Panel Discussion II:

Translating Labor Market Information (LMI) into useful and user-friendly Intelligence to Users and Labor Market Agents – KSA context

Dr. Ahmed Al Zahrani &
Mr. Ahmed Al Mujaish

Tagaytay City, Philippines
22-23 October 2015
Objectives

- Provide an overview of the **Saudi Arabia Labor Market Ecosystem**
  (The Labor Market landscape and associated ministries)

- Present **how LMI is driving MOLplus decision making**
  (What decisions are being made using LMI?)

- Discuss **LMI Key Challenges in Saudi Arabia**
  (What are the key LMI challenges?)

- Present **National Labor Observatory (NLO) Initiative**
  (What is Saudi Arabia doing to improve LMI system?)

- Discuss **Case Studies**
  (How will Decision Makers utilize LMI to make important Decisions?)
Saudi Arabia Labor Market Ecosystem

Overview

Total Population: 30.7 million

- 31% Expatriates (9.6 million)
- 29% Not in working age (8.4 million)
- 54% In the labor force (7.3 million)
- 94% of Saudi male labor force employed (4.0 million)
- 65% of Saudi female labor force employed (0.8 million)
- 5.7% Unemployed (0.7 million)

Source: CDSI
Benchmark of overall unemployment rates, G20 countries (2014)

Source: ILO data
Youth unemployment represents an issue to be tackled immediately.

**Youth segment is the most affected by the unemployment issue**

**Youth unemployment among highest in the world**

Youth (15-24) unemployment in selected countries (2014)

---

1. Amongst active participants in the labor force, i.e. excludes non-participants including education and training
2. Refers to GCC as a whole

Source: CDSI, BCG working paper “Motivation and Perseverance: The Missing Link to GCC Knowledge Economies”, BCG analysis
Unemployment rates across regions vary drastically.

Regional unemployment rates by gender, 2013-14

Observations

Regional unemployment peaks, driven by male unemployment (fluctuating between 5 to 14%)

Al Jouf with highest unemployment rate (23%) followed by Tabuk (20%)

Variances in economic activity by region can be the potential cause of unemployment (e.g., GDP per capita of 121K for Riyadh and only 88K for Dammam)

Source: Central Department of Statistics and Information – Workforce Research for 2012-13 (second round). KSA overall data updated to 2Q 2013. BCG analysis
Strong preference for Saudis to work in Public Sector, with Private Sector largely dominated by expats...

Source: CDSI Manpower Survey 2014
The Saudi labor force, throughout their lifecycle, consumes services from various KSA ministries and agencies resulting in Labor Market Information “islands” (fragmented & distributed data).

~300-400K young Saudis coming from education

~130K previously inactive Saudis

Up to half a million entry-level jobs needed each year

~4 out of 10 working-age Saudis employed

~100K Saudis retiring each year

Source: CDSI Manpower Survey 2015, GOSI, BCG analysis
The Ministry of Labor and its sister entities (MoLplus), is playing a major role in consolidation of the Labor Market Information and is already making some decisions using the available LMI to drive:

<table>
<thead>
<tr>
<th>.. right market and economic environment</th>
<th>.. right jobs for the right candidate</th>
<th>.. right skills &amp; competencies</th>
<th>.. right support for employees and families</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOL key Policies and decisions are based on LMI to:</td>
<td>HRDF utilizes LMI to design its employment support and skill enhancement programs to:</td>
<td>TVTC utilizes LMI to design its vocational training programs to ensure they:</td>
<td>GOSI utilizes LMI to improve effectiveness of its social insurance policies by:</td>
</tr>
<tr>
<td>1. Ensure sustainable job opportunities for Saudi jobseekers</td>
<td>1. Ensure sustainable employment</td>
<td>1. Satisfy the current and future demand of Saudi labor market</td>
<td>1. Providing leading and sustainable social insurance services</td>
</tr>
<tr>
<td>2. Enhance labor market efficiency</td>
<td>2. Increase attractiveness of national workforce</td>
<td></td>
<td>2. Ensure reasonable standard of living</td>
</tr>
<tr>
<td>3. Ensure social protection</td>
<td></td>
<td></td>
<td>3. Improve safety at workplace</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4. Promote early return to work</td>
</tr>
</tbody>
</table>
The LMI maturity profile of Saudi Arabia across the six key categories reveals there is significant room to improve before the true benefits of LMI are realized..

**1. Macro Labor Force**
- Population and demographics, employment and unemployment, labor force participation

**2. Education & Training**
- Education and training institutions, education and training programs

**3. Occupational Supply**
- Occupational employment, participants of education and training programs, geographic migration

**4. Occupational Characteristics**
- Job skills, abilities, knowledge, activities, content; job education and training requirements; interests; work styles

**5. Labor Demand**
- Job vacancies, occupational wage rates, occupational employment estimates and projections

**6. Classification System & Cross Walks**
- Industry, occupation, education program, crosswalks between classification systems
### LMI challenges in Saudi Arabia

LMI challenges exist today in terms of its ownership, availability and accuracy of data, products & services offering and centralized platform for data consumption & distribution.

