

The Promising Future of Industrial Relations in Saudi Arabia: Insight from Saudi Vision 2030

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Abstract: This is a review paper focusing on the role of Saudi Vision 2030 in relation to industrial relations in the Kingdom of Saudi Arabia. 26 suitable literature were identified from a database out of which only 18 were relevant after reading the abstract, and finally, only 5 relevant papers from literature search and 4 more papers from the references and government reports were included in the review. There is a promising future for industrial relations in the Saudi vision 2030 which is concerned with regulating and improving the employment relationships. It is recommended that more work should be done on union representation and government should make suitable policies and plans to overcome the challenges.

Keywords: Industrial Relations; Employment Relationships; Saudi Labor

1. Introduction

Saudi Arabia announced its vision 2030 which has important features for the post-oil era and depends heavily on human resources. The vision strengthened the Saudis' optimism by achieving the objectives of 2030 Vision, which represented important steps in terms of economic, investment and development. The vision included the diversification of the Saudi economy, which is one of the most important elements of its sustainability. An important step has been taken to scale up individual employment and improve employees and employers relationships. Saudi Arabia recently merged the Ministry of Labor with the Ministry of Social Affairs, and named it the Ministry of Labor and Social Development. The Ministry of Labor and Social Development is responsible for formulating general labor policy in Saudi Arabia within the framework of the general policy, Islamic principles and social justice. In order to achieve stable and rewarding employment opportunities for citizens and improving industrial relations to increase production and improves employee relation. It is vital to improve the relationships between management and workers and the role of regulatory mechanism in resolving any industrial dispute.

2. Methodology

A literature search was conducted to find the published papers on industrial relations in Saudi Arabia. Google Scholar was used to access peer reviewed scholarly articles. The search was limited to the English language only. The articles were selected by reviewing their titles and abstracts. Additional literature was selected from the references (Figure 1).

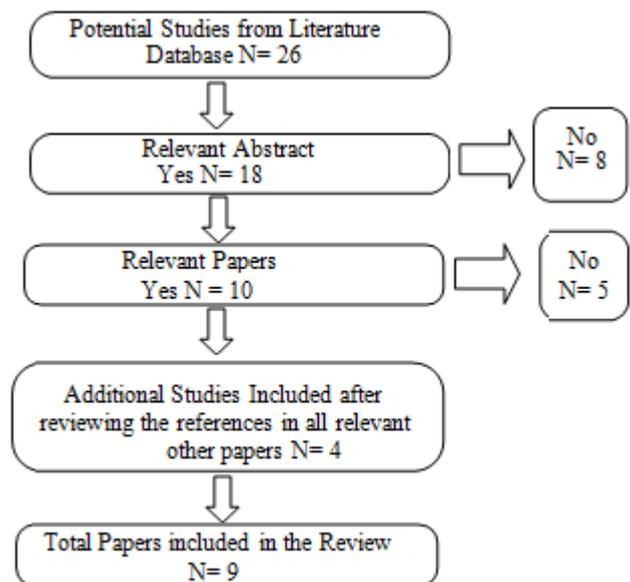


Figure 1: Process of selection of articles to be included in the review

3. Results & Discussion

This review groups findings according to the following emerging themes related to industrial relations: promotion of economy, proper leadership and communication and empowerment. This study will discuss in detail the three emerging themes.

Promotion of Economy

Saudi government in its 2030 Vision aims to improve the business environment, which will help economy to grow as well as driving healthier employment opportunities for citizens and long-term prosperity for all. This promise is built on cooperation and on mutual responsibility¹. The industrial relations or the relationships between employees and employers, are influenced by the government constructing, passing and implementing of relevant industrial relations policies, regulations and law². Fundamentally, industrial relations are beneficial for both government and economy by promoting employee and employer satisfaction as well as providing safe working

environment that result in maintaining high employment rates which reflects well on economy development. Healthy industrial relations play pivotal role in the success of industries and strengthening economy. Saudi government is stepping forward by involving in settling industrial relations dispute in courts. The article 34 of the law of procedures for the Shariah Courts states that grievances such as disputes relating to employment contracts, wages, rights, injuries, compensation and social insurance claims, among others, will be dealt with by the labor courts³. This move is expected to end the woes of employees in general as it will expedite the delivery of justice in accordance with relevant regulations and effective judicial processes. It will also, put an end to current protracted court proceedings in resolving labor disputes.

The Ministry of Justice and the Ministry of Labor and Social Development are completing final arrangements to launch labor courts in January 2019 in seven cities in Saudi Arabia⁴. This partnership will lead to achieve judicial excellence in labor courts and have positive effect on the labor market, as well as reducing the length of litigation and achieve digital integration in labor courts. Saudi Arabia has been creating initiatives that will greatly help in organizing the labor market, utilizing this market and helping it reach its highest potential, which will eventually boost investments in Saudi Arabia and drive the economy towards development and the achievement of Saudi Vision 2030 objectives. According to the latest statistics revealed on quarter one 2018; there are around 13 million workers in Saudi Arabia 10 million expats and 3 million Saudis⁵. Due to the ongoing mega projects across Saudi and the increasing demand for the labor force the numbers for labors are expected to increase. Therefore, Labor court's role will be a major drive towards creating ease and efficiency in conducting projects and ensuring those workers are working within a well-defined system that protects them. The courts will hear all cases related to the labor law, such as disputes concerning labor contracts, wages, rights, and work injuries and compensations; disputes concerning the employer's imposition of disciplinary sanctions on employees; lawsuits filed for imposing labor law sanctions; and disputes arising from applying the labor law and the social insurance law⁶. Consequently, the new courts will speed up the legal process and enhance investment opportunities in the kingdom through the establishment of justice in the business sector. Accordingly, good industrial relations reduce the industrial disputes and help promoting co-operation and increasing production.

