

## **Saudi Aramco's Experience In Preparing the Workforce for the Future**

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Good morning.

It is my pleasure to be here with such a distinguished audience and share the experience of Saudi Aramco in preparing our workforce for the future.

Human Resource Development is a strategic business priority for us as a Company, and a national obligation at the same time. And we remain fully committed to achieve that. Before I start, let me share with you the outline of my presentation.

I will start with a brief overview of Saudi Aramco, to explain who we are, and what we do. Then, I will describe some of our HR practices in developing Saudis over the past 70 years and share some of our successes in this regard. I will then discuss some of our strategies in preparing our workforce for the future. And finally, close with a summary.

As you know, Saudi Aramco is an international integrated oil and gas company. We are in the business of providing energy to a global market. We have been doing this in a reliable and responsible manner for over 70 years, and we remain to be fully committed to this objective to serve our national goals and meet the expectations of the international community.

Saudi Aramco is proud of its core values that emphasize Performance, Reliability, and Human Resources Development. We stress excellence and work hard to promote a corporate best-in-class culture. Our challenge is to maintain our position as a leading energy provider in an increasingly competitive market.

Since its early days in the forties, the Company has been committed to the development of Saudi nationals. Saudization efforts picked up dramatically in the mid-fifties. We grew from fewer than 20,000 employees in 1955, to over 52,000 today. At present, 87% of our employees are Saudis. It is worth noting that our top management and operations personnel are 100% Saudis. This is a remarkable achievement that was possible because of careful planning and commitment to a strategic goal. Let me now show you how we made this transformation.

Our success is largely attributed to following some HR best practices. Here are some examples:

- We use training programs to qualify unskilled new hires
- We provide continuous development to all employees
- We provide Motivation and Retention programs, and
- We use effective Performance Management Systems.

Hiring fresh college graduates and job qualified Saudis is one of our key strategies. We look hard for talented Saudis with required majors and relevant experience. We survey the market regularly and offer competitive compensation packages. Job qualified Saudis are recruited directly into various levels of jobs within the Company.

One of our Hr best practices is the Apprentice Training Program. This is a two year training designed to prepare young Saudi High school graduates to assume full job responsibilities in our industrial plants. It delivers skilled craftsmen, plant operators and maintenance technicians. Since the beginning of this program in 1988, more than 14,000 participants have graduated. We take special pride in this program, because over the years, it has transformed and enhanced our operations. Our plants are now fully run by skilled young Saudis.

Saudi Aramco has so far sponsored more than 5,500 high school graduates to complete college degrees, both in-Kingdom and abroad in North America, Europe, and in locations such as China, Korea, and Japan where we have growing business interests. We also have academic and jobs skills training programs that have helped more than 25,000 acquire new skills and learn new technologies. Currently, more than 8,500 Saudis are certified every two years for critical operations and maintenance positions. Overall, we are proud to be recognized and accredited as a world class leader in training and human resource development.

Another strategy is continuous development. Once on board, college graduates complete an introductory Professional Development Program designed to integrate young Saudis into the workforce. So far more than 11,000 employees have completed the program since its inception in mid. seventies. In addition, more than 500 employees have completed advanced degrees; Masters and PhD's. Specialist Healthcare positions are filled by more than 370 Saudi doctors and dentists who have completed advanced specialty medical certification. More than 11,000 Saudi Engineers have completed the in-house professional Engineering Development education. And finally, 18,000 Saudis have benefited from Management and Leadership development.

But beyond these activities, we continue to promote a culture of continuous learning and self development across the company through our e-Learning network and continuous education opportunities.

Our motivation and retention programs include competitive compensation and benefits such as the Employee Thrift Plan, Education Assistance, training and development, and many more. We also operate a healthcare system for over 450,000 employees and their dependants. We built schools to educate the children

of our employees and those in neighboring communities. Since 1951, we have provided home loans to over 46,000 of our Saudi Arab employees. And now, let me shift to another Best practice, which is Performance Management Systems.

We use an enhanced approach to link employees' work activities directly with business objectives so that each and every employee understands his contribution to the corporate objectives. The system includes a competency-based development process to ensure we do target development to bridge development gaps on the job.

In support of this system, we encourage self-development and have built an internal e-Learning infrastructure. I encourage you to stop by our exhibit to see some samples for yourself. Today, more than a thousand on-line courses are available to employees through our Corporate Integrated Learning System. This system delivers just in time training on specialized topics through employees' desk-tops on the job and at home at any time. In addition, we use a rigorous succession planning process to ensure effective career development is implemented.

And now, let me shift to the future. This chapter of our story started 4 years ago when we took a hard look at one of our strategic imperatives, which is: Preparing our Workforce for the Future. We first benchmarked with leading companies to identify key trends that will shape the future workplace and the characteristics of our workforce. We looked at 15 leading companies in the fields of energy, telecommunications, and information technology and analyzed best practices of these industry leaders and developed a strategic roadmap to address our future HR challenges. What we found was a fairly consistent response from leaders of these companies. There are three emerging trends:

The first is that the future will require employees who are flexible, highly specialized, technology-fluent, team players, and above all have a strong sense of the business.

The second trend involves the workplace that must be flexible to accommodate change and has simple work processes driven by technology and innovative HR solutions. The third trend is about the future Human Resource organization that must be strategically focused, applies best practices, and uses policies that drive high performance. Based on this, we designed our strategies and launched initiatives to achieve them. Now, let's take a look at our key strategies.

The first is to: Prepare the Total Workforce of the Company, meaning Regular employees and Contractors as well. Future leaders and experts must be identified and developed early, in order to have a continuous pipeline of talent.

The second is to Re-align the current culture and workplace practices to meet the future requirements.

The third is to Re-vitalize the HR organization itself to match the pace of change and deliver the services needed faster.

Together, these high level strategies form the basis for our road-map and initiatives. If you stop by our exhibit, you will see examples of such initiatives. But for now, let me show you a few.

1. Corporate Manpower Planning Model
2. Supplemental Contractor Manpower
3. Saudization of Contractors
4. Partnership with Government Industrial Colleges
5. Supervisor Assessment Center
6. Corporate HRD Center
7. Performance Management Program
8. HR Business Partners
9. HR On-line
10. HR Service Center
11. HR Power-house

As you can see, the list of initiatives corresponds well to the three areas of focus I talked about earlier. They address the future employee, the future workplace, and the future HR organization that is beginning to present itself through technology and new innovative ideas.

Although it's premature to declare victory because we are in our second year of launching our plans, we have early evidence that suggests clearly that we are on the right track. Before I close, let me highlight one important recent initiative that we have ventured in and achieved remarkable success. It is the Contractor Training Center, which provides courses directly linked to the work activities of the Saudi contractor employees.

So far, this effort has contributed to increasing the Saudization level of contractors in Saudi Aramco significantly by qualifying to be at par with the Company's performance standards. We have dedicated a special area in our Exhibit for this center. So, I would again encourage you to stop by and learn more about it.

In conclusion, I would like to stress our continued commitment to create job opportunities for qualified Saudis and young graduates from high schools and universities to meet our business requirements. At the same time, we remain dedicated to preparing our most valuable asset: our workforce for the future to maintain our leading position as the most reliable energy supplier to the world. This concludes my presentation. Thank you.