's tasks and responsibilities, but also restricts opportunities to train and help them develop.

Delegation is low in Saudi Arabia. But delegating operational decisions is not as low as delegation for setting objectives and for planning decisions. Table 21 shows this.

Table 21

GIVING LINE MANAGEMENT CHANCES FOR MAKING OPERATIONAL DECISIONS

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Very tied/ tied	50	35	42	55
Little tied/ Not tied	49	61	57	41
No answer	1	4	1	4
100%	100	100	100	100

Table 21 shows that sixty-one per cent (61%) of Western managers give more chances to their line managers for making decisions related to operations. Only forty-nine per cent (49%) of the Saudis do the same. Also, non-government organisations are slightly better than government ones in this respect. (Delegation will be further discussed under section C).

The Results of Cross-Tabulation

The cross tabulation analysis for managers delegating operational decision opportunities shows that age makes a

difference. The highest percentage, fifty-five per cent (55%), who give their line managers opportunities to make operational decisions are executives 45-49 years old. These executives are also mainly in the state-owned corporations, for instance, oil industry.

4- Consultation

Consultation in the Arab world, and specifically in Saudi Arabia, is low, although consultation is strongly recommended in Islamic teachings. In addition to exchanging opinions and getting feedback, it is a method of involving and showing respect for others. Usually, consultation in Saudi Arabian business involves the leader presenting ideas and inviting questions. This is what Hersey and Blanchard describe as the third level of authoritarian behaviour.¹⁸ The highest level is when a leader makes decisions and announces them. The second level is when a leader presents tentative decisions that are subject to change. The higher the authoritarian level, in general the less effective the leader is.

Consultation among the Saudi managers who participated in this research is lower than is suggested in the reviewed literature, F. Muna's work (1980). Consultation among Western managers is significantly lower than for their Saudi counterparts, though they require more consultation due to their lack of knowledge of the Saudi environment. When we relate the findings of tables 19 and 20, to table 22, the results show that consultation by the managers who participated in this research falls into the third level of the authoritarian style as defined by Hersey and Blanchard.

¹⁸- Hersey and Blanchard, 1982, pp. 23-24.

Table 22

PERCEPTION OF A NEED FOR CONSULTATION

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Strongly agree/agree	41	23	33	35
Disagree/strongly disagree	58	77	66	65
No Answer	1	0	1	0
100%	100	100	100	100

Table 22 also shows that consultation is low in both government and non-government organisations. In addition, the results in table 22 support the previous findings that most Saudi (ninety-four per cent, 94%) and Western (eighty-one per cent, 81%), managers are individualistic in their decision-making. Later, in Chapter VI, we will see that some decisions made by Saudi management are impractical and therefore are considered one of the major causes of problems in Saudi corporations. This is a strong sign of lack of participative, involvement-oriented, decision-making.

The Cross-Tabulation Results

The cross-tabulation analysis for consultation and decision-making style shows the following:

- ° Of those who prefer the individualistic decision making style, eighty-six per cent (86%) believe that their most important source of power and authority is their formal position (Q3-2, c).
- ° In the same group, seventy-seven per cent (77%) believe that it would take too long for subordinates to make operational decisions.

Therefore they make decisions themselves and announce them. This means that delegation is not practiced by this group.

- In addition, sixty-five per cent (65%) said that their companies are centralised, but five per cent (5%) said that centralisation is done only when necessary (Q19-2, b).
- The age of the managerial group makes a difference. The individualistic, authoritarian style is found to be highest at seventy-seven per cent (77%) among executives 50-59 years old. The second highest at seventy-four per cent (74%) is among executives 40-45 years old. The lowest fifty-five per cent (55%) falls in two groups, 30-34 and 46-49 years old.

C. DELEGATION

Effective managers delegate part of their tasks. The more democratic the manager, the more autonomy he gives his followers for making decisions, planning, and being responsible for their own tasks. For instance; a 9,9 manager who is balanced uses a team approach, and encourages participation and involvement. He delegates and gets people involved in tasks, and encourages or stimulates participation.¹⁹

Delegation does not mean that the manager is not accountable for the results of the tasks he has delegated. Therefore, there must be trust as well as guidance and supervision. Delegation relieves the manager of routine and less critical task, and frees him or her for the more important work of planning, organising, motivating, and controlling. It extends his capacity to manage, and reduces

¹⁹- Blake and Mouton, 1985.

delays in decision-making (as long as the needed authority is delegated as well). In addition, it allows decisions to be taken at the level where the relevant details are known, and develops staff's capacity to take responsibility.²⁰

Managers usually delegate routine and repetitive tasks, specialist tasks, and parts of their planning, organising, supervising, and decision-making tasks. This is necessary to involve or encourage involvement and share responsibility.²¹

Effective managers delegate often. Delegation helps them to concentrate on strategy rather than operations. They delegate operational decision-making and give their attention to strategic decision-making that includes:²²

- Definition of the scope of the organisation's activities.
- Matching the organisation's activities to the environment.
- Planning the activities of the organisation in line with available resources.
- Allocating resources within the organisation.
- Planning the long-term development of the organisation.
- Defining the total objectives of the organisation.
- Assessing the needs for change in the structure of the organisation to allow for changes in strategy.

²⁰- Michael Armstrong. How To Be an Even Better Manager, Biddles Limited, Guildford, UK., 1988, pp. 118-120.

²¹- Ibid.

²²- John Blake and Peter Lawrence. The a b c of Management, Cassell, London, UK., 1989, pp. 35-36.

We have seen so far that fifty per cent (50%) of Saudi executives do not delegate their tasks. They are ninety-four per cent (94%) individualistic in making decisions (Table 19) and are highly authoritarian (Table 20). Western executives fall within the same range. In addition, both groups were asked about their delegation of supervising, organising, planning, and controlling tasks (Q10-2, b).

The literature reviewed showed that delegation among Saudi executives was low. The previous studies only looked at delegation with respect to making decisions and not to the broader spectrum of task delegation that this research covers.

Table 23 shows that about half of the Saudi and Western executives delegate, mainly their supervising and organising and organisational tasks. Delegating planning and controlling tasks are at the low end of the scale (that is, are less likely to be delegated). The delegation of organisational tasks, which averages twenty-six per cent (26%) between the two groups, is probably a skewed figure. The organisational task should include staffing and other needs, but many executives marked this because they delegate their day-to-day organising tasks to secretaries or office managers. In addition, level of delegation tends to be same in government and non-government organisations.

Table 23

AREA(S) OF DELEGATION

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Delegate supervision	51	46	45	58
Delegate organisation	23	31	27	28
Delegate Planning	14	8	18	5
Delegate Controlling	12	15	10	9
100%	100	100	100	100

Though the delegation of supervising tasks, as table 23 shows, averaged forty-eight per cent (48%) between the two groups, this is low. It must be higher because 'we know that' effective executives delegate most of their supervising tasks to middle managers or line managers.

Delegating planning is nearly at the bottom for both groups. Question no. 9-2, a, asked the participants their opinion about the involvement level of middle management in planning. Table 24 shows the results.

Table 24

INVOLVEMENT OF MIDDLE MANAGEMENT IN PLANNING

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
High/most are involved	42	54	44	43
Only few/or none is involved	57	46	55	57
No answer	1	0	1	0
	100	100	100	100

Table 24 also shows that middle management in planning in both government and non-government organisation is low.

The Cross-Tabulation Results

The cross-tabulation analysis for middle-management involvement in planning shows that organisational size makes a difference in the level of involvement. The results are as follows:

- ° Organisations with 500-800 employees had fourteen per cent (14%) involvement of middle management in planning.
- ° Organisations with 1100-1400 employees had twenty-five per cent (25%) involvement of middle management in planning.
- ° Organisations with 1400-2000 employees had forty-two per cent (42%) involvement of middle management in planning.
- ° Organisations with more than 2000 employees had forty-nine per cent (49%) involvement of middle management in planning.

- Organisation with 800-1100 employees had the highest percentage, with fifty per cent (50%) involvement of middle management in planning.

D. COOPERATION AND CONFLICT

Cooperation in an organisation means that there is effective communication, persuasion, coordination, mutual understanding, team building, and cohesion. It further means that there is the ability to handle conflict and manage crisis.

To be effective managers must have a high level of interpersonal skills. This will help them to handle stress and conflict effectively, inculcate cooperation, negotiate constructively, delegate efficiently, and encourage participation. They also need to discuss and listen effectively, and understand what drives their subordinates.²³ These skills also help managers in building effective teams. Managers need to maintain cohesion within their group and create a dynamic group attitude. They must believe that people are open, truthful, committed (or motivated to become committed), have a good feeling and should be able to express those feelings freely.²⁴

Without cooperation in the group and organisation, there will be an increase in stress, frustration, and conflict, and cohesion will disappear. Stress and conflict are not necessarily bad signs since management can handle them well. Conflict, as we have said, is the result of differences, not the cause of the difference. Blind agreement on everything would be unnatural and enervating. Disagreement should come

²³- Tom Lupton. Management and The Social Sciences, Penguin Books, Ltd., Middlesex, UK., 1983, pp. 14-17.

²⁴- Michael Armstrong, 1988, pp. 121-138.

out into the open where the manager can explore the issues and resolve the conflict.

Conflict resolution is based mainly on cooperation, the facilitation of constructive and honest discussion, and on effective negotiation.²⁵

Half of the participants in this research believe that conflict should be resolved through honest, open, and constructive discussion. The result of identifying and analysing cooperation and conflict handling, shows that conflict within the participating organisations is very high. This indicates that many responses regarding constructive and effective conflict resolution were normative.

1- Cooperation and Teamwork

Both Saudi and Western managers were asked "What is the most important value at your work?" (Q20-2, a) The result with respect to teamwork is as follows:

- ° Saudis: eight per cent (8%) believed that teamwork was the most important value at their work.
- ° Westerners: fifteen per cent (15%) believed that teamwork was the most important value.

Teamwork clearly has little perceived value in Saudi organisations.

2- Handling Conflict

The participants were asked how management should handle conflict (Q30-2, a). The results are shown in table 25.

²⁵- Michael Armstrong, 1988, pp. 57-60.

Table 25

HANDLING CONFLICT

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
- Constructive discussion	55	61	66	29
- Negotiation	1	4	1	2
- Call a third party	4	4	2	7
- Set policy	20	23	14	38
- Restructure departments	3	4	4	18
- Separate conflicting parties by a coordinator position	5	0	2	2
- Satisfy parties' needs	1	0	1	2
- Set new objectives or standards	6	4	5	2
- No answer	5	0	5	0
100%	100	100	100	100

Table 25 shows that the non-government organisations are low in resolving conflict effectively and/or informally. In addition, it shows that using discussion to resolve conflict in government organisations was rated high (fifty-eight per cent (58%) average). This is likely to be a normative answer since:

- Confrontation is disliked in Saudi Arabia.²⁶ Confrontation is to meet face to face, confronting facts and challenges (see also section "E")
- Negotiation, which really goes hand in hand with discussion, was only two per cent (2%). Setting a policy to resolve conflict was the first choice for managers in non-government organisations and the second choice for managers in government ones. However, negotiation in the majority of Saudi organisations is mostly done through formality, using for instance, letters, as was discussed in section A.

3- Cooperation in Organisations

The participants were asked to rate the following (Q47-2, a):

"Management in my company is very cooperative; we seldom have conflict". The results are shown in table 26.

Table 26

COOPERATION IS HIGH, CONFLICT IS LOW

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always/most of time	47	35	54	21
Sometimes/little	51	65	46	77
No Answer	2	0	0	2
100%	100	100	100	100

Table 26 shows that an average of fifty-eight per cent

²⁶- Abdulaziz M. Malaika. Time Management In Saudi Arabian Business, Dar Al-Alem Printing, Jeddah, Saudi Arabia 1991, p. 98.

(58%) of the participants believe that cooperation in their companies is low and conflict is high. It further indicates that cooperation is low in the non-government organisation, and is not high enough in the government ones.

4- Cooperation among Management

The participants were also asked if they agreed that management in their organisation is cooperative and whether managers understood each other well (Q29-2, a). The responses are given in table 27.

Table 27

COOPERATION AMONG MANAGEMENT IS HIGH

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always/most of time	79	69	81	64
Sometimes/ little/ never	12	27	10	32
No Answer	9	4	9	4
100%	100	100	100	100

The positive response in this table also appears normative. The participants may have felt they were under observation through the survey and did not want to give a bad impression of themselves, or they felt that cooperation was the way it should be, not necessarily what was happening. Yet, table 27 shows that cooperation among managers in the non-government organisations is less than among managers in government ones.

Other responses to the survey probably show what was happening within the organisations more accurately. As seen

in sections (D), 1 through 3, conflict was high, cooperation low, and a very low value was placed on teamwork. Section (A) also showed that resolving conflict was accomplished primarily with high formality. The following, Section 5, also shows that there is a much conflict in the organisations observed, although cooperation received a somewhat higher rating.

5- Conflict at Work

The participants were asked to rate how often conflict at work occurs. The results are represented in table 28 (Q33-2, a).

Table 28

THE OCCURRENCE OF CONFLICT AT WORK

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always/very often/often	64	81	59	88
Seldom/never	36	19	41	12
100%	100	100	100	100

Table 28 further shows that conflict in the government organisations is high, but is higher in the non-government ones.

In summary, the responses in 1 through 5 clearly show the following:

When questioned about cooperation as between individuals, managers' responses were again normative. When the questions related to the organisation, most

responses were negative. The low value placed on teamwork, the emphasis on setting policies to resolve conflicts, are strong indicators that there is a high level of conflict among the Saudi and Western managers, and in their organisations.

The Cross-Tabulation Results

The cross-tabulation analysis for conflict at work shows the following relationships:

- ° Conflict is the highest, eighty per cent (80%), in organisations with 1700-2000 employees.
- ° The second highest level of conflict, seventy-five per cent (75%), is in organisations with over 2000 employees.
- ° The third highest level of conflict, seventy per cent (70%), is in organisations with 500-800 employees.
- ° Conflict is significantly higher in non-government organisations (59% vs. 88%).

The high level of conflict reported in organisations with 500-800 employees seems an anomaly. Small organisations should have less conflict since discussion, negotiation, and openness should be easier. Managers in the small organisation can meet and talk more frequently, with less organisational structures and barriers.

The higher level of conflict in non-government organisations also seems strange. Non-government organisations are profit based, and should have less office politics and less bureaucracy. Conflict is high because of using formal methods to resolve conflict, individualistic decision making, low levels of delegation and participation, and little consultation and cooperation.

E. CONFRONTATION AND CRITICISM

Confrontation and constructive criticism are very important to bring change and adjustments into work and life. Constructive criticism and confrontation also provide an ongoing basis to discuss differences, uncover disagreement, and resolve conflict.

Feedback is indeed supported by Islamic teachings. If the other side does not listen to the feedback that can effect the whole group, then confrontation becomes important and constructive criticism must be put into practice. People are not only influenced by their religious beliefs but by societal values and norms as well. A particular behaviour may be supported in religious teaching, for instance, placing value on time, but some social attitudes impact on time value. Consequently, the value placed on time becomes less. Thus, even though the society knows that time is important, it does not try to change those attitudes that impact on time utilisation.²⁷ Confrontation and criticism are among the kinds of behaviour which Saudi society does not encourage from early childhood. A dislike of confrontation and criticism is strong among many Saudi families and tribes. This dislike stems from an almost absolute respect for elders. It is deemed improper to criticise their behaviour, even when they are wrong.²⁸ This dislike was very strong before 1970. Education and social development, particularly throughout the 1980s, have softened the intensity of the dislike for criticism and confrontation.

The Saudi managers who participated in the research were found to be moderate in their use of confrontation and criticism. This mid-level rating should probably be lower

²⁷- Malaika, A.M. 1991, pp. 126-127.

²⁸- Muna, Farid A. *The Arab Executive*, St. Martins Press, New York, USA., 1980, p. 65.

because many of the answers appear to be normative. This has occurred because the respondents know that Islam teaches that confrontation and criticism are acceptable, and modern management techniques use them as well. The Saudi managers do not want to give a poor impression of themselves, or appear not to embrace modern techniques. Western managers, coming from societies that openly use confrontation and criticism, showed some courage in the interviews when they said they rarely practiced criticism because they found that it hurt Saudi, and Arab, feelings. Although moderated, the dislike of confrontation and criticism is still strong in the Kingdom.

The dislike of confrontation and criticism is behind the high level of conflict in Saudi management and organisations. Conflict happens frequently because colleagues do not want to discuss differences and are not receptive to criticism. Nearly half of the participants refused or were hesitant to explain their actions at work (Table 32).

Tables 29 to 34 show the results of respondents' answers to questions related to confrontation, criticism, feedback, and supporting subordinates' ideas and suggestions.

Table 29

ENCOURAGING PERSONNEL TO GIVE FEEDBACK AND IDEAS

Item	Saudis %	Westerners %	Government %	Non-Government %
Strongly agree/agree	76	77	82	59
Disagree/strongly disagree	23	23	17	41
No Answer	1	0	1	0
100%	100	100	100	100

Table 29 reflects answers to Q41-2, c. It shows that encouraging personnel to give feedback is lower in the non-government organisations. Although government organisations are higher in this respect, supporting personnel for their feedback tends to be low. This is indicated in table 30.

Table 30

SUPPORT STAFF FOR THEIR FEEDBACK AND IDEAS

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always/ most of time	56	34	55	42
Sometimes/ never	41	62	43	55
No Answer	3	4	2	3
100%	100	100	100	100

Table 30 reflects answers to Q15-2, c. It shows that supporting personnel for their feedback is somehow low in both government and non-government organisation.

In summary, although an average of seventy-seven per cent (77%) of Western and Saudi managers encourage their subordinates to give feedback and ideas, only fifty per cent (50%) of them said they would support their subordinates in this respect.

While encouragement and support of personnel to give feedback is moderate, the willingness to listen to criticism should not be higher. Table 31 shows the results in this concern (Q16-2, c).

Table 31

WILLINGNESS TO LISTEN TO CRITICISM

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Strongly agree/agree	67	57	75	45
Strongly disagree/disagree	30	39	22	51
No Answer	3	4	3	4
100%	100	100	100	100

Table 31 shows that the willingness to listen to criticism is moderate in the non-government organisations and somehow higher in the government ones, which supports the results of tables 29 and 30. However, the participants were asked about their willingness to listen to criticism about themselves and their actions. The results were fairly high among the Saudi managers, but again this is likely to be a normative response. Listening to criticism by the Saudi managers does not necessarily mean taking any action to make adjustments. It means giving people a chance to verbalise their feelings and feel better. On the other side, thirty-nine per cent (39%) of the Western managers, who are supposed to be more open to criticism because of their home cultural environment and experience, surprisingly indicated reluctance to listen to criticism. During the interviews, a few of the Western managers said they thought that their Saudi colleagues and subordinates were not in a position to criticise their Western colleagues behaviour and actions, so they saw no advantage in allowing them to do so.

The following tables, 32 to 34 explore further openness to criticism and management's willingness to explain its action.

Table 32

REFUSAL TO EXPLAIN ACTIONS

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Strongly agree/agree	45	50	40	66
Strongly disagree/disagree	54	46	59	30
No Answer	1	4	1	4
100%	100	100	100	100

Table 32 reflects answers to Q20-2, c. It shows that about half of the participants agreed that they refuse to explain their actions at work. However, the non-government organisation managers refused to explain their actions more often than did the government sector managers.

Table 33

THE MANAGER CRITICISING POOR WORK OF HIS UNIT

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always/most of time	95	92	88	78
Sometimes/never	4	4	11	18
No Answer	1	4	1	4
100%	100	100	100	100

Table 33 reflects answers to Q17-2, c. The participants were asked if they criticised poor work in their units. The responses were very high in this area, and in both government

and non-government organisations.

However, these results are contrasted with those for using confrontation and criticism to improve subordinate performance (Table 16), and show that criticism in this respect was rated very low.

Table 34

THE MANAGER CRITICISING POOR WORK OF OTHER UNITS

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always/most of time	65	58	45	43
Sometimes/never	34	38	54	53
No Answer	1	4	1	4
100%	100	100	100	100

Table 34 reflects answers to Q18-2, c. The participants were asked if they criticised poor work in other units. Although the results were moderate, indication of criticism was lower than the results in Table 33. This is mainly because the criticism was related to units other than their own.

To summarise, Saudi managers tend to be slightly higher than their Western counterparts in accepting criticism and confrontation, even though this is contrary to societal values and norms. This is due either to normative responses from Saudi managers that pushed their positive rating higher, or equally plausibly to the Western managers trying to adjust to Saudi society and avoid the clashes that criticism would cause. Confrontation and criticism in Saudi Arabian management have become more prevalent since 1970, but conflict has increased too. This increased conflict is due

to the fast business expansion, and because criticism is not constructive enough. This area, still, needs further research.

The Cross-Tabulation Results

The cross-tabulation analysis concerning confrontation and criticism shows the following:

- ° Encouraging subordinates to give feedback and ideas are: highest among executives aged 45-49 years old at sixty-four per cent (64%), second highest among executives aged 35-39 years old at fifty per cent (50%), third highest among executives aged 50-59 years old at thirty-four per cent (34%), and lowest among executives aged 40-44 years old at fourteen per cent (14%).
- ° Encouraging subordinates to give feedback and ideas are: highest in industrial government organisations such as the oil industry, eighty-five per cent (85%), second highest in business government organisations, such as national airlines, seventy-eight per cent (78%), and lowest in non-government organisations fifty-eight per cent (58%).
- ° Managers who think that management must be cooperative and understanding (Q29-2, a) criticise the poor work of their units much more than the others. They represent seventy-one per cent (71%) of the whole group.
- ° Managers who think that they should not explain their actions represent seventy-five per cent (75%) of the group that gives a low rating to cooperation among managers.

F. MANAGEMENT OBSOLESCENCE*

Successful management must have three major skills:²⁹

- a) Technical skills such as planning, organising, delegating, problem-solving, deciding, and controlling.
- b) Human skills, for example, recruiting and selecting, motivating, getting commitment, negotiating, coaching and training, appraising effectively, team building, and directing and communicating effectively.
- c) Conceptual skills, for example, seeing the big picture, having the capacity to see the whole in motion, these skills are used in corporate planning, in articulating the organisation's corporate values and beliefs, in designing the total formal structure, in selecting corporate strategies, and so on. They also involve the capacity to take information and process it laterally and vertically.

In addition, to using human skills effectively, managers have to understand the social value system, or the society in which they work. They have to understand the motivational factors and drives, and both the formal and informal group norms. A manager may be high in his technical and conceptual skills, but without sufficient human skills he cannot be effective, influential, or change peoples' behaviour towards the achievement of organisational objectives. In other words, human skills are important to play an effective leadership role.

On the other hand, a manager may have good human skills but

* (Obsolescence means: the process of becoming obsolete, no longer current, old fashioned. Management obsolescence thus means the lack of skills and knowledge).

²⁹- John W. Hunt, 1989, pp. 227-234.

lack technical skills. Without sufficient technical skills he or she cannot fully perform major management functions, such as planning and problem solving. The manager must improve his skills, practices, and keep updating his knowledge and attitudes.

The participants were asked to view themselves and their counterparts. For instance, Saudi participants were asked how they would view both Saudi and Western managers. Question nos. 18 and 19-2, a, asked the participants about their views regarding obsolescence in management skills and knowledge, and the adequacy of social and cultural knowledge. The responses are as follows:

1. Ninety per cent (90%) of Saudis viewed themselves as obsolescent (for instance, lacking, or out of date) in both technical skills and management skills and knowledge.
2. Sixty-two per cent (62%) of Westerners viewed their Saudi colleagues as obsolescent in both technical skills and management skills and knowledge.
3. Saudis viewed Westerners as obsolescent in:
 - a) Social and cultural knowledge, forty-three per cent (43%);
 - b) Technical skills and management knowledge and skills, forty per cent (40%).
4. Westerners viewed themselves as obsolescent in:
 - a) Social and cultural knowledge, forty-six per cent (46%);
 - b) Technical skills and management skills and knowledge, four per cent (4%).

Items 1 and 2 show that there is much perception of deficiency among Saudi managers in both technical skills and management skills and knowledge. Items 3a and 4a show that Saudi managers view Western managers as inadequate regarding their knowledge of Saudi Arabian society and culture. This

conforms to the view that there is a need for Western managers to improve their knowledge and gain a better orientation to the Saudi culture. Dr. Kurashis' work in the reviewed literature also showed there was a strong need to familiarise non-Saudis, particularly Westerners, with Saudi culture.³⁰

Only four per cent (4%) of the Western managers viewed themselves as obsolescent or lacking in technical skills and managerial skills and knowledge, while forty per cent (40%) of the Saudis viewed them as deficient in these areas. It seems that some Western managers in Saudi Arabia have become out of date in their technical and management skills and knowledge. This is mainly among those managers who have been in the Kingdom for several years. During their tenure, they have not had opportunities to attend conferences and seminars.

In Saudi Arabia it is rare to send an expatriate on a course, whether it is conducted locally or abroad. Additionally, most Western managers who participated in this research have dual roles. A Western manager may have been hired as an engineer, for example, but he is probably operating as a section or division head as well. The selection of these managers was based on technical knowledge and background with little consideration given to managerial experience or skills.

The Saudi managers who participated in the research have developed their view of Western manager obsolescence partly based on the Westerners' lack of cultural knowledge. This lack showed Western managers to be ineffective in handling activities that required human skills. Consequently, the

³⁰- Dahlan, Hassan A. Politics, Administration and Development in Saudi Arabia. Amana Corp., Brentwood, MD, USA., 1990, p. 274.

Saudis thought that the Western managers lacked management knowledge and skill in a more general way.

G. SOME CHARACTERISTICS OF BOTH WESTERN AND SAUDI MANAGERS AS VIEWED BY THE PARTICIPANTS

The following are the views of both Western and Saudi managers who participated in this research. They are evaluations and opinions regarding both groups of managers, their attitudes, and work preferences. The results are compiled from answers to Q12 to 17, 39, and 40-2, a. The responses show that Western managers are active, high in their efficiency, and hardworking. It also shows that the important things for them at work are their tasks and work performance. The high rating in these characteristics shows there is not a lack of technical skills, managerial skills or knowledge as perceived by the Saudi managers.

1- Westerners

1.1 Many Saudis viewed Western managers as hard-working and active. Those who did not respond said that they lacked direct experience with Westerners at their work.

Hard-working	31.6%
Active*	25.4%
Competitive	13.2%
Achievers	13.2%
Open minded	6.1%
Persistent**	3.5%
Socialising***	2.6%
Social club type	2.6%
Lazy	1.8%
	<hr/>
	100.0%

* (Active means energetic and proactive.)

** (Persistence means not giving up easily; trying hard to get things done.)

*** (Socialising means spending time in social activities not related to work.)

- 1.2 Many Western managers viewed themselves as active and hard-working too.

Active	38.4%
Hard-working	23.0%
Competitive	12.0%
Open minded	7.6%
Achievers	3.8%
Persistent	3.8%
Lazy	3.8%
Socialising	3.8%
Social club type	3.8%
	<u>100.0%</u>

The above results indicate that few Westerners were not satisfied with their achievement, or there were some obstacles that prevented them from achieving what they wanted.

- 1.3 Saudis thought that high priorities at work for Westerners were:

Task	50.0%
Performance	29.0%
Rewards*	14.0%
Training	2.6%
Relationships	2.6%
Promotion	0.9%
Position**	0.9%
	<u>100.0%</u>

* Rewards = incentives. This is a reasonable percentage. Any expatriate that leaves his home country and works abroad has expectations and goals. Rewards are one of them.

** Western managers who thought that getting a position was the most important thing at work probably thought so because they were authoritarian, as was indicated in section (B). A priority for position would not be for higher salary alone, since they would have chosen rewards instead. Choosing position might be to give them enough authority to help them do their jobs.

1.4 Western managers ranked their priorities at work as:

Performance	30.8%
Tasks	27.0%
Rewards	19.2%
Positions	11.6%
Training	3.8%
Relationships	3.8%
Promotion	3.8%
	<u>100.0%</u>

Although half of the Saudis viewed tasks as the most important thing for the Western managers, most of the Western managers did not agree. Yet, Western managers were low with respect to relationships and socialising, and high with respect to tasks and performance. They can justifiably be called task oriented (9,1) but not the social club type (1,9).³¹

1.5 Saudis viewed Western managers as better than Saudi managers in:

Efficiency*	30.7%
Punctuality	24.6%
Time Management	13.1%
Effectiveness**	11.4%
Teamwork	5.3%
Meetings	3.5%
Supervision	3.5%
Delegation	3.5%
Interpersonal skills	3.5%
Socialising	0.9%
	<u>100.0%</u>

* Efficiency means: a measure of the level of output achieved compared to the level of input consumed.

** Effectiveness is concerned with outputs. The more successfully an activity conducted, the higher the degree of effectiveness achieved.

³¹- Blake and Mouton. The Managerial Grid, 1985.

It seems that Western managers were rated low in their concern for teamwork, supervision, and interpersonal or human skills. The Saudi perception in the above supports the view that most Westerners were highly task oriented (9,1) and much less concerned with relationships. In addition, the low rate of delegation indicates that Westerners appear to prefer the authoritarian style in management.*

1.6 Western managers viewed themselves as better than the Saudi managers in:

Efficiency	38.4%
Punctuality	38.4%
Effectiveness	11.6%
Teamwork	7.7%
Time Management	3.9%
Supervision	0.0%
Delegation	0.0%
Meetings	0.0%
Interpersonal skills	0.0%
Socialising	0.0%
	<hr/> 100.0%

The results of the above, 4 and 5, are almost the same as 6, except that Western managers rated themselves very low in effective meetings and time management (meetings and time management are discussed in the next chapter). This was a result of the low value Saudi society places on time. The results reinforce the perception that Western managers show low concern for relationships (1,9), and high concern for their tasks (9,1). They did not like to delegate their tasks, and did not like socialising at work.³²

* 1.9 means: a minimum concern for production coupled with a maximum concern for people. 9.1 means: a maximum concern for production coupled with a minimum concern for people.³³

³²- Ibid.

³³- Ibid.

The Western managers did not rate themselves better than the Saudis in supervision because they lacked cultural knowledge. This shortcoming also made them think that they were not better in interpersonal skills. They confirmed that because of their lack of knowledge of the culture, they could not use their interpersonal skills effectively. This also affected their supervision and delegation levels. Not speaking Arabic further caused ineffective communication and misunderstanding. (This is supported in the next analysis Q-2.5 which shows that Saudi managers are viewed as better than Western managers in supervision and delegation.)

The negative responses to delegation also show that Western managers are individualistic at work, especially in activities that require subordinate participation. Western managers were also rated low in teamwork.

In summary, most of the Western managers were found to be strongly task oriented, authoritarian in style, and individualistic in most of their tasks and activities.

1.7 Work Preference. Saudis viewed Westerners work's preference as follows:

Technical jobs	66.7%
Craft jobs	14.9%
Management jobs	7.9%
Manual jobs	7.9%
Office jobs	2.6%
	<hr/> 100.0%

Saudis thought that most Westerners do not prefer managerial jobs in Saudi Arabia.

1.8 Work Preference. Western participants viewed themselves as preferring the following types of jobs:

Technical jobs	38.0%
Management jobs	31.0%
Manual jobs	19.0%
Craft jobs	8.0%
Office jobs	4.0%
	<u>100.0%</u>

2- Saudis

2.1 Western managers viewed Saudi managers as lazy and socialising far too much at work.

Lazy	30.8%
Socialising	19.2%
Social club type	11.6%
Active	11.6%
Competitive	7.7%
Hard-working	7.7%
Achievers	3.8%
Persistent	3.8%
Open minded	3.8%
	<u>100.0%</u>

2.2 Saudi managers viewed themselves as:

Over socialising	35.1%
Social club type	26.3%
Active	10.5%
Hard working	9.6%
Lazy	7.0%
Competitive	6.2%
Persistent	2.6%
Open minded	1.8%
Achievers	0.9%
	<u>100.0%</u>

The above results were personal views of Western executives working in Saudi Arabia who viewed many of Saudi managers as lazy and unproductive. When the Saudis responded to the same questions about themselves, laziness was rated fifth on the list. Though most of the Saudis did not rate themselves as lazy, they did admit that they were not achievers and did not work hard enough. They also admitted that they were very high, sixty-one point four per cent (61.4%) in social activities (1,9) and not greatly concerned with

productivity.³⁴

2.3 Western participants thought that the high priorities for Saudi managers at work were:

Position	57.7%
Promotion	19.3%
Reward	11.5%
Relationships	11.5%
	<u>100.0%</u>

2.4 Saudi managers thought that their priorities at work were:

Position	36.0%
Promotion	20.0%
Relationships	16.7%
Tasks	11.4%
Reward	7.9%
Performance	6.2%
Training	1.8%
	<u>100.0%</u>

There is not much difference for the priorities of Saudis as viewed by the two groups, except that Saudis gave some importance to tasks, performance, and training. It seems that position was the most important thing for a third of the Saudi managers, possibly for gaining authority and power. Promotion and rewards were also rated highly. This could be because the Saudi managers, like others, want a better income and improved living standards. Relationships for Saudis (concern) were rated high for two major reasons: relationships in Saudi Arabia are a principle method of getting promotions through the organisation hierarchy (see next chapter), and a reflection of Saudi cultural practices.

2.5 Western participants viewed Saudi managers as better than themselves in:

³⁴- Blake and Mouton, 1985.

Socialising	61.5%
Supervision	11.6%
Delegation	11.6%
Efficiency	7.7%
Team-work	3.8%
Interpersonal skills	3.8%
	<u>100.0%</u>

2.6 Saudi managers viewed themselves better than Western managers in:

Socialising	59.6%
Efficiency	8.8%
Effectiveness	8.0%
Supervision	7.0%
Team-work	6.2%
Time Management	4.4%
Interpersonal skills	2.6%
Meetings	1.8%
Delegation	0.8%
Punctuality	0.8%
	<u>100.0%</u>

There is again a lot of similarity between the views of two groups, except that eight per cent (8%) of the Saudis felt they were more effective. This is probably again because of cultural reasons, where language is a barrier for the Western manager. The same holds true for the Western managers who felt Saudis were better in supervision and efficiency, where language is a critical tool. Some Western managers have Saudi counterparts who have been educated abroad and have gained a Western orientation. Those managers generally rated their colleagues better in supervision and delegation. This situation, however, is limited to a few observations.