Proper leadership and communication

The goals of industrial relations ensure that there is positive communication and no breakdown of degradation of an industrial relationship leading to a stall in productivity and thus a stall in economic gain⁷. It is the business of leadership in the ranks of workers, employees to work out a new relationship and workers should recognize employer's authority⁸. This will naturally have impact on production as they recognize the interest of each other. To build effective teams, an organization has to redesign its work process, and modify a wide range of organizational systems to support the development⁹. Moreover, common suggestions for

empowerment goals are 'consciousness raising' and 'skills development', which are instances of knowledge that make people aware of the available resources for developing their skills and bringing a positive change¹⁰. People need 'propositional knowledge', or knowing facts, and skills (know-how) that include the ability to solve problems¹¹, which are particularly important for industrial relation. When the employees receive appreciation and feedback from the organization, it results in trust that empowers them to do the right thing, make the right decision, and make choices. Increasing trust reinforces positive attitudes and behaviors, and enhances cooperation and performance¹². Clear communication ensures that the process of industrial relations benefits the employee, and protects the interests of the employee during negotiations and similar relations with the employer, hence open lines of communication are vital to ongoing economic and industrial growth.

Important objectives of the Saudi Vision 2030 are following best practices in employing shared services, with a robust set of performance indicators that will measure quality, workflow improvement, cost reduction and knowledge transfer¹³. Industrial Relations are more concerned on exercising the rights of employees and groups in a bipartite process where a stipulated agreement should be done between the employees/union and the employer/the management in a compromising capacity¹⁴. This will facilitate creating a balance in terms of employee rights and fairness in the distribution of salary related issues such as salaries and wages, working hours, and contracts. For that reason, the Ministry of Labor and Social Development is committed to apply "wage protection" to all private sector establishments to ensure timely disbursement of labor entitlements, setting wage levels in all occupations and reducing problems between employer and employee¹⁵. Also, the Ministry has recently launched the "wage protection system" as part of its initiatives for the National Transition Program 2020¹⁵. The initiative aims to provide an appropriate and safe working environment in the private sector as well as it will increase transparency and protect the rights of contracting parties and provide infrastructure for small and medium enterprises. The system aims to monitor the processes of wages disbursement for all labors in the private sector facilities (whether Saudis or expatriates) so as to establish a database to determine the extent of the facilities' commitment to pay wages in time and at the agreed-upon values. Employees must be given the support they need in order for them to stay with the organization. Otherwise, this will create a high employee turnover that could undermine the success of the organization.

Empowerment

Empowerment is a notion of power defined as a multi-dimensional process through which people can gain control over their own lives. Empowerment is multidimensional because it shapes social, economic, psychological and other dimensions. As a social process, it provides people with freedom of choice and action. Empowerment is a journey in which development happens as we work on it. It helps us evaluate our assumptions about the way things are and can be done. According to Armstrong, 2014¹⁶, industrial relations are defined as the concerned with the procedures and system that used by employers and unions in order to

determine rewards for the efforts and other conditions of employments, toward protecting the interests of the employees and their employers as well as to regulate the ways in which employers treat their employees. Also, industrial relations take into consideration how the employees will be empowered with the preconception of unionism perspective where the main consideration is on resolving employer/management and employee conflict and dispute settlement in a collective and pluralistic manner¹⁷. It is the union on behalf of the employee, who ensures that the member benefits from Industrial Relations and aim to secure the workers by helping them to have better wages, improved working conditions and proper training and skills development to keep up with trends in the workplace. However, union representations are not finalized in Saudi Arabia. Industrial Relations apply the pluralistic view that basically assumes that conflict is a natural phenomenon in organizations that requires resolution in a collective manner thereby establishing a unanimous voice and representations to the top management by the workforce¹⁸.

Saudi Vision 2030 aims to raise the productivity of employees to the highest levels possible, by implementing proper performance management standards, providing continuous training for professional development, and sharing knowledge. It will develop targeted policies to identify and empower future leaders, and will furnish a stimulating environment that provides equal opportunities and rewards for excellence¹⁹. Empowerment is a management practice of sharing information, providing rewards for solving problems, and improving services and performance²⁰. Empowerment is based on the idea that giving employees skills, resources, opportunities and motivation as well holding them responsible and accountable for outcomes of their actions will contribute to their competence and satisfaction. The concept of empowerment is an effective way to steer an organization towards success, but building such a culture is not an easy task²¹. If a culture of empowerment is to be implemented in an organization, it is important to ensure that employees are ready for such a change. Otherwise, they may not take the opportunities presented to them because of fear, insecurity or lack of knowledge. Training organization's members strengthens their decision-making skill set, and provides them with sufficient know-how, so that they can have confidence to step out, and make decisions in the organization's best interests. Industrial Relation focus on the employees' best interest that they should have received what is fair and beneficial to both parties, which is the management and the employees²².

4. Conclusion

Saudi Vision 2030 intends to diversity economy, boost private industry, make investment easier, reduce unemployment, increase innovation and modernize the country in countless ways both social and economic. In order to ensure full compliance with the labor law in the both private and governmental sectors. An important objectives of the Saudi Vision 2030 is to maintain a stable labor market, by stabilizing the relationship between both employers and employees in accordance with international

standards. There is a promising future for industrial relations in the Saudi vision 2030 that is concerned with regulating and improving the employment relationship. Industrial relations are multidisciplinary fields and basically oriented towards the harmony of organizations. Industrial relation is an art of living together for the purpose of production, productive efficiency, human well-being and industrial progress. Productivity decreases when conflict arises between employers and employees which result in slow down of the work of organization and cause economic and financial loss.

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