

**Transforming Saudi Organizations to Achieve Excellence  
Through Human Resources: Are we ready?**

**By**

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**Fourth Human Resource Forum  
February 2006**

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## **Abstract**

Human Resources (HR) and its advancement are playing a key role in shaping the way industries are doing business today. Its impact is becoming widely visible to a degree that organizations can't afford including it in the bottom of their agendas. However, many Saudi organizations are still using old tools and management practices in managing their people, still can't differ between personnel management and HR management, and they are giving HR the lowest attention among other functions.

With an economy that is booming more strongly in Saudi Arabia than ever before, competition that is becoming much fiercer than any other time, a WTO is not far away from being in place, a business environment that is so dynamic and vigorous, and a Saudization percentage not even exceeding the 15% mark in the private sector, Saudi organizations have to be prepared for such challenges as well as others. Achieving excellence and positioning Saudi organizations from now to be world-class organizations is becoming a must. However, the questions are to be asked: Are Saudi organizations ready for such challenges? Do we have the proper resources and tools including a structured HR functions that will take Saudi organizations to be leaders among other leading industries all over the world?

This paper will highlight the importance of HR in shaping the future of Saudi organizations now and for the future. It will attempt to address key and major HR concerns and shortcomings Saudi industries are facing today and how to overcome these problems.

## **1. Introduction:**

People are the greatest asset for any organization. This is probably one of the most common statements people use but never taken seriously. The role of organizations today is to turn this concept into a reality. In order for HR managers to meet their business objectives, they need to implement an integrated organizational strategy, one that enables staff to achieve the required performance and fulfill personal development objectives in the process. It is important that functions today including HR needs to add value to the corporate strategies and better prepare the organizations, work groups, and individuals for future sustainable survival and development in the increasingly competitive global environment.

However, there are major challenges facing the human resource area in the today. Achieving employee's satisfaction and ensuring that they get what they need is among the top priorities that need to be considered. Many organizations in Saudi Arabia are still implementing old management approaches and practices. In fact they still can't differentiate between an HR department and a Personnel department. To many they are all the same as long as they process

payroll, handle vacations, and take care of simple employees issues. On the other hand many industries in Saudi Arabia have managed to be leaders in what they do competing with world class leading industries from all over the world.

## **2. Why Human Resources?**

The competitive work environment, which organizations are presently facing, is demanding them to be more efficient, and more productive. Organizations who were able to succeed in developed nations have managed to find the proper ingredients that lead them to success. This came through the implementation of latest management approaches that focuses on information technology, quality improvements, productivity, customer satisfaction, and satisfying the needs of their manpower.

Organized management thinking is manifest in the Saudi environment in terms of acceptance of management innovations like improvements at the quality of product levels. They have taken a step ahead to implement latest quality approaches such as ISO standards and others including reengineering or total quality management (TQM), or balanced scorecards to improve their services and products and some have succeeded to some extent. They have pursued these tools and practices because they feared the future of their business. However, minimum emphasis has been on manpower as a key area to keep an eye on.

Human resources involve creating an environment for people to excel within their domains. The old belief that the personnel function is the only vehicle that can take care of people is no longer valid. Leading organizations all over the world were able to succeed not only by providing high quality products and services but also they were able to manage their business well through their people. Substantial improvements in the areas of customer satisfaction, employee satisfaction, and employer satisfaction in meeting their common goals as well as their own respective goals are key factors for their success.

Nationalization of the workforce in the private sector in Saudi organizations, provision of jobs to the increased number of graduates, and reduction in the number of expatriates are still challenging issues facing the private sector today. The Government is doing its best to ensure that maximum support is given to the private sector. This came through many approaches which include a huge and substantial support to the training and development of Saudi youth through direct financial funding from the Government. This approach is considered to be very unique in nature compared to what companies in other countries have to spend on training and development of their staff.

## **3. Is there a home for the success of HR in Saudi Organizations?**

It is believed that there is always a home for everything as long as there is a commitment and dedication. Today's workforce is changing and so are organizations. While social, economic, cultural and structural factors may

differentiate organizations in Saudi Arabia from one to another, the issue of hiring local people in the private sector is a major factor impacting the way the business in general and HR in particular.

Today the responsibility of the human resources function is concentrated on few areas such as: training, personnel, recruiting, career development and even more. Today, the business in companies has been much more complex and as a result the HR function has become more tasked to assume more responsibilities much beyond personnel. HR professionals are being encouraged to strengthen the linkage between business strategies and their practices and HR is a major contributor to this.

It should be noted that the HR function must link itself with the overall business goals and don't allow it to be isolated from the core business. This is happening so proactively and systematically which can respond to current and future internal and external customer needs. However there are many missing ingredients that Saudi organizations must consider if they want to transform to be leading industries. Among those is to concentrate on HR and the other areas related to its success which include the following:

### **3.1 Job Security**

Many Saudi employees are not very much encouraged to work in the private sector because they don't feel that their jobs will be secured. Therefore it's very essential that companies create the proper job security environment for Saudis. This can be through open contracts with no time limits, locked contracts, or something similar to this. Non Saudis can play a major role in this process since they are the ones that would provide Saudis with the needed support for them to excel. However, in order for this to be achieved, it's important that job security is also provided to non Saudis (expats). One way to solve this issue is to give assurance to the expats that even if they train the Saudis they will still have guaranteed job security.