Socialising was given a very high rating by both groups. This concurs with earlier views in this subsection (1 and 2) that many Saudi managers were lazy, unproductive, and did not work hard.

2.7 Work Preference. Western participants viewed the Saudis as preferring the following type of work:

Management jobs	69.2%
Office jobs	23.1%
Technical jobs	7.7%
	<u>100.0%</u>

2.8 Work Preference. Saudis viewed themselves as preferring the following type of work:

Management jobs	64.9%
Office jobs	18.4%
Technical jobs	14.0%
Craft jobs	1.8%
Manual jobs	0.9%
	<u>100.0%</u>

Again, there is a high correlation between the views of the two groups. Management jobs are preferred by most Saudis; Technical jobs were given slightly a higher rating by the Saudis speaking for themselves. Craft and manual jobs simply are not preferred in Saudi Arabia, and this is reflected in the figures.

H. NEEDS FOR IMPROVEMENT AMONG SAUDI MANAGEMENT

An open-ended question was asked concerning the areas where Saudi management needs to improve. The responses were cumulative, where a participant could agree on more than one statement. The question was:

What does Saudi management need to improve? (Q3-2, b)

The responses were:

1. Saudi management needs to be open, honest, and clear (response by twenty-two per cent (22%) of Saudis, thirty-eight per cent (38%) of Westerners).
2. Saudi management needs to understand policies, their effects and necessity (thirty-one per cent (31%) Saudis).
3. Saudi management needs to understand the importance of objectives especially for long term

- success (thirty-one per cent (31%) Saudis).
4. Saudi managers are not punctual and not committed to hard work (fifty-seven per cent (57%) Saudis, forty-six per cent (46%) Westerners).
 5. Saudi management needs to increase its commitment and loyalty to the organisation (fifty-seven per cent (57%) Saudis, sixty-nine per cent (69%) Westerners).
 6. Saudi management is not participative. Their instructions, goals, and relationships are not clear and not understood (twenty-two per cent (22%) Saudis).
 7. Top management is over centralised and individualistic (twenty-one per cent (21%) Saudis, thirty-five per cent (35%) Westerners).
 8. Management needs to be impersonal, and to stop engaging in favouritism and personal relationships (thirty-nine per cent (39%) Saudis, forty-six per cent (46%) Westerners).
 9. Saudi management needs training and development (seventy-nine per cent (79%) Saudis, ninety-two per cent (92%) Westerners), mainly in decision making and planning (sixty-one per cent (61%) Saudis, fifty-eight per cent (58%) Westerners).
 10. Saudi managers need to be open with each other, exchange ideas and opinions, and meet more frequently to learn from each other's experiences (fifty-three per cent (53%) Saudis).
 11. Saudi management should avoid personal relationships at work and be more task oriented (thirty-five per cent (35%) Saudis, sixty-two per cent (62%) Westerners).
 12. Saudi managers must become professional, they should develop themselves through professional training and reading (thirty-nine per cent (39%) Saudis, thirty-five per cent (35%) Westerners).
 13. Saudi management needs to improve its time utili-

sation and to appreciate hard work (twenty-five per cent (25%) Saudis, twenty-seven per cent (27%) Westerners).

14. Saudi managers need to be objective and less emotional (twenty-six per cent (26%) Saudis, forty-six per cent (46%) Westerners).
15. Saudi managers need to have better interpersonal skills (seventeen per cent (17%) Saudis).
16. Saudi managers need more experience (eleven per cent (11%) Saudis).
17. Saudi management must stop exploiting connections and using blatant favouritism (seventeen per cent (17%) Saudis).
18. Saudi management needs to be flexible and participative (fifteen per cent (15%) Saudis, nineteen per cent (19%) Westerners).
19. Saudi managers need to be more cooperative and use teamwork (thirty-five per cent (35%) Westerners).

SUMMARY

Most Saudi managers lack effective management and leadership characteristics and skills. In addition, many Western managers working in Saudi Arabia are affected by their Saudi colleagues and by the Saudi culture. Therefore, they do not engage in effective management practices or display the attitudes that might be expected of them. Thus, for instance:

- 1- The majority of both Saudis and Westerners rank high in the use of formality in budget crises (sixty-nine per cent (69%) both), conflict resolution (forty-eight per cent (48%) average), and getting subordinates to raise their output (eighty per cent (80%) average). Also, positional authority is very important as a source of power for most of the Saudis, seventy-three per cent (73%). Decision-making, mainly with regard to objectives and planning, is very formal as well; and almost all Saudis, ninety-four per cent (94%), and most Westerners, eighty-one per cent (81%), are individualistic in their decision making. They are authoritarian, and only forty-one per cent (41%) of Saudis and twenty-three per cent (23%) of Westerners use consultation. Also, delegation is limited to delegation of supervisory tasks (fifty per cent (50%) average). Delegation of planning, controlling, and organisation is low (nineteen per cent (19%) average), and involvement of middle management in planning is only fifty per cent (50%).

There was no significant difference between government and non-government organisations in the above, except that the authoritarian style is thirty per cent (30%) more common in government organisations. However, the

individualistic style in decision-making for objectives and planning is high in both sectors. Furthermore, the more senior the manager, the more authoritarian he tends to be. Organisations of middle size have more middle-management involvement in decision-making, fifty per cent (50%).

- 2- The use of informality is applied frequently to correct subordinates' low performance, for instance, absenteeism, where giving direct orders to improve performance is rarely used, and warnings are avoided. Also, the use of informality to encourage staff to talk about work and personal problems is high, but does not necessarily lead to improvement. It is rather a show of concern. Yet, many Saudi managers, sixty-three per cent (63%), believe that the welfare of their personnel is more important than the efficiency of their department, while only a third of Westerners, thirty-one per cent (31%), feel the same. This shows a low task orientation. It is worth mentioning that this concern is twenty-five per cent (25%) higher among the managers of non-government organisations than among those in government organisation. However, the older the manager, the more concern he is likely to display.
- 3- Saudi managers are too concerned with personal relationships at work, while almost all Western managers place a low value on personal relationships. An average of sixty per cent (60%) of the Saudi managers admit that they provide personal favours to their subordinates, and that the welfare of their subordinates is more important than that of their departments. The same group feel that socialising at work is important and therefore relationships have a high

priority, following position and promotion.

Sixty-five per cent (65%) of Western managers believe that the department's welfare is more important than their subordinates' welfare while the other thirty-five per cent (35%) believe the opposite.

- 4- Cooperation among both groups tends to be reasonable when related to non-major and/or organisational functions change. Teamwork is very low. Confrontation and criticism are not tolerated and though many managers listen to criticism, they do not modify their decisions as a result. Also, about half of both groups do not like to explain their actions. Therefore, conflict is high; an average of sixty-seven per cent (67%) of both groups indicated that there is a high conflict level at their work. Although conflict tended to be resolved constructively, half of the participants would take it formally to higher management.

Conflict is higher in middle size corporations. There is a significant difference between government and non-government organisations regarding conflict, the former reporting a thirty-one per cent (31%) higher level.

- 5- Lack of up to date management knowledge among Saudi managers is high. Almost all of them lack comprehensive management skills, ninety per cent (90%). Also, many lack the technical skills related to their business areas. About half of the Western managers lack social and cultural knowledge relating to Saudi Arabia. This lack causes them to be ineffective when trying to apply their management and technical expertise. Because

of the cultural difference, Westerners should concentrate on adapting their skills effectively to Saudi Arabian society.

- 6- Characteristics of most Saudi managers are that they tend to over socialise, are very personally oriented, put a high importance on social relationships, and many of them are considered lazy, sixty-eight per cent (68%). They put a high priority on position, promotion, relationships and rewards, eighty-one per cent (81%). Task and performance are of very low priority. In addition, almost all Saudi managers prefer to work in management and administrative jobs, eighty-six per cent (86%). But because of their high interest in relationships and the fact that they are Arabs they are somewhat better than Westerners at supervision and in human skills effectiveness.

Westerners, on the other hand, are highly task-oriented, hard-working, and better than Saudis in efficiency, punctuality, and time management, eighty-three per cent (83%). The same group is relatively low in both interpersonal skills practices and relationships.

- 7- There is a great need for training and development of Saudi management to improve their attitudes and performance. Furthermore, Saudi managers have to realise that they need to be more flexible, objective, and not so emotional, and to work harder for self improvement.

CHAPTER VI

FINDINGS RELATED TO THE

ORGANISATIONAL CONTEXT

VI. FINDINGS RELATED TO THE ORGANISATIONAL CONTEXT

Introduction

This chapter presents the findings of this research that relate to the organisational context of both Saudi government agencies (including revenue-generating and/or production) and non-governmental organisations. The following presents a short description of the organisational context.

ORGANISATIONAL CONTEXT

An organisation usually functions as a system. There are several interrelated components or sub-systems, interacting together.¹ The management system provides the framework for coordinating and directing employees' performance towards the objectives. This of course is supported by the other components. For example, process, methods, and techniques. Robert Lee and Peter Lawrence (1984) wrote a useful description of this system, the following being a summary of their analysis:²

An organisation's system is made up of several sub-systems, and the sub-systems have a great influence on the whole. The business organisation and its mission, objectives, and major goals, with its leadership at the top, is the main system. The mission, objectives, and goals are divided into sub-systems, for example, marketing and production. The sub-systems function to achieve the objectives through further

¹- Herbert Chrudden and Arthur Sherman. Managing Human Resources, South Western Publishing Co., Ohio, USA., 1984. p. 49.

²- Robert Lee and Peter Lawrence. Organisational Behaviour, Politics At Work, Hutchinson, London, UK., 1985, pp. 31-35.

subdivisions, for instance, sections, and individual employees. Yet for the business organisation to achieve its goals, these have to be realistic. Goals have to consider the effects of both the internal sub-systems and the environment as well. For example, what are the average local wages, tax, and the available materials, and so on.

To cope effectively with the internal environment, management needs ongoing and accurate information to help in making realistic decisions, setting objective goals, and formulating plans. There are many environmental features that have effects on the organisation, and contribute to or impact on its goals. Among these are the economy in which the company is placed, the technology, laws it has to comply with, institutions it deals with, competitors, and trade unions.

There are many mechanisms for monitoring changes in the environment, both external and internal. They tell us that we must have methods for linking sub-systems so that they will work together, and respond to change within the organisation's internal environment effectively as well. This system/sub-system concept, to be a successful one, needs the organisation's departments to be integrated, in the sense of working together and making decisions and plans. In addition, it calls for the organisation to integrate within its local environment, that is, to conform to laws, social values, and political demands. These external effects on the organisation will be further discussed in Chapter VII.

In summary, management has to consider the effects of interrelationships within the organisation and at both system and sub-system level in decision making and planning.

The following presents the analysis and findings related to the organisation's internal context and functions, for example, mission, objectives, planning, causes of problems

and inter-departmental friction. It also covers employee appraisal, rewards, promotion, budget systems, and organisational boundaries. Before presenting each group of findings there will be a summary or introduction indicating the importance of the topic and the findings covered. For instance, the importance of objectives and goals is indicated before presenting the findings related to the organisational objectives and goals.

A. THE MISSION STATEMENT, OBJECTIVES, AND GOALS

The Mission Statement

At the total company level the mission statement is a description of the nature of the company's business. The correct mission statement can be used as a motivating agent, to help management to see the opportunities, and to stretch their vision. Once people are thinking on the right lines it becomes less easy to overlook the obvious. Many improvements in the way a particular company is run are so often obvious but only after they are pointed out.³

The concept of a mission statement goes further. Once the overall company objectives are set, it is desirable to examine the purpose of each subsidiary company or department, and to set objectives in a similar way for each (see "objectives" below). Also, organisational effectiveness is not determined by its management, objectives, and planning alone. It is determined as well by all the things that result in interactive and interrelated activities.⁴

The Objectives

Objectives here are the statements of planning purpose developed within any kind of business plan. They are established within the framework of a planning process, and they normally evolve from tentative and vague ideas to more specific declarations of purpose. Objectives, also, are always present in a planning process though they are sometimes unconsciously established.⁵

³- David Hussey. *Introducing Corporate Planning*, Pergamon Press, Oxford, UK., 1985, pp. 33-34.

⁴- Ibid., p. 41.

⁵- Ibid., p. 34.

Objectives are something to aim at, although they should be regarded as a map grid reference rather than as a target at the rifle range.⁶

Peter Drucker (1988) stresses that there is not just one objective for a company. To search for this is like the vain quest for the philosopher's stone, which turns lead into gold. There are many objectives, and these should be formulated so as to cover the key areas of the company. He says that the primary component of objectives for business organisations is the profit target (both short and long term).⁷

In addition, there are other objectives of at least equal importance, and concentration on profit to the exclusion of all other factors is likely to be harmful to the company. In this David Hussey, 1985, mentioned that Drucker differs from Argenti, who believes that there is only one objective - profit, defined as a formula that includes both growth and return to shareholders.⁸

Goals

The objectives discussed so far are all long term. The next family of objectives is goals, which stretch over the whole time span of the planning period, and are often related to a specified date within that time span.

Goals are quantified objectives that provide a unit of measurement, from which the chief executive can confirm that his strategies have been carried out. This means that they

⁶- Ibid., p. 35.

⁷- Peter F. Drucker. The Practice of Management, Pan Book Inc., London, UK., 1988, p. 32.

⁸- David Hussey, 1985, p. 36.

can only be set after strategy has been decided.⁹

The mission statement and the objectives are the map grid references that show the corporate aim and target. In addition, the goals are the landmarks and milestones which mark the selected path the company is to take to reach the reference point. What form should these corporate landmarks take? The principle is that there should be quantitative targets for every important part of company operations. There should be as many goals as it is practical to develop. The only constraint is that it must be possible to measure results so that progress can be judged. There is little point in putting a number on something that the company either has no intention of measuring or finds impossible to measure. The preferred targets are those against which results can be compared, and they can be worthwhile if the costs of the exercise are not too high relative to the benefits.¹⁰

Findings Related to Mission, Objectives, and Goals

Many Saudi corporations, both governmental and non-governmental lack clear, defined, and understood mission statements, objectives and goals. This was found through answering Q2-2, a. The results are as follows:

- 1- Fifty-eight per cent (58%) of the participants from non-governmental organisations, and fifty-one per cent (51%) of those from governmental organisations confirmed that the lack of clear, defined, and understood mission, objectives and goals are major causes of problems in their work. Both responses give a grand total of fifty-four per cent (54%).

Lack of clear mission, and so on, as shown above (1)

⁹- Ibid., p. 37.

¹⁰- Ibid., p. 13.

can be because:

- 1.1 It is hard for Saudi governmental corporations to identify their objectives, because their goals are difficult to measure. It is especially difficult for public service organisations to specify quantitative goals.
- 1.2 The fast development the Kingdom has been undergoing, and the government's emphasis on meeting public demands and needs, has caused objectives to be changed rapidly.

Yet, fifty-eight per cent (58%) of the non-governmental corporations should have no excuse for not having a clear mission and well-defined objectives.

- 2- This lack of a clear mission, lies behind many problems at the surveyed organisations. For instance, twenty-three per cent (23%) of the participants believe that their departmental objectives and goals should not necessarily be consistent with their organisational mission. This, still, reflects their lack of understanding of the nature and functions of their business. Of these, eighteen per cent (18%) were from governmental and twenty-eight per cent (28%) from non-governmental organisations (Q22-2, a).

In addition, fifty per cent (50%) of the participants both Saudi and Western, in government and non-government, did not agree that decisions at their work are made based on the importance of objectives and goals (Q6-2, a).

- 3- So far, the non-governmental corporations appear to suffer from a greater lack of clear organisational objectives and goals, and consistency among their departments, than the governmental organisations. This

is due to the lack of qualified Saudi management.* It is also because expatriates in management positions, mainly in the private sector, do not try hard to define their companies long-term objectives.** Most expatriates do not look at the long term because they do not stay in the Kingdom long, or because they are paid for short-term goals such as net profit.

This problem, a lack of clear mission and understanding of objectives at both governmental and non-governmental levels, is not because the leaders of those corporations do not support their management in setting objectives. Leadership support was found to be high. According to fifty-eight per cent (58%) of the participants the problem arises in many of these corporations because leadership or senior management:

- do not have a vision of the future of their corporations.
- do not understand well-enough the nature and purpose of their corporations.
- are not able to communicate those objectives and visions effectively.

To find out if the organisational leadership supports management in setting objectives, goals, and plans, the following questions were asked to the participants:

* Governmental organisations usually have better qualified Saudi management than the non-governmental organisations. This is due to the preference for government jobs among Saudi graduates during the period from 1970-1984 (see Chapter V).

** Expatriate managers in the private sector are much more numerous than Saudis.

- 4- To what extent and at what level are you involved in setting your departmental objectives? (Q23-2, a)

An average of eighty-six per cent (86%) of both groups, Saudis and Westerners, said "very much" and/or "much". This indicates that management has a high level input in setting objectives for their departments.

- 5- Do you think the leader(s) at work support managers in setting their departmental objectives and plans? (Q24-2, a)

An average of seventy-eight per cent (78%) of both groups said "yes", "always" or "most of the time". Sixteen per cent (16%) said "yes", "sometimes", and six per cent (6%) said "little" or "none".

- 6- Do you have flexibility in setting your department's objectives and plans? (Q28-2, a)

An average of ninety-one per cent (91%) of both groups said "very high" or "enough", and nine per cent (9%) "little" or "none".

- 7- Then we sought to explore the question: what makes the mission and objectives unclear? Is it the lack of effective communication of those visions, plans, or the lack of understanding of the corporation's purpose or business nature as well.

The participants were asked again if they believed that the mission must be clear to everyone, especially management, and whether management must value this mission. The responses were very positive: ninety-four per cent (94%) agreed strongly (Q27-2, a).

The participants were asked again if their organisation's mission was derived from their organisation's

beliefs. Eighty per cent (80%), average of both groups agreed, saying "always" or "most of the time".

The indications from 1 to 7, suggest that the lack of a clear and understood mission and objectives is the result of a lack of effective and qualified leadership. This means that some leaders fail to see the whole picture of their corporation. In addition, it has to do with the lack of leadership's vision and understanding of their corporation and its purpose. It is also, because they do not communicate their objectives effectively, and/or do not direct their systems and sub-systems towards those objectives. This confirms the interpretation canvassed in the previous chapter, that most Saudi executives are not as task oriented as one might think.

B. PLANNING

Planning is a major management task where managers must think about where their company is going and what it will be doing in the years ahead.

This method of management, corporate long-term planning, is not a technique. It is a complete way of running a business. Under it, the future implications of every decision are evaluated prior to implementation. Standards of performance are set up beyond the time horizon of the annual budget. The company clearly defines what it is trying to achieve. A continual study is made of the environment in which the company operates so that the changing patterns are seen in advance and incorporated into the company's decision process. There is no magic in this, so corporate planning cannot guarantee that the company will never again be affected by adverse circumstances: just as when we walk on a crowded city street we cannot always avoid being jostled and bumped - but that is no excuse for walking with our eyes shut! Corporate planning is a way of keeping the companies eyes open.¹¹

Planning provides an effective way of controlling a

¹¹- David Hussey, 1985, p. 1.

business. By providing a realistic model of future results, it becomes possible to adjust strategies to keep the company on target. It assures that resources are not wasted and that they become available as required. Of course corporate planning will never help a company reach targets that are unrealistic, badly thought out, or that are the result of purely wishful thinking.

The first principle for good planning is to consider any normal cycle of events that is pertinent to the business. But it is a fact that the shorter the period studied, the more accurately the company is likely to be able to forecast future events. This leads to the second principle: that companies should not plan for a period longer than that which fits the business they are in. While it might be realistic for a forestry enterprise to plan for 29 years ahead, it is unlikely to be a useful period for an organisation in the theatre business. The third principle is that no company should be dogmatic about the period, but should make sure it chooses a period that fits its business. Most companies seem to opt for a three, five or seven year period. The most appropriate period for many businesses is five years, because a lesser period usually lacks perspective. A five year plan should be revised and updated once a year (or more frequently), and at every revision an additional year added. The plans must be flexible, and the company must be prepared to reconsider the whole of its strategy if events show this to be necessary.¹²

Findings Related to Planning

The previous section showed that many Saudi corporations lack a clear mission and objectives. Without having a clear and well-communicated objectives, planning will be incomplete and may take the company in the wrong direction. It was also

¹²- Ibid., pp. 3-5.

pointed out in Chapter V that fifty-five per cent (55%) of middle managers in Saudi corporations are not involved in planning activities (Table 24). In addition, about eighty-two per cent (82%) of senior managers are individualistic in their decision-making (Table 19), which of course includes planning as well.

However, some responses to questions related to planning were clearly normative (in the sense of seeking to make a good impression), while others indicated weaknesses in planning. The following represents these responses:

- 1- An average of fifty-four per cent (54%) of both groups confirmed that a lack of clear mission, objectives, and planning is the major cause of problems at work (Q2-2, a).
- 2- In addition, an average of forty-one per cent (41%) from both groups, 32% of government, and 58% of non-government organisations) said that the decisions and plans made are not practical, and are therefore the second-highest cause of problems at work (Q2-2, a).
- 3- Furthermore a fourteen per cent (14%) average of both groups, said that there is not enough commitment to the plans made, mainly in the preparation of budgets or the disbursement of approved funds for operating and implementing plans (Q16-2, b).
- 4- The participants said, (Q7-2, a) that their organisation's plans are based on the mission, and thus they have a long term-planning validity; ninety-one per cent (91%) governmental, seventy-eight per cent (78%) non-governmental. Though their answers were doubtless normative as 1 to 3 above show, it appears that they are unable to make good plans, especially for the long term, because there is a lack of clear vision, mission,

and objectives.

- 5- Also, the participants were asked if their companies' plans were strategic, and/or flexible (Q8-2, a). A seventy-five per cent (75%) average of both groups in the governmental corporations said "yes", and fifty-eight per cent (58%) of the non-governmental sample said "yes".

These results (3 and 4 previously) show that the participants tended to respond somewhat normatively, because the questions represented a direct criticism of their organisations.

C. STANDARDS OF PERFORMANCE

Based on developed goals, and after implementing short-term plans, for example, one year, a company should develop a concept of personnel standards. This concept is to measure the performance of its management and certain other employees such as line supervisors and salesmen. Some companies used the "management by objective" technique for performance measurement.¹³ Standards of performance are really a logical development of the concept of goals. They motivate employees whose performance will influence the company's success or failure. In addition, they provide a management tool to evaluate, promote, and reward good performance (or correct bad performance), and they provide an early warning when things go wrong. The standards must be established for key areas, be realistic, and be related to job descriptions.

Findings Related to Standards of Performance

Many of the Saudi organisations that participated in

¹³- Ibid., pp. 36-37.

this study do not use management by objectives, nor do they have standards of performance based on key areas and goals. However, many of them have job description questionnaires, but their JDQs are either unrealistic or not accurate. What those organisations usually use is an annual employee evaluation based on a generic feedback system or last-minute memory that is built on personal consideration rather than achievements. In addition, most of those employees who had an annual evaluation did not know about their evaluation until they were asked to initial the results confirming what their superior thought of their performance. In most governmental and non-governmental corporations, the superior can fill in the annual evaluation form without discussing it with his subordinates. It is considered confidential, and is therefore sent directly to the personnel department or to top management.

The participants were asked if they had job descriptions or similar documents in their organisations (Q7-2, b). The answers were "Yes" in seventy-four per cent (74%) of the governmental, and "Yes" in seventy-six per cent (76%) of the non-governmental organisations.

Respondents were asked if they had an appraisal system or standards of performance (Q8-2, b). The answers were "Yes", for sixty-nine per cent (69%) of the governmental, and "Yes" for sixty-six per cent (66%) of the non-governmental organisations.

The following are some of the respondents' comments regarding their JDQs and appraisal systems.

- 1- Job Descriptions, an average seventy-five per cent (75%) responses:
 - Are available only for management and the most important jobs, 28% of responses.
 - Are too numerical and too structured (32%).
 - Are not updated as needed, or are not accurate (24%).

In summary, eighty-four per cent (84%) of both groups, governmental and private sector, whose organisations had job descriptions observed that they were not as effective as they should be.

2- Appraisal or Standards of Performance (an average of sixty-seven per cent (67%) responses):

- Appraisal is conducted once a year, which has little effect on performance or improvement, sixty-four per cent (64%).
- It is not related to a training scheme or does not reflect training needs, thirty per cent (30%).
- In addition, thirty-one Saudi participants and four Westerners (36% average of those who have appraisals) said:
 - The appraisal system in their companies is not practical and not objective.
 - The appraisal is usually based on relationships.
 - The appraisal does not reflect a need for improvement.
 - The appraisal does not reflect training needs, and does not lead to action(s) required to improve performance.

Although about two-thirds of the participants had job descriptions and standards of performance in their companies, almost all of them agreed that they are not effective, realistic, and do not reflect needs for improvement.

D. POLICY, STRUCTURE, POWER, AND AUTHORITY AND RESPONSIBILITY

d-1 Policy

Effective organisations develop their policies to support their strategy and objectives. These policies do not

control activities, but ensure that those activities, such as recruitment, purchasing, and so on, are directed effectively to the achievement of the objectives. Thus, policies are an aid to decision making, suggest how objectives are to be achieved, and therefore, constantly need revision and development.¹⁴

Policies should be a cooperative endeavour among managers and supervisors, and should be formulated through teamwork and a policy committee. Policies should be formulated by those who must live with them, whose cooperation therefore is required.¹⁵

In addition, policies must be compatible with local regulations and must be in writing in a policy manual. They should not hinder decision making, or be permitted to impair freedom of action, or discourage the use of initiative. Policies should not be used as an excuse for not taking action.¹⁶

The previous literature reviewed in Chapter IV showed that most Saudi organisations either lacked policy manuals, or that their policies were not accurate and current. Also, teamwork was disliked and not valued. Besides, senior management was very centralised and individualistic in the sense of being non-participative. The top management considered the formulation of policy as its exclusive duty, and senior managers believed they were the ones to give the implementation orders. Policies in many Saudi organisations were for controlling activities rather than for helping to explain how and why those activities should be performed.

¹⁴- Bruce R. McAfee and Paul Champagne. Organisational Behaviour, West Publishing Co., New York, USA., 1988. p. 37.

¹⁵- Ibid., p.68.

¹⁶- Ibid., p. 69.

Findings Related to Policies

- 1- Sixty per cent (60%) of the Saudis, and forty-two per cent (42%) of the Westerners believe that decisions at their work are made based on the regulations, not the objectives and goals; 58% governmental, 70% non-governmental organisations, (Q6-2, a). This means that they make decisions based on regulations, policies, for instance, what to do in a specific situation rather than on constructive discussion and team effort.
- 2- As we have seen in Chapter V, in conflict situations, mainly between or among departments, the second most common solution the participants chose was setting a policy to resolve the conflict (22%). Thus, policy is thought to be used for control (Table 25).
- 3- Policies and rules are to be strictly applied at work, as claimed by a ninety-six per cent (96%) average of both groups in both sectors.

The involvement of middle management in decision making in the participating organisations is less than fifty per cent (50%), Chapter V. In addition, policies in those organisations are formulated by senior management with little teamwork or involvement of middle management. These policies are mainly for the purposes of control, rather than to give direction. Most of these policies are not accurate, updated, or flexible. This is a true picture of most organisations that participated in the present research. Exceptions are Saudi Arabian Oil Company (ARAMCO) and Saudi Arabian Marketing and Refinery Company (SAMAREC), who have developed their policies to be flexible and accurate, thus supporting their objectives (four per cent (4%) of the participating organisations).

d-2 Structure, Power and Authority

d-2.1 Structure

An essential element of any formal organisation is the structure through which its activities are directed towards the desired goals. This structure helps to determine the activities of each department. These activities become the duties of the employees assigned to each job. In most enterprises, the formal structure is organised and depicted by means of organisation charts and/or manuals. Power and bureaucratic forces that may develop within an organisation, however, can cause the enterprise to operate somewhat differently from the way that these charts and manuals show.¹⁷

A major function of the organisational structure is to establish the responsibility and authority of each employee. The structure also establishes the channels through which this responsibility is assigned downward to personnel at each lower level within the structure. To perform their respective jobs, employees must be given authority commensurate with their responsibility. Conversely, they must be held responsible for exercising this authority properly. Responsibility is divided and reassigned from the board of executives, the chief executive officer, and senior management, down to employees at the lowest level. In addition, authority is given simultaneously with responsibility, so subordinates can take actions to accomplish tasks and objectives. Through the process of delegation, formal authority commensurate with the requirements of the task is passed downward. This gives employees autonomy and allows them to assume a greater role in decision making.¹⁸

Thus, a formal organisation's structure establishes the channels through which authority is formally delegated

¹⁷- Herbert Chruden and Arthur Sherman, 1984. p. 52.

¹⁸- Ibid., p. 52.

and performance is controlled. This is called the "chain of command". Still, an organisation's effectiveness requires some flexibility in order to develop a more democratic work environment where either the chain of command becomes simplified or employees can work around it for specific reasons. This can encourage and speed communication and improve efficiency.¹⁹

Findings Related to Structure

Many Saudi organisations overlap in their functions, responsibilities, and positions. They have either a very large and complex structure, or an ineffective one (see Chapter IV).

1. The participants were asked what the major source of problems at their work was (Q2-2, a). The answers were:
 - Organisational structure, in forty-one per cent (41%) of the governmental, and sixty per cent (60%) in non-governmental organisations, is not effective (as viewed by 40% of the Saudis, and 62% of the Westerners).
 - Communication is not clear, or is conflicting, in forty-eight per cent (48%) of government, and seventy per cent (70%) non-government (as viewed by 51% Saudis, and 42% Westerners).

Further comments on the structure of Saudi organisations are presented in the discussion of organisations' boundaries in section (E).

2. Delegation is low. Most of the Saudis and Westerners do not delegate parts of their planning and controlling tasks, and few delegate organising. The organising task

¹⁹- Ibid., p. 53.

that was delegated was mainly responsibility for administrative and secretarial work. Half of the participants stated that they delegate supervising, which is an operational task that should be delegated often (Table 23).

d-2.2 Power and Authority

Power is the capacity of effecting other peoples' behaviour with or without their consent. It is a personal attribute and an interpersonal result. Authority is applied to subordinates to control their behaviour in using organisational resources, for instance, salaries and rewards. It is a positional power that lacks effect unless subordinates recognise it.²⁰

A manager can acquire authority through his position and/or the organisation's support, but to acquire the power he needs to demonstrate effective use of leadership or personal characteristics, for instance, charisma, interpersonal skills, connections, access to powerful people, intellectual skills (a capacity to diagnose and solve problems), and so on. In addition, if he is responsible for a department that others depend on to achieve their objectives, then he or his department acquire power over them.²¹ However, authority is a very important source of the Western managers participated in this work.

Chapter V showed that Saudi managers were high authoritarian and individualistic in decision making. In addition, it showed that most Saudi managers lacked interpersonal skills, intellectual effectiveness, and used relationships rather than systems frequently. The highly authoritar-

²⁰- John W. Hunt. Managing People at Work, McGraw-Hill Co., London, UK., 1986. p. 69.

²¹- Ibid., 1986, pp. 71-74.

ian style did not necessarily mean that the Saudi managers were task oriented. It was an authoritarian style for maintaining self-esteem and fulfilling personal interests. The high use of personal relationships was due to social obligations and social values, not necessarily concern for others. The use of formality was very high when an issue went against their personal interest, or when it threatened their position and authority.

Chapter V also showed that seventy-three per cent (73%) of Saudi managers considered their positions the most important source of their power. This also applied to fifty per cent (50%) of the Western managers, to the point where they also showed that without a good or strong position, they would be powerless to accomplish the objectives. The Westerners were more task oriented (Chapter V), and therefore considered authority to be very important. Yet, most of Western managers were not long term oriented, or at least only for the period of doing the business in Saudi Arabia on a contract basis, for instance, 2-4 years.

Findings Related to Authority and Power

1- Authority vs. Productivity

1.1 For many Saudi participants' the number one priority at work is position (as viewed by thirty-six per cent (36%) Saudis, and fifty-eight per cent (58%) by Westerners). This is followed by promotion (twenty per cent (20%) Saudis, nineteen per cent (19%) Westerners), see Chapter V.

1.2 Socialising at-work is a strong characteristic of most Saudi management (as viewed by 59.6% of the Saudis and 61.5% of the Westerners), see Chapter V.

- 1.3 Responsibility is not well defined either because of a lack of job descriptions or because those JDQs are not accurate or adequate (see section C, previously).

2- Authority and Centralisation

Another source of power in Saudi organisations is centralisation. Centralisation is high in almost all Saudi organisations. The following tables represent the responses to Q18 and 19 - 2, b.

Table 35

CENTRALISATION IN SAUDI ORGANISATIONS

Item	Saudis		Westerners		Valid %
	Frequency	%	Frequency	%	
Very central-ised	95	83.3	23	88.6	86
Little	15	13.2	1	3.8	12
Not central-ised	1	0.9	1	3.8	2
No answer	3	2.6	1	3.8	
	114	100	26	100	100

Note: Through cross-tabulation data analysis showed that ninety-three per cent (93%) of the participants from government organisations said that organisations in Saudi Arabia are "very centralised", and eighty-eight per cent (88%) of non-government organisations said the same.

Table 36

CENTRALISATION IN MY COMPANY

Item	Saudis		Westerners		Valid %
	Frequency	%	Frequency	%	
Most of time/ high	65	57	20	77	62
Only if necessary	27	23.7	3	11.5	22
Not central- ised	19	16.7	3	11.5	16
No answer	3	2.6			
	114	100	26	100	100

Table 36 shows that centralisation in the participating corporations is high.

E. THE COMPATIBILITY OF ORGANISATIONAL BOUNDARIES AND FUNCTIONS

Organisational boundaries fix a limit on functions, departments, and areas of responsibility. Thus rather than conflicting, they support each other in accomplishing goals.

Boundaries refer to the interface between the organisation and its environment and the interface between the parts making up the system. It may be important to focus on those boundaries, especially the internal ones, to see what exchange (inputs and outputs) are being made across the boundary line.²²

Unfortunately, there are not sufficient studies that discuss organisational boundaries in Saudi Arabia.

²²- John Blake and Peter Lawrence. The a b c of Management, Cassell Educational Ltd., London, UK., 1989. p. 18.