<table>
<thead>
<tr>
<th>LMI Challenges</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data</strong></td>
<td>• Timely availability, accuracy, consistency of both qualitative &amp; quantitative data across the six components of LMI</td>
</tr>
<tr>
<td><strong>LMI Product &amp; Service offering</strong></td>
<td>• Various reports, analytics and studies are conducted upon request rather than proactively by anticipating the LMI consumer needs</td>
</tr>
<tr>
<td><strong>Information Dissemination</strong></td>
<td>• Lack of a centralized LMI data collection and delivery mechanism</td>
</tr>
<tr>
<td><strong>Collaboration</strong></td>
<td>• Lack of effective collaboration across various ministries and agencies in terms of exchange of information</td>
</tr>
</tbody>
</table>

HRDF has launched the Saudi Arabia’s Labor Market Information initiative called “National Labor Observatory (NLO)” expected to resolve these challenges and enable fact-based decision making.
HRDF has launched the “National Labor Observatory (NLO)” to provide mature and holistic LMI

1. **Do:** Consolidate data, generate statistics and advanced analytics and insights and manage knowledge

2. **Enable:** Position NLO to be the cultural change agent in order to facilitate and empower users to access data, develop their own reports and insights and share them with the broader community

3. **Create transparency:** Ensure full transparency of all interested users on relevant data, research and capabilities to foster full leverage of resources, materials and insights
The National Labor Observatory

Data / Information Sources

Clients & Decision Makers

Saudi National Information Center
Secure data partner

• Twenty-two (22) disparate data sources considered

• Masked data will be used in different levels of analysis.
• Part of the data can be shared with other agencies
NLO – Products & Services

NLO will facilitate evidence based decision making by capturing, developing, and sharing the most accurate data, analytics, knowledge and insights regarding labor market.

Five NLO Directorates will provide specific products & services:
- Reports & Statistics
- Analytics
- Research & Development
- Knowledge Management
- Information Management
NLO – Data Dissemination to enable decision making

Labor Market Information → The National Labor Observatory → Clients & Decision Makers

NLO supports tailored data dissemination
- Reports and insights
- Supports analysis,
- Manages research studies
- Others

**MoLplus**
- Launching new programs
- Colleges of Excellence
- Others

**Other Parties**
- University program
- Individuals decide which educational program to consider

Government decision makers, researchers & the interested stakeholders

**Clients**

**Research Encyclopedia**

**Source Atlas**

**Reports Catalogue**

**Awareness Newsletter**
NLO – Typical End User Journey

I'm interested to know how the wages protection programme is performing in top-10 KSA cities.

Abdullah goes to the knowledge platform and enters keywords in the search engine.

Great. I found the last month report for the program. I need to contact NLO to request the underlying data and find any other report on the subject.

Abdullah gets in touch with the NLO taskforce to specify his needs in detail. NLO taskforce will connect to 'Reports and Statistics'.

Here is your data set, Mr. Abdullah! Is there anything else we could do for you?

We found few interesting reasons for program performance in several cities. You may find them in the report.

Great. Do we have any reports available for the similar programs in other countries?

Ms. Latifah (NLO knowledge mgmt)

Here are the reports related to balancing the wage gap within GCC.

Key challenges for balancing the wage gap

This is great, now I have a clear understanding behind the variations in wages.

Abdullah notices a great difference in the average wages of the same job between cities, and wants to know why.

Abdullah requests are redirected to Analytics team by NLO taskforce.

Factor analysis output

Mr. Abdullah

Mr. Fawaz (NLO Reports & Statistics)

Ms. Noor (NLO Analytics team)
Nitaqat policy definition & implementation is driven using Labor Market Information. The private sector compliance with the policy is monitored on a regular basis and penalties applied as appropriate.
Nationwide initiative that will provide a centralized portal for employers, job seekers, related agencies and employment assistance program related information.
National Labor Gateway will provide services that will improve the nature and quality of data captured. Thereby, enhancing the overall maturity of the LMI.
Hafiz is an unemployment assistant program that provides employment and financial support to job seekers. The key policy decisions related to Hafiz are made using LMI.

**Objectives**

**Support key actions/decisions**

*E.g.*:

- Which initiatives should I implement to increase the number of Hafiz beneficiaries finding a job?
- Which educational paths should be promoted based on their effectiveness in finding a job?
Example 4 – Taqat Employment Support Programs

The decisions related to Taqat Employment Support programs such as establishing job placement centers where there is high density of job seekers are done using LMI.
### Case Study 1:
Enabling GOSI to identify Potential Social Insurance Policy Abuse/Gaming

#### Decision support question
How should the GOSI retroactive policy be changed to prevent abuse/gaming?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer may make use of the GOSI retroactive policy and delay registration of employees so that they will still receive Hafiz benefits → Employees will receive both employment salary and Hafiz benefit for several months</td>
<td>Identify if this issue is prevalent and among which periods/groups is it concentrated</td>
</tr>
</tbody>
</table>

#### Customized Analysis provided by NLO

- **Percentage of beneficiaries who are benefiting from Hafiz while being GOSI registrants and total net benefits that have been paid incorrectly**
  - Determines if issue is prevalent and worth further investigation

- **Periods upon which this behavior was present**
  - Determines when this issue was most significant

- **Employee/Employer profiles where this behavior was present**
  - Determine profile of this behavior

**Final answer should clearly and concisely answer the original question supported by thorough quantitative analysis**
## Case Study 2: Standardized Measures for Labor Market Supply Analysis

<table>
<thead>
<tr>
<th>KPI ID</th>
<th>MEASURE</th>
<th>KPI DEFINITION</th>
<th>DATA SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TIME</td>
<td>Average Time between graduation and hiring for graduates (MOE/TVTC, University, Major, Gender)</td>
<td>(MoE, TVTC) With (MoCS &amp; GOSI)</td>
</tr>
<tr>
<td>2</td>
<td>TIME</td>
<td>Average Time between graduation and employing of the first expat (MOE/TVTC, University, Major, Gender)</td>
<td>(TVTC, MoE) with NIC</td>
</tr>
<tr>
<td>3</td>
<td>SAR</td>
<td>Average of the 1st registered salary after graduation (MOE/TVTC, University, Major, Gender)</td>
<td>(MoE, TVTC) With (MoCS &amp; GOSI)</td>
</tr>
</tbody>
</table>

Thank you