### **3.2 Training and Development**

In order to provide a workforce that is productive and efficient, training must take place at all levels. Leading organizations were able to achieve their excellence in the marketplace through their clear attention on training and developing their staff. The situation is even more demanding in Saudi private sector since companies are required to attract Saudis to join and provide them with the proper training they need to perform their duties and responsibilities as needed. However, it is noted that training and development in many organizations in the private sector has not been given a priority. Therefore, the Government has created a very unique idea to ensure that the private sector spends on training through Government financial support. The Government has established a dedicated organization called the Human Resource Development Fund (HRDF) where they would support the development and training of newly hired Saudis. This support could reach up to two years where the HRDF would pay up to 50% of the employee's salary. This has solved the training issue to great extent and helped increased the level of Saudization in

many companies to some extent.

In addition, it's essential to developing career paths for Saudis to excel and take higher positions. Saudis when they join the private sector must feel secure by realizing that they have long-term careers for them the more they stay.

### **3.3 Measuring Employee's Performance**

Among the key areas that is still missing Human nature, good and bad, can profoundly impact the most well-established of organization. Consequently, organizations must put a high premium on understanding human nature and ultimately answer the question: "What motivates people?" In fact, many of the companies in Saudi Arabia give the issue of motivation low attention. Motivating Saudis by any of its means whether financially or none financially can be a major factor in improving the organization's performance and productivity. Specialists in the field indicated that the art of management includes important tools including: planning, organizing, empowering, controlling, delegating, decision making and so on. Motivation is an important part of the mentioned process and it's the core component and a major ingredient in the motivation recipe. Appreciating people's efforts and recognizing their dedication and outstanding performance is very essential to the continuous success of the business in general and to the staff in particular.

### **3.4 Creating a Motivational Environment**

The past few years have proven that young Saudi workforce are ready to work in a private sector environment even if it's full of challenges and compliance. We have witnessed young Saudis working as cashiers in supermarkets, bell boys in hotels, receptionists, car mechanics, electricians, etc. However, it's very essential that organizations need also to create the proper environment for their staff to perform to their best.

Leading organizations were able to succeed in retaining their staff and their jobs a life-time job because they were able to go out of their ways and comply with the needs of their staff. This is among the things we lack in many of our Saudi organizations where our staff is given low priorities responding to their needs.

Among the key things that maybe considered is having them work five-days a week. Most private sector organizations work six-days a week normally 48 hours while the Government sector works five-days a week with less working hours of about 35 hours per week. It's with no doubt that young employees would prefer working in the public sector where it provides them with more flexibility to work less hours and take a long weekend. Therefore, this must be taken into consideration if we want to promote Saudization in place.

Another major factor is to give them more demanding and challenging jobs and to measure their performance against their key-performance indicators (KPIs). Once we create this kind of positive environment, Saudis will be attracted to join the private workforce at higher scale.

### **3.5 Focus on Quality**

The success of the business today as competition becoming much fiercer than ever before and demands are increasing from everywhere come the need for organizations to focus on quality in conjunction with the human resource function to provide the best quality products and services. Achieving the highest customer satisfaction both internally and external will play a major role in the success of organizations today and tomorrow. If quality is implemented as it should be, customers will have better services, business problems will be reduced, employees' jobs will be easier, and products will have a better competitive edge.

### **4. Conclusion**

The role of people in managing organizations today has changed significantly to a point that it's not affordable to ignore the importance of the HR function. Therefore, what is needed is to implement an integrated corporate strategy where HR is included showing its critical role that will play to achieve the overall strategic goals.

Organizations today have visions to achieve and missions to accomplish with the increased competition from all over the world. The time for transformation is a must and Saudi organizations need to prepare themselves for the expected increased challenges industries are bringing. The new role of the HR function today is to lead the organization through people helping achieving the visions and missions required. The role of HR today has exceeded everyone's expectations and the focus on human assets to achieve high-quality products and services is becoming a necessity. Therefore, the responsibility of HR on the success of the organization must include a combination of strategic and operational measures that will reflect in the efficiency and effectiveness of internal processes, customer satisfaction, cost effectiveness and innovation in the organization.

It became very obvious to many executives in leading industries that HR must play a bigger role at the corporate level to contribute to the success of the organization. However, in this era of increasing cost and budget justification, HR professionals need not only make their function more responsive to the changes top management is seeking, but to prove their contribution to the bottom line. This is maybe easier said than done where measurement of efficiency and productivity of the department in quantitative manner must take place in organizations that are managed by old management approaches for many years. It's quite a challenge but we must start facing those challenges today rather than facing them with greater difficulties tomorrow. The future of Saudi industries is very bright and we must position ourselves well to a more productive role the HR function must play which will transform our organizations to be nothing but the best.

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