Findings Related to Organisational Boundaries and the Compatibility of Functions

e-1 Organisational Boundaries

An open-ended question was addressed to the participants asking them how good were their organisational boundaries, whether they had any difficulties in maintaining them, and if yes, what were the causes (Q20-2, b). Only 100 Saudi executives out of 114, responded to this question, while one hundred per cent (100%) of the Westerners did (40 corporations out of 52). The followings are summaries of some of the responses.

Saudis:

1. ARAMCO (Saudi Arabian American Oil Company, government) is considered the number one oil-producing company in the world, (1990-1992). It was established over 5 decades ago on an industrial basis with long-term objectives. It has therefore enjoyed continuous positive development. It was based on American industrial experience and expertise. Therefore, its boundaries have been frequently modified to meet the internal and external dimensions, for example, Saudi government policies, and international oil business changes and demands (12 responses).

This view was shared by most participants from ARAMCO, eighty-three per cent (83%). Seventeen per cent (17%) of the Saudi participants from ARAMCO, however, said that job descriptions are not developed as frequently as they should be. They are developed every 4-5 years, while there is a need to develop them probably every 2-3 years. They said that this happens because the personnel function is extremely busy, since ARAMCO has over 43,000 employees.

2. SAMAREC (Saudi Arabian Marketing and Refinery Company, government) also has dynamic and efficient organisational boundaries, (20 responses). Still, SAMAREC was established recently in (1987), with many different sites and operations. It is trying to make its organisational boundaries as effective as possible. Participants from SAMAREC said that their company's boundaries are not good enough. Yet, the company is still developing them.
3. Two large non-governmental holding corporations, 4% responses, with many companies or branches reporting to them have developed a system whereby every company of theirs established its own structure, strategies, policies, systems, and boundaries. Yet, those companies have to coordinate with headquarters. Their organisational boundaries seem to be working successfully.
4. One participant from a major joint-venture bank (non-governmental) said that operations and activities are based on well-defined objectives. They manage their business based on management by objectives. Therefore, their organisational boundaries are continually developing. However, they have some overlapping in their job descriptions because some jobs are somewhat generic. Their JDQs need further review and development. In addition, they also have some overlapping among their departments' activities, but this is considered a positive effect. For instance, sometimes one department has to do the job of another because the former was not active enough or was too slow.

The above represent positive Saudi views about a few organisations that have good organisational boundaries, on the whole 37% of the total responses or 13% of total companies who responded to this question.

(The following responses, number 5 to 18, are cumulative.)

5. Forty participants (40%) said that their organisations' strategies, policies, and rules are obsolete and need development. They need boundaries that improve the integration of their departments' activities within the whole of the organisation's environment, and to meet future challenges successfully. This lack of boundary development impacts on both efficiency and effectiveness, as seventy-five per cent (75%) of the same group indicated.
6. Nine participants (9%) said that too much authority is given. Authority should be adequate to responsibilities not in excess of them.
7. Fifteen per cent (15%) said that control, follow-up, and coordination systems, are not adequately developed in their companies. Without this development they are not and cannot be sure how effective their boundaries are, and how well the various departments are performing their functions. Also, sixty-seven per cent (67%) of the same group said that some managers have more authority than they need, while others have less.
8. Thirty-seven per cent (37%) of the participants showed that there were many complexities among the organisational boundaries, for instance, unclear rules, authority, and responsibility. They said they needed boundaries that fix or underline those functions so that no one exceeds their limit, and no department extends its authority over others.
9. Three per cent (3%) said that in their companies some boundaries are old or too rigid, such that a manager may need quick action to keep production going, but because of strong chains of command, or excessively rigid procedures, some tasks are delayed.

10. The organisational structure is either too large and complex or too old and conflicting. Thus, there is overlapping, misunderstanding of roles and responsibilities, and conflicting relationships among departments, 31% responses.
11. Senior management makes some decisions that conflict and do not support, or comply with, the organisational boundaries, (91%).
12. There are no job descriptions, or, if there are any, they are not specific and/or accurate. This causes overlapping in responsibilities, tasks, functions, and is misleading for subordinates as well, (15%).
13. The external local environment impacts on our organisational boundaries, especially the societal ones. The social environment in Saudi Arabia extends its impact on the whole organisation, (6%).
14. Organisational boundaries could be identifiable and good but there is a lack of manuals that provide those boundaries in clear and well-defined language, (12%).
15. A lack of teamwork and cohesiveness, besides the individualistic approach among management, impacts on the effective implementation of organisational boundaries, (6%).
16. Our management experience and knowledge is not adequate to help us create and develop effective boundaries, (9%).
17. Saudi subordinates do not try to read and understand our organisational boundaries, though it would help them in understanding their authority, functions, and

responsibilities, (6%).

18. There is an overlapping among departments, though we have good boundaries. This is due to overemphasising the short-term profit objective. For instance, if there is a department not performing its tasks well, another department does them to avoid delaying the work and losing profit, (3%).

Westerners (one-hundred per cent (100%) responses, with some cumulative answers):

1. Our organisational boundaries are reasonably good at ARAMCO, as mentioned by twelve per cent (12%) of the participants.
2. Our boundaries change very fast because of the fast expansion in our business in Saudi Arabia, but they tend to work fairly successfully, four per cent (4%), (a bank executive).
3. Management is not committed to or does not stick to rules, functions, and responsibilities. Also, managers do not follow the organisational structure or chain of command. There is a big misunderstanding of organisational relationships, structure, authority, and rules, (19%).
- 4- The functions, duties, responsibilities, and authority are not clear, (27%).
5. Boundaries are blurred in some departments, and mixed up as well, (23%).
6. Many functional areas do not have explicit policies and procedures, (19%).

7. The senior management is not keen on developing organisational structure. This makes it difficult to understand relationships among departments and executives, (8%).
8. Job descriptions are not available, (12%).
9. Job descriptions are not developed and/or accurate, (19%).
10. Organisational boundaries are not related well enough to our work environment, (27%).
11. Our boundaries do not respond to our organisation's needs, but to individual needs and interests, (12%).
12. Management perception of the importance of the organisational boundaries is not good enough, i.e., some of our companies/branches have better boundaries, and other have blurred ones. It is due to a lack of skills, knowledge, and experience among some managers. The interaction with senior management, to work together and learn from each other to develop boundaries, could help a great deal in that respect. Yet, many of them are not qualified (4% "a corporate executive manager and consultant").
13. Members of the board of directors are not qualified enough to understand the importance and needs of organisational boundaries, (4%).
14. Change in the board of directors is too frequent, which causes too much change in direction and, of course, boundaries as well, (4%).

e-2 Interdepartmental Functions Compatibility

The participants were asked how they would describe their companies' interdepartmental functions, including the question, are they compatible? Table 37 represents the results of Q9-2, b.

Table 37

COMPATIBILITY OF THE INTERDEPARTMENTAL FUNCTIONS

Item	Saudis		Westerners		Valid %
	Frequency	%	Frequency	%	
- Compatible	26	22.8	1	3.8	19
- Fairly compatible	24	21	2	7.7	18.5
- There is some conflict but it is usually resolved.	22	19.3	6	23	20
- There is some conflict, but not frequently	24	21	12	46.2	26
- Slightly compatible	15	13	3	11.6	13
- Not compatible	3	2.9	2	7.7	3.5
					= 42.5
	114	100	26	100	100

The results shown in table 37 show that 42.5% of the participants agreed that there is some conflict in their interdepartmental functions, varying between medium and high. However, through cross-tabulation, it was clear that sixty-

two per cent (62%) of the non-government organisations had incompatible interdepartmental functions. In addition, the incompatibility in the government organisations was forty-six per cent (46%). Still, if we exclude two government organisations that have established modern industrial systems and long-term objectives, ARAMCO and SAMAREC, the incompatibility or conflicting interdepartmental functions indicated among the responses of government organisations increases to seventy-six per cent (76%). Chapter VII will present further insights on this incompatibility theme. Thus, the incompatibility in government organisations is somewhat high, but is higher in the non-government organisations.

In summary, there is a major lack of effective and efficient organisational boundaries, and a lack of integration among departments and organisational components. This lack of good boundaries and departmental integration or compatibility causes interdepartmental conflict, as well as an ineffective structure and work environment.

F. THE BUDGETING SYSTEM

There are two major kinds of organisations that participated in this work, government and non-government. However, the government organisations include semi-government. Semi-government organisation are either owned by the government but established on an industrial and production for profit basis, or partially owned by the public but depend to a high extent on government support and direction. The second kind are the non-government organisations which are private corporations and companies (see Appendix B):

1. Governmental organisations that are one hundred per cent (100%) dependent on government financial support, for example, the Ministries of Transportation, Communications, and Trade. Some of them are not required to

make any profit, but to generate some revenue through charging fees, which was strongly encouraged.

2. Semi-governmental organisations make some revenue and profit that at least cover their operational needs. Financial support for long term investment for those organisations is provided through government funds or credits. Examples of these organisations are ARAMCO, SAMAREC, SAUDIA Airlines and SABIC.
3. Private organisations (where some of them are shareholding). They are not dependent on governmental support, but the government provides them with investment protection and/or opportunities. Those organisations are required to make enough profit or to generate enough revenue to run their business and satisfy shareholders, for instance, banks, electricity companies, and the private service/commercial companies.

We have seen in this chapter, section A and B, that an average of 60% of the participating organisations, both government and non-government, lack a clear mission, objectives and goals. In addition, they lack good strategic planning for both the long and short term, and they are not industrially oriented. These problems are common characteristics of these organisations. These deficiencies make it difficult for most of the participating organisations to develop their budgeting systems. However, the following gives an idea about the budgeting systems of the three organisational categories. The material is drawn from the answers to Q12 to 16-2, a.

Findings Related to Budgeting Systems

- f-1 The budgeting systems in governmental organisations that were fully dependent on government support (31 responses).

1.1 Budgeting Systems

Thirty-one responses (100% of participants from those organisations) showed that the budgeting system and preparation is based on the concept 'you get the amount you spent last year, or maybe less'. However, sometimes, where there is need for a larger budget, perhaps for additional workers, or the replacement of office machines, the Ministry of Finance has to approve the funds based on several proposals and discussions. Those budget proposals are reviewed by the company's financial committee or senior executives first, and then submitted to another small committee in the Ministry of Finance. If the proposals are approved by the former committee, they have to go to a higher committee, where the Minister of Finance or his deputy is the chairman, for review and final approval or modification.

1.2 Budgeting Efficiency and Effectiveness

Thirty-nine per cent (39%) of the organisations of the first category (government) said that their budgeting system is effective and efficient. On other hand, twenty-nine per cent (29%) said that it is not adequately effective and/or efficient, and thirty-two per cent (32%) said it is not effective and/or efficient at all. Clearly it is not out of the question for organisations that are fully dependent on government support to have a strict, controlled, and yet ineffectual budgeting system.

1.3 Budgeting Obstacles

Unclear objectives do not constitute an obstacle to budgeting in governmental organisations. This is mainly because their characteristic objectives, providing public services, are well known and have

been established for a long time. There are, however, some budgeting obstacles in government organisations (11 responses, 35%), and these are:

- Too many procedures (73% of the responses).
- Overly strict policy (55% of the responses).

f-2 The budgeting systems of semi-government organisations that are partially dependent on governmental support.

2.1 Budgeting systems

Thirty responses, seventy-five per cent (75%) showed that the budgeting system and preparation in the above organisations is based on both operating and manpower needs. Another thirteen per cent (13%) said that they were based on the departments' functions in relation to objectives and plans. Another group, ten per cent (10%), said they were based on a zero-budget basis, where they had to look into goals for the next year and identify what they really needed to achieve those goals. This principle is a cost-cutting, think-through the-real-needs antidote to the convention of taking last year's budget and adding on a bit for inflation and a bit for good measure to construct the coming year's budget.²³ Finally, two per cent (2%) said that they were based on last year's expenditure.

2.2 Budgeting Efficiency and Effectiveness

Twenty per cent (20%) of the respondents said that their budgeting system was effective, and fifteen per cent (15%) said it was efficient. Thirty-six per cent (36%) said that it was somewhat effective [50/50], and fourteen per cent (14%) said it was

²³- John Blake and Peter Lawrence, 1989, p. 133.

somewhat efficient. Finally, fifteen per cent (15%) said it is neither effective nor efficient.

In summary, fifty-three per cent 53% of the semi-governmental organisations said they had effective and efficient budgeting systems, eighteen per cent (18%) varied between medium and low effectiveness and efficiency, and twenty-nine per cent (29%) had ineffective and inefficient budgeting systems.

2.3 Budgeting Obstacles

The following are responses concerning the budgeting obstacles the participants have in their organisations (only 32 responses of 40):

- Unclear objectives (17% of 32 responses).
- Not enough commitment towards plans (54%).
- Non-supportive organisational systems (29%).

F-3 The budgeting systems in the private and share-holding, organisations (64 responses out of 69, 93%).

3.1 Budgeting Systems

Twenty-eight per cent (28%) said that their budgeting systems and preparation are based on operational and workforce needs. Twenty-six per cent (26%) said that they are based on their department functions, and twenty-two per cent (22%) are based on last year's expenditure. Twenty-four per cent (24%) of these participating organisations used a zero-based budgeting system, which is more of a profit-directed system. Although seventy per cent (70%) of the participating organisation prime objective is profit, their budget systems tend to be traditional or tied to operational than investment needs.

3.2 Budgeting Efficiency and Effectiveness

Twenty per cent (20%) said that their budgeting system was effective and efficient. In addition, twenty-eight per cent (28%) said that it was somewhat effective, and thirteen per cent (13%) said it was somewhat efficient. On the other side, twenty-two per cent (22%) said it was not effective or efficient enough, and seventeen per cent (17%) said it was ineffective and inefficient.

3.3 Budgeting Obstacles

Nineteen per cent (19%) said they do not have any budgeting obstacles. But other participants mentioned the following obstacles:

- a. Unclear objectives (26%).
- b. Not enough commitment to plans (23%).
- c. Non-supportive organisational systems (16%).
- d. Strict budgeting policy (13%).
- e. Too many procedures (3%).

In summary, the budgeting systems in most of the non-governmental organisations do not correlate highly with the organisations' business, which is profit, since there are limits or constraints on investment and development needs. In addition, there are some obstacles, mainly unclear objectives and goals, and lack of commitment to implement plans.

G. EMPLOYEE RECRUITMENT, PROMOTION, REWARDS, TRAINING SYSTEMS, AND SATISFACTION

This section and the following one try to describe the effects of recruitment, promotion, and rewards systems on employee satisfaction and motivation. It also identifies those system applications in Saudi organisations and their impact on subordinates' commitment and performance. Before

presenting the findings on these systems, the following highlights the importance of workforce planning, effective recruitment and promotion, and so on, for motivation, job satisfaction, and better performance.

Workforce planning is used to balance the cost between the utilisation of plant and workforce, to determine recruitment needs, to establish training needs, and figure out and identify labour needs. Efficient labour planning is based on defining the organisational objectives, and depends on how soundly the organisation has considered and planned its corporate strategy and integrated the objectives of its component departments.²⁴

Good labour planning, accurate job descriptions, clear rules and responsibilities, defined duties, effective recruitment, promotion, and reward systems, play a great role in job satisfaction and performance. In addition, they assist in developing training needs and schemes.

Recruitment and promotion systems provide opportunities to employees to improve their performance, and to try to satisfy their ego and self-actualisation. For instance, Maslow identified several motivational needs and their relationship to the work place. Ego needs such as self-esteem, power, recognition, and so on, can be met through job achievement and promotion. Self-actualisation needs such as development, creativity, and so on, can be met through autonomy, achievement, and promotion.²⁵ Of course, those two motivational needs exist among other needs, for instance, social, security, and physical.

In addition, Herzberg, identified two other major factors for job satisfaction: motivation, and hygiene. The

²⁴- Paul Hersey and Ken Blanchard. 1982, pp. 75-76.

²⁵- Ibid., pp. 102-105.

motivation factors are about the job itself, for example, challenging work, increased responsibility, growth and development, and so on. The hygiene factors are about the work environment, such as policies, supervision, interpersonal relation, money, and so on. Hygiene factors effect an individual's willingness to increase their capacity and ability, while motivators encourage the individual to work to superior performance and willingness to grow in a mature way. The interrelationships between both factors are very strong. For instance, poor supervision, can impact on motivation for growth.²⁶

Findings Related to Recruitment, Promotion, Rewards, and Training

1- Recruitment, Promotion, and Rewards

- 1.1 Most of the Saudi organisations that participated in this study lack long-term objectives. This lack makes it difficult for them to identify their future labour requirements, especially to meet any possible change in demand. This lack also does not help those organisations forecast labour demand and supply that is related to both the short and long terms. Also, there is overlapping (as mentioned in the review of literature in Chapter IV, and this chapter) such as lack of labour planning as showed clearly through the lack of job descriptions, defined responsibilities and authority.

Our review of the previous literature also showed that Saudi organisations lack both labour planning and qualified personnel, mainly in supervisory, management and technical jobs. However, lack of labour planning and development at all levels tend to be a strong

²⁶- Ibid., pp. 122-124.

characteristic of most Saudi organisations. Labour planning and development are the responsibility of management, and can only be achieved effectively and efficiently if the manager is sufficiently qualified.

In summary, because Saudi organisations lack qualified management, they cannot improve their labour recruitment, promotion, rewards, and training systems. Therefore, motivation and satisfaction (this section, G) and discipline and punctuality (next section, H) at almost all employee levels are low.

2.2 The following further highlights some major weaknesses in the promotion, rewards, recruitment and training of Saudi nationals in the surveyed organisations. The results of tables 38, 39 and 40 are related to Q11 and 11, and 42 - 2, a.

Table 38

MERIT INCREASE IS FOR GOOD PERFORMANCE

Item	Saudis		Westerners		Valid %
	Frequency	%	Frequency	%	
Most of the time	49	43	12	46.1	44
Sometimes	22	19.3	9	34.6	22
Minimally applicable	39	34.2	5	19.3	31
Not applicable	4	3.5			3
	114	100	26	100	100

Fifty-three per cent (53%) said that merit increase sometimes and/or seldom is paid for good performance. Still, thirty-eight per cent (38%) of organisations that give merit increases to reward good performance

are governmental, and 54% are non-government.

Table 39

PROMOTION IS BASED ON PERFORMANCE, SKILLS, AND ATTITUDES

Item	Saudis		Westerners		Valid %
	Frequency	%	Frequency	%	
Most of times	52	45.6	15	57.7	48
Sometimes	22	19.3	6	23	20
Little applicable	39	34.2	5	19.3	31.3
Not applicable	1	0.9			0.7
	114	100	26	100	100

Thirty-five per cent (35%) of Saudis said that good performance as a requirement for promotion is rarely or not applicable. However, the cross-tabulation data analysis shows that only forty-two per cent (42%) from governmental organisations said that promotion is based on good performance, and 58% from non-government said the same.

Table 40

RECRUITMENT OR PROMOTION TO HIGHER LEVEL IS BASED ON:*

Item:	Saudis %	Westerners %	Government %	Non-Government %
Efficiency	12	12	12	14
Discipline/ Punctuality	7	9	7	10
Effectiveness	6	11	7	8
Interpersonal skills	4	4	5	4
Social relations	12	12	13	10
Family support	8	3	8	12
High education	13	14	13	12
Hard work	14	14	9	5
Never say no	4	1	4	5
Relations with executives	12	9	12	11
Professional skills	4	10	5	6
High achievement	2	1	3	2
Persistency	2	0	2	1
100%	100	100	100	100

* The percentage was taken according to the four highest rankings on statements. For instance, if someone rated a statement as 13 (highest), another one as 12, a third one as 11, and a fourth one as 10, they are included in the average percentage.

Summary of table 40

Recruitment and/or promotion to higher levels or positions in the government organisations requires or is based on:

- First: high education and social relationships followed by relationships with executives, and efficiency.

- Second: hard work followed by family support.
- Third: discipline/punctuality, and effectiveness.
- Fourth: Interpersonal, and professional skills followed by obeying orders blindly (never say no).
- Fifth: high achievement followed by persistency.

Thus, fifty-one per cent (51%) believed that connections, social relationships, family support, and high education (as privilege), are the most important elements in recruitment and promotion.

In addition, forty-five per cent (45%) believed that hard work, efficiency, effectiveness, discipline, punctuality, high achievement, professionalism, and persistence, are the most important elements in recruitment and promotion.

Finally, four per cent (4%) believed that blind obedience of orders is the most important element.

Recruitment and/or promotion to higher levels or position in the non-governmental organisations requires or is based on:

- First: efficiency is the most important element in recruitment and/or promotion.
- Second: high education and family support.
- Third: relationships with executives.
- Fourth: social relationships, and discipline/punctuality.
- Fifth: hard work, and obeying orders blindly.
- Sixth: effectiveness followed by professional skills.
- Seventh: interpersonal skills.
- Eight: high achievement followed by persistency.

Thus, fifty per cent (50%) believed that effi-

ciency, discipline, effectiveness, hard work, professional skills, high achievement, and persistence are the most important elements in promotion and recruitment.

In addition, forty-five per cent (45%) believed that family support, high education, relations with executives and social relationships (connections), are the most important elements in promotion.

Finally, five per cent (5%) saw blind obedience to orders as the most important element in promotion.

3- Training

Job satisfaction and motivation are not solely based on good labour planning, efficient and effective recruitment, promotion, and rewards systems. Effective supervision, training and development to make the employees confident and qualified, are also important for improving performance and bringing job satisfaction.²⁷

The participants were asked an open-ended question about training and development. The question was: How good is employee training and development in Saudi Arabia, and/or in your company, including management training? (Q6-2, b) The answers were cumulative, where a participant could check one or more items.

3-1 Saudis

- 1.1 The available training for the non-governmental corporations is not sufficient, (24%).

²⁷- Paul Hersey and Ken Blanchard. 1982, pp. 76-77.

- 1.2 The non-governmental sector does not encourage or support training programmes, and/or does not train subordinates, (4%).
- 1.3 Training for all subordinate levels and specialties in the Kingdom is minimal or inadequate, (20%).
- 1.4 Most training courses in the Kingdom, mainly for management, are irrelevant to the Saudi work environment, (2%).
- 1.5 Most training programmes in the Kingdom are irrelevant to the Saudi social system, (16%).
- 1.6 Training course contents are irrelevant to work needs, they are theoretical not practical, (5%).
- 1.7 There is a lack of management conferences and seminars, (16%).
- 1.8 Technical conferences and seminars in the Kingdom are very few and too theoretical, (24%).
- 1.9 Training courses for operations and maintenance services in the Kingdom are few and very limited in scope, (24%).
- 1.10 Training and development of leadership skills in the Kingdom are very limited, (24%).
- 1.11 There is a shortage of management training, (12%).
- 1.12 Participation (attending) in international conferences and seminars is low, (12%).
- 1.13 Short training courses are not available or are too few in number, (20%).

- 1.14 The available management training, specifically in the Institute of Public Administration, is too formal and does not encourage creativity, (16%).
- 1.15 There is no professional management in-company training in the Kingdom, (8%).
- 1.16 Management training in the Kingdom does not assist in dealing with change and handling stress effectively, (28%).
- 1.17 All manpower in Saudi Arabia needs training, regardless of their positions or level, (28%).
- 1.18 The available training in the Kingdom has no effect on subordinates' behaviour or attitudes, (28%).
- 1.19 There is no organisational development training in the Kingdom, (24%).
- 1.20 On the job training is very limited and insufficient, (12%).
- 1.21 Saudi trainers are not sufficiently qualified, (20%).
- 1.22 Expatriate trainers lack knowledge about Saudi culture and are therefore ineffective, (20%).
- 1.23 Private training centres and companies that have their headquarters out of the Kingdom or conduct their courses out of the Kingdom charge too much, (28%).
- 1.24 Senior managers are not interested in or do not support the training and development of their workforce, (20%).

A few organisations (8 out of 52), mainly semi-government that are either revenue-generating or industrially

oriented, place a high value on training, for instance, ARAMCO, Saudia Airlines, SAMAREC, as well as few commercial banks. They train their workforce using both internal and external training sources.

3-2 Westerners

Almost all participating Western managers said that their companies do not train them or put them on training courses. They are considered qualified and come to the Kingdom to work, not to spend time on training courses. They are paid to work, not to be trained. Thus, they do not get a good orientation to their organisational systems or to Saudi culture. In addition, seventy-seven per cent (77%) of them said that management training for expatriates is not available or not provided in the Kingdom.

The following are the views of the few Westerners who are either lucky and had some training in Saudi Arabia through their companies, or observed the effects of training on their colleagues.

- Management training in Saudi Arabia needs to be developed to suit the Saudi culture, (10%).
- Training programmes in the Kingdom are not effective; we could not see their results or improvement in the Saudis' attitudes and behaviour, (13%).

Thus, training in Saudi Arabia is considered inadequate. Management training is insufficient, not effective, and to some extent irrelevant. Leadership and organisation-development training is not available or is insufficient and has a limited effect. Therefore, most Saudi employees including managers, lack both skills and confidence, which in turn impacts negatively on their performance and capabilities. This increases frustration and job dissatisfaction.

Labour's Capabilities and Skills vs. Decision Making

Another question addressed to the participants was to identify if they take into consideration the capabilities and skills of their organisation's workforce during the decision-making process. Could those decisions be carried out by subordinates successfully? (Q6-4-2, a) The results are shown in table 41 as follows:

Table 41

DECISION-MAKING CONSIDERS CAPABILITIES OF WORKFORCE

Item	Saudis %	Westerners %	Govern-ment %	Non-Govern-ment %
Agree	42	62	41	23
Do not agree	58	38	59	77
100%	100	100	100	100

Table no. 41 shows that:

- Saudi management does not consider their workforce's capabilities and skills in carrying out the decisions they make, fifty-eight per cent (58%) responses.
- Westerners are somewhat better than Saudis in this respect.
- Non-governmental organisations do not consider the importance of knowing their employees' capabilities and its impact on carrying out the decisions they make, (77%).
- Governmental organisations are slightly better than non-governmental in this respect.

In summary, part of the frustration and job dissatisfaction in many Saudi corporations is due to decisions made with

no concern for workforce capabilities and skills. Coupled with this fact is the lack of training and of effective recruitment, promotion, and reward systems. This lack strongly decreases motivation and increases dissatisfaction.

H. PUNCTUALITY AND DISCIPLINE

Findings Related to Punctuality and Discipline

Punctuality and discipline as a basic requirement for promotion were rated low in both governmental and non-governmental corporations. Other requirements that are less important were rated higher, for instance, relationships (Table 40).

In addition, responses to Q11-1 - 2, b, showed that absenteeism is high in Saudi organisations (Table 42). Lack of punctuality and discipline (commitment) are due not only to job dissatisfaction and poor motivation, but also because of the absence of an attendance policy, good supervision, and are due to the social customs as well. Table 43 shows the responses regarding the causes of absenteeism. Table 44 also shows positions/levels of absenteeism. In addition Table 45 shows absenteeism broken down by nationality (Q11-2 and 11-3 - 2, b).

Table 42

ABSENTEEISM IN SAUDI CORPORATIONS

Do you have an absenteeism problem	Saudis %	Westerners %	Government %	Non-Government %
Yes	73	62	77	64
No	17	30	13	26
No answer	10	8	10	10
100%	100	100	100	100

Table 42 shows that absenteeism was seen as a problem by an average of seventy-seven per cent (77%) of the respondents in governmental organisations, and sixty-four per cent (64%) in non-governmental organisations.

Table 43

CAUSES OF ABSENTEEISM*

Causes	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Culture/ Social	58	61	60	54
Lack of pro- fession- alism	9	0	6	5
Psychological	6	0	4	2
Attendance Policy is not good	16	20	18	22
Lack of supervision	11	19	12	17
100%	100	100	100	100

* The previous literature showed that absenteeism was mainly due to the impact of Saudi society and culture, followed by a lack of supervision. But the findings here suggest that the lack of a good attendance policy is the second major cause of absenteeism, followed by lack of supervision. However, the causes of absenteeism in both government and non-government organisation have almost the same weight.

Table 44

MAJOR SOURCES OF ABSENTEEISM BY WORK TYPE AMONG SAUDIS AND WESTERNERS FROM GOVERNMENT AND NON-GOVERNMENT ORGANISATIONS (93% PARTICIPANTS)*

Level/ Position	Saudis % *	Western- ers % *	Govern- ment %*	Non-Govern- ment % *
Management	22	26	20	22
Supervisors	47	48	48	38
Technicians	22	17	19	20
Professionals	13	13	12	10
Clerical	61	43	54	44

* The results are cumulative answers, where a respondent could choose more than one answer.

According to table 44 administrators and supervisors in both government and non-government organisations had the highest absentee rates (average 50%), followed by managers (average 22%), and technicians and professionals (average 16%).

Table 45

SOURCE OF ABSENTEEISM BY NATIONALITY/ALL LEVELS (ACCORDING TO GEOGRAPHIC ORIGINS) (93% PARTICIPANTS)*

Item	Saudis % *	Western- ers % *	Govern- ment %*	Non-Govern- ment % *
Saudi	79	67	75	51
Other Arab	22	33	18	28
Western	4	8	5	2
Far East	6	17	5	11

* The results are cumulative answers, where a respondent could choose more than one answer.

Table 45 indicates that absenteeism among Saudi workers in both government and non-government organisations is high. It represents an average of seventy per cent (70%) of the overall absenteeism. This is followed by other Arabs, who represent an average of twenty-five per cent (25%). Other nationalities represent only five per cent (5%) of the average. Absenteeism among Saudis in the non-government organisations is somewhat less than the government. This is because Saudi nationals represent a smaller segment of their labour force, about fifteen per cent (15%), yet it is still high.

I. ORGANISATIONAL COMMUNICATION SYSTEMS

Effective communication is essential. Unclear communication regarding objectives, goals, plans, decisions, and so on, may direct the organisational resources in the wrong direction. Successful managers and leaders know how to communicate their vision, objectives, and plans, effectively. The findings in Chapter V, showed that there is a great need to develop communication systems in Saudi organisations. Still, the following are also related to the organisations' communication systems and highlight additional factors that impact on those systems.

Findings Related to Organisational Communication Systems

1- Lack of Effective Communications

We have seen, in Sections A and B in this chapter, that there is a great problem of communicating objectives and plans effectively in sixty per cent (60%) of the participating organisations. This lack of effective communication is not only because the objectives and plans are not well defined or clear. It is also because of the high formality those organisations use, the low involvement of

middle management in planning and decision making, and the decisions made on an individualistic basis, with no feedback or consultation.

Conflicting and unclear communications are the fourth major cause of problems in both governmental and non-governmental organisations. This is shown by responses to Q2-3 -2, a.

- Fifty-one per cent (51%) of the Saudi and forty-two per cent (42%) of the Western participants said that unclear/conflicting communication is a major reason behind many problems at work (48% governmental, and 70% non-governmental organisations).
- Also, lack of clear, valid and reliable data is another major cause of problems in sixty-seven per cent (67%) of the government, and seventy-four per cent (74%) of the non-government organisations (as viewed by 68% of the Saudis, and 73% of the Westerners).

2- Meetings

Meetings may also be part of the problem. The previous literature showed that meetings and committees consume nearly a third of the Saudi executives' time. Everyday executives attend at least one meeting or committee. But the question of the effectiveness and productivity of those meetings has not yet been examined.

Some participants come to many meetings because they do not want to be left out, and others because they are called, even though those meetings may be irrelevant to them. This study does not try to investigate those issues. It examines rather the total organisation of the meetings in relation to clear or well-understood meeting objectives. Tables 46 and 47 represent the results of Q34 to 37 - 2, a.

Table 46

IN-COMPANY MEETINGS' OBJECTIVES ARE CLEAR

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always	24	4	21	14
Most of times	26	31	32	20
Sometimes/ little	50	65	47	66
Never				
100%	100	100	100	100

Table 46 shows that an average of sixty-four per cent (64%), (57 Saudis and 17 Westerners, of 140 participants) said that the objectives of the meetings they attended were not clear. This lack of clear objectives of internal meetings is higher in the non-government organisations.

How well were those meetings organised? Answers to this question also showed the relationships between the unclear objectives of the meetings and the way they were organised, for instance, agenda, schedule, and so on.

Table 47

IN-COMPANY MEETINGS ARE ORGANISED

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always	20	4	23	6
Most of times	28	19	32	13
Sometimes/ little	52	77	45	81
Never				
100%	100	100	100	100

Table 47 shows that an average forty-five per cent (45%)

of governmental organisation and eighty-one per cent (81%) of non-governmental organisations internal meetings were poorly organised. The difference is high and represents a significant weakness in the private corporations' meetings. Most of the private corporations' internal meetings tended to be based on crises and/or resolving difficulties and problems that were raised due to lack of planning and clear objectives.

Meetings attended by individuals from outside the company were a little better organised, and their objectives were more clear than the internal ones, as tables 48 and 49 show.

Table 48

OBJECTIVES OF MEETINGS ATTENDED BY INDIVIDUALS OUTSIDE
THE ORGANISATION ARE CLEAR

Item	Saudis %	Western- ers %	Govern- ment %	Non-Govern- ment %
Always	21	11	20	17
Most of times	54	65	53	40
Sometimes/ little	25	24	27	43
Never				
100%	100	100	100	100

Table 48 shows that the non-government organisations, more than the government ones, suffer from a lack of clear objectives in meetings attended outside their place of work.

Table 49

ORGANISATION OF MEETINGS ATTENDED BY INDIVIDUALS FROM
OUTSIDE THE COMPANY

Item	Saudis %	Western- ers %	Govern- ment %	Non-Govern- ment %
Always organ- ised	27	11	30	7
Most of times	45	50	46	40
Sometimes/ little	28	39	24	53
Never organ- ised				
100%	100	100	100	100

Table 49 also shows that the non-government organisations lack organised meetings outside their work place, significantly more than government.

In summary, meeting's objectives and organisation were not satisfactory in governmental corporations and were even less satisfactory in non-governmental organisations. This was partially due to the more general lack of effective communication in Saudi organisations.

SUMMARY

An average of sixty per cent (60%) of the Saudi corporations in our survey, both government and non-government, lack clear, defined, and well-understood missions, objectives, and goals. They also lack strategic, long-term, and practical plans and decisions. These deficiencies are considered the first major cause of problems and therefore are behind half of these corporations' problems. In addition, about half of these corporations are not consistent between their mission statements and the individual departmental objectives. This lack of consistency increases to sixty-seven per cent (67%) if the few semi-government industrial organisations are excluded (ARAMCO, SAMAREC, and SAUDIA Airlines). This lack of consistency causes many problems in these organisations, including incompatibility among their objectives and functions.

In addition, about half of the Saudi corporations lack effective methods to measure their performance. They lack standards of performance, effective company and personnel appraisal systems, and effective job descriptions. Also, policies in almost all Saudi organisations are not accurate, effective, or supportive of the achievement of objectives. They are used to control activities and are formulated by senior management alone, or with minimal involvement of middle management. Furthermore, organisational structures in forty per cent (40%) of the Saudi organisations are not effective and this is considered a second major source of problems.

Authority is the major source of power for half of the managers in Saudi corporations. Those managers use authority to centralise their tasks, and also to influence others. Centralisation and the overuse of authority is high in Saudi organisations and delegation is low. Furthermore, organisational boundaries in about eighty per cent (80%) of the Saudi organisations are blurred, ineffective, or not accurate. What

is more, management does not support and often is not familiar with departmental boundaries. In addition, many senior managers are not qualified enough to develop effective and efficient boundaries for their corporations. Therefore, there is conflict in sixty-seven per cent (67%) of the Saudi organisations. This conflict is high among departments in relation to functions. Thus, conflict is considered the third major source of problems. In addition, there is a lack of effective communication systems in more than half of the participating organisations, which is considered the fourth major source of problems. Moreover, poor organisation and unclear objectives in meetings is a common sign of Saudi organisations, and is an extreme weakness in the non-governmental sector.

The budgeting system in sixty per cent (60%) of the non-governmental organisations is not as effective as it should be. There is some lack of commitment towards plans with regard to budget preparation and approval.

Recruitment, promotion, and reward systems in about half of the Saudi organisations are not effective. The most important elements in recruitment and promotion are personal relationships and connections. Efficiency and performance are of secondary importance with regard to promotion, rewards and recruitment. In addition, most of Saudi organisations lack effective labour planning. Furthermore, punctuality and attendance is low in all Saudi organisations, and absenteeism is high.

Training and workforce development is poor in almost all Saudi organisations, and there is lack of effective management training as well. This lack of training and workforce development at all organisational levels has a significant impact on organisational progress. Besides, it has a great impact on subordinates' motivation, job satisfaction, commitment, and performance.

CHAPTER VII

FINDINGS RELATED TO SOCIETAL EFFECTS, AND INTERVIEWS

VII. FINDINGS RELATED TO SOCIETAL EFFECTS, AND INTERVIEWS

Introduction

This chapter presents some of those dimensions that have direct effects on business and organisations in Saudi Arabia. It concentrates on the Saudi social and cultural environment with an overview of the what effects of other dimensions' might be. In addition, it presents the results of the major interviews conducted with the participants.

This chapter is divided into two major sections:

- I- Effects of the environment on Saudi organisations. These include:
 - A- The organisational culture and values.
 - B- The effected social relationships' on personnel and organisations.
 - C- The effects of Saudi culture on business, and business improvement needs.
 - D- Saudi Arabia features that could enhance business.
 - E- The Saudi Arabian educational system in relation to industrial and market needs.
- II- Interviews conducted with the participants. These interviews highlight Saudi management characteristics, the Saudi organisation context and systems, and the effects of the Saudi social system and government.

I. EFFECTS OF THE ENVIRONMENT ON SAUDI ORGANISATIONS

There are several dimensions that have a major effect(s) on organisations. Some of these are local, and others international. For instance the political system, government regulations, and the society's values, are part of the local

dimensions. Participation in an overseas joint-venture, technology, and the knowledge of business competition, are an international dimension.

A. THE ORGANISATIONAL CULTURE AND VALUES

Although all organisations exist in societies that, in turn, have their culture effects on them, these organisations also have their own "culture". Organisational culture is made up of its leadership's values, its employees' norms and attitudes, and its system of interaction with the society in which it lives in. In summary, organisational culture is mainly a reflection of its values and attitudes.

We need to understand an organisation's culture because it helps to describe the emphasis it puts on doing what it considers the right things. It also helps to describe the value it puts on quality and the managerial operating styles, and the means it develops to achieve its goals.

Corporate culture is important because it sets limits on what companies can and cannot do. Thus the nature of the culture will be important, perhaps decisive, for the way companies overcome difficulties, survive mergers or takeovers, diversify, make a success of acquisitions, and implement strategic policy change.¹

In addition, every organisation has values. Some of those values were developed by its leadership, such as customer satisfaction. Some are also brought from within the society in which it lives, for example, social and religious values. Values allow us to define what is good/bad, right/wrong, and lay the foundation for our attitudes. In addition, the values of an organisation are part of its motivational system; for example, if an organisation values

1- Robert Lee and Peter Lawrence. Organization Behaviour, Politics At Work. Hutchinson, London, UK., 1985. p. 109.

democracy and participation, then its people will be more cooperative and dynamic.²

a-1 Organisational Culture vs. Mission

1. The participants were asked if their organisational mission was derived from its belief. The responses were highly positive among Saudis and much less among Westerners. In addition, the results are more positive among the government organisations than among the non-government ones (Q46-2, a). The results are shown in table 50.

Table 50

AN ORGANISATION'S MISSION vs. ITS BELIEFS

Item	Saudis %	Westerners %	Government %	Non-Government %
Our mission is derived from our beliefs:				
Always	31.5	23	37	25
Most of times	53.5	34.6	53	42
Sub. total =	85	57.6	90	67
Sometimes	11.2	38	7	30
Little	2.8	4.4	2	3
Never				
Sub. total =	14	42.4	9	33
No answer	1		1	
100%	100	100	100	100

2- R. Bruce McAfee and Paul J. Champagne. Organisational Behaviour, West Publishing Co., New York, USA., 1988. p. 27.

2. The participants were also asked to rate how important it was for an organisation to develop norms/values that could contribute to the accomplishment of its mission (Q25-2, a). The results were highly positive among both Saudis and Westerners as shown in table 51.

Table 51

VALUE'S CONTRIBUTION TO ACCOMPLISHMENT OF THE MISSION
IS IMPORTANT

Item	Saudis %	Western- ers %	Govern- ment %	Non-Govern- ment %
Strongly agree/agree	84	77	85	67
Disagree/ strongly disagree	14	23	13	33
No answer	2		2	
100%	100	100	100	100

Table 51 also shows that value's contribution to accomplishment of the mission is less significant in non-government organisations. This could be due to the lack of long-term objectives in most of the private corporations.

3. So far, tables 50 and 51 show that about eighty per cent (80%) of the Saudis, and sixty per cent (60%) of the Western participants agreed on the importance of organisation's culture and the necessity of its values to help accomplishing the mission successfully. Yet when they were asked, whether their organisation's culture helped in achieving its mission successfully, the replies were somewhat negative. Table 52 shows the replies to Q26-2, a. It significantly shows that more than two-thirds of the participants from the non-

government organisations indicated that Saudi organisational culture does not help in accomplishing the mission, and about half of the participants of the government organisations said the same.

Table 52

SAUDI ORGANISATIONAL CULTURE

Item	Saudis %	Westerners %	Govern-ment %	Non-Govern-ment %
Does it help achieving the mission?				
Yes, all organisations	12	0	11	7
Yes, most organisations	27	27	34	9
Only at a few organisations	33	38	31	45
Not good enough	23	27	20	33
Not at all	5	4	3	3
No answer		4	1	3
100%	100	100	100	100

4. The participants were further asked if they thought they could achieve their organisational mission without having a consistent and supportive organisational culture (Q21-2, a).

Fourteen per cent (14%) of the Saudi participants, and twenty-three per cent (23%) of Westerners believed that a firm cannot achieve its mission when the culture is not supportive or is conflicting. An average of ten per cent (10%) said that the organisation's culture can

be changed with regard to its mission. The former answer is positive, but it requires a long period and intensive workforce development to change an organisation's culture.

In summary, twenty-six per cent (26%) of the participants were agreed that an organisation's culture is important in supporting the achievement of its mission and goal. The majority, seventy-four per cent (74%), showed a short-term oriented style. They thought that the culture could be forced to accommodate the mission, and that the plans could take care of the achievement, though the culture was not supportive. In addition, they thought that personnel rewards and incentives could resolve any culture impact on achieving the mission. The following represents both groups' responses:

- 4.1 Fourteen per cent (14%) of Saudis and 23% of Westerners said the mission could not be achieved if the culture was not supportive or was conflicting.
- 4.2 Fourteen per cent (14%) of Saudis and 7% of Westerners said the organisation's culture regarding the mission could be changed.
- 4.3 Thirty-two per cent (32%) of Saudis and 23% of Westerners said the culture could be forced towards the mission.
- 4.4 Fifteen per cent (15%) of Saudis and 23% of Westerners said that objectives and plans must lead to achievement of the mission, even though the culture may run counter to the organisational goals.
- 4.5 Five per cent (5%) of Saudis and 7% of Westerners said that organisational culture usually has no effect on achievement of the mission.
- 4.6 Twenty per cent (20%) of Saudis and 17% of Westerners said that satisfying employees' needs, such as salary, would take care of achieving the mission, even though the culture might be 'hostile'.

About sixty-three per cent (63%) of the Westerners thought that; the culture of their organisations could be 'forced towards achieving the mission', or personnel could be given more incentives to achieve the mission despite the culture's impact. This is a typical short-term task-oriented style. In addition, about sixty-seven per cent (67%) of Saudis questioned shared the same view or style.

a-2 Organisational Values

1. Organisational Values Effect on Business

The participants were asked how much their organisational values effect their business (Q45-2, a). The responses are shown in Table 53.

Table 53

ORGANISATIONAL VALUES EFFECT ON ORGANISATION'S BUSINESS

Item	Saudis %	Westerners %	Govern-ment %	Non-Govern-ment %
Very much/ much	65	73	92	64
Little/very little	35	27	8	37
100%	100	100	100	100

Table 53 shows that governmental organisations realised the effects of values on their business more than the non-governmental organisations. A third of 'non-government' managers did not agree that values necessarily contribute to the accomplishment of the mission (Table 51) and/or have effects on their business (Table 52). However, few Saudis changed their evaluation regarding the effects of values on

the organisation that reduced the non-importance of values by nineteen per cent (19%). However, the low consideration toward the importance of values in the non-government organisations could be due to the participants dissatisfaction with those values, or because they did not see any values at their work that had real or major effects on their business. In addition, it could be because they are short-term-profit oriented.

In summary, about two-third of the Saudi organisations were seen as not having a positive culture that supported achieving their mission.

Saudi Arabia is a traditional society. This means that the family and personal ties and relationships have great effects on its social value system. This extends to business and organisations in the Kingdom. For instance, an organisation may develop its own culture and values, but the society it lives in and the people it hires bring their culture and values with them into the organisation. This causes the organisation to adjust its culture, values, objectives, and so on, to fit into that society. However, there are some values, traditions, or social norms and habits that the organisation cannot influence or change.

The following represents results of the findings on the impact of Saudi culture on organisations.

2. The Strongest Value(s) at Work

It was found that Islamic beliefs and teachings contain strong values that effect Saudi organisations. This is followed by placing a high value on good services and productivity. The participants were asked what the most important value at work was. They were given seven major values to rate according to their importance. Table 54 represents the results (Q2-2, a).

Table 54

IMPORTANCE AND KINDS OF VALUES AT WORK

Item	Saudis %	Westerners %	Government %	Non-Government %
- Religious beliefs	38.6	11.5	31	27
- Good work norm, i.e., honesty	14.8	11.5	16	10
- Good services	15.8	3.9	14	12.5
-High productivity	14.8	53.8	20	40.5
- Team work	7.2	15.4	10	7.5
- Employees welfare	0.9		1	
- Good relationships at work	7.9	3.9	8	2.5
100%	100	100	100	100

The above results indicate the following:

2.1 Saudis:

- Thirty-nine per cent (39%) Saudis place high value on religious beliefs. They said that Islam has all the necessary values and teachings to enhance and improve business and performance.
- Good work norms, such as honesty and sincerity, followed by good service, such as customer satisfaction, and followed by high productivity, for example, hardworking, were given the second highest values (average 15%).
- The third highest values were good relationships at work (8%).

2.1 Westerners:

- The highest value at work was high productivity, for instance, being hardworking (54%). This indication supports the author's previous findings that most Westerners are highly short-term, task oriented.
- The second highest value at work rated by (15%) of Westerners is teamwork. However, this is clearly a reflection of a Western approach or belief; the teamwork value is not given more than (7%) by the Saudis.
- Religious beliefs and good norms are rated (11.5%) each. It is possible that the Westerners give this rate to religious beliefs because Christianity, like Islam, calls for values that improve work and performance. Another possibility is that evaluation was a reflection of the Saudi Islamic culture, that has some influence on them at their work.

B. THE EFFECTS OF SOCIAL RELATIONSHIPS ON PERSONNEL AND ORGANISATIONS

Social relationships in Saudi Arabia have a strong influence on management's activities. This is shown in the following:

1- Social Relationships: Effects on Subordinates

As shown previously, social relationships in Saudi Arabia have a great impact on management, recruitment, promotion, decision making, and so on. In some respect, employees feel that they are members of one big family at work. This generalisation yet, should not be misinterpreted. For example, the research has shown that teamwork is not much valued, participative decision-making is not supported, and

confrontation is disliked. It means that people at work interact like members of a traditional or extended family, where the grandfather or father (the leader) must be obeyed. These relationships are based on seniority, respect, power and authority, and thus the dependency or collectivism is high. The member (employee) who does not follow the rules or the leader's direction must be corrected or leave the family.

The participants were asked to rate the social relationships at work in regard to making a subordinate feel as a family member (Q41-2, a). The responses are represented in table 55.

Table 55

SOCIAL RELATIONSHIPS AT WORK MAKE PEOPLE FEEL LIKE ONE BIG FAMILY

Item	Saudis %	Westerners %	Government %	Non-Government %
Strongly agree /agree	84	50	80	73
Disagree/ strongly disagree	16	50	20	27
100%	100	100	100	100

Table 55 shows that the family concept has a high value as perceived by eighty-four per cent (84%) of the Saudi participants and fifty per cent (50%) of Westerners. This concept is high in both government and non-government organisations.

The participants were also asked if they agreed that Saudi executives should invite co-workers to their homes for dinner/social gatherings to enhance their office relationships. The results are in table 56 (Q44-2, a).

Table 56

SOCIAL GATHERING HELPS THE SAUDI EXECUTIVE

Item	Saudis %	Western-ers %	Govern-ment %	Non-Govern-ment %
Always/most of times	45	15	42	75
Sometimes (50/50)	38	46	35	8
Little/never	17	39	23	17
100%	100	100	100	100

Table 56 shows that social gatherings as a means to help executives in improving their business is high where forty-five per cent (45%) of the Saudi participants agreed with or practiced such social gatherings besides another thirty-eight per cent (38%) who sometimes practices this.

The cross-tabulation data analysis also indicates that an average of sixty-four per cent (64%) of the participants agreed that many Saudi executives arrange social gatherings for improving their business. This was also concurred by an average of twenty-eight per cent (28%), of the Western participants.

2- Time Value and Social Relationships

As mentioned in Chapter V, and in the review of literature, Chapter IV, the value placed on time by both Saudi society and most Saudi managers is rather low. The participants were also asked if they agreed that social interaction was very important even though it takes time. Most of both Saudi and Westerners managers agreed (Q43-2, a).

Table 57

SOCIAL RELATIONSHIPS AT WORK ARE MORE IMPORTANT THAN TIME

Item	Saudis %	Westerners %	Government %	Non-Government %
Strongly agree /agree	85	85	80	92
Disagree/ strongly disagree	15	15	20	8
100%	100	100	100	100

Tables 55, 56, and 57 show that most Saudi and Western managers in the private or non-government organisations believe that social relationships and gatherings are very important for making progress in Saudi Arabian business. This is also high in government organisations.

3. Social Impact on Time Values

3.1 Time Management vs. Social Effects

The impact of social relationships on the value placed on time was further investigated through an open-ended question, (Q21-2, c). The question asked was:

Do you find any difficulties in managing your time at work? And outside work? What are the causes?

Almost every Saudi manager said that they had difficulties in managing or utilising their time efficiently at work (88% Saudis). In addition, thirty-eight per cent (38%) of Westerners expressed the same problem. The causes showed are among the following:

- Social interactions and gatherings at work, family calls, social obligations, hospitality, and the

low value placed on time by Saudi society.

- The "open-door" policy: Saudi managers keep an open door for the public and/or employees, and almost anyone can drop in without an appointment. This policy is either under the manager's control, where he might assign two or three hours for those visits, or out of control, especially if he is in a job that frequently deals with the public.
- The "top-man syndrome": clients of many Saudi enterprises insist on dealing only with the very head of the organisation. Though this type of interaction often wastes part of the executive's time, he has to deal with such visits diplomatically to avoid being considered impolite.
- Ineffective meetings and committees, in which executives may be called to participate without an advance agenda. This also wastes part of the executive's time, since not all these meetings are truly important. Some meetings can be avoided or attended by a delegate. But many require personal attendance. In addition, there are committees that waste much time either because they have too many members or no concrete topic of discussion.

For additional information about the ineffective meetings, see last chapter, Section I, and Tables 46 to 49.

3.2 Managing Time Outside Work

The participants, 71% of the Saudis, and 100% of the Westerners, did not agree that they had difficulties in managing their time out of work. However, few Saudis said that:

- they have to take work home with them (10%).
- They sometimes have to leave their offices late, which impacts on their personal lives (15%).

- A deputy minister commented that a person at a senior level has to consider that part of his free and personal time is neither his own nor his family's. He has to give part of his personal life and time to his job if he wants to make progress and serve his country (1%).

In addition, another three senior officials (3%) felt that their lives, since they are in their present posts, belong to the community.

4- Cultural Impact on Attendance and Punctuality

The Saudi culture and social system are impacting negatively on employees' attendance. Fifty-eight per cent (58%) of Saudis and sixty-one per cent (61%) of Westerners felt that attitudes attributable to the local culture were the major reason for absenteeism among Saudi employees (see Tables 43 to 45).

C. EFFECTS OF SAUDI CULTURE ON BUSINESS

The responses presented in Chapter V discussed Saudi management needs for improvement, section H. The following shows the participants' responses concerning what they believe Saudi business needs to improve. These responses are cumulative; for example, a participant may mention or agree on more than a single statement.

Requirements for Improvement of Saudi Business

An open-ended question was addressed to the participants about what Saudi business needed to improve (Q2-2, b). The following represents their responses:

Saudis' Views (a participant may have responded to more

than one item; 95 out of 114 participants responded):

- 1- More value needs to be placed on time (18 responses out of 95).
- 2- There is a need to change social values and norms that impact negatively on business development, such as social relationships, and the dislike of craft and manual jobs (6 responses).
- 3- The Saudi workforce's loyalty is based upon personal interests, family, and relationships. This loyalty should be to the organisation (9 responses).
- 4- There is a high incidence of favouritism, using connections, and waste of resources for satisfying personal wants and relationships (18 responses).
- 5- Reduce personal and social relationships at work (6 responses).
- 6- There is a high level of collectivism and dependency, for example, subordinates are too dependent on their supervisor's direction (5 responses).
- 7- There is a great need to increase employees' discipline. Punctuality and hard work are low (16 responses).
- 8- We need to value hard work and increase productivity (6 responses).
- 9- There is a major lack of efficiency and performance standards (11 responses).
- 10- There is a lack of efficiency among Saudi employees and management (7 responses).
- 11- There is a lack of commitment among management towards objectives and tasks (5 responses).
- 12- Management need to be open to confrontation and criticism (4 responses).
- 13- Leadership or senior management at most organisations need development (10 responses).
- 14- Teamwork and participative decision-making are to be valued and supported (10 responses).
- 15- Develop the application of management-by-objective in

Saudi companies, thus measuring performance frequently on a short-term basis, for example, every six months (2 responses).

- 16- Saudi management needs to be more objective, not so emotional (5 responses).
- 17- Members of the Board of Directors need to be enthusiastic, have more expertise, and broad thinking (3 responses).
- 18- Employees' training and development are deficient; there must be more (26 responses).
- 19- Wages and incentives in the private sector need to increase or to become fair (9 responses).
- 20- Saudi companies need to recruit the right persons in the right jobs (the right qualifications), especially for management positions. Recruitment and promotion through connections (wasttah) must stopped, and selection processes and procedures must be improved (26 responses).
- 21- There is a great lack of standards of performance, evaluation and measurement (10 responses).
- 22- There is a lack of good or effective motivation, promotion, and reward systems; good performance is not well appreciated (11 responses).
- 23- There should be more support or encouragement for initiative and creativity (2 responses).
- 24- Organisational functions and activities should be better organised (7 responses).
- 25- There is a lack of clear and well-defined objectives, goals, and plans. In addition, plans are not practical and goals are not reasonable (10 responses).
- 26- There is a lack of organisational policies, regulations, procedures, and boundaries. Though some organisations have policies and boundaries that often do not meet the needs of rapidly expanding businesses, or they do not support progress (17 responses).
- 7- There is lack of organisational manuals (5 responses).
- Bureaucracy, red tape, and centralisation, are high.

Those things hinder business progress in the Kingdom (24 responses).

- 29- There is a great need to develop both employees and companies to be professional and specialised (12 responses).
- 30- Saudi companies need to develop their coordination, communication, follow-up, and monitoring systems (5 responses).
- 31- Reduce committees (2 responses).
- 32- Reduce the high level of recruiting foreigners (3 responses).
- 33- There should be frequent local conferences between businessmen and government agencies to discuss business development needs (5 responses).
- 34- Government regulations and procedures are not flexible and do not support business needs and change (14 responses).
- 35- We need to become long-term oriented; we lack strategic planning and long-term plans (12 responses).
- 36- The Kingdom needs to develop facilities that provide information and that effectively help business needs. This is important especially in conducting feasibility studies, project evaluation, and planning (7 responses).
- 37- Improve government support to Saudi business and marketing strategies (3 responses).
- 38- We need more studies in marketing, consumer behaviour, competition, and advertising (3 responses).
- 39- There is a need to change the direction of business from small, family businesses to a share-holding companies (5 responses).
- 40- Private companies in the Kingdom are very short-term oriented; they are looking for fast profit rather than long-term good investments (5 responses).
- 41- Reduce the import and implementation of some technology and of Western ideologies that have bad effect on the Saudi Arabian value system (2 responses).

Westerner's Views (24 respondent (92%), cumulative responses):

- 1- There is lack of good discipline and punctuality among Saudi employees (5 responses out of 24).
- 2- Saudi business needs to place value on hardwork (3 responses).
- 3- Saudi business needs more efficiency (3 responses).
- 4- Saudi business needs to place value on time (2 responses).
- 5- There is a strong need for manpower development and training (5 responses).
- 6- Leadership in Saudi business needs development (4 responses).
- 7- Members of boards of directors need training, to be more open minded, and to have more or better experience (3 responses).
- 8- Business needs long-term and strategic planning (8 responses).
- 9- There is a lack of clear objectives and goals (5 responses).
- 10- There is a lack of teamwork (4 responses).
- 11- Meetings have to be effective (2 responses).
- 12- Office politics must be reduced (1 response).
- 13- Reduce bureaucracy and centralisation (5 responses).
- 14- There is a great lack of organisational boundaries and policies (5 responses).
- 15- There is a strong need for career planning, job descriptions, performance appraisal, and effective organisational structure (4 responses).
- 16- Saudi companies need effective and efficient financial and budgeting system (5 responses).
- 17- Business in Saudi Arabia needs information and statistical bases (7 responses).
- 18- Business progress in the Kingdom needs frequent market studies and research (2 responses).
- 19- Business progress in Saudi Arabia needs more feasibility-

ty studies; no investment decisions should be made on gut feelings (6 responses).

- 20- For foreign managers to run business effectively in the Kingdom they need to understand the Saudi social system (6 responses).

D. FEATURES OF THE SAUDI ENVIRONMENT THAT COULD ENHANCE BUSINESS

The following discusses the features of the Saudi Arabian environment that have the potential to enhance business in that country (104 Saudis, 91%), and 26 Westerners (100%) responded). Included are the responses of both Saudi and Western managers (Q4-2, b). The features are:

- 1- Saudi nationals are very loyal to their country (5 Saudis out of 104).
- 2- Social relationships are good; they promote a friendly work atmosphere (9 Saudis out of 104, and 3 Westerners out of 26).
- 3- Islamic teachings help progress, for instance, fairness, justice, and honesty (15 Saudis).
- 4- There is stability at the political level, and security (7 Saudis).
- 5- There is no tax system, besides Zakat (2.5% per year on invested capital according to Islam), which encourages investment (4 Saudis).
- 6- There is good job security (7 Saudis).
- 7- Many, or an increasing number, of young Saudis who graduate from technical schools and universities have good potential for local employment (3 Saudis).
- 3- The large number of young people in Saudi Arabia 60% of whose population are under 26 years old. (3 Saudis).
- 9- Saudi nationals have good manners and civil

- behaviour (3 Westerners).
- 10- Saudi Arabia is trying hard to modernise (1 Westerner).
 - 11- The Saudi government supports private sector business and provides long term credits (free of interest) for construction, farming, industrial and major public projects, (5 Saudis).
 - 12- The Saudi government encourages large-scale investment (3 Saudis).
 - 13- The Saudi government provides great support for education and technical training; education is free at all levels (11 Saudis).
 - 14- Saudi youths are keen to learn (2 Westerners).
 - 15- There is a good transportation system, in the form of roads and railways. This helps business and supports services (2 Saudis).
 - 16- Resources in the Kingdom (raw materials, capital, and so on), are sufficiently available, which promotes industrial and business progress (16 Saudis, 10 Westerners).
 - 17- Saudi Arabia is open enough for international trade; it is almost a free market (10 Saudis).
 - 18- New technology is available in the Kingdom for almost all projects and businesses (6 Saudis, 2 Westerners).
 - 19- There is wide cooperation with international organisations and expertise, that helps learning, provides experience, and allows effective use of technology (7 Saudis).
 - 20- There are good banking, support, and financial systems (4 Saudis).

It should be added that while we have included all these points since they are relevant and were genuinely raised by members on the survey samples, in many cases the numbers making these assertions were quite small.

E. SAUDI ARABIA EDUCATIONAL SYSTEM

The participants were asked how good they felt the educational system in Saudi Arabia to be in relation to business needs (Q5-2, b). The following represents the responses of 103 Saudi and 5 Western executives. Twenty-one Westerners (81%) did not answer, saying it was difficult for them to make any judgement about a system they did not know well enough.

- 1- Twenty-one per cent (21%) of the Saudis said: education in the Kingdom does not encourage or direct technical skills development at an early stage, such as at elementary school level. Developing basic technical skills, for example, painting and carpentry skills, at an early age, for example, 8-12, would help change work preferences among Saudis and resolve the dislike of craft and manual jobs.
- 2- Thirty-seven per cent (37%) of the Saudis said: education at all levels, grammar school, high school, and university, is too theoretical. Practice and application in workshops of what was given in the classrooms is rare. Students, therefore, quickly forget what they have learned. They use only their hearing and seeing in their learning; they do not use the other senses. In addition, the teaching system does not encourage learning without being heavily dependent on teachers.
- 3- Forty-two per cent (42%) of Saudis said: coordination among schools, colleges, and universities on the one hand, and industry on the other, is low. The labour market's needs are not met by what educational institutes teach. Most of the graduates' specialties are not in high demand. For instance the labour market may need electricians, and computer engineers, while most graduates are from business administration and history.

Education's programmes and activities must be directed toward the country's development and business needs. It must be long-term oriented, and avoid focusing only on satisfying the wishes of students and their parents.

- 4- Nineteen per cent (19%) of the Westerners said: Saudi youths are very eager to learn, but they lack practical skills. When they were given tasks that they should have practiced during their engineering and technical studies, they could not do them well. It seems they did not have enough practical training.

II. INTERVIEWS

Forty-one Saudis out of 114, and fifteen Westerners out of 26 were interviewed. The following represents only the interviews that have significant results, provide additional data to the research findings and/or support findings. The following summarises the interviews with 37 Saudi and 13 Western executives.

1- Saudis from Government Organisations

- 1.1 A Director General Manager from a state-owned manufacturing company said in the interview:

Many senior managers in my organisation were promoted to their positions rapidly. They did not have enough experience to understand all the functions of the organisation's overall objectives. They did not have adequate technical or conceptual knowledge and expertise. As a reaction to this, they lack confidence. Those senior managers favour working with the staff they know well and therefore they try to promote these friends as a favour or to be closer to them. Most promotions to management levels are not based on good qualifications, experiences, training, and job knowl-

edge.

Cooperation among those who graduated and joined the workforce in the middle 1970s and later is higher than among older graduates. For instance, those who are between 28 to 44 years old, are more cooperative despite their organisational levels than those who are older. The older managers tend to be stubborn and uncooperative.

We have saudised about 60% of our workforce. But instead of saudising a position, for example, a supervisor post, with a graduate who should have undergone training and career progression for six years, the position is saudised with a graduate after only 4 years on the job. This means that the position is held by a person who is under-qualified. This type of scenario has resulted in some problems such as low productivity, 'immaturity' in decision-making, and so on.

1.2 An Assistant Deputy Minister:

Most of our work problems are due to misunderstanding organisational boundaries, policies and regulations. For instance, the chain of command is often by-passed, some assignments go to departments whose functions are irrelevant to the tasks. In addition, there is no compatibility among some department functions, such that interdepartmental functions do not support each other. This problem is not limited to departments within one organisation, but among several agencies that should support each other as well.

Also, many of our senior officials are not objective, they are person-oriented, and therefore much of their directions are not clear or easily understood. Their directions or orders are frequently not related to the organisation's goals. Most senior officials are very centralised and individualistic in their decision making.

We have tried to apply criticism and be open, but this has not been helpful at all. It created more conflict and constrains sensitivity to other's opinions. Confrontation does not work.

In most Saudi Arabian organisations, we need more open-minded, impersonal, and highly-skilled leadership that can develop and encourage modern management practices.

1.3 An Assistant Director General:

My door is always open for everyone because my job is to help and assist people (this person's job involved meeting and assisting people as a civil duty). I also help my friends, for instance, follow up their papers and get their transactions done (but his job did not, of course, require him to do this).

1.4 A President of a Government Training Institute:

Saudi government regulations delay work progress, consume and waste a lot of time, and impact negatively on some decision-making. Most of the government's policies and regulations are to control activities, not to support, guide, and improve them. Unfortunately, the policies' primary concern is the budget and financial system and operations; policies for staff development are neglected or not given adequate importance.

I believe that organisational boundaries, policies, and regulations are to enhance business, therefore, we (at my work) have developed good policies and clear boundaries. This helps everyone understand their responsibilities, and gives our senior management enough time to handle more important tasks than supervision and guidance. However, organisational change is generally resisted by many Saudi executives. They do not want any change that reduces their authority and number of subordinates. On the other hand, they do not mind change related to technology, work processes, and

so on.

We need leadership development in all organisations and corporations. We need effective leaders who develop leadership in their own organisations as well. I believe that a successful organisation is a result of successful leadership.

Our research centres and universities are not involved enough in studying our social and business' developmental needs. In addition, businessmen do not encourage or support local universities' research and studies. We need a national executives' committee that encourages or enforces cooperation among industries, universities, and research centres.

1.5 A Deputy Minister:

Not all organisational policies and boundaries can be applied effectively because some top officials impact on the whole system, functions, boundaries, and so on. This impact can be very negative if those officials are 'too personal' and put their personal interests first. Managers in Saudi Arabia need to understand their organisations' functions and their responsibilities. They should also give more attention to constructive relationships that lead to commitment and improve performance. They also should keep open communication with subordinates to exchange opinions and improve motivation. In summary, management should become more objective.

Also, most organisations lack policies, regulations, procedures, and manuals. In addition, those organisations that have policies and manuals do not put enough emphasis on making subordinates read and understand them.

Education in the Kingdom does not reflect the labour market's needs. Also, the education is too theoretical.

Resistance to change in the Kingdom specifically organisational and structure change, is very strong. I believe that resistance would be much less if executives discussed their ideas, and the purposes of the change, with employees in an atmosphere of openness and trust. This would help subordinates feel they are having an impact on the process.

In the Kingdom you might be able to change the method of work, type of equipment, and so on, but there are some situations where whatever change you make would not work. This is because the people either lack sufficient knowledge and skills or they do not want to understand the need for change. In other words, sometimes the people for whose benefit the change is addressed are incapable of understanding how the effects of that change would help them.

My time at work and home is influenced by my job and duties. For instance, I have to allocate two hours daily, for instance, from 10:00 to 12:00 AM, for meeting the public. This portion of my time is used to deal with the top man syndrome, favouritism, personal interests, and personal compliance. I could not ignore this practice, though I am very busy and have many responsibilities; it is essential in the Kingdom. I have delegated many of my tasks but I also have to be in touch, before, during, and after the delegation. This is important because the results are still my responsibility. Committees and meetings also consume my time as well. Therefore, I find that I must take some work home with me and work evenings especially since there are some tasks that need intensive thinking. Sometimes I have had to take two suitcases full of files and papers that needed to be reviewed, or required my comments or instructions. I have to get them ready to be sent out of my office next day. These tasks and responsibilities impact on my personal life and family, but I have to keep on since there is no

other alternative.

1.6 An Assistant Deputy Minister:

The education system in Saudi Arabia is ineffective. It concentrates on theory (hearing and reading) and neglects the application or practice of science.

The education system does not encourage the students to value hard work, commitment, good discipline, and punctuality. It does not encourage students to be independent in learning; instead it emphasises dependency on receiving knowledge from instructors. Also, it is not helpful in changing work preference towards technical and craft jobs. For instance, there are no simulation facilities or small workshops for elementary and intermediate schools where the children and teenagers can develop their interest in craft work and enhance their basic technical learning. We need an education system that develops initiative, and helps students to be confident. Also, that helps in changing the social values towards an effective, industrially oriented system, for example, a system that places high value on time. Once we develop our educational system, we can claim that young Saudi nationals must be given the opportunities to work in the expatriate's positions, especially in the private sector where Saudi nationals represent only fifteen per cent (15%) of the workforce.

Many Saudi government organisations have noticed an ongoing expansion of their duties and responsibilities. This fast expansion has caused a rapid change in those organisations' policies, strategies, and boundaries. Sometimes there is an overlapping among some departments' functions. In others there are some functions that are not handled efficiently because it is not clear whose duties they are. Saudi management needs to be open to feedback and the exchange of opinions with colleagues and subordinates.

Industry in the Kingdom needs to develop industrial policies and strategies. It also needs long-term investment plans, data bases, and flexible procedures that are defined and clear. In addition, the Kingdom needs industrial research centre(s) and support, for example, market information/data. Industry in the Kingdom needs development in several areas, such as standards and quality assurance. In addition, there is a need for more local business conferences, and meetings with the participation of businessmen, industrial and trade officials, members from chambers of commerce and research centres.

1.7 An Assistant Director, Finance:

Saudi managers are not objective, for example, decision-making is affected by personal and family interests. On the other hand, Western managers are very task oriented. In addition, the preferences for certain jobs and positions for Saudis are very interrelated with their social system and family values, for example, Saudis prefer management and administrative jobs to technical and craft-related positions.

Finally, some people think that centralisation in Saudi Arabia is too high; it is not too high. What gives it this appearance is the excess of paper work in government organisations.

1.8 A Director, Finance:

Planning in the Kingdom is neither flexible nor strategic. All plans in government organisations are short-term, though they may not look alike; they are for two or three years maximum. Saudi managers need planning skills and to develop a data base; they do not recognise how important information is in the planning and decision making processes.

Saudi workers lack commitment and loyalty to their work and organisations. They are lazy, rely on senior

relatives to help them to make progress, for instance, promotion, and they are not task oriented.

1.9 A Vice President:

Centralisation is too high in all government agencies. It should be reduced, and more authority and autonomy should be given to subordinates. Executives do not delegate most of their tasks; they like control, red tape, and hold all or most authority in their hands. These practices: centralisation, control and dislike of delegation, besides the plethora of ineffective procedures, cause a high degree of bureaucracy in government organisations. Also, the top-man syndrome and the low value placed on time cause a significant wastage of time. Furthermore, "wasttah" (personal connections and favouritism) is a strong characteristic of Saudi society and business. It is used in recruitment, promotion, and getting things done. It is a big problem in Saudi society.

1.10 A General Manager, Training:

To improve business and develop industrialisation in the Kingdom we need directed and intensive social and cultural development. Schools, parents, supervisors, and so on, have to work together to improve individuals' capabilities to be industrially oriented. In addition, the education system and programmes have to be effective and directed towards industrial and labour-market's needs. Also, we do not distinguish corporate culture from the society's culture; they are interrelated. Therefore, without developing Saudi culture any good corporate culture would not be very effective.

1.11 An Assistant General Manager:

The Saudi government wants to privatise some of its organisations. Privatisation of those corporations

could be successful if the government would change them to public ownership and sell their shares. For instance, the telephone and railway could be changed into entirely private corporations that would offer shares for the public. This would make them more productive, effective and efficient. Since those organisations are tied to government regulations and policies, and strongly supported by the government or dependent on government protection and support, they will not become profit-oriented. In addition, because they are government organisations, favouritism, social relationships, and social ties, have a strong influence and impact on their efficiency. Privatisation would mean a change in the companies' systems and their removal from the governmental bureaucracy.

Saudi business needs more market planning, feasibility studies, project evaluation, training and development. It also requires a better education system that would produce the industrial and marketing staff that is needed. Business in the Kingdom is based on gut feelings not good research and studies.

Attendance and the work schedule in the Kingdom do not fit with the social system and the environment. Why should we use a system of working hours that is similar to a Western society when our culture and environment are different. A forty-eight hour work week with one day off is too much for people who live in a hot climate, and have a lot of social ties and family obligations.

1.12 A Department General Manager:

Many private companies try to bypass government regulations, misunderstand the purpose of those regulations, and try to bribe officials. Unfortunately, there are some officials who help those companies to achieve this.

1.13 A General Manager of a Training Institute:

The skills of many Saudi managers are obsolete. They even lack basic management knowledge. For instance, during a middle-management course, the participants (14 people) were asked to draw their sections/divisions organisational chart. Few drew them perfectly, and many had difficulties because they did not know their division's structure and positions. In addition, one participant drew a road map that showed the direction, location, of his department. This shows that some employees are promoted to higher positions based on seniority or connection and not on qualifications. They are also promoted without going through training and development.

Social relationships and relations with top officials are a basic element in promotion, besides obeying orders without discussion or argument.

Most Saudi government organisations lack controlling and monitoring systems. They need a system that helps in monitoring performance efficiently, as well as efficiency, productivity, punctuality, and attendance, and that helps them in developing policy and procedures.

Many senior Saudi officials resist organisational change in structure, policies, and procedures. Unless the change is initiated by them, they do not cooperate with outside recommendations, for instance, from a consultant.

1.14 A Training Director:

Many Saudi graduates achieved their masters degrees without having any good practical experience. For instance, holders of bachelor's degree went on to study for master's degrees without spending 2-4 years on practical on the job learning. The result is that there are many Saudi graduates who lack practical experience and are looking for senior positions just

because they hold master's degrees. In addition, many Saudi managers, whether recent or older graduates, stop reading and working on self development once they are promoted to a middle-management position.

There is too little training in the Kingdom and there is a great lack of short courses and conferences. Unfortunately, training is the first activity that suffers budget cuts in crisis situations.

1.15 A Director of a Department:

Saudi managers need training in planning, decision-making, and leadership. Saudi nationals in both government and non-government organisations need skills and further specialised development. Saudi subordinates are collectivist, unproductive, lack punctuality, and therefore need development and improvement.

Organisational boundaries are not defined or insisted upon, many executives do not follow these boundaries. In addition, many Saudi organisations lack effective structure, clear roles and responsibilities, and efficient job descriptions.

1.16 A Training General Manager:

Due to lack of an effective educational system in Saudi Arabia some large organisations have had to spend much money in training new employees. Most Saudi workers are not adequately qualified.

Government organisations, when recruiting new employees, give more consideration to educational background than to experience or expertise. On the other hand, when promoting employees they put years of experience as the most important element in promotion, though those years might have been just a repetitive experience with no additional skills or major expertise gained.

1.17 A Director of a Department:

Bribes are excessive among senior government officials. Most government contracts, for example, for services or construction, cannot be given to a private company without payment of bribes to senior officials. Sometimes, bribes are as much as ten per cent (10%) of the contract's value. There are some committees to review tender documents and the cost of contracts, and they are supposed to select the best offer. Yet, they are influenced by some senior official's power and recommendation.

Many senior officials want to get rich very quickly and a major problem is that government organisations do not have good controlling and monitoring systems. Though an official may be found guilty for having or accepted a bribe no strong action would be taken against him. Also, it appears that no action to correct and control the prevailing attitude will be developed soon.

2- Saudis from Semi-Government Organisations, industrial and production. (These organisations are fully owned by the government or partially owned by the public, but depend to a high extent on government support).

2.1 A General Manager of a Department in an Industrial Company:

Many Saudi managers are promoted rapidly to their positions without having enough experience and/or training. This impacts on performance and efficiency.

In addition, management training programmes in the Kingdom are too theoretical and the appraisal system is generally conducted subjectively. Yet another problem is that Saudi managers often come late to work in the morning, sometimes 2-3 hours. Those things, together, make Saudi management ineffective.

The important concern of private companies' is

quick and short-term profit; they disregard their social roles and participation in community development.

Government and most of semi-government organisation systems are obsolete. They are ineffective, rigid, and do not fit the industrial development the country has been undergoing. In addition, many Saudi senior managers resist change that would effect organisational structure, policy, and/or their position and authority. Furthermore, standardisation is too slow in relation to the rapid expansion of business and the changes in technology. However, most of the Saudi managers encourage change that is related to technology, for instance, machines.

Cooperation between Saudi managers and Westerners is low because their personal relationships are weak.

Saudiising jobs in expatriates' posts is pushed faster than necessary, putting Saudis into jobs without sufficient training and experience.

2.2 An Executive Director:

The open-door policy wastes my time. For instance, some middle managers and supervisors drop into my office without any advance appointments. In addition, staff from other departments frequently come to my office looking for favours (wasttah), and try to use their connections to help them getting transactions done faster.

Saudiisation has to be done according to the minimum qualifications required for positions occupied by non-Saudis. There are many Saudis who replace expatriates without meeting those minimum requirements. This impacts on productivity and performance.

2.3 A General Manager of Public Affairs:

Government directives interrupt our business, objectives, and planning. Government officials, through

their control and directions, treat my company as a public-service department, though it is a huge semi-governmental industrial company that generates much revenue, has strong economic influence, and has to work in an international market that is large and competitive.

Personal ties and relationships at work have a bad impact on our business progress. The personal contact relationship (wasttah) results in the recruitment of the wrong persons, promotion of unqualified individuals, and impacts on performance. Using personal contacts is irrelevant to Islam; it is a social influence. For instance, Islam calls for justice, honesty, hard work, and so on.

2.4 A General Manager:

I think that Saudi Arabia will face an unemployment problem among university graduates in the next few years. For instance, many governmental and non-governmental organisations give a large portion of their projects and undertakings to contractors. The contractors hire more than seventy per cent (70%) of their workforce from abroad. Usually highly skilled jobs are filled by expatriates from Western countries, and non-technical and semi-skilled jobs are filled by other Middle Easterners and people from Far Eastern lands. This practice is also prevalent in the private sector, where it prevents large numbers of Saudis from joining the workforce. Saudis make up only about fifteen per cent (15%) of the private sector's workforce.

The private companies complain that upon completing their contracts it would be difficult to terminate the Saudis' services. Of course, this is not valid because it could be stipulated that the Saudis are hired for a specific period, and both sides would be obliged to sign and agree on the termination of ser-

vices after contract. This recruiting attitude reduces the chance of many young Saudis to build their experience and confidence.

The government has to do something about saudisation in the private sector. For instance, setting some policies and directions, and reducing its support or stopping industrial credits to those who do not increase the percentage of Saudis in the workforce.

We are trying, in my work, to improve our utilisation of time, since time is very valuable for us. However, we have many unnecessary meetings that consume large chunks of time. Meetings and committees in the Kingdom are excessive. Most of them are unproductive or ineffective.

2.5 A Vice President, Distribution:

The productivity of the Saudi national workforce is very low, at best it is about 40% of what it might be expected to produce. Saudi employees, generally, spend their working time socialising, in personal matters, or come late to work and leave early. Punctuality and productivity are influenced by the Saudi's attitudes. Saudi culture impacts on people's attitudes, but there are certain habits and traditions that cannot be generalised about.

2.6 A Vice President, Finance:

Government financial regulations and procedures are very rigid and inflexible. They delay and tie most governmental and semi-governmental organisations' activities, especially those that generate revenue. There are many potential opportunities to change or privatise some government corporations, such as the telephone and the post. Still, businessmen do not see this happening anytime in the future because of these inflexible regulations and procedures.

2.7 A General Manager, Marketing:

There is a great lack of coordination among departments not directly involved in marketing, that nonetheless, have influence on sales, for instance, production. In the Kingdom, business firms concentrate on marketing with small attention to quality, after sales service, support, research or development.

2.8 A Vice President:

Many businesses in Saudi Arabia lack sophisticated operating methods. For instance, they lack good feasibility studies and long-term planning. Decisions that are made for operations and/or the short-term, do not consider their impact on the longer terms. In summary, there is a lack of a conceptual framework.

Managers in Saudi Arabia need to learn to apply modern management techniques, for example, organisational appraisal or measuring achievement, decision-making processes, and strategic planning. There is much centralisation and management is very conservative. This has produced difficulties and resistance in negotiating and applying change.

Organisational change in Saudi business is tough and often perceived as unnecessary. This causes the organisational matrix not to work effectively, besides a lack of coordination and effective communication systems.

Middle managers in many Saudi organisations have conflict with senior management though both are well educated. This conflict may be due to senior management's conservative style. In addition, because of this conflict the use of formality becomes high in relations between these two levels. We can often see a few senior executives among many in a given company, trying to hold most of the authority in their hands. In addition, they are ruling all activities the way they like. This increases conflict. Furthermore, senior managers resist

organisational change. This is because they want to protect their position, authority, and control.

3- Saudis from Private and Share-Holding Corporations (non-government)

3.1 A Training Director:

Training for the private sector in the Kingdom is minimal and growing very slowly. There is a great need for training in finance, accounting, marketing, advertising and sales. Also, there is a need for training in: public affairs, administering maintenance and service contracts, supervision and management. Saudi Arabia needs to develop and adopt training courses that fit its environment and business needs. For example most of the available training courses are developed abroad and do not fit the Saudi environment.

There are many small businesses that need to be better organised, to become share-holding companies, and be developed to become effective and long-term oriented. Furthermore, there are middle and large-size businesses influenced by the government's rigid regulations and procedures, for instance, trade regulations, that delay and impact on those companies activities.

Saudi Arabian business needs a local business and organisation development and consulting service. Such services are very rare and limited. Most big firms use international consultants' service that are not particularly effective and very costly. Middle and small firms have no access to this service.

3.2 A Director General of an Industrial Corporation:

There is some resistance to change among middle and senior management. Resistance to change in Saudi organisations could be reduced if both senior and middle management participated in it from the beginning, especially change related to policy, structure,

and procedures. Some departments or organisations have made changes that were not effective. This is because the change was not extended to other units/departments that had a strong relationship with them. If there is a change in a department that is very dependent on another department's support, or their activities are interrelated, and the change occurs in only the first one, the change may be useless.

Saudiisation has been carried out very quickly in some organisations. This has caused stress on senior management. For instance, saudising middle and line-management positions with young Saudis put stress on senior management because the young employees still have a lot to learn to become fully qualified.

Favouritism and/or connection (wasttah), especially for recruiting unqualified personnel, affects our performance. We are trying hard to avoid these practices. They waste time and effort, specifically since we have to meet people who come for wasttah. Therefore, we try politely to keep those people away.

We try to keep in touch with local industries that are similar to our business and we have been exchanging experiences with some firms. Yet, there is a great lack of exchange of experiences through conferences, meetings, and visits among industrial and commercial organisations in Saudi Arabia.

3.3 A Vice President, Research and Planning:

Almost all business organisations in Saudi Arabia do not use good planning procedures. Planning in those organisations, if there is any, is not strategic and not dynamic. In addition, there are some firms that develop short-and mid-terms plans, but do not develop action plans or a measuring system to measure their achievement and progress. Furthermore, senior Saudi management is not open to feedback and most Saudi executives are not qualified enough to do planning.

Also, many senior managers do not support ideas or recommendations for organisational change. This is a strong symptom when the change is related to structure, policy and authority.

3.4 An Assistant Director, Administration:

Most Western managers in the Kingdom are not reliable. They have come to work here for a short period and their main target is to make money, not to help achieving long-term plans.

Education in the Kingdom is not much related to industry and market needs, and is not technically oriented.

3.5 A President of a Commercial and Service Corporation:

Many Saudi firms are not well organised. They do not have efficient structures, good systems, and effective management. Most Saudi managers, are not long-term oriented, they lack long-term vision, management skills, and expertise.

Education in the Kingdom is not effective. It does not encourage creativity, and makes students very dependent on collectivism.

In my organisation, that is a share-holding company, we have developed a dynamic strategy where every branch has its own board, structure, and plans. The holding company sets policies and monitors long-term directions.

I believe that social relationships have great effects in developing connections with clients and customers. I spend much my time in such relationships and therefore put in about 14 hours a day for my company.

3.6 A Chief Executive Officer of an industrial Company:

Although we have a good organisational structure and job descriptions, there is some overlapping and a

degree of lack of cooperation among some departments. It appears that this is due to a lack of qualified Saudi managers and personnel.

We have tried to saudiise our jobs effectively, but because of the nature of our work most good Saudi employees do not want to work with us. For instance, our factory works twenty-four hours, and most of Saudis do not want to work night shift or during the weekend. In addition, most of our technical and craft jobs require qualified personnel, which is difficult to find among Saudi labour and very costly to train. We have managed to saudiise fifty per cent (50%) of our positions, but we have been facing obstacles in spending, operating and maintaining our factory to its maximum capacity.

3.7 A President of an Industrial and Services Corporation:

Most of the private sector companies lack training, mainly management training. I can summarise the major problems this causes in the private sector as:

- Lack of knowledge and skills among management and subordinates.
- Lack of motivation, mainly because the private sector does not pay good salaries, train employees, and provide career progress.
- Lack of a good selection and recruitment process.

Another problem is that although our corporate organisational boundaries are clear, the Saudi subordinates do not follow, respect, or try to read or ask about them. On the other hand, the Western subordinates understand and follow those boundaries.

We thought to participate in some Saudi government privatisation projects but we faced several restrictions. Those restrictions were (in those companies that

could be privatised):

- The government has produced company systems that are bureaucratic and very rigid. It would take too long and require very intensive effort to try to develop them.
- Managers skills at those companies are obsolete, autocratic, and need to be replaced, which is against government regulations.
- In addition, workers in those companies need much training, development, and repositioning. Some employees are promoted or recruited without adequate qualifications.

Training in Saudi Arabia is limited though the country is undergoing intensive industrial development. Many Saudi youths need intensive training. Also, there is a great gap between the educational system and the local industrial needs. Management training is also limited and there is a lack of leadership training. We, in the Kingdom, need intensive leadership training and development that can transform management from being autocratic and traditional to being participative.

3.8 A President of a Share-Holding Company:

In my company, we believe that each of our sub companies should develop its own structure, systems, procedures, and workforce. The policy, strategy, and directions are given, through discussion and participative efforts by the holding company. Still, the holding company monitors some functions, such as financial control, cash flow, recruitment to management positions, and budget approval as a central function. Centralisation of these functions is important to ensure that all our sub-companies are not over using the flexibility given to them. I think that there are, in Saudi Arabia, many small and medium-size companies

that should be share-holding corporations, but there are some obstacles. Those include:

- Those companies are owned by individuals or families. They were established two decades or more ago and they are run well by their owners. In few years, those owners will go and their sons or relatives will take over and there will be too many chiefs and directors. Today those individuals still do not want to see their businesses become share-holding companies, though they could keep a big part of the shares within the family. They do not realise what may happen to their companies in few years, upon their death.
- Saudi nationals avoid investment in share-holding corporations that are not highly supported by the government. They are afraid of losing their money. This is not due to uncertainty or high risk, but because there is not enough publicity concerning businesses.
- Saudi nationals in the private sector workforce represent only 15%. This low percentage is because saudisation, which includes training Saudis, is very costly. Most Saudis, especially recent graduates, lack the minimum qualifications or job requirements. In addition, the education in the Kingdom is too theoretical. It does not provide practical learning and it is not related to practicality or market needs. The private sector should participate in the cost of developing and training Saudis either through on-the-job training programmes or other means. In summary, there is a lack of planning and coordination between government institutes, chambers of commerce, and the private sector companies to train, develop, and recruit Saudis.

We in the private sector face too much wasted time because of government bureaucracy. For instance, following up some transactions for an official's signature takes several visits to his office. The sad fact is that these officials are often late or absent.

3.9 A Chief Executive Officer and a Board Chairman:

In Saudi Arabia, specialisation for both subordinates and business firms has not reached a level where everyone or every company knows what their business, roles and tasks are. This environment, therefore, cannot help people to work effectively to achieve specific objectives. The executives, to run their companies successfully have to play too many roles and to be specialised in almost every field. What we really lack is industrial social development. We also lack an effective leadership that develops clear directions, defined responsibilities, and efficient organisations. Another problem is that Saudi culture does not encourage organisational change that directs the organisation towards specialisation. In addition, peer-group norms and pressure do not support restructuring of the hierarchy, redistribution of authority, and development of boundaries that can make the company more effective and efficient. Moreover, most of Saudi business organisations are ineffective: they lack dynamic systems, good boundaries, long term planning, and qualified management.

In addition, boards of directors in many companies do not have enough members with knowledge and expertise in the area of their business. Also, most of the members are excessively busy with other personal interests. It is very unusual to see two executives out of ten work full time at the company of whose board of directors they are members.

There is a great skills obsolescence among Saudi executives. This is because:

- They do not read, update, and improve their knowledge and skills.
- They avoid teamwork and that has a great effect on learning through exchanging experiences and opinions.
- They deal with many important tasks confidentially, which keeps other managers unaware or lacking information about the existing situation or what is coming.
- They are centralised and control authority, which prevents participation and creativity.

3.10 A Director General of a Travel Agency

Saudiisation is very costly because most Saudi workers and graduates are not qualified enough. We have been saudising many of our positions but we have had to use many resources to train Saudis. However, I think in about a decade, Saudi nationals will be competitive because the government is developing and improving its educational, training, and vocational systems, besides the training many organisations are providing. I hope that management and supervisory positions in Saudi Arabia will be held by Saudis because the Saudis are a long-term asset. They stay in their country, unlike the expatriates who will sooner or later leave and take the experience and knowledge they have gained working in Saudi Arabia with them. Expatriates, at end of their contracts, are a lost asset; the Saudis are not.

3.11 A Director General of a Commercial Bank:

Management training in the Kingdom is not sufficient and/or good. Training needs more emphasis and improvement. In addition, trainers or training institutes should coordinate with the trainees' superiors. This lack of coordination and contact causes most of training courses to be irrelevant to the work needs or environment.

There is a lack of constructive and objective personnel appraisal in many Saudi companies. There should be more emphasis on appraising for improving performance, developing subordinates' confidence, and identifying improvement needs. In addition, the appraisal system gives the superiors chances to discuss many other things that can cover work problems and improve performance. Superiors also can discuss with subordinates difficulties at work, work ethics, safety, and so on.

Values in our banking business are very important. We have developed values that improve our business, for instance, "customers first". Such values help in changing our Saudi employees' attitudes, thus they adapt themselves to a banking business culture. I believe that there is a great lack of the development of values that could improve morality, change attitudes, and make an effective work culture and environment in Saudi Arabia.

3.12 A Chief Executive Officer:

Most Saudi managers are difficult to work with; they are not cooperative and dislike teamwork.

Many Saudi employees are not punctual, lack commitment, and do not place value on time. My colleagues and I have had to do work that other subordinates should have done. This is because many subordinates lack good discipline and are lazy.

4- Westerners from Government Organisations

4.1 A Chief Engineer, and a General Manager from ARAMCO stated that (two participants):

- Saudi executives at ARAMCO could work successfully at any American industrial company. This is due to management development, the work environment, and the long industrial experience ARAMCO has

undergone.

- Saudi executives at ARAMCO are flexible in accepting change, practice modern management very well, and usually welcome changes without major resistance.
- Saudiisation at ARAMCO appears to have been very effective because it has given attention to both quality and quantity.

4.2 A Director, Research and Development:

In my company we have a great lack of strategic planning and direction. My company was established 13 years ago but has still not become fully approved by the government though we have been providing a very important public service. We do not know what our position among government organisations is though we know that the business we are running is essential for the public and will exist forever if there is no replacement. This uncertainty causes us many problems in planning, development, and assessing workforce needs.

Saudi business needs to reduce centralisation. Centralisation in the Kingdom has a strong negative effect. In addition, there is a great lack of punctuality, discipline, and too much socialising at work. Saudi Arabia is a growing nation moving towards modernisation. Still it needs much management and leadership development, and manpower training. Also, Saudi society needs intensive social and cultural development to absorb modernisation effectively.

4.3 A Director, Personnel Planning:

Saudi managers are essential to the future success of the country. I do not think that Saudi managers are obsolescent. However, they need some development, and what must be found are cultural avenues and methods that can successfully adopt modern management

principles and practices at the work site. Of course there is some conflict among our managers. Personality differences are usually the basis for clashes, which are settled shortly after the altercation.

There is a great lack of long-term and strategic planning at my work, and many functional areas do not have explicit policies and procedures. Also, there is a lack of standards and effective rules and regulations. In addition, there has been a drastic budget cut and reduction of resources, which caused a need for a major adjustment of departments' goals and plans.

The importance of family, domestic and social relationships in Saudi Arabia seem to overshadow the commitment to work. This causes an inordinate amount of absenteeism and tardiness.

5- Westerners from Semi-Government Organisations

(Only one Western participant, a Vice President from the above sector was interviewed. The following represents his comments).

Saudi business culture does not appreciate criticism. I try to use constructive criticism so people can adopt a positive attitude, but it is very difficult especially if the other person takes it personally.

Changes in strategies, policies, and structure are very difficult to make in Saudi Arabian business. Senior management is very conservative, and it is almost impossible to convince Saudi executives of the need for change.

Middle management in my company, which is made up of mostly young, well-educated Saudis already resents the stubbornness of senior management. This is because senior management is very conservative, older, very much affected by cultural traditions, and is dictatorial and very formal.

The organisational boundaries are blurred in some sectors. There is no keen interest in developing the organisational structure, which makes it difficult to understand the roles and relationships among departments and executives. In addition, there is a major perception of the need to update job descriptions and identify roles, duties, and the responsibilities of personnel.

There are some difficulties in maintaining the organisational boundaries we have, and it is difficult to make the matrix system work. For instance, there have been some activities that were arbitrarily transferred from one manager to another without coordination or a specific reason. If jobs were a well-defined and had clear responsibilities, duties, and functions, such things might not have happened.

There is a need to develop a conceptual frame of thought. For instance, long-term planning needs to be increased. Operational and daily activities take most of the executives' time and awareness. Many daily decisions are made without thinking of their consequences on the future. Unfortunately in Saudi Arabia most work and thinking is on operations, day-to-day activities, without enough thought to the future.

Saudi business also needs greater application of modern management techniques. For example development of employees' career plans, performance appraisals, and job descriptions are all generally inadequate.

My time is usually very well managed, which is due to my Western background and experience. Yet, I find it difficult sometimes, especially when meeting with Saudis, to manage my time. I could say that Saudi Arabian culture is impacting on priorities in my work, for example, operations become more important than long-term planning.

6- Westerners from Non-governmental Organisations

6.1 A Vice President:

Saudi employees, including management, lack effective education. Education in Saudi Arabia seems to put the emphasis on theory with little or inadequate practical learning. Also, training in Saudi Arabia is weak, ineffective, and insufficient.

Saudi culture has a very strong effect on business. If you really want to run a successful business in Saudi Arabia you must understand the local culture and value system. In addition, Saudi subordinates are not only motivated by achieving recognition, actualisation, and receiving rewards and incentives. The individual's personal and welfare and prestige are very important too.

Senior management in Saudi Arabia, mainly Saudis, do not delegate many of their tasks or much authority. In addition, almost all management is often more concerned with operations and service activities/tasks than with priorities and strategic tasks.

6.2 An Executive Corporate Manager and Consultant, who has been in the Kingdom since 1978:

The oil boom in Saudi Arabia between 1974 and 1985 misled the country's human resources planning and manpower development. For instance, the fast expansion of both the government and non-government sectors demanded a huge increase in manpower. Saudi nationals could not meet the requirement of that demand. Today, Saudi nationals do not constitute more than twenty per cent (20%) of the semi-governmental and non-governmental organisations' workforce. In addition, the educational, training, and vocational institutes were not able to provide adequate qualified graduates. Also, those institutes were not well developed to meet the demands of the rapid business and industrial expansion.

Neither is there a long term national manpower and human resource development plan. The result is that the educational institutes do not know what the manpower demands and requirements for the present and future are.

Furthermore, the Ministry of Labour and its affiliated offices are out of contact. They are trying to force the private sector to recruit Saudis without coordination and consideration of manpower requirements and market needs. Saudiisation, therefore, is very costly; private companies, in particular, have to spend much effort, time, and money to train Saudis before replacing expatriates. The Saudi government does not understand that training Saudis should be a shared cost and joint venture responsibility.

Since 1986 one of the positive features of Saudi culture, the relationship between social and economic welfare, has been disappearing. In other words, business has become over profit and short-term oriented rather than economically and socially oriented. Business organisations in Saudi Arabia are not fulfilling their social responsibility in developing the society and community.

The Saudi government has been supporting the private sector a lot, for example, there is no tax, and there are many long-term industrial credits. Yet, there are some difficulties that slow down our progress, such as favouritism (wasttah) where we have to recruit some relative of the government official's, a lot of red tape, and a plethora of inflexible regulations.

Management in Saudi Arabian business is not interested in planning, and if they were then there would be a lot of unnecessary details that would need to be covered during the process. In addition, there would be little commitment towards achieving or supporting the plans. Objectives are not well defined

and so are badly perceived, which further affects the process of responsibility and accountability.

Management is not assertive. Managers think that being in a leadership role means to be dictatorial. Management training in Saudi Arabia is poor or insufficient. Still, one of the positive features of Saudi business is that the decision-making process is somewhat short and effective because of the easy access to owners or senior executives. I have tried criticism with Saudi colleagues; most took it personally. I think criticism hurts Saudis' feelings.

6.4 A General Manager of Joint-Venture Bank:

One of our major causes of problems is the frequent change in direction, for example, the Board of Directors changes priorities frequently in a short time and without a good or viable reason. The members of the Board of Directors are not qualified enough. Some of them are not trained, and incapable of developing directions, and organisation boundaries. In addition, many of them are appointed by the Saudi Arabian Monetary Agency (SAMA), and not by the share-holders. Another example is that upon establishment of the bank I work for, a board member was appointed by SAMA. That member was, in the meantime, a member in another bank's Board of Directors. This practice causes conflict among the members and brings loyalty into question.

6.5 A General Manager of a Department at a Joint-Venture Bank:

We in the banking business are doing an international job. Therefore I think any Western manager who works overseas and wants to be effective must have global management skills. Being an expatriate employee has taught me to try to understand the culture and society I live in. I can see how management at my bank, which is a joint venture, has to deal carefully with

some conflicting objectives. Those conflicting objectives are mostly due to the difference in value system between Americans and Saudis. For instance, there are some objectives here that are considered ineffective in the banking business in the USA. On the other hand, we have expanded our branches in the Kingdom without a proper feasibility study and without conducting strategic planning. The Saudi Arabian Monetary Agency demanded this expansion, and the Board of Directors had to follow that demand. Fortunately, the expansions have worked well. This has been due to the fast development in Saudi business, and because people's attitudes have been changed from trusting only cash to an acceptance of credit cards, cheques, and banks on general.

Another difficulty we are facing in the Kingdom is the high level of bureaucracy in both governmental and non-governmental organisations. This bureaucracy makes things very slow and constrains flexibility.

6.6 A General Manager of a Commercial Company:

There is a great need of cooperation in the Kingdom among management, commercial companies, and government agencies that are involved in trade and business. Managers within the same company and the same business or industry have no coordination, exchange of knowledge, teamwork effort, or cooperation. In addition, management of commercial companies and the government agencies do not cooperate to identify each other's needs, or forge a useful or beneficial relationship.

6.7 A Director of a Department at a Joint-Venture Bank:

Organisational boundaries at our bank in Saudi Arabia change frequently because of the fast expansion in our business. This has resulted in increased needs for familiarising our employees with those boundaries, and training them to cope effectively with them. It is

time consuming, but important. Our organisational boundaries have tended to work successfully so far.

Feasibility studies in Saudi Arabia need more attention. There must be an update of data and statistics to help to conduct feasibility studies, and these unfortunately, are usually not available or are not of good quality.

Saudi subordinates need more training, especially on-the-job training. Lack of well-trained personnel has put management under pressure where managers have to do tasks that subordinates should. In addition, Saudi managers need to know how to criticise constructively. I cannot accept criticism from most of my Saudi colleagues because they do not know how to criticise constructively, and many of them are not qualified enough to criticise my work.

6.8 A Director of a Department:

Senior government officials want to get big bribes for approving or selecting contracts/tenders private companies put forward. If the tender does not take those bribes into consideration it has a poor chance of being selected. We have applied for many contracts with the government and were told often that we have to increase our tenders 5-10%. Those bribes went to senior officials upon approving our tenders. Some officials would not mind if the tender was 100% more than actuality, if they were sure that they would get their bribe share in advance.

SUMMARY

Eighty-five per cent (85%) of Saudi managers and 58% of Westerners, mainly from government organisations, believe that their organisations' shortcomings are derived from their beliefs. Also, most of both groups believe that their organisations' values contribute to the accomplishment of their mission. Yet, many of these responses are normative (subjective) because little more than half of governmental organisations and about two-thirds of non-governmental organisations do not have a corporate culture that supports the achievement of their mission. In addition, half of both organisations lack consistency between their individual departments' objectives and their organisations' mission. About seventy-four per cent (74%, average) of both groups also believe that their organisational culture is not important for accomplishing the mission. They think that the culture can be forced towards achieving the mission. In addition, many Saudi executives resist organisational change related to structure, boundaries, and policies. But on the other hand, they support change related to operations, technology, and work processes and procedures.

The most important values at work for Saudis are religious, and good service, while for Westerners they are high productivity and teamwork. Most Westerners therefore are highly task oriented, while most Saudis are rather socially oriented.

Eighty-four per cent (84%) of the Saudis and fifty per cent (50%) of the Westerners believe that social relationships in Saudi organisations have a great effect on superior-subordinate relations. This means that subordinates behave as members of an extended family where the leader acts as the father; and the family members are very dependent on his direction. This shows in collectivism, and high personal loyalty. In addition, those social relationships impact on

the value placed on time. Time value is low in Saudi organisations as indicated by eighty-five (85%) of both groups. Also, social visits at work, family affairs, social obligations, hospitality, the open-door policy, favouritism, connections, and the top-man syndrome have social effects and waste a lot of time and resources. Social effects also extend their impact to punctuality and/or attendance, which is low among Saudis. In addition, most of the meetings in the participating organisations are ineffective.

Saudi Arabian business and organisational needs for improvement and progress are:

- 1- Management needs to be open to feedback, to change to a participative decision-making, become long-term and task oriented, become more impersonal, and needs more training and skills development. In addition, Saudi managers need to be more cooperative, to delegate part of their tasks and authority, and to develop teamwork. There is also a great need to develop effective leadership in Saudi business organisations.
- 2- The Saudi workforce needs to be trained and developed to become professional and skilled, to be committed to tasks, and to be more loyal to the organisation.
- 3- Saudi society needs development towards industrialisation and efficiency; the significance of social relationships has to be reduced.
- 4- Organisational culture, and systems, i.e. boundaries, policies, and structure, have to be improved, with more value placed on productivity, efficiency, and a reduction of bureaucracy and centralisation. Saudi organisations, especially non-government ones need to become long-term investment oriented.
- 5- There is a great need to develop an information and statistical base, in support of government

regulations, marketing strategy and marketing studies.

- 6- The Saudi educational and training systems have to be developed to respond effectively to business and market needs; and they also need to be long-term oriented.

Saudi Arabia has many positive environmental features, for example, stability and security, much government support for both public and private sector organisations, good infrastructure development, and good material resources. In addition, Saudi Arabia is open for international trade. It is almost a free market, and there is a high level of cooperation between local and international organisations.

CHAPTER VIII

C O N C L U S I O N

VIII. CONCLUSION

Introduction

This thesis has focused on management characteristics of both Saudi and Western senior managers and executives working in Saudi Arabia, for example, general managers and chief executive officers. It surveyed 140 executives and made a comparative analysis between Saudi and Western managers. Also, it has focused on both organisational context, and the Saudi societal effects on the participating managers and organisations. It surveyed 20 large government and semi-government Saudi organisations that are involved in business and industry, or have a great effect on business development. It also surveyed 32 large private and share-holding corporations in industry, commerce, banking, construction, and service. Furthermore, few non-business organisations were involved in this research because they also have an indirect effect, for example the Institute of Public Administration, University of Petroleum and Mineral Resources (King Fahad University), and King Abdulaziz University.

The average workforce size of the participating organisations is: government, 18.200 employees; semi-government, 20.150; non-government, 2.620.

The average percentage of foreign employees in those organisations is: government, 25%; semi-government, 40%; non-government, 85%; respectively.

Note: Semi-government organisations refers to both business and industrial corporations that are fully owned by the government, and to corporations that are semi-government, those partially owned by the public, but dependent on government support and direction to a high extent.

In addition, the chapters when the research findings are reported show that the participating organisations have given a good coverage of the areas this study tried to examine. The participating semi-government and non-government organisations were also among the top one hundred corporations according to their revenue in the Kingdom in 1990/91.

Literature on management and organisations in Saudi Arabia was used in the review of literature chapter to show what has been published so far. Unfortunately there was not that much to review especially in the way of comparative studies. The well published and recognised international literature was also used in the finding's chapters to make comparisons between effective and ineffective management characteristics and organisational context and systems.

The following are our conclusions concerning the development of Saudi Arabia and its society and their relation to business. This chapter also summarises our conclusions on the effect of Saudi society on management, and offers a summary of characteristics of Saudi managers.

A. THE DEVELOPMENT OF SAUDI ARABIA, AN OVERVIEW

Saudi Arabia before 1960 was a traditional society where tribal and family relationships and ties had a strong roots and influences. Between 1960 and 1970 these relationships and ties became slightly less influential. This was due to the government initiated development, and to some progress in education and reform of the social system. However, since 1970 the Kingdom has undergone intensive industrialisation and modernisation. The development is continuing but the tribal and family relationships and ties still have some influence on several areas, for example, family business, the appointment of senior and top-level officials, and on recruitment systems.

What is more, business before 1970 was simple, limited to few family business, a few small craft industries and commercial undertakings. Farming was also basic and based on traditional farming processes.

Since 1970, however, Saudi Arabia has been implementing long-term development plans, each of five years duration, for industrialisation and modernisation. The high revenue between 1974 and 1983 helped the Saudi government to achieve most of the basic infrastructure projects for major cities and major industries as well. In addition, it facilitated civil support projects, for instance, transportation, roads, communication, and an increase of water resources.

Crude oil revenue represented about ninety per cent (90%) of the Kingdom's income during 1971 - 1983 period. On the other hand, other gross domestic production (GDP) represented ten per cent (10%) of the total Kingdom's revenue. That high increase of income from oil revenue was mainly due to the oil boom between 1974 and 1983. For instance, the Saudi government budget in 1973/74 was \$6.08 billion; by 1980/81 it had increased to \$90.66 billion. This huge increase in the government budget assisted the Kingdom to achieve the construction of two of its biggest industrial complexes, Al-Jubail and Yanbu, rapidly.

Since 1984, and especially with the decrease in oil prices, the Saudi government tried to increase the Kingdom's revenue from sources other than crude oil. It has been providing much support, for example, credits for private business, industry and services. Today (1993), crude oil revenue represents about sixty per cent (60%) of the GDP.

The Saudi government has been giving a high priority to industry and economic development, and the necessary civil support as well. In addition, Saudi Arabia has been making some progress in education and social development but not

in proportion to the role of industrial development. For instance, most of the development attention has been on economic and industrial projects followed by civil support projects and defense. Education and social and human resources development have been only a third priority, and the concentration has been on quantity rather than quality.

The development of Saudi Arabia has required the resources and expertise of international companies. There has also been a big need for expatriates, foreign subordinates, professionals, technicians, skilled and semi-skilled labour. The foreign workers have come from over 40 different countries, including Arab countries, the Far East, Europe, and the USA. Foreign workers in 1968 numbered 385,000, constituting thirty-eight per cent (38%) of the total workforce. Foreign workers together with their families were about ten per cent (10%) of the total population in the same period. In 1990/1991 foreign workers numbered about 3.7 million representing sixty-four per cent (64%) of the total workforce. Together with their families, they represented more than forty-five per cent (45%) of the total population, in 1990/91.

Since the beginning of the Kingdom's development plans in 1970 the Saudi government began to proclaim that it was vital to develop the society and its human resources but without changing the value system. It said that social and cultural systems must remain with no major change. However, the Saudi government has been allocating about fifteen per cent (15%) to twenty per cent (20%) of its budget/expenditure for improving human resources, health, education, and society. Therefore, there have been some progress in these areas but not in proportion to the economic and industrial development. For instance, schools, vocational centres, and universities, increased rapidly in quantity but not equally in quality.

The Saudi government has realised at the end of each five year development plan that there has been insufficient progress in the development of social conditions, human resources, and national labour. The government, therefore, has been putting emphasis on developing these at the beginning of each new plans. However, in the 1990/95 development plan the government admitted that there has been insufficient development in these human and social areas and has therefore allocated 1/3 of the plans' revenue/expenditure for this purpose.

As developing the society and human resources usually takes longer than economic and industrial development the Saudi government should have given greater priority to these aspects. Because of the inadequate development in these areas the following are some major results:

- 1- Lack of an adequate social value system that can support the development towards industrialisation and modernisation.
- 2- Lack of industrial attitudes among Saudi nationals.
- 3- Lack of an effective and more qualified younger generation that could participate in the development of planning, education, and the society.
- 4- Lack of effective educational and vocational systems that could develop programmes relevant to industrial and business needs.
- 5- Lack of an effective school culture that could develop preferences and learning practice regarding technical and craft jobs.
- 6- Lack of qualifying and internship programmes that could provide graduates with basic experience and qualifications.
- 7- Lack of an effective national workforce development and training programme for all jobs.

The Kingdom is still a traditional society though it

has made considerable progress in its infrastructure, industry and economy. The country has made progress through its reliance on huge project expenditure, and use of the expertise of international companies and of expatriates. There has also been some input of course from some of its well-educated and qualified national managers, technicians and professionals.

The high priority of those international companies and expatriates is to get their tasks done, a short-term objective. Sharing responsibility for developing Saudi nationals and communities has not been a priority for these international companies. Also the Saudi government, when it made contracts or gave assignments to those companies, did not put emphasis on sharing responsibility in developing Saudi labour and communities, not even in part.

B. THE SOCIETAL IMPACTS ON MANAGEMENT AND ORGANISATIONS

Hypothesis Number 1:

Saudi Arabian society lacks an adequate social and human resource development for industrialisation and modernisation. The present social value system, culture, and national labour attitudes, capabilities and skills, may not be helpful to maintain the industrial and economic development the Kingdom has so far achieved.

The findings of this research suggest that social relationships and ties have a strong influence on both subordinates, mainly Saudis and sometimes expatriates, and on organisations' performance, in both the government and non-government sectors. Connections (wasttah), favouritism, personal relationships, the open-door policy, the top-man syndrome and collectivism, have a negative effect on productivity, organisational boundaries, policies, and quality.

As one example, promotion to higher levels, recruitment, and rewards are mainly made on the basis of relationships. There is some concern with hard work, efficiency, and punctuality, but they are less valued than they should be.

The value placed on time, hard work, punctuality, efficiency, effectiveness, and professionalism, is regrettably low. The Saudi social value system extends its impact on the entire organisation, and on the decision-makers as well. Many decisions are made based on personal interest, and most Saudi managers are rather individualistic in their decision making.

Around a third or a little more of the Western managers in the participating organisations are influenced by the Saudi social system through their Saudi colleagues and subordinates. They try to achieve their tasks but without confronting the effects or attitudes this system entails. For instance, many of them are also individualistic in their decision-making, are in the interest of getting their tasks done they are engage in an informal handling of their subordinates bad performance. However, the majority of Western managers avoid criticism and confrontation because of the prevalence of a strong personal atmosphere and relationships in their organisations.

Hypothesis Number 2:

Lack of both adequate industrial values in the Saudi Arabia, and of motivation or emphasis on developing an effective and efficient organisational culture, have resulted in an ineffective organisational value system. Therefore, Saudi organisational culture does little to support the accomplishment of organisational objectives.

Saudi government organisations do not value hard work

sufficiently, high productivity, teamwork, cooperation, long-term planning, or consultation and feedback. Semi-government and non-government organisations also do not value enough these aspects, though with the exception of high productivity and hard work. In addition, quality improvement, research and development, effective organisational boundaries and policies, strategies, and workforce development and training are not sufficiently emphasised, with a few exceptions.

Contributing activities, for example, cooperation and teamwork, are generally not adequately supported in all the participating organisations, again with the partial exception of those large industrial semi-government organisations mentioned before. Organisational culture in more than half of the participating organisations (43% government, 66% non-government) was strongly affected by the Saudi social value system. Saudis who work in these organisations have brought to their work their societal backgrounds, norms and habits. Instead of adapting these backgrounds to the organisational environment, they have impacted on it. In addition, little more than a third of the Western managers in these organisations are also affected somehow by this Saudi social value system; it is, after all, the society they live in.

Religious value(s) and appropriate norms are considered the most important value at work by fifty-five per cent (55%) of the Saudi managers, and twenty-four per cent (24%) of the Westerners as well. Religion in Saudi Arabia has a strong influence on politics and society. It is the main force that directs behaviour and relationships. Yet, every religion calls for good behaviour and attitudes. Although there are many good teachings and value placed by Islam on effective utilisation of time, hard work, cooperation, teamwork, productivity, and feedback, many Saudis do not apply these at work.

Production, revenue generating, and even public service

organisations are not an extension of religious organisations. They have to follow/respect certain religious and social values that put directions on what is right and what is wrong. They also have to follow the legal system of the society in which they live. Yet, these organisations are not charitable organisations. They have responsibilities to the share-holders, and they are accountable for those responsibilities. They also have to compete and survive in a highly competitive business world. Public organisations are also accountable. They need to be less bureaucratic and less centralised. Another example is that nearly a third of Saudi managers and subordinates, at work, put loyalty to their families, relatives, and peer groups at the top of their priorities. Personal relationships and interest are seen as more important than tasks and performance, for example, the appointment of an unqualified relative takes priority over formal task accomplishment.

C. MANAGEMENT CHARACTERISTICS IN SAUDI ARABIA

Hypothesis Number 3:

Obsolescence (in the sense of a lack of modern knowledge and skills) among Saudi managers and executives is high. Almost all of them, ninety per cent (90%), lack comprehensive management skills. In addition, sixty per cent (60%) of Saudi managers lack technical skills related to their business areas. Many also lack effective leadership characteristics. Many Western managers and executives working in Saudi Arabia are affected by their Saudi colleagues and by the Saudi culture. Therefore, they do not apply effective management practices or display the attitudes that are expected from them as Westerners.

Although the Westerners participating in this research were about twenty per cent (20%) of the whole sample, it is

reasonable to use them as a comparison group. What is more, this research concentrated on senior management levels that are of course mostly occupied by Saudis, and therefore the proportion of Western managers participating in the sample could not be expected to be significantly bigger. However, the findings do indicate that about half of these Westerners lack sufficient social and cultural knowledge related to Saudi Arabia. This lack causes them to be ineffective when trying to apply their management and technical expertise. In addition, there were no or insufficient orientation and/or training programmes that could help them to adapt effectively to Saudi Arabian environment.

The characteristics of sixty-eight per cent (68%) of Saudi managers are that they over socialise, are very personally-oriented, put a high importance on social relationships, and many are considered lazy. Eighty-one per cent (81%) of the Saudi participants put a high priority on position, promotion, relationships and rewards. The most important things at work for seventy-three per cent (73%) of them are position, promotion, relationships and rewards. Task and performance are of very low priority. Also, almost all Saudi managers eighty-six per cent (86%), prefer to work in purely management and administrative jobs, technical jobs are not preferred. However, because of their high interest in relationships and their home backgrounds, and the facts that they speak Arabic, they are somewhat better than Westerners at supervision.

There is a great lack of training and development for Saudi management. Also, many Saudi managers do not realise that they should be more flexible, objective and not so emotional, and that they have to work harder for self-improvement.

Eighty-three per cent (83%) of Westerners, on the other hand, are highly task-oriented, hard-working, and better than Saudis in matters of efficiency, punctuality, and time

management. But the same group is low in both interpersonal skills.

The majority of both Saudis and Westerners rank high in the use of formality in crisis situations, mainly budget crises (69% both), conflict resolution (48% average), and getting subordinates to raise their output (80% average). In addition, authority was ranked the most important source of power for seventy-three per cent (73%) of the Saudis and half of the Westerners. Yet, authority is used mainly to direct subordinates, not to influence their attitudes.

Decision-making, mainly in objectives and planning, is very formal as well, and almost all Saudis ninety-four per cent (94%) and most of the Westerners eighty-one per cent (81%) are individualistic in their decision-making. They are authoritarian, and only forty-one per cent (41%) of Saudis and 23% of Westerners use consultation. Also, delegation is limited to the delegation of supervisory tasks (50% average). Delegation of planning, controlling, and organisation is low, only 19% on average use delegation for those tasks. The involvement of middle management in planning is insufficient. Only fifty per cent (50%) of middle management participate, somewhat, in planning.

Informality is also used frequently to correct subordinates' low performance, for instance, absenteeism, where giving direct instruction to improve performance is rarely applied, and warning subordinates is almost always avoided. On the other hand, the use of informality to encourage staff to talk about work and personal problems is high, but does not necessarily lead to improvement. It is used to show concern. For instance, about two-thirds of the sample do not support subordinates in their ideas and suggestions. In addition, sixty-three per cent (63%) of Saudi managers believe that the personal welfare of their subordinates is more important than the efficiency of their department, while

about one third of Westerners, thirty-one per cent (31%), feel the same. This indicates a low task orientation among Saudis and the impact of Saudi society upon Westerners.

Cooperation among both groups tends to be reasonable when related to non-major change or functions, but it is low in crisis and conflict situations. Teamwork, in general, is not a strength. Confrontation and criticism are not tolerated and though many managers listen to criticism, they do not modify their decisions as a result. Also, about half of both groups do not like to explain their actions. Therefore, conflict is high. An average of 70% of both groups showed that there is a high conflict level at their work. Although conflict tended to be resolved constructively, half of the participants would take it formally to higher management. In addition, many Saudi managers support change when it is related to technology, procedures, and work process. Still, more than third of them resist organisational change especially in areas that may downgrade their authority.

D. ORGANISATIONAL CONTEXT AND SYSTEMS IN SAUDI ARABIA

Hypothesis Number 4:

Lack of effective leadership, quality and direction, is a strong symptom of Saudi corporations, both government and non-government. The leadership in those organisations does not for the most part understand the nature and purpose of their corporations, nor their business future, and is not able to communicate their objectives effectively.

Fifty-four per cent (54%) of the participating organisations, both government and non-government, lack clear, defined, and well understood missions, objectives, and goals. This is at the root of many difficulties and conflicts in these organisations, for instance, incompatibility of

interdepartmental functions, and considered the first major cause of problems. In addition, these organisations also lack good planning and practical decisions or effective decision making processes. This is considered the second major cause of problems in these organisations.

Because of these deficiencies forty-three per cent (43%) of these organisations do not have consistency as between their organisational objectives and mission statements and the individual departmental/divisional objectives. This causes incompatibility among their objectives and functions and therefore high conflict. This lack of consistency as becomes higher, seventy-six per cent (76%), if the few semi-government corporations that do have longer industrial and business experience are excluded from the sample of participating organisations, i.e., ARAMCO, SAMAREC, and SAUDIA Airlines.

Hypothesis Number 5:

Most of Saudi organisations lack effective organisational boundaries, policies, structure, communication systems, and standards of performance. Furthermore, they lack effective budgeting, recruitment, promotion, and labour planning and development systems. Also, they are highly centralised and authority is overused in their daily activities and decision making, and they experience a lot of conflict.

About half of the Saudi corporations lack effective methods to measure their performance. They lack standards of performance, effective company and personnel appraisal systems, and effective job descriptions. In addition, procedures/policies in almost all Saudi organisations are not accurate, effective, or supportive of the achievement of objectives. They are used to control activities and they are formulated by senior management alone, or with little involvement of middle management. Also, organisational structures in fifty per cent (50%) average of the participat-

ing organisations are not effective and this causes conflict, that in turn is considered the third major cause of problems. In addition, there is a lack of effective communication systems in more than half of the participating organisations, that is considered the fourth major cause of problems.

Authority is the most important source of power for half of the managers in Saudi corporations. Those managers use authority to centralise their tasks, and also use it to enforce/influence decisions. Centralisation is high in about seventy per cent (70%) average of the participating organisations. In addition, the overuse of authority is high in about sixty-four per cent (64%) average of the participating organisations and delegation in almost all of them is low. Organisational boundaries in about eighty per cent (80%) of the Saudi organisations are blurred, ineffective, or not accurate. Moreover, management does not support or follow the boundaries, or is not qualified enough to develop them. Therefore, there is conflict in about half of the Saudi organisations.

The budgeting system in the government and semi-government corporations is largely acceptable. About two thirds of the participants agreed that it is efficient and effective to some extent. The major obstacles for budgeting in these organisations are the tough budgetary policy and excessive procedures. The budgeting system in about seventy-six per cent (76%) of the non-government organisations is not as effective as it should be. There is some lack of commitment towards plans with regard to budget preparation and approval. Also, the budgeting system is traditional, based on operational needs and/or expenditures of the previous year. Furthermore the budgeting system in seventy-six per cent (76%) of the participating organisations does not support long-term investment.

Recruitment, promotion, and reward systems in more than

half of the Saudi organisations are not effective. The most important elements in recruitment and promotion are relationships and connections. Efficiency and performance are of secondary importance with regard to promotion, rewards and recruitment. Also most of the Saudi organisations lack effective manpower planning. In addition, punctuality and attendance is low in all Saudi organisations, and absenteeism is high. Furthermore, there is a great lack of both effective and well-organised meetings and poor time management/utilisation in about two-thirds of the participating organisations.

Training and workforce development is poor in almost all Saudi organisations, and there is lack of effective management training in Saudi Arabia in general. This lack of good training and labour planning at all organisational levels, side by side with a lack of effective recruitment, promotion, and reward systems, has a significant impact on organisational progress, motivation, and on job satisfaction and performance.

Hypothesis Number 6:

Most of the non-government organisations in Saudi Arabia, private and share-holding, commercial and industrial, are short-term oriented. They are not developing long-term investment, and therefore their major concern is high productivity or quick profit. They lack strategic planning, employee development and effective organisational boundaries and structure. They also lack qualified management and leadership, though they have some Western managers in key positions. The participation of these Western managers in developing Saudi employees is low.

Planning in fifty-eight per cent (58%) of the participating private organisations is poor and many decisions made are impractical. For instance, plans are not strategic or not flexible, and some decisions demand high profit or return

without the involvement of middle management, workforce development, and adequate market or feasibility studies. Almost all Saudi managers and about seventy-seven per cent (77%) of Westerners retain or control planning functions, and they do not encourage participation or involvement. In addition, the same group of the non-government corporations lack clear and understood objectives and goals. This is due to a lack of effective leadership. Also, sixty-three per cent (63%) of them lack consistency as between their organisational objectives and the individual department/divisional objectives. Planning in government organisations is slightly better than in non-government organisations.

Organisational boundaries in an average of ninety per cent (90%) of the participating corporations are ineffective. Their boundaries do not support the work objectives, and are not accurate. In addition, seventy per cent (70%) of them do not have effective organisational structures and communication systems, and there is a great lack of delegation.

The budgeting system in seventy-six per cent (76%) of the non-government and about half of the government corporations does not support long term investment and/or is only based on next year's operational needs. In addition, high productivity is considered the most important value in about forty-one per cent (41%) of both government and non-government corporations, followed by religious beliefs (twenty-seven per cent, 27%) and good work norms (ten per cent, 10%). However, about forty-five per cent (45%) of the Western participants placed a higher value on productivity. Still, management's primary concern in these organisations is short-term achievement, and therefore eighty-eight per cent (88%) of these organisations are centralised. In addition, cooperation in eighty per cent (80%) of the non-government organisations is low, and conflict in ninety-two per cent (92%) of them is frequent. However, cooperation in the government sector is a little better.

In addition, the non-government corporations' recruitment, promotion, and rewards systems are slightly better than those of the government and semi-government organisations. This is because social relationships and ties are slightly less prominent than in government and semi-government organisations. Connections, favouritism, and relationships in the non-government organisations have less influence on recruitment and promotion, but they still have some impact. Saudi employees however, do not represent more than fifteen per cent (15%) of the non-government organisation's workforce. In addition, training and workforce development in fourteen per cent (14%) of the non-government corporations is low or insufficient, and the other eighty-six per cent (86%) do not have training at all.

Punctuality among Saudis, other Arabs, and workers from the Far East generally, in both government and non-government organisations, is not good enough, and absenteeism is high among both Saudis and other Arabs.

Most of both management and non-management employees in these corporations are on short-term contracts, for example, 2-4 years. Their contracts may be extended based on short term-results. Also, foreign labour in the non-government corporations represents eighty-five per cent (85%) of the workforce. This is mainly because the direct cost of foreign labour is less than that of Saudi labour. Although the non-Saudi labour may look less expensive, however, it is not. These foreign employees are indirectly provided by the Saudi government with considerable support. For instance, they receive free health care, free equal educational opportunities for their children, equal civil rights; they pay no income tax, receive equal benefits from a subsidised health system, and so on. In addition, upon leaving the country their experience and learning during their work in the Kingdom is a lost asset. Thus, the private corporations do not encourage or support the recruitment of Saudi labour

because it induces commitment on the corporation side, for instance, training, as well as higher wages (direct cost) than what is paid for non-Saudi Arab or Far East labour (these higher wages are about 100% higher for non-skilled and semi-skilled labour).

The non-government organisations, mainly private, are taking good advantage of government support and opportunities. For instance, the government provides long and short-terms credits that sometimes covers seventy-five per cent (75%) of the needs of projects in the private sector, and without any interest. In addition, since 1985, priority regarding tenders and government contracts has been given to local companies. This support is almost unlimited and covers industry, farming and agriculture, fishing projects, and private hospitals and schools. Also, there is no tax on private business, and the Saudi government tries to protect local industries against similar foreign or imported materials by putting higher customs duties on them. However, the private sector is not sufficiently committed to sharing responsibility for developing Saudi labour, graduates, human resources generally, and contributing to the well-being of the community.

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APPENDIX A

BACKGROUND ON THE

PARTICIPANTS

Background on the Participants

The following is a brief background on the participants in this research, both Saudi and Western executives and officials from government, semi-government, share-holding, and private corporations.

I. Saudis:

1. Job titles and numbers of participants:

<u>Frequency</u>	<u>Job titles</u>
16	Minister, Deputy Minister, Assistant Deputy Minister, and Assistant Deputy Governor.
5	Chairman Board of Directors, President, and Deputy President.
17	Chief Executive Officer, Director General, and Assistant C.E.O.
16	Senior Vice President, Executive Vice President, and Vice President.
42	General Manager, Executive Director, Department's Director, Assistant General Manager, Assistant Director, Chief Department, Controller, and Assistant Controller.
11	Executive Manager, and Managers
7	Others; i.e., General Counsel, Corporate Research Analyst, and Advisor.

or job title
(see 1)

	-30	30-34	35-39	40-44	45-49	50-59	60+	R. Total
1-1, i.e. Assistant Minister			1	4	5	6		16
1-2, i.e. President					2	3		5
1-3, i.e. C.E.O.	1	2	3	5	3	3		17
1-4, i.e. Vice President		1		7	1	7		16
1-5, i.e. Director	7	5	12	8	4	5	1	42
1-6, i.e. Manager		5	4	1	1			11
1-7, i.e. Analyst	3	2	2					7

Grand Total	11	15	22	25	16	24	1	114
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3. Job Title vs. Corporate Work Nature

Reference No.
or job title
(as in 1)

	Government & Semi-Government		Non-Government	R. Total
1-1, i.e. Assistant Minister	16			16
1-2, i.e. President	1		0	1
1-3, i.e. C.E.O.	4		4	8
1-4, i.e. V. President	11		13	24
1-5, i.e. Director	24		5	29
1-6, i.e. Manager	8		18	26
1-5, i.e. Analyst	0		3	3
			7	7
Grand Total	64	50		114

* Government and Semi-government organisations are either public service and/or government production corporations that belong completely to the government. The non-government organisations are either private corporations or share-holding where the government owns some of the shares.

4. Participants and their major functions:

<u>Frequency</u>	<u>Functions</u>
10	Educational and Training.
15	Accounting and Support, i.e., Purchasing.
5	Consultancy and Research
1	Advertising
15	Sales
10	Administration
7	Maintenance
10	Engineering, i.e., Construction.
8	Production
10	Public Service
6	Financial Business
10	Industrial Business
7	Trade and Marketing
<hr/> 114	

5. Participants and their educational level:

<u>Frequency</u>	<u>Education</u>
14	Doctoral degree
25	Master degree
4	Diploma degree
62	Bachelor degree
3	High School Commercial
6	High School Science
<hr/> 114	

6. Participants and their recent training courses
(average within the last 2 years).

6-1 One or two courses and or seminars.

Management	Technical	Specialised	Other	Total
14	7	4	3	= 28

6-2 More than two courses and or seminars.

Management	Technical	Specialised	Other	Total
5	1	0	2	= 8

7. Participant's English language capability.

Fluent	Very Good	Good	Fair	Poor	None	Total
20	39	47	6	0	2	= 114

(A Few Participants know French and or German)

8. Numbers of subordinates directly and indirectly reporting to the participants.

8-1 70 participants had an average of 8 immediate subordinates.
 20 participants had an average of 14 immediate subordinates.
 9 participants had an average of 30 immediate subordinates.
 11 participants had an average of 50 immediate subordinates.
 4 participants had an average of 80 immediate subordinates.

8-2 20 participants had an average of 20 indirect subordinates.
 40 participants had an average of 25 indirect subordinates.
 10 participants had an average of 40 indirect subordinates.
 20 participants had an average of 90 indirect subordinates.
 10 participants had an average of 300 indirect subordinates.
 10 participants had an average of 500 indirect subordinates.
 4 participants had an average of 2500 indirect subordinates.

II. Westerners

1. Job titles and numbers of participants:

<u>Frequency</u>	<u>Job titles</u>
1	Chief Executive Officer.
2	Vice President.
18	General Manager, Department Chief, Assistant General Manager, Director, Assistant Director, and Controller.
3	Executive Manager, and Managers.
2	Other, i.e., Advisor or Consultant.

Reference No. or job title (see 1)	-30	30-34	35-39	40-44	45-49	50-59	60+	R. Total
1-1, i.e. C.E.O.						1		1
1-2, i.e. Vice President					1	1		2
1-3, i.e. Director				2	6	9	1	18
1-4, i.e. Manager				1		2		3
1-5, i.e. Consultant				2				2
	Grand Total				7	13	1	26

3. Job Title vs. Nature of Corporate Work

Reference No. or job title (as in 1)	Government		Non-Government		R. Total
1-1, i.e. C.E.O.		1		1	1
1-2, i.e. Vice President			2		2
1-3, i.e. Director		5	13		18
1-4, i.e. Manager		1	2		3
1-5, i.e. Consultant		1	1		2
	Grand Total		7	19	26

4. Participants and their major functions.

<u>Frequency</u>	<u>Functions</u>
4	Accounting
5	Sales
2	Training and Education
2	Administration
2	Consultancy
2	Personnel
2	Maintenance
4	Engineering
3	Production
<hr/> 26	

5. Participants and their educational level

<u>Frequency</u>	<u>Education</u>
3	Doctoral degree
8	Master degree
6	Diploma degree
9	Bachelor degree
<hr/> 26	

6. Participants and their recent training courses (within the last 2 years).

"No one had more than one course."

Management	Technical	Specialised	Other	Total
3	1			= 4

7. Participant's English language capability.

Fluent	Very Good	Good	Fair	Poor	None	Total
19	7					= 26

8. Other language, i.e., French, German, Italian.

French	German	Italian	Arabic	Total:
Fluent 1	Fluent 1			2
Very good 2	Very good 4	Good 1		7
Good 3	Good 1	Good 1		5
<hr/> 14				

9. Numbers of subordinates directly and indirectly reporting to the participants.

Directly: 6 participants had an average of 2 subordinates.
 2 participants had an average of 5 subordinates.
 5 participants had an average of 9 subordinates.
 8 participants had an average of 14 subordinates.
 5 participants had an average of 20 subordinates.

Indirectly: 6 participants had an average of 6 subordinates.
 4 participants had an average of 20 subordinates.
 9 participants had an average of 40 subordinates.
 5 participants had an average of 45 subordinates.
 2 participants had an average of 70 subordinates.

10. Nationality: the Western participants are from the following countries:

13	Participants are from USA/American.
8	Participants are from UK/British.
2	Participants are from Germany/German.
2	Participants are from France/French.
1	Participant is from Italy/Italian.
<u>26</u>	

١١- الترتيبات يجب أن تقوم على الجدارة ، والاداء ، والعلم ، والخبرة ، والتصرفات جميعا معا كمييار للترقية .

دائما ()
 قليلا ما يطبق ذلك ()
 فى بعض الحالات ()
 لايطبق ذلك ()

١٢- عموما ، المديرين الغربيون والعاملون من الغرب هم : (الرجاء الاجابة على إجابة واحدة أو ٩ للأقرب ، ٨ للتي تليها ، ١ ، ٠٠٠ ، ١ للادنى)

كسالى	()	حيويون	()
يجبون العلاقات الاجتماعية	()	منافسون	()
تطغو عليهم العلاقات الاجتماعية	()	يعملون بجد وجهد	()
متفتحو الراى	()	يجبون الانجاز	()
أخرى : _____	()	صلابة الراى نحو الهدف	()

١٣- عموما ، المديرين والعاملون السعوديون هم : (الرجاء الاجابة على إجابة واحدة أو ٩ ، ٨ ، ٠٠)

كسالى	()	حيويون	()
يجبون العلاقات الاجتماعية	()	منافسون	()
تطغو عليهم العلاقات الاجتماعية	()	يعملون بجد	()
متفتحو الراى	()	يجبون الانجاز	()
أخرى : _____	()	صلابة الراى نحو الهدف	()

١٤- الغربيون يضعون التالى كأولويات فى العمل : (الرجاء الاجابة على إجابة واحدة أو ٧ ، ٦ ، ٠٠٠)

الاداء	()	المهام	()
المناصب	()	العلاقات الفردية	()
الترقيات	()	المكافآت	()
أخرى : _____	()	التدريب	()

١٥- العاملون السعوديون يضعون التالى كأولويات فى العمل : (الرجاء الاجابة على إجابة واحدة أو ٧ ، ٦ ، ٠٠)

الاداء	()	المهام	()
المناصب	()	العلاقات الفردية	()
الترقيات	()	المكافآت	()
أخرى : _____	()	التدريب	()

A Background of Government and Semi-Government Organisations Participating in this Research

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)*	RANK AMONG TOP REVENUE ORGS.
01	Petroleum and Mineral Resources Ministry	Plans, supervises, develops and monitors all petroleum and mineral production including indirect supervision of national and joint venture companies in this sector.	Does not include production companies 2600	No Revenue generated through the production companies, about 60% of GDP (Crude oil)**	
02	Planning Ministry	Develops, reviews, coordinates and evaluates the progress and development of plans for Saudi Arabia, its government and semi-government organisations.	800	No	
03	Post, Telephone Telegraph Ministry	Plans, supervises, develops and monitors all telecommunications activities in Saudi Arabia, including national and international companies working locally in this sector.	30,000	Yes 3% of GDP	6

* GDP for 1990 (Approximately SR354,000 Million "\$94,000 Million") based on several surveys and statistical reports up to 27 November 1990.

** Includes Saudi Aramco Corporation.

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
04	Trade Ministry	Sets, develops and monitors trade policy, quality assurance, standards, support, and direction of local trade, import and export, and supervision of chamber of commerce and industry.	300	No	
05	Industry and Electricity Ministry	Plans, develops, supervises, supports, coordinates, and monitors electricity and industry activities through government, semi-government, and joint venture or share-holding companies. Also, provides direction for civil electricity supply in the Kingdom.	3800	No	
06	Transportation Ministry	Plans, supervises, coordinates, and monitors all ground transportation works among cities, villages, and so on, and road construction. Provides support for inner city road work and public transportation.	4500	No (Public transportation, i.e., railways, report indirectly to this Ministry).	

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
07	Interior Ministry	Plans, supervises, reviews, develops, coordinates, and monitors all related domestic activities, i.e., immigration, fire department, traffic department, police department, and so on.	220,000	No	
08	Saudi Airlines	The Kingdom's national airline i.e., cargo and passengers. Plans, supervises, develops, maintains, and operates all its flights and ground activities.	24,095 Includes overseas employees.	Yes 2% of GDP, supposed to make profit, but has a high operations and administration cost plus services of government senior members free.	7
09	Office of Western Region Governor	All civil works and local development of the Region. Also, act as the link between local authority and central government authorities.	800	No	

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
10	Al-Jubaeel Industrial Complex Authority	Plans, supervises, supports and provides facilities for all commercial, industrial and governmental users of Al-Jubaeel industrial complex.	200	No	
11	SAMAREC Saudi Arabian Marketing and Refinery Corporation	Plans, supervises, coordinates, monitors, and markets all national oil refineries production (excluding crude oil).	12000	Yes 5% of GDP	2
12	Civil Bureau	Plans, coordinates, sets policy and regulates legal affairs of civil (public) employees and recruitment services.	1400	No	
13	International Airports Projects	Plans, supervises, constructs, develops, operates, maintains, and monitors international airports of Saudi Arabia.	6900 Includes the manpower of three international airports.	No	

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
14	Civil Aviation	Planning, supervising, monitoring setting policy of local aviation affairs. Also, operating and managing local non-international airports, and dealing with foreign international airlines' contracts and aviation affairs. Also, monitors application of Int'l airports standards and policy.	9000	No	
15	King Abdulaziz University KAU	Educational institute, is also participating in research and studies of development of Saudi Arabia.	5000	No	
16	King Fahad University UPM	Educational institute, is also participating in research and studies of development of Saudi Arabia.	1800	No	
17	Saudi Arabian Oil Company ARAMCO	Exploring, producing, exporting crude oil, and all associated operations, management, and administration activities.	43248	60% (as the major crude oil producer) see #1 at the beginning of this list.	1

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
18	Jeddah Oil Refinery	A company of SAMAREC see #11 of government organisations.	640	Revenue is to cover operational and administrative cost, profit goes to the holding co. SAMAREC, for redistribution.	
19	Petromin Lubricating Oil Co. (PETROLUBE)	Refining and production of lubricating oil.	571	0.108%	56
20	Institute of Public Administration	Educational and training institute.	780	No	

Share holding, Private Corporations and Companies participating in this Research.*

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
01	SABIC Saudi Arabian Basic Industry Corporation	A Share-holding Co. of more than 10 basic industrial production companies, i.e., petrochemical, metal, and so on...	8938	Yes 2.30%	4
02	Abdulatif Group	Industrial, commercial and trading.	1761	1.39%	8
03	Xenel Industry Corporation	Industrial and trading	20000	0.94%	9
04	Al-Zamil Group (Corporation)	Industrial, commercial, trading and services	6000	0.70%	12
05	Saudi American Bank	Banking operations and services	1019	0.60%	13
06	Eastern Electricity Corporation	A share-holding co. for electricity supply and services for the Eastern Region of Saudi Arabia	6522	0.48% Electricity charges are minimal in accordance with government policy.	14

* The government owns shares in some of these corporations, i.e., SABIC, Electricity Companies, and some banks.

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
07	Saudi French Bank	Banking operations & services.	1312	0.43%	15
08	Western Electricity Corporation	A share holding co. for electricity supply and services to the Western Region of Saudi Arabia.	7581	0.34% see # 08 above	18
09	Saudi Cable Company	Manufacturing and marketing electrical cables in the Kingdom and internationally.	985	0.28%	22
10	Saudi British Bank	Banking operations and services.	1968	0.27%	23
11	Al-Barakaa Bank (Dallah Group)	Banking operations and services.	640(Saudi Arabia)	0.26%	24
12	Al-Olayan Holding Corporation and its Companies	Industrial and commercial.	2000	0.25%	26
13	Al-Jeresi Group	Individual trading, commercial and services group.	3500	0.23%	27
14	Bin Zager Group (Corporation)	Trading and services	1240	0.21%	29

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
15	Al-Tamimi Group	Trading	3500	0.17%	32
16	Saudi Cairo Bank	Banking operations and services	873	0.16%	34
17	Tihama for Advertisement, Public Relation, and Marketing	Advertising, publishing, and marketing.	455	0.15%	36
18	Al-Dahlawi Group (Corporation)	Manufacturing and trading	600	0.137%	40
19	SAVOLA	Manufacturing	581	0.233%	42
20	Southern Province Cement Company	Manufacturing	774	0.099%	59
21	International Saudi Research and Marketing Group	Printing publishing	1850	0.096%	63
22	Samama Company	Operations and maintenance	6000	0.095%	64
23	Saudi Investment Bank	Banking operations and services	205	0.092%	69

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
24	Saudi Arabian Fertilizer Company (SAFCO)	Manufacturing	603	0.091%	71
25	Sadiq & Mohammed Attar Company	Trading and services	580	0.087%	73
26	Al-Taher Investment and Trade Corporation	Trading and construction	908	0.086%	74
27	Al-Aujan & Bros Company	Trading and manufacturing Services.	700	0.082%	79
28	Arabian Trade and Transportation Est.	Services	150	0.081%	81
29	Al-Khorayef Company	Trading and services	826	0.081%	82
30	Saudi Industrial Projects Company	Manufacturing	800	0.078%	87
31	Aluminum Products	Manufacturing	670	0.07%	91

SERIAL NO.	NAME	FUNCTIONS	GENERAL TOTAL OF EMPLOYEES	% GROSS DOMESTIC PRODUCTION (REVENUE)	RANK AMONG TOP REVENUE ORGS.
32	Al-Tayar International Transportation Agency	Services	160	0.06%	95

APPENDIX C

QUESTIONNAIRES

QUESTIONNAIRE NO.1

Code No. _____

1. Background Information:

Language:

English: fluent, very good, good, fair, none

Other : _____

Age : (Please tick as appropriate).

20 - 24	40 - 44
25 - 29	45 - 49
30 - 34	50 - 59
35 - 39	60+

Place of Birth: _____

Nationality: _____

Education: (Please tick as appropriate.)

Intermediate	
High School	Diploma
Vocational High School	Master
Commercial High School	Doctoral
Bachelor	

Other: _____

Please state the title of your degree:

Training Courses: (Please state the most recent ones,
i.e., within last two years):

2. Company Information (Please write or tick as appropriate):

Name of Present

Company: _____

Size of Present Company (employees): (Please tick as appropriate).

500 - 800	2000 - 2300
800 - 1100	2300 - 2600
1100- 1400	2600 - 2900
1400- 1700	2900+
1700- 2000	Other: _____

(Approximate number of Saudi employees _____)
 (Approximate no. of non-Saudi employees _____)

Nature of Your Company: (Please tick as appropriate)

Government

Non-Government

Nationality of your company:
 Saudi, Foreign, Joint Venture

Nature of Your Company's Business:

Public Service	Construction/Engineering
Financial	Electrical/Electronic
Industrial	Educational/Training
Trade/Marketing	Other: _____

Nature of Your Department's Business:

Accounting/Finance	Administration
Advertisement	Personnel
Sales	Maintenance
Training	Engineering
Education	Production
Other: _____	

Your Job Title: (Please tick as appropriate)

Director General	Assistant Director
Deputy Director	Manager
General	
Vice President	Assistant Manager
General Manager	Consultant
Director	Other: _____

To Whom Do You Report (If Applicable):
(Please tick as appropriate)

Minister	General Manager
Deputy Minister	Director
Director General	Assistant Director
Deputy Director	
General	
Vice President	Other:_____

Number of employees directly reporting to
you:_____

Number of employees indirectly reporting to you:___

QUESTIONNAIRE #2

Code Number: _____

A-

Please tick (✓), or circle where appropriate (only one choice). If you asked to rate from, i.e., 6 as most, 5 as next .., and 1 as least, please do not use the same rating twice.

1. A manager who wants to restore his budget which was drastically cut is best advised to:
 - a) Use his personal relations and speak informally. ()
 - b) Write a report which shows the consequences of the cut. ()
 - c) Either a or b, depends on the situation ()
 - d) Take what was given. ()

2. Generally, problems at work are caused because of (please circle appropriate numbers):

Agree Don't Agree

- | | | | | | |
|-----|---|---|---|---|---|
| 2-1 | Lack of clear, good data. | 4 | 3 | 2 | 1 |
| 2-2 | Misunderstanding of mission, objectives, and/or plans: | 4 | 3 | 2 | 1 |
| 2-3 | Conflicting and/or unclear communications: | 4 | 3 | 2 | 1 |
| 2-4 | Organisational structure | 4 | 3 | 2 | 1 |
| 2-5 | The decisions and plans that are made are not practical or well developed | 4 | 3 | 2 | 1 |
| 2-6 | Other: _____ | 4 | 3 | 2 | 1 |

3. In general, problem solving activity and decisions should be made close to the problem, not high up in the organisation.

Always	()
Most of times	()
Sometimes	()
Seldom	()
Never	()

4. If there are decisions that will help to achieve our objectives, I have to make them at once.

Strongly Agree		Disagree		Strongly disagree	
8	7	6	5	4	3
					2 1

5. As long as I believe that my decisions are correct, then there is no need to consult others.

Strongly Agree		Disagree		Strongly disagree	
8	7	6	5	4	3
					2 1

6. Decisions at work are made based on:

6-1 the importance of goals/objectives.

Agree		Do not Agree	
4	3	2	1

6-2 the availability of resources.

Agree		Do not Agree	
4	3	2	1

6-3 on the policy, and regulations, my company has.

Agree		Do not Agree	
4	3	2	1

(cont.)

6-4 the capabilities and skills of employees to carry out these decisions successfully.

Agree		Do not Agree	
4	3	2	1

Other: _____

7. Planning at work is based on the organisation's mission. Therefore, we have long term (5+ years) plans.

Yes ()
No ()

8. My company's plans are both strategic and flexible.

Very much ()
Much ()
Little ()
None ()

9. Middle management as well as senior management must be involved in both short and long term planning.

Yes, both management levels. ()
Most of middle and senior management. ()
Just few of middle management should be involved with the senior management. ()
Only top (or senior) management. ()

10. Merit increases at work are made to employees so that performance is rewarded.

Most of times () Little applicable ()
Sometimes () Not applicable ()

11. Promotion at work is based on performance, skills, attitudes, knowledge, and results.

Most of the time () Little applicable ()
Sometimes () Not applicable ()

12. Generally, Western colleagues and subordinates are (please give 9 to the highest, 8 to the next, and so on):

12-1 Active	()	12-6 Lazy	()
12-2 Competitive	()	12-7 Very sociable	()
12-3 Hard-working	()	12-8 Social club-type	()
12-4 Achievement -		12-9 Open-minded	()
Oriented	()		
12-5 Persistent	()		
Other: _____			

13. Generally, Saudi colleagues and subordinates are (please give 9 to the highest, 8 to the next, ... etc., 1 to the lowest.):

13-1 Active	()	13-6 Lazy	()
13-2 Competitive	()	13-7 Very sociable	()
13-3 Hard-working	()	13-8 Social club-type	()
13-4 Achievement -		13-9 Open-minded	()
Oriented	()	Other:	_____
13-5 Persistent	()		

14. Western colleagues/subordinates consider the following as high priority at work (please give 7 to the highest, 6 to the next, and so on):

Tasks	()	Position	()
Relationships	()	Promotion	()
Rewards & Incentives	()	Training & development	()
Performance	()	Other:	_____

15. Saudi colleagues/subordinates consider the following as high priority at work (please give 7 to the highest, 6 to the next, and so on):

Tasks	()	Position	()
Relationships	()	Promotion	()
Rewards & Incentives	()	Training & development	()
Performance	()	Other:	_____

16. Western colleagues/subordinates prefer to work at (please give 5 to the highest, 4 to the next, and so on):

Manual jobs	()	Management work	()
Craft jobs	()	Technical jobs	()
Office work	()	Other:	_____

17. Saudi colleagues/subordinates prefer to work at (please give 5 to the highest, 4 to the next, ... etc., 1 to the lowest):

Manual jobs	()	Management work	()
Craft jobs	()	Technical jobs	()
Office work	()	Other:	_____

18. Do you think that Western managers are obsolete (lack up to date knowledge and skills)?

Too much ()
 Very much ()
 Only on technical knowledge ()
 Only on management knowledge ()
 Only on social and culture knowledge ()
 Very little ()
 None ()
 Other: _____

19. Do you think that Saudi managers are obsolete?

Too much ()
 Very much ()
 Only on technical knowledge ()
 Only on management knowledge ()
 Only on social and culture knowledge ()
 Very little ()
 None ()
 Other: _____

20. What are the most important values at work? (please give 7 to the most applicable answer, 6 to the next , and so on):

Religious beliefs ()
 Good work norms, i.e., honesty ()
 Good service ()
 High productivity ()
 Teamwork ()
 Employee welfare ()
 Good relationship among the employees. ()
 Other: _____

21. Organisational mission must be consistent with the organisational culture (please give 6 to the highest, 5 to the next, and so on):

- You cannot achieve the mission when the culture is not supportive or is conflicting with it. ()
- You can force the organisational culture towards the mission. ()
- You can change the organisational culture towards the mission. ()
- Although the organisational culture has some effects, the organisational objectives and plans must lead to achieving the mission. ()
- Organisational culture has no effect on achieving the mission. ()
- Nevertheless, organisational culture has some effects, satisfying the needs of the employees, i.e., salary, will take care of achieving the mission. ()

22. My departmental objectives/goals are always consistent with the organisational mission.

Yes	()
Not necessarily	()
I do not agree	()

23. To what extent and level are you involved in setting your departmental objectives?

Very high	()
High enough	()
Sometimes	()
Rarely	()
Not at all	()

24. Do you think the leader(s) at work support their managers in setting their departmental objectives and plans?

Always	()
Most of the times	()
Sometimes	()
Little	()
Never	()

25. An organisation has to develop work norms and values that contribute to the accomplishment of its mission.

Strongly Agree Little Disagree Strongly Disagree

10 9 8 7 6 5 4 3 2 1

26. Generally, work culture at a Saudi organisation is very helpful and supports achieving the mission successfully. This is applicable to:

All organisations	()
Most organisations	()
Few organisations	()
Not as good as should be	()
None	()

27. An organisation's mission must be clear to every one, especially to management. Management must value their company's mission and work towards it.

Yes, very much	()
Much	()
Little	()
Not necessarily	()
None	()

28. I have flexibility in setting my department's objectives and plans.

Very High	Enough	Little	None
8 7	6 5	4 3	2 1

29. Management must be very cooperative. We understand each other well.

Always	()
Most of times	()
Sometimes	()
Little	()
None	()

30. When conflict occurs at work, management should try the following (please give 8 to the highest, 7 to the next, and so on):

- Enforce constructive and honest discussion to identify the causes and resolve the conflict. ()
- Enforce negotiation to resolve the conflict issues. ()
- Call a third party to help solve the problem caused by the conflict. ()
- Set a new policy and procedure, after understanding the conflict causes, so every party knows what to do if the same conflict occurs again. ()
- Re-structure the organisation or the department involved in the conflict to separate the parties engaged in the conflict. ()
- Develop a new position, i.e., that of coordinator; so that it coordinates between parties involved in the conflict. ()
- Focus on the needs of the parties rather than the effects on the company. ()
- Search for objective standards to judge fairly and find effective solutions. ()
- Other: _____

31. If a manager had a conflict with a colleague and he knew that he was right, the manager would try to discuss it constructively, calmly, and do his best to convince his colleague.

Yes, always	()
Most of time	()
Sometimes	()
Seldom	()
Never	()

32. In a conflict situation, if a manager knew that he was right but his colleague did not accept that because his needs were different, the manager would ask him that they take the issue to higher management.

Always	()
Most times	()
Sometimes	()
Seldom	()
Never	()

33. Conflict happens often at work.

Always	Very Often	Little	Never
10 9	8 7	6 5 4 3	2 1

34. The objectives of meetings with officials/executives or clients from other agencies are always clear for everyone attending.

Always	Most of the times	Sometimes	Never
8 7	6 5	4 3	2 1

35. The objectives of meetings with officials/executives from my organisation are always clear for everyone attending.

Always	Most of the times	Sometimes	Never
8 7	6 5	4 3	2 1

36. The internal meetings I attend are always well scheduled and organised in advance.

Always	Most of the times	Sometimes	Never
8 7	6 5	4 3	2 1

37. The external meetings I attend are always well scheduled and organised in advance.

Always	Most of the times	Sometimes	Never
8 7	6 5	4 3	2 1

38. The social relationships in my organisation help me in accomplishing my task.

Very much	()
Much	()
Little	()
None	()

39. Western management in my company is better than Saudi management in (please give 10 to the highest, 9 to the next, and so on):

Efficiency () Time management ()
 Effectiveness () Meetings ()
 Punctuality () Supervision ()
 Team-work () Delegation ()
 Socialising () Interpersonal skills ()
 Other: _____

40. Saudi management in my company is better than Western management in (please give 10 to the highest, 9 to the next, and so on):

Efficiency () Time management ()
 Effectiveness () Meetings ()
 Punctuality () Supervision ()
 Team-work () Delegation ()
 Socialising () Interpersonal skills ()
 Other: _____

41. I think one of Saudi Arabia's features is social relationships. It makes people at work feel as one big family.

Strongly Agree Disagree Strongly disagree

8 7 6 5 4 3 2 1

42. In Saudi Arabia, to be recruited and/or promoted to a higher position, the following is very important (please give 13 to the highest, 12 to the next, and so on):

Efficiency () Hard work ()
 Discipline and () Never say no ()
 punctuality () Good relations with
 Effectiveness () executives, out of
 office. ()
 Good interpersonal Professional skills ()
 skills () Being a high flyer/
 Good social re- achiever ()
 lationships at Persistency ()
 work ()
 Good family Other: _____
 support ()
 High education ()

43. For Saudi Arabian businesses, social relationships are very important, even if they take a good part of work time.

Strongly Agree		Disagree		Strongly disagree
8	7	6	5	4 3 2 1

44. Sometimes, Saudi executives invite people for dinner/social gatherings at their houses. They find this is very helpful for them to make progress.

Always	()	Little	()
Most of times	()	Never	()
Sometimes	()		

45. Organisational values, i.e., customer satisfaction, have a great effect on my business.

Very much	()
Much	()
Little	()
Very little	()

46. Organisational mission is usually derived from the organisation's beliefs. This is the case in my company.

Always	Most of the times	Sometimes	Little	Never
10 9	8 7	6 5	4 3	2 1

47. Management in my company is very cooperative. We seldom have conflicts.

Always	Most of the times	Sometimes	Little	Never
10 9	8 7	6 5	4 3	2 1

B-

- 1- Difficulties caused by the Saudi society that hinder business are (please give 5 to the highest, 5 to the next, ... and so on, 1 to the lowest):

Low time value	()
Personal relations	()
Low discipline	()
High dependency	()
Family ties	()
None	()
Other:	_____

- 2- What does Saudi business need to improve? Please give brief answer.

- 3- What does Saudi management need to improve? Please give brief answer.

- 4- What features does Saudi Arabia have that could enhance business? Please give brief answer.

5- How good is the educational system in Saudi Arabia in relation to business? Please make your answer brief.

6- How good is employee training and development in Saudi Arabia and/or in your company, including management training? Please give a brief answer.

7- Do you have in your company Job Description Questionnaire (JDQ or PDQ)?

Yes () No ()

8- Do you have in your company an appraisal system?

Yes () No ()

If No go to 8-4.

If yes answer 8-1 through 8-3.

8-1 Is it applied to all levels?

8-2 Does it measure skills, knowledge, attitudes, objectives achieved, tasks assigned?

- 8-3 What else do you think about the appraisal (both good and bad)?
- 8-4 If you do not have an appraisal system in your company, what else are you using to measure employee performance?
- 9- How would you describe the nature of your company's interdepartmental functions? (Please tick (✓) only one.)
- 9-1 Always compatible. ()
- 9-2 Not very compatible but our interdepartmental functions achieve fair results. ()
- 9-3 We have some incompatibility; conflict happens but we have good teamwork that resolves any consequences. ()
- 9-4 There is some conflict but the level not too high. ()
- 9-5 The interdepartmental functions are not very compatible. ()
- 9-6 The interdepartmental functions are in conflict. ()
- Other: _____
- 10- Do you usually delegate part of your tasks? If yes, what parts do you delegate?
- I delegate my supervising task. ()
- I delegate my organising tasks. ()
- I delegate my planning tasks. ()
- I delegate my controlling tasks. ()
- I do not delegate any of my tasks. ()

11-

11-1 Do you have an absenteeism problem in your company?

Yes () No ()

If yes, what may be the causes?

Cultural and social. ()

Lack of professionalism and training. ()

Psychological. ()

Attendance policy is not good. ()

Supervision not good enough. ()

11-2 If yes, who are in the majority regarding absenteeism? (please tick one or more):

Management ()

Supervisors ()

Technicians ()

Professionals ()

Administrators ()

Other: _____

11-3 If yes, what are their nationalities, i.e., Saudis, Westerners, and so on?

Saudi ()

Western ()

Far East ()

Arab ()

Other: _____

12- What is the budgeting system in your company? (please tick only one):

Zero base budget. ()

Budgeting on operations and manpower needs. ()

Budgeting on the basis of what you spent last year (expenditure). ()

Budgeting on the basis of the department's functions. ()

Other: _____

- 13- Do you have to make profits (to cover your departments cost or even bring money to your company) in your budget proposal/plan? If yes, please describe the assumptions and analysis you are using and the results you have been achieving.
- 14- Who is to review and approve your department budget, and your company's budget as well (Director General, Ministry of Planning, (Executives Boards, and so on)?
- 15- How effective and efficient is your company budgeting system? (please tick one or more unless they conflict each other):
- | | |
|----------------------------------|-------|
| Very effective | () |
| Very efficient | () |
| Somewhat effective | () |
| Somewhat efficient | () |
| Not very effective and efficient | () |
| Not effective | () |
| Not efficient | () |
| Other: | _____ |
- 16- What obstacles are you facing in preparing, obtaining, and spending your departmental budget? (please, give 7 to the most applicable, 6 as the next, and so on):
- | | |
|---------------------------------|-------|
| Unclear objectives. | () |
| Not enough commitment to plans. | () |
| Unsupportive system. | () |
| Tough policy. | () |
| Too many procedures. | () |
| Far obstacles. | () |
| None | () |
| Other: | _____ |

- 17- In your present job, where does your authority come from? (please give 7 to the most applicable answer, 6 as to the next, and so on):

My position ()
 My knowledge ()
 My experiences ()
 My leadership capabilities ()
 My own decisions ()
 My personality ()
 My information ()
 Other: _____

- 18- Some articles and texts say that Saudi organisations are very centralised. Do you see any centralisation. If yes, to what extent is it true?

Very much ()
 Much ()
 Little ()
 None ()
 Other: _____

- 19- How centralised is your company?

Only when necessary
 and important. ()
 At most times. ()
 Not centralised. ()
 Other: _____

- 20- Organisational boundaries are important to keep the organisational environment and system(s) working towards its mission.

20-1 How good are your organisational boundaries?

20-2 Do you have any difficulties in maintaining them?

20-3 If yes, what are the causes?

C-

1. Appointments should be in terms of objective, performance criteria and tasks only.

Always

Never

8 7 6 5 4 3 2 1

2. Policies and regulations are to improve and protect the company's interests and property, therefore, they must be strictly applied.

Strongly Agree

Strongly disagree

8 7 6 5 4 3 2 1

3. A manager's authority is strongly supported by his formal position.

Strongly Agree

Strongly disagree

8 7 6 5 4 3 2 1

4. I encourage my people (subordinates) to bring new ideas or solutions.

Strongly Agree

Strongly disagree

8 7 6 5 4 3 2 1

5. It would take too long for subordinates to make decisions, so I have to make them and instruct my people to follow them.

Strongly Agree

Strongly disagree

8 7 6 5 4 3 2 1

6. I like to think that subordinates will feel free to talk to me about their personal problems that affect their performance.

Strongly Agree

Strongly disagree

8 7 6 5 4 3 2 1

7. I know that my subordinates will tell me about their work problems and difficulties.

Strongly Agree

Strongly disagree

8 7 6 5 4 3 2 1

8. If my subordinates personal problems are conflicting with their tasks and performance, I will (answer one or more, the one circled as strongly agree, i.e., 4 is your highest solution, and so on):

Agree Disagree

- | | | | | | |
|-----|---|---|---|---|---|
| 8-1 | give them freedom in resolving the problems without effecting the tasks. | 4 | 3 | 2 | 1 |
| 8-2 | instruct them to do the tasks professionally. | 4 | 3 | 2 | 1 |
| 8-3 | warn them to perform better. | 4 | 3 | 2 | 1 |
| 8-4 | try both, to help them and to explain to them how important it is to improve their performance. | 4 | 3 | 2 | 1 |
| 8-5 | Other: _____ | | | | |

9. If I am under pressure and have too many important tasks to do, I will discuss with higher management the priority of those tasks and concentrate only on the most important ones.

Always

Never

8 7 6 5 4 3 2 1

10. If I am under pressure and have too many important tasks to do, I will push my people to work, to make more effort to achieve the required tasks.

Always

Never

8 7 6 5 4 3 2 1

11. Work progress in my unit depends on meeting deadlines.

Always

Never

8 7 6 5 4 3 2 1

12. I do my best to satisfy my people, therefore, I do them some personal favours.

Always

Never

8 7 6 5 4 3 2 1

13. When my people are suggesting too many things, I do what I think should be done, even though they may have some new ideas.

Always

Never

8 7 6 5 4 3 2 1

14. A manager in setting his department's objectives and plans must make sure to consider changes and developments that could happen to his work as part of those plans.

Always

Never

8 7 6 5 4 3 2 1

15. As head of my section/department, I try to back-up my people for their efforts or ideas even though it may not satisfy others.

Always						Never	
8	7	6	5	4	3	2	1

16. I am willing to listen to criticism about myself/my actions and try to see the viewpoint of others to make the necessary changes.

Always						Never	
8	7	6	5	4	3	2	1

17. I criticise poor work in my unit.

Always						Never	
8	7	6	5	4	3	2	1

18. I criticise the poor work of other units.

Always						Never	
8	7	6	5	4	3	2	1

19. The welfare of my unit is more important than the welfare of my people (subordinates).

Strongly Agree					Strongly disagree		
8	7	6	5	4	3	2	1

20. I refuse to explain my action.

Always						Never	
8	7	6	5	4	3	2	1

21. Do you find any difficulties in managing your time,

21.1 At work?

21.2 Outside work?

And what are the cause(s)?

If you have any comments or suggestions regarding this research, or additional information, please use a blank page and put your code number on it.

I very much appreciate the effort, cooperation, and valuable time you have spent in assisting me in this work.

My best regards.

Yours sincerely,

ABDULAZIZ M. MALAIKA
P.O. Box 3362
Jeddah 21471
Tel: (2) 685-4928

الاستبيان رقم (١)

الرقم الخاص : _____

١- معلومات ذاتية :

اللغات الأخرى : (يرجى وضع علامة x أو خط تحت الإجابة المناسبة)

الانجليزية : متوسط ، جيد ، جيد جدا ، لا يوجد

اللغة الأخرى : _____

العمر : (يرجى وضع علامة x عند الإجابة المناسبة)

٢٠ - ٢٤ ٤٠ - ٤٤ أكثر من ٦٠

٢٥ - ٢٩ ٤٥ - ٤٩

٣٠ - ٣٤ ٥٠ - ٥٤

٣٥ - ٣٩ ٥٥ - ٦٠

مكان الولادة : _____ الجنسية : _____

الحالة التعليمية :

المتوسطة (الكفاءة)

الثانوية العامة

ثانوية تجارية

ثانوية صناعية

كلية متوسطة

بكالوريوس : _____

ماجستير : _____

دكتوراه : _____

أخرى : _____

الدورات التدريبية والتأهيلية : (الرجاء ذكر الأحداث فالأقدم)

٢- معلومات عن العمل : (يرجى وضع x عند الاجابات المناسبة)

اسم جهة العمل الحالية : _____

حجم العاملين في المصلحة / الشركة التي تعمل فيها :

٢٣٠٠ - ٢٠٠٠

٨٠٠ - ٥٠٠

٢٦٠٠ - ٢٣٠٠

١١٠٠ - ٨٠٠

٢٩٠٠ - ٢٦٠٠

١٤٠٠ - ١١٠٠

٢٩٠٠ فأكثر

١٧٠٠ - ١٤٠٠

أخرى :

٢٠٠٠ - ١٧٠٠

عدد السعوديون تقريباً :

عدد الغير سعوديين تقريباً :

عمل الجهة التي تعمل بها :

حكومية شبه حكومية

غير حكومية

سعوديه بالكامل ، اجنبية ، سعودية واجنبية

طبيعة عمل الجهة التي تعمل بها :

خدمات عامة للمواطنين

إنشاء وهندسة

أعمال مالية

كهرباء والكترونيات

أعمال صناعية

تعليم / تدريب

تسويق ومبيعات

أخرى _____

طبيعة عمل إدارتك أو قسمك :

المحاسبة / المالية

الأفراد

المبيعات

الصيانة

التدريب

الهندسية

التعليم

الانتاج

أخرى : _____

ما هو مسمى وظيفتك :

مدير عام

نائب المدير العام

نائب تنفيذي

مساعد المدير العام

مدير إدارة

مساعد مدير إدارة

مدير شعبة / قسم

مساعد مدير شعبة

إخصائي

أخرى : _____

من هو مرجعك المباشر والرئيسي :

وزير

نائب وزير

وكيل وزارة

مساعد وكيل وزارة

مدير عام

نائب مدير عام

نائب تنفيذي

مدير إدارة

مساعد مدير إدارة

مدير شعبة / قسم

مساعد مدير شعبة

أخرى : _____

عدد العاملين الذين تشرف عليهم مباشرة : _____

عدد العاملين الذين تشرف عليهم بشكل غير مباشر : _____

الاستبيان رقم (٢)

(أ) يرجى الإجابة على اختيار واحد فقط بوضع علامة (x) أو دائرة ، على الإجابة المناسبـ
(يرجى الاكتفاء بإجابة واحدة ما لم يطلب منك ان تختار أكثر من إجابة .

١- يجب على المدير الذى يواجه نقصا شديدا فى ميزانيته أو يتوقع ذلك أن : (ضع أمـ
الإجابة المناسبة)

- ١-٤ يستخدم اتصالاته الشخصية لتفادى ذلك ()
٢-٤ يكتب تقريراً رسمياً يوضح فيه الاضرار التى ستنتج عن ذلك ()
٣-٤ إما (١) أو (٢) حسب الحاجة ()
٤-٤ يرضى بالميزانية التى ستعطى له ()

٢- المشاكل فى العمل هى بسبب :

أوافق				لا أو افق	
١	٢	٣	٤	١	١-٢
					عدم وجود معلومات كافيه وجيده
١	٢	٣	٤	١	٢-٢
					عدم تفهم الاهداف والخطط كما ينبغى
١	٢	٣	٤	١	٣-٢
					وجود اتصالات غير سليمة ومتناقضه
١	٢	٣	٤	١	٤-٢
					نمط الهيكل التنظيمى القائم
					٥-٢
					القرارات والخطط المتخذة غير عملية
١	٢	٣	٤	١	أو لم تدرس كما ينبغى
					٦-٢
					أخرى :

٣- بوجه عام فان حل المشاكل ينبغى أن يتخذ من واقع قدرات المدير ومسئوليته وليـ
دائما يأتى الحل من الادارة العليا .

- ١-٤ نعم ودائما () ٤-٤ قليلا جداً)
٢-٤ نعم وفى معظم الاحيان () ٥-٤ لا يأتى الحل من أعلى أبدا)
٣-٤ نعم بعض الاحيان

٤- القرارات التى تساهم فى إنجاز الأهداف الخاصة بإدارتى
يجب إتخاذها على الفور .

أوافق تماما أو افسق لا أوافق لا أوافق تماما
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٥- طالما أنا واثق من صحة قراراتى فلا داعى لاستشارة الآخرين .

أوافق تماما أو افسق لا أوافق لا أوافق تماما
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٦- تتخذ القرارات فى الأعمال على الأسس التالية :

	أوافق	لا أوافق
١-٦ أهمية الأهداف والخطط	٤ ٣ ٢ ١	
٢-٦ توافر الموارد من عدم توافرها	٤ ٣ ٢ ١	
٣-٦ دلالات اللوائح والانظمة والمواصفات		
القائمة فى عملى	٤ ٣ ٢ ١	
٤-٦ قدرات ومهارات العاملين		
نحو إنجاز الأهداف	٤ ٣ ٢ ١	

٧- التخطيط فى أى مؤسسة يجب أن يقوم على رسالتها وأهدافها و من ثم ينتج وجود خطة طويلة المدى (+ ٥ سنه) .

نعم ()
قليلا ()

٨- الخطط فى عملى يرافقتها خطط أخرى بديلة (استراتيجي) تمتاز بالمرونة .

نعم جميعها ()
نعم غالبيتها ()
نعم القليل منها ()

٩- الادارة الوسطى تشارك مع الادارة العليا فى وضع الخطط القصيرة والبعيدة المدى .

() نعم كلاهما
() بالادارة العليا ومعظم الادارة الوسطى
() فقط القليل من أفراد الادارة الوسطى مع الادارة العليا
() فقط أفراد الادارة العليا

١٠- الزيادات والعلاوات يجب أن تمنح فقط للعاملين ذوى الأداء الجيد .

دائما ()
قليلا ما يطبق ذلك ()
فى بعض الحالات ()
لا يطبق ذلك ()

١١- الترتيات يجب أن تقوم على الجدارة ، والاداء ، والعلم ، والخبرة ، والتصرفات جميعا معا كمييار للترقية .

- دائما ()
 قليلا ما يطبق ذلك ()
 فى بعض الحالات ()
 لايطبق ذلك ()

١٢- عموما ، المديرون الغربيون والعاملون من الغرب هم : (الرجاء الاجابة على إجابة واحدة أو ٩ للأقرب ، ٨ للتي تليها ، ١ ، ٠٠٠ ، ١ للادنى)

- | | | | |
|-----------------------|-----|---------------------------------|-------|
| حيويون | () | كسالى | () |
| منافسون | () | يجبون العلاقات الاجتماعية | () |
| يعملون بجد وجهد | () | تظنوا عليهم العلاقات الاجتماعية | () |
| يجبون الانجاز | () | متفتحو الراى | () |
| صلابة الراى نحو الهدف | () | أخرى : | _____ |

١٣- عموما ، المديرون والعاملون السعوديون هم : (الرجاء الاجابة على إجابة واحدة أو ٩ ، ٨ ، ٠٠)

- | | | | |
|-----------------------|-----|---------------------------------|-------|
| حيويون | () | كسالى | () |
| منافسون | () | يجبون العلاقات الاجتماعية | () |
| يعملون بجد | () | تظنوا عليهم العلاقات الاجتماعية | () |
| يجبون الانجاز | () | متفتحو الراى | () |
| صلابة الراى نحو الهدف | () | أخرى : | _____ |

١٤- الغربيون يضعون التالى كأولويات فى العمل : (الرجاء الاجابة على إجابة واحدة أو ٧ ، ٦ ، ٠٠٠)

- | | | | |
|------------------|-----|----------|-------|
| المهام | () | الاداء | () |
| العلاقات الفردية | () | المناصب | () |
| المكافآت | () | الترقيات | () |
| التدريب | () | أخرى : | _____ |

١٥- العاملون السعوديون يضعون التالى كأولويات فى العمل : (الرجاء الاجابة على إجابة واحدة أو ٧ ، ٦ ، ٠٠)

- | | | | |
|------------------|-----|----------|-------|
| المهام | () | الاداء | () |
| العلاقات الفردية | () | المناصب | () |
| المكافآت | () | الترقيات | () |
| التدريب | () | أخرى : | _____ |

١٦- الغريبيون يفضلون الاعمال التالية : (الرجاء الاجابة على إجابة واحدة أو ٥ ، ٤ ، ٠٠)

()	الاعمال اليدوية	()	الاعمال الادارية
()	الاعمال الحرفية	()	الاعمال الفنية
()	الاعمال المكتبية	()	أخرى :

١٧- العاملون السعوديون يفضلون الاعمال التالية : (الرجاء الاجابة على إجابة واحدة أو ٥ ، ٤ ، ٠٠)

()	الاعمال اليدوية	()	الاعمال الادارية
()	الاعمال الحرفية	()	الاعمال الفنية
()	الاعمال المكتبية	()	أخرى :

١٨- هل تعتقد أن المديرين الغريبيين العاملين في المملكة لديهم تخلف في العلوم والمعلومات الادارية ؟

()	نعم أكثر من اللازم
()	نعم إلى حد كبير
()	في بعض الاحيان فقط في النواحي الفنية .
()	نعم في النواحي التي تتطلب المعرفة بالأوضاع الاجتماعية .
()	نادرًا
()	إطلاقًا
()	أخرى :

١٩- هل تعتقد أن المديرين السعوديين لديهم تخلف في العلوم والمعلومات الادارية ؟ إذا

كانت الاجابة بنعم فيرجى التوضيح مستخدمًا الأمثلة إن أمكن .

()	نعم أكثر من اللازم
()	نعم إلى حد كبير
()	نعم في النواحي الاجتماعية
()	في بعض الاحيان فقط في النواحي الفنية .
()	نعم في النواحي الادارية والاستراتيجية كاللخبط واتخاذ القرارات وحل المشكلات
()	نادرًا
()	إطلاقًا
()	أخرى :

٢٠- ماهى المبادئ والقيم التنظيمية التى تعتقد أنها الأهم فى التنظيم .

(الرجاء إختيار إجابة واحدة أو ٧ ، ٦ ، ٠٠)

() المعتقدات الدينية

() مبادئ العمل العالية كالأمانة والثقة

() تقديم الخدمات بشكل جيد

() الانتاجية الفعالة

() العمل الجماعى

() مصالح العاملين

() العلاقات الطيبة بين العاملين

أخرى :

٢١- هل تعتقد أن أهداف ورسالة التنظيم يجب أن تتماشى وتتلائم مع الاعراف والقيـ

السائدة فى هذا التنظيم ؟

(الرجاء إختيار إجابة واحدة)

() لايمكن تحقيق الرسالة إذا كانت ثقافة ومبادئ التنظيم متعارضة معـ

الرسالة .

() نعم يمكن إنجاز الرسالة بالضغط على هذه المبادئ والقيم لخدمتها وخدمـ

التنظيم .

() يجب تطوير وتغيير هذه المبادئ لتتماشى مع الرسالة .

() أعتقد أن وضع الخطط والبرامج العملية كفيل بحل هذا التناقض وإنجازـ

الرسالة .

() يمكن إنجاز الرسالة بالرغم من تناقض المبادئ السائدة فى التنظيم معـ

وذلك بالضغط على العاملين واستعمال وسائل الترغيب كالرواتبـ

والزيادات .

() لا أعتقد أن مثل هذه المبادئ تؤثر مهما حصل على رسالة التنظيم .

٢٢- هل تعتقد أن أهداف وخطط إدارتك تتماشى دائما مع أهداف وخطط رسالة التنظيم بقـ

وفعالية ؟

() نعم لابد من ذلك

() لا ، ليس بالضرورة

() لا أوافق على ذلك

٢٣- إلى أى مدى تشارك أنت فى وضع أهداف إدارتك ؟

() بصورة دائمة وعالية جداً

() بصورة كافية

() بعض الأوقات

() قليلاً

() إطلاقاً لا أشارك

٢٤- هل تعتقد أن القيادة فى عملك (القياديين) يساندون دائماً المديرين والعاملين فى وضع

أهداف إدارتهم وأقسامهم وخططهم ؟ إذا لا فيرجى ذكر الأسباب والأمثلة .

() دائماً

() قليلاً

() معظم الأوقات

() لا يحدث ذلك

() بعض الأوقات

٢٥- يجب على كل مؤسسة وضع مبادئ للعمل وقيم ومفاهيم تساعد على تحقيق رسالة التنظيم .

أوافق تماماً أوافق قليلاً لا أوافق لا أوافق إطلاقاً

١ ٢ ٣ ٤ ٥ ٦ ٧ ٨ ٩ ١٠

٢٦- الأعراف والمفاهيم السائدة فى الأعمال فى المملكة تساعد على تحقيق رسالة المنظمات السعودية بفعالية فى :

() كل المنظمات

() معظم المنظمات

() بعض المنظمات

() ليس كما ينبغي

() غير وارد

٢٧- إن رسالة التنظيم يجب أن تكون واضحة للجميع ومفهومة وبالأخص من قبل المديرين كما

يجب أن يضعوا قيمة عالية لهذه الرسالة ويسعون لتحقيقها .

() نعم كثير جداً

() ليس بالضرورة

() لا أوافق

- ٢٨- لدى المرونة والصلاحية لوضع أهداف ادارتى أو قسمى والخطط الضرورية لذلك .
 بشكل كامل بشكل مرضى بشكل غير مرضى غير موجود
 ٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

- ٢٩- الادارة (ويقصد هنا المديرون) فى الاعمال يجب أن يكونوا متعاونين ومتفاهمين .
 فى كل الاوقات ()
 قليلا ()
 فى معظم الاوقات ()
 ليس بالضرورة ()

- ٣٠- عند حدوث أى توتر فى العمل فان على القيادى محاولة التالى : (الرجاء الاجابة على اختيار واحد) أو وضع ٨ للحل الأنسب ، ٧ للذى يليه ١٠ الخ)
 () التاكيد على ممارسة النقاش الهادف والبناء والصريح للتعرف على أسباب المشاكل وحل هذا التوتر .
 () التاكيد على ضرورة القيام بالتفاوض بين الاطراف المعنية بالتوتر لحله .
 () استدعاء طرف ثالث ليكون وسيطا فى حل المشاكل التى تسبب التوتر .
 () وضع اجراءات وانظمة جديدة بعد التعرف على اسباب التوتر وذلك للجلولة دون استمراره أو تكراره ، ومن ثم فان على أطراف التوتر الالتزام بهذه الانظمة .
 () إعادة تصميم الهيكل التنظيمى للادارة المتسببة فى التوتر وبالتالى فصلها عن الاطراف الاخرى حتى لايتكرر هذا التوتر .
 () تطوير أو خلق وظيفة جديدة (كمنسق مثلا) يكون دورها التنسيق بين الاطراف المعنية فى التوتر .
 () التركيز على احتياجات الاطراف المعنية فى التوتر وتحقيق احتياجاتهم الفردية .
 () البحث عن معايير مساندة لتحقيق الاهداف وضبط الاداء حتى يمكن الحكم على الاداء والتحكم فى التوتر .

أخرى :

٣١- إذا حدث توتر وصراع بين المدير وزملائه الآخرين وكان على يقين بصحة وصواب رأيه فيجب أن يحاول نقاش الأمر معهم بهدوء وبشكل هادف محاولاً ما يوسع لإقناعهم .

نعم دائماً	()
معظم الأوقات	()
بعض الأوقات	()
قليلاً	()
لا	()

٣٢- في حالات التوتر والصراع وإذا كان المدير على يقين بأنه على صواب إلا أن زميله يرفض الانصات إليه لأن احتياجاته مختلفة فيجب عرض الأمر على الإدارة العليا .

نعم دائماً	()
معظم الأوقات	()
بعض الأوقات	()
قليلاً	()
لا	()

٣٣- التوتر والصراعات تحدث بشكل مستمر في عمل دائم في الغالب قليلاً إطلاقاً
١ ٢ ٣ ٤ ٥ ٦ ٧ ٨ ٩ ١٠

٣٤- في اجتماعاتي مع التنفيذيين والمديرين من خارج التنظيم تكون أهداف الاجتماعات دائماً واضحة والحضور على تفهم لنقاط الاجتماع .

دائماً	معظم الاحيان	بعض الاحيان	أبداً
٨	٧	٦	٥
٤	٣	٢	١

٣٥- في اجتماعاتي مع التنفيذيين والمديرين والعملاء من داخل التنظيم تكون أهداف الاجتماعات دائماً واضحة والحضور على تفهم لنقاط الاجتماع .

دائماً	معظم الاحيان	بعض الاحيان	أبداً
٨	٧	٦	٥
٤	٣	٢	١

٣٦- اجتماعاتي الداخلية دائماً منظمة وجداولها منسقة بصورة مسبقة وبوقت كاف .

دائماً	معظم الاحيان	بعض الاحيان	أبداً
٨	٧	٦	٥
٤	٣	٢	١

٣٧- إجتماعاتى الخارجية دائماً منظمة وجداولها منسقة بصورة مسبقة وبوقت كاف .

دائماً معظم الاحيان بعض الاحيان أبداً
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٣٨- العلاقات الاجتماعية والشخصية فى عملى تساعدنى على إنجاز مهامى كما ينبغى .

كثيراً جداً ()

قليلاً ()

لا ، إطلاقاً ()

٣٩- المديرون الغربيون فى عملى أفضل من السعوديين فى النواحي التالية (الرجاء الاجابة

على اختيار أو ١٠ ، ٩ ، ٠٠)

() الانتاج () ادارة الوقت بكفاءة

() الفعالية () الاجتماعات الفعالة

() الانضباط () الاشراف

() العمل الجماعى () التفويض

() العلاقات الاجتماعية () المهارات السلوكية

أخرى :

٤٠- المديرون السعوديون فى عملى أفضل من الغربيين فى النواحي التالية (الرجاء الاجابة

على اختيار أو ١٠ ، ٩ ، ٠٠)

() الانتاج () ادارة الوقت بكفاءة

() الفعالية () الاجتماعات الفعالة

() الانضباط () الاشراف

() العمل الجماعى () التفويض

() العلاقات الاجتماعية () المهارات السلوكية

أخرى :

٤١- أعتقد أن العلاقات الاجتماعية من مزايا المملكة . إنها تجعل العاملين يشعرون وكأنهم

أسرة واحدة .

أوافق تماماً أو اوافق لا أو اوافق لا أو اوافق إطلاقاً

٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٤٢- فى المملكة بصفة عامة ، لكى يحصل الموظف على الترقية والمكافآت من المهم إتباع مايلي :

(الرجاء إختيار إجابة أو ١٣ ، ١٢ ، ٠٠٠)

()	الكفاءة الانتاجية	()	العمل باجتهاد وجد
()	الانضباط	()	الطاعة شبه العمياء
()	الفعالية	()	العلاقات مع الرؤساء داخل وخارج
()	المهارات السلوكية	()	العمل
()	العلاقات الاجتماعية	()	المهارات التخصصية
()	مكانة العائلة	()	الطموحات العالية
()	التعليم	()	المثابرة
أخرى :			

٤٣- العلاقات الاجتماعية فى المملكة مهمة جداً حتى ولو أخذت بعضاً من أوقات العمل .
أوافق تماماً أوافق لا أوافق لا أوافق إطلاقاً
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٤٤- أحياناً يقوم رؤساء العمل بعمل مأدبة عشاء والاجتماع الاخوى مع العاملين فى منزل الرئيس . أننى اجد ان هذه الامور مفيدة جداً .
دائماً ()
معظم الاوقات ()
بعض الاوقات ()
قليلاً ()
غير مفيدة اطلاقاً ()

٤٥- قيم ومبادئ التنظيم ، وعلى سبيل المثال : إرضاء العملاء ، لها تأثير فعال وكبير فى نجاح عملى .
كثيراً جداً () قليلاً ()
كثيراً () قليلاً جداً ()

٤٦- رسالة التنظيم تأتى فى العادة من الاسس والمنطلقات التى يؤمن بها هذا التنظيم ، هذا الامر سارى فى عملى .
دائماً معظم الاحيان بعض الاحيان قليلاً إطلاقاً
١٠ ٩ ٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٤٧- نادراً ما يحدث صراعا وتوتراً فى عملى لأن المديرين لدينا متعاونين .

دائماً معظم الأحيان بعض الأحيان قليلاً إطلاقاً
١ ٢ ٣ ٤ ٥ ٦ ٧ ٨ ٩ ١٠

ب) ١- المعوقات التى تؤخر فى تحسين وتطوير الاعمال ، والتى منشأها طبيعة المجتمع السعودى
هى :

(الرجاء وضع (x) أمام جواب أو ٥ ، ٤ ، ٠٠)

انخفاض أهمية الوقت ()

العلاقات الشخصية ()

انخفاض الانضباط ()

الأتكالية ()

ضغوط العائلة ()

لايوجد ()

أخرى _____

٢- ما الذى تحتاجه الاعمال فى المملكة لتحسن ؟ مع ذكر بعض الأمثلة .

٣- ماذا يحتاج المديرون السعوديون لكى يتحسنوا ويتطوروا ؟ مع ذكر بعض الأمثلة .

٤- ماهى المزايا الموجودة فى المملكة والتي تمكن من تطوير وتحسين الاعمال ؟ مع ذكر بعض الأمثلة .

٥- مارأيك فى نظم التعليم ومخرجاته فى المملكة من حيث تأثير ذلك على الاعمال ؟ مع ذكر بعض الأمثلة .

٦- مارأيك فى أساليب ونظم التدريب وتنمية المهارات الموجودة فى المملكة بما فى ذلك تدريب المديرين ؟ مع ذكر بعض الأمثلة _

٧- هل لديك (فى مؤسستك) وصف للوظائف ، أو توصيف وظيفى (PDQ , JDQ) ؟
نعم () لا ()

٨- هل لديك نظام تقييم العاملين الدورى والموسع والذى يشمل خطوات وتفاصيل مهام

العاملين (Appraisal System) ؟

الاجابة : نعم () لا ()

إذا كانت الاجابة بنعم :

١٨- هل يطبق على كافة المستويات أم ماذا ؟

٢٨- هل يقيس الاداء من النواحي الفنية والعلمية والسلوكية ، والمهام المنجزة

والاهداف ؟

٣٨- ماذا يعتقد حول إيجابيات وسلبياته .

إذا كانت الإجابة بلا :

٤٨- إذا لم يكن لديك هذا النظام ، ما البديل الذى تستخدمونه لقياس أداء العاملين ؟

وما رأيك فى إيجابياته وسلبياته ؟

٩- كيف تصف طبيعة العلاقات التنظيمية بين الادارات فى مؤسستك ؟

(هل المهام بين هذه الادارات مترابطة ، متماسكة ، مكتملة لبعضها البعض ، منفصلة ،

متعارضة)

() دائماً مترابطة ومتماسكة ومكتملة لبعضها البعض

() يوجد بعض التفكك ولكن بشكل لا يخل بالاهداف والخطط

() التعارض يحدث و موجوداً ولكن روح العمل الجماعى تؤدي الى الترابط

المطلوب .

() يوجد صراع وتعارض ولكن ليس أكثر من اللازم .

() مقبولة قليلاً .

() متعارضة ومنفصلة .

أخرى :

١٠- هل تفوض بعض مهامك ؟ اذا نعم فما هى الاعمال التى تفوضها (تخطيط ، اشراف ، مهام

فنية ، ادارية ، مالية) .

() أفوض مهام الاشراف

() أفوض مهام التنظيم

() أفوض مهام التخطيط

() أفوض مهام الرقابة

() لا أفوض

١١- هل لديكم مشاكل تنيب عن العمل (سواء بضعة ساعات أو أكثر) ؟

١-١١ إذا نعم فما هى الاسباب ؟

() أسباب إجتماعية

() أسباب ضعف القدرات مهنية وتدريبية

() أسباب نفسية

() لوائح وأنظمة الحضور والغياب ليست كما ينبغي

() عدم وجود إشراف ورقابة كما ينبغي

أخرى :

١١-٢ ممن تتكون معظم مشاكل التنيب ؟ (الفنيون ، المديرون ، الكتبه ، الادارة الوسطى ٠٠)

١١-٣ ماهى جنسيات العاملين الذين يكثر تنيبهم ؟

() سعوديون

() غربيون

() شرق آسيويون

() عرب

أخرى :

١٢- ماهو نظام إعداد الميزانية لديكم ؟ (على ضوء ماتم صرفه فى العام المالى الحالى / الماضى ، على ضوء مهام القسم ٤ ، ٣ ، ١٠ الخ) يرجى شرح الكيفية التى يتم بها عمل الميزانية (الخطوات) .

() إعداد الميزانية على ضوء الاهداف القادمة

() اعداد الميزانية على ضوء الاحتياجات المتوقعة

() اعداد الميزانية على ضوء المصروفات فى العام المنصرم

() اعداد الميزانية على ضوء مهام الأقسام والادارات

أخرى :

١٣- هل يطلب منك أن تحقق عوائد مالية (أرباح) من خلال عرض ميزانيتك ؟
إذا نعم : يرجى ذكر الاساليب التى تبني بها توقعاتك من العوائد ووسائل التحليل التى
تستخدمها للتأكد قدر الامكان من صحة هذه التوقعات ؟

١٤- من الذى يوافق على ميزانيتك ، وميزانية مؤسستك ؟ (مجلس ادارة ، وكيل وزارة ،
وزير ... الخ)

١٥- مامدى فعالية وكفاءة نظام الميزانية (إعداد ، تطبيق ، متابعة ، ... الخ) (الرجاء
الاشارة الى جواب أو أكثر مالم يتعارضو)

() فعال جداً

() كفاء جداً

() الى درجة ما فعال

() إلى درجة ما كفاء

() قليل الفعالية والكفاءة

() غير فعال

() غير كفاء

أخرى :

١٦- ماهى العقبات التى تواجهها فى إعداد ، والحصول على ، وإنفاق ميزانيتك ؟ وما مصادر هذه العقبات ؟ (يمكن وضع رقم ٦ للعقبة العالية ، ٥ للتالية ، ٠٠ الخ)

- () عدم وضوح الأهداف
() عدم الالتزام بالخطط المسبقة
() عدم وجود مساندة كافية
() التعليمات والانظمة صعبة للغاية
() الاجراءات كثيرة ومتشعبة
() العقبات ضئيلة
() لا يوجد عقبات

أخرى :

١٧- فى وظيفتك الحالية ، من أين تأتى صلاحياتك ؟ يرجى وضع رقم ٧ للاجابة المناسبة ، ٦ للتي تليها ٠٠ الخ .

- () من مركزى الوظيفة
() من خبراتى
() من معرفتى
() من قدراتى القيادية
() من قراراتى الادارية
() من شخصيتى وأسلوبى فى التعامل
() من المعلومات التى لدى

أخرى :

١٨- بعض المقالات والدراسات تفيد بأن المنظمات السعودية تنصف بالمركزية ، هل تعتقد أن ذلك صحيحاً ؟

- إذا نعم : إلى أى مدى تظن أن المركزية موجودة ؟
() بشكل كبير للغاية
() بشكل كبير
() قليلا
() غير موجودة

أخرى :

١٩- هل مؤسستك مركزية (تنصف بالمركزية) ؟
() فى بعض الحالات عند ما يقتضى الأمر ذلك
() فى غالب الحالات
() ليست مركزية

أخرى :

- ٢٠- وضوح وترايط وتكامل الهيكل التنظيمي وترايط العلاقات التنظيمية ووضوح الوصف الوظيفي والصلاحيات والسلطة والانظمة تؤدى الى تكاتف بيئة التنظيم وأجهزته (يعنى اداراته) للعمل معاً نحو رسالة التنظيم .
- ١-٢٠ إلى أى مدى تعمل الادارة العليا لديكم فى وضع تنظيمات واجراءات تضمن ترايط وتكاتف الادارات وبيئة العمل لديكم ؟
- ٢-٢٠ وهل تواجهون أى صعوبات فى المحافظة على هذه الموثقات ، أو استمرارية التكاتف بين الادارات ؟
- ٣-٢٠ وما هى أسباب هذه الصعوبات .

ج ١ مواعيد العمل المختلفة يجب أن تتخذ على ضوء الاهداف والنشاطات والمهام الخاصة بالادارة .

دائماً							أبداً
٨	٧	٦	٥	٤	٣	٢	١

٢- القوانين والتعليمات هى من أجل تطور العمل والحفاظ على ممتلكات المؤسسة واهتماماتها لذلك يجب تطبيقها بحذافيرها .

أوافق تماماً							لا أوافق
٨	٧	٦	٥	٤	٣	٢	١

٣- صلاحيات المدير تزداد وتقوى من خلال وضعه الوظيفى .

أوافق تماما لا أوافق
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٤- عند حدوث المشاكل فى العمل فأننى أشجع العاملين على إيجاد الحلول والمقترحات أو الافكار الجديدة التى تعمل لحلها .

دائما أبدا
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٥- إتخاذ القرارات من خلال التفويض سيتخذ وقتا طويلا لذلك يجب أن أتخذها بنفسى وأوجه تعليماتى الى العاملين باتباعها .

أوافق تماما لا أوافق
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٦- أحب أن أشعر بأن العاملين سيشعرون بالحرية فى التحدث إلّى عن مشاكلهم الشخصية .

أوافق تماما لا أوافق
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٧- أعلم أن العاملين سوف يخبروننى عن مشاكل العمل وصوباته .

أوافق تماما لا أوافق
٨ ٧ ٦ ٥ ٤ ٣ ٢ ١

٨- إذا تعارضت المشاكل الشخصية للعاملين مع مهامهم وأدائهم فأننى : (يرجى الإجابة على إجابة واحدة أو أكثر مع وضع دائرة على الرقم الذى يناسبك أكثر)

	أوافق تماما	لا أوافق
١- أعطيتهم الحرية فى حل مشاكلهم بدون التأثير على مهامهم	٤ ٣ ٢ ١	
٢- أوجههم لأداء مهامهم بدقة	٤ ٣ ٢ ١	
٣- أحذرهم لتحسين أدائهم	٤ ٣ ٢ ١	
٤- أحاول مساعدتهم لحل مشاكلهم وتحسين أدائهم	٤ ٣ ٢ ١	
٥- أخرى		

- ٩- عندما أكون تحت ضغوط كثيرة ولدى مهام مهمة أكثر مما ينبغي وعلى إنجازها فساناقش الأمر مع رؤسائى لوضع الأولويات لهذه المهام والاهتمام بالأهم منها .

دائما	أبدا
٨	١
٧	٢
٦	٣
٥	٤

- ١٠- عندما أكون تحت ضغوط كثيرة ولدى مهام مهمة أكثر مما ينبغي وعلى إنجازها فسوف أذفع العاملين ليزيدوا من جهدهم لعمل هذه المهام

دائما	أبدا
٨	١
٧	٢
٦	٣
٥	٤

- ١١- إن التقدم فى إدارتى أو وحدتى قائم على الوفاء بالمواعيد والانجاز حسب التوقيت المحدد .

دائما	أبدا
٨	١
٧	٢
٦	٣
٥	٤

- ١٢- أعمل ما بوسعى لإرضاء العاملين ولذلك أقدم لهم بعض الخدمات الخاصة .

دائما	أبدا
٨	١
٧	٢
٦	٣
٥	٤

- ١٣- العاملون يقترحون أكثر من اللازم لذلك فأنا أعمل ماينبغى عمله حتى ولو كانت بعض هذه الاقتراحات فيها شئ من الجدة .

دائما	أبدا
٨	١
٧	٢
٦	٣
٥	٤

- ١٤- عندما يضع المدير أهداف وخطط إدارته فيجب أن يأخذ فى الاعتبار التغييرات والتطورات التى ستحدث للإدارة ولعمله ضمن هذه الخطط .

دائما	أبدا
٨	١
٧	٢
٦	٣
٥	٤

- ١٥- كمدير لقسمى أو إدارتى فأننى أسعى لحماية العاملين ومساندتهم فى أفكارهم وجهودهم حتى وإن لم يرضى الآخرون عن ذلك .

دائما	أبدا
٨	١
٧	٢
٦	٣
٥	٤

١٦- أنا أرحب بالسماع للانتقادات التي توجه لى ولتصرفاتى وإحاول البحث فى وجهات نظر الآخرين لعمل التعديلات الضرورية .

أبدا	دائما
١ ٢ ٣ ٤ ٥ ٦ ٧ ٨	

١٧- أنا أعتقد العمل السن فى وحدتى / إدارتى .

أبدا	دائما
١ ٢ ٣ ٤ ٥ ٦ ٧ ٨	

١٨- أنا أعتقد العمل السن للوحدات الأخرى .

أبدا	دائما
١ ٢ ٣ ٤ ٥ ٦ ٧ ٨	

١٩- مصالح وحدتى / إدارتى أهم من مصالح العاملين فيها .

لا أوافق	أوافق تماما
١ ٢ ٣ ٤ ٥ ٦ ٧ ٨	

٢٠- أرفض تماما شرح أو تحليل تصرفاتى العملية .

أبدا	دائما
١ ٢ ٣ ٤ ٥ ٦ ٧ ٨	

٢١- هل تواجه ضغوطا على تنظيم وإستخدام أوقاتك فى :-

٢١-١ العمل :-

٢١-٢ خارج العمل :-

وما مصدر هذه الضغوط ؟

وليسعنى فى ختام هذا البحث إلا أن أشكركم للوقت والجهد الذى بذلتموه فى الاجابة على هذه الاستبيانات والمساهمة الطيبة فى هذا العمل . وبعد انتهاء الدراسة وإعتمادها سيتم إن شاء الله إعادة صياغتها فى كتاب يساهم فى تطوير الادارة والمديرين بالمملكة .

إذا وجد لديكم أى إقتراحات أو إنتقادات بخصوص هذا البحث وهذه الاستبيانات أو أى معلومات إضافية تودون ذكرها فيرجى كتابتها فى ورقة جانبية مع ذكر الرقم الخاص بكم .

وتفضلوا بقبول فائق تقديرى وجزيل شكرى وإمتنانى .

عبدالعزیز محمد ملائكة

ص . ب : ٣٣٦٢

جده

المملكة العربية السعودية ٢١٤٧١

ت : ٦٨٥٤٩٢٨

« بسم الله الرحمن الرحيم »

المحترم

سعادة الأستاذ /

السلام عليكم ورحمة الله وبركاته :

أسعى حالياً لاعداد رسالة الدكتوراه عن القيادة وصفاتها فى المنظمات بالمملكة العربية السعودية تحت إشراف جامعة Loughborough University of Technology بمدينة Loughborough بانجلترا وكما تعلمون فان البحث الميدانى من أهم متطلبات هذه الدراسة .
والموضوع المختار لهذه الرسالة « بيئة القيادة وصفاتها فى المنظمات بالمملكة العربية السعودية » يتطلب البحث فى :

- ١- صفات وسمات القياديون السعوديون فى المنظمات السعودية .
- ٢- تأثير أهداف وسياسات وبيئة المنظمات السعودية على القيايين .
- ٣- تأثير المجتمع السعودى والثقافة الاجتماعية على القيايين السعوديين والغربيين العاملين فى المنظمات السعودية .
- ٤- مقارنة بين النظريات القيادية والتطبيقات العملية السائدة فى هذه المنظمات وتحليل أساليب القيادة وصفاتها لتحديد ماهى أفضل الاساليب والصفات التى يمكن أن تكون أكثر فعالية وكفاءة فى الاعمال بالمنظمات السعودية .

ولتحقيق هذا البحث والوصول للنتائج المتوخاه فلقد أعددت إستبيانين :

- أ) الاستبيان الاول ويحتوى على معلومات ذاتيه وقد يستغرق حوالى خمسة دقائق لتعبئته .
- ب) الاستبيان الثانى ويحتوى على أسئلة غالبيتها تستخدم الاختيار أو أسلوب تحديد النقاط باختيار رقم ما للإجابة على السؤال ، كما يوجد بعض الأسئلة التى تتطلب الإجابة تحريراً أو طباعة والتى تستغرق حوالى أربعين دقيقة .

يرجى مشاركتكم فى الاجابة على الاستبيانات المرفقة وإعادتها إلى سواءا بالبريد أو الاتصال بى لجمعها بعد الانتهاء من الاجابة .
ومن الضرورى عمل مقابلة شخصية لمراجعة الاجابات معكم والتي تستغرق حوالى عشرون دقيقة من وقتكم الكريم .

وللاحاطة فان أسماء المشاركين فى هذه الدراسة لن تذكر مما تطلب اعطاء ارقام خاصة لهم ومن المحتمل ذكر أسماء المؤسسات والادارات التى شاركت ولكن بدون الاشارة إلى الاسماء عند تحليل الاجابات ، أى ذكرها فى قسم مستقل .

لذا فانى أطمح من سعادتكم المساهمة فى هذا البحث للاستفادة من تجاربكم وخبراتكم راجياً أن يسبح وقتكم الكريم بالاتصال بمكتبكم بتعبئة الاستبيانات ، وباجراء المقابلة لاحقاً والتي يمكن تحديدها .

وتفضلوا سعادتكم بقبول فائق التحية والتقدير ،،

عبدالعزیز محمد ملائکہ

العنوان :

ص ٠ ب : ٣٣٦٢

جده / ٢١٤٧١

ت العمل : ٤٩٢٨ ٦٨٥

APPENDIX D
SAMPLES OF STATISTICS
AND ANALYSIS DONE BY
LOUGHBOROUGH UNIVERSITY OF
TECHNOLOGY, COMPUTER CENTER

TOTAL 72.1 4.3 .7 2.9 1.4 8.4 12.1 100.0
 NUMBER OF MISSING OBSERVATIONS = 0
 111 Oct 91 SPSS-X Release 3.0 for HP-UX
 12:52:37 Loughborough University

HP9000 Ser 855 HPUX A.B3.10

V37 qala CROSS/TABULATION OF
 BY V291 qb18-3

		lowest							highest			ROW TOTAL
		0	1	2	3	5	6	7				
V37	COUNT											
	0	24	9	2	1	8	9	4	117			
yes	1	19			1	1	1	1	83.6			
	COLUMN TOTAL	103	9	2	2	9	10	5	140			
		73.6	6.4	1.4	1.4	6.4	7.1	3.6	100.0			

NUMBER OF MISSING OBSERVATIONS = 0
 111 Oct 91 SPSS-X Release 3.0 for HP-UX
 12:52:37 Loughborough University

HP9000 Ser 855 HPUX A.B3.10

V37 qala CROSS/TABULATION OF
 BY V292 qb16-4

		lowest							highest				ROW TOTAL
		0	1	2	3	4	5	6	7				
V37	COUNT												
		0	93	4	1	1	4	7	6	1	117		
yes		1	19	1	1	1	1	1	1	2	23		
											16.4		

		V42					
V12	COUNT	don't-agr		agree		ROW TOTAL	
		0	1	2	3		
government	0				1	1	2
	1	27	6	3	31	33	100
non-govt	2	14	1	6	5	12	38
	COLUMN TOTAL	41	7	9	37	46	140
		29.3	5.0	6.4	26.4	32.9	100.0

NUMBER OF MISSING OBSERVATIONS = 0
 111 Oct 91 SPSS-X Release 3.0 for HP-UX
 12:52:25 Loughborough University HP5000 Ser 855 HPUX A.B3.10

V12 Co-nature C R O S S T A B U L A T I O N O F q a 2 - 3 BY V42

		V43					
V12	COUNT	don't-agr		agree		ROW TOTAL	
		0	1	2	3		
government	0	1			1	2	1.4
	1	38	6	9	24	23	100
non-govt	2	9	1	3	13	12	38
	COLUMN TOTAL	48	7	12	38	35	140
		34.3	5.0	8.6	27.1	25.0	100.0

other	10	20	63	83
				59.3
	COLUMN	43	97	140
	TOTAL	20.7	69.3	100.0

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
	0	100	100.0	100.0	100.0
	TOTAL	100	100.0	100.0	
VALID CASES	100	MISSING CASES	0		
115 Jan 92	SPSS-X Release 3.0 for HP-UX				
10:27:12	Loughborough University				
	HP9000 Ser 855				HPUX A.B3.10

V16 Bus.-indus

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
yes	0	70	70.0	70.0	70.0
	1	30	30.0	30.0	100.0
	TOTAL	100	100.0	100.0	
VALID CASES	100	MISSING CASES	0		

V17 Bus.-trade:mk

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
yes	0	74	74.0	74.0	74.0
	1	26	26.0	26.0	100.0
	TOTAL	100	100.0	100.0	
VALID CASES	100	MISSING CASES	0		

V18 Bus.-cons

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
agree	2	1	3.8	3.8	3.8
	3	6	23.1	23.1	26.9
	4	15	57.7	57.7	84.6
	5	4	15.4	15.4	100.0
TOTAL	26	100.0			

VALID CASES	26	MISSING CASES	0
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V55 qa6-2

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
agree	0	2	7.7	7.7	7.7
	2	4	15.4	15.4	23.1
	3	4	15.4	15.4	38.5
	4	14	53.8	53.8	92.3
	5	2	7.7	7.7	100.0
TOTAL	26	100.0			

VALID CASES	26	MISSING CASES	0
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V56 qa6-3

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
agree	0	4	15.4	15.4	15.4
	2	3	11.5	11.5	26.9
	3	8	30.8	30.8	57.7
	4	10	38.5	38.5	96.2
	5	1	3.8	3.8	100.0

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
	0	112	98.2	98.2	98.2
	5	1	.9	.9	99.1
	6	1	.9	.9	100.0
TOTAL		114	100.0	100.0	

VALID CASES 114 MISSING CASES 0

V172 qa30-8

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
	0	90	78.9	78.9	78.9
	5	1	.9	.9	79.8
	6	5	4.4	4.4	84.2
	7	12	10.5	10.5	94.7
	8	6	5.3	5.3	100.0
highest					
TOTAL		114	100.0	100.0	

VALID CASES 114 MISSING CASES 0
116 Oct 91 SPSS-X Release 3.0 for HP-UX
11:11:20 Loughborough University HP9000 Ser 855 HPUX A B3.10

V173 qa30-other

VALUE LABEL	VALUE	FREQUENCY	PERCENT	VALID PERCENT	CUM PERCENT
	0	105	92.1	92.1	92.1
	7	5	4.4	4.4	96.5
	8	4	3.5	3.5	100.0
TOTAL		114	100.0	100.0	

VALID CASES 114 MISSING CASES 0