

كلايد اند كو
CLYDE & CO

An update on Saudisation



Since the launch of Vision 2030, transforming the Saudi Arabian workforce and creating employment opportunities for nationals (a policy known as Saudisation) has been a key driving force in government policy. In August 2011, the framework for Saudisation was radically overhauled with the launch of the Nitaqat program which introduced robust quotas linked to the employer's commercial activity and size. Following ten years of this framework being in place, the MHRSD announced a revised version in June 2021, with the aim of further boosting the employment of Saudi nationals in the private sector.

The Key Features of Nitaqat 2.0

Ministerial Decision 182495 dated 11/10/1442H has the following key features:

- a fixed Saudisation plan for three years giving employers time to adjust their recruitment plans
- reduction of the business activities categories to 32 instead of the existing 85
- elimination of employer classification based on size and a stronger emphasis on employee headcount
- retention of the color-coded tier level classification of companies, i.e.: red, low-green, medium-green, high-green and platinum
- use of a formula or algorithm to determine a fixed Saudisation value and additional annual values for year one, two, three and the following years of the company's operations, as well as a logarithm of its total workforce. The Saudisation values provided by the MHRSD are prescribed for each economic activity and for each Nitaqat tier level

New formula

Integral to Nitaqat 2.0 is the following algorithm $Y = M \log (X) + W$ which is made up of the following components:

- Y = minimum rate for the category or sector
- M = the fixed value of curve for category – obtained from the MHRSD's manual
- W = fixed value for nationalisation in each year for three years
- X = total number of workers
- $\log X$ function for calculation of natural logarithm value of total workers

The MHRSD's key aim in introducing Nitaqat 2.0 is to increase the rate of Saudisation gradually and from the beginning of an employer's life cycle instead of only at the point of an employer becoming subject to a larger headcount tier group.



Saudisation of professions

Saudisation of professions

Over the past three years, the MHRSD has promoted Saudisation in specific professions where national statistics show high numbers of Saudi graduates in relevant core subjects. Its latest measures have related to the legal profession as well as further measures in the retail services sector. In addition, the MHRSD has introduced a verification process and testing for specific vocations (e.g. electricians and plumbers).

We summarise below the key measures in this area which have focused on three common measures: a) increased quotas or even one hundred percent Saudisation for specific functions or job titles; b) increased quotas (commonly 70%) tied to specific ISIC economic activities listed on commercial registrations; and c) increased minimum wages, often in the region of SAR 5,000 to 7,000.

Professions

IT and Communications	Legal Profession	Various
<ul style="list-style-type: none"> - Operation and maintenance of information technology 	Ministerial Decision No. (212607) dated 24/11/1442AH <ul style="list-style-type: none"> - 50% by 01/03/1443AH 	<ul style="list-style-type: none"> - Cinemas - Driving schools
<ul style="list-style-type: none"> - Operation and maintenance of communications 	<ul style="list-style-type: none"> - 70% by 01/03/1444AH Applies to law firms and in-house teams	<ul style="list-style-type: none"> - Customs clearance - Real estate
<ul style="list-style-type: none"> - Infrastructure for information technology, infrastructure for communications, IT solutions, telecom solutions, and mail activities 	<ul style="list-style-type: none"> - SAR 5,500 minimum salary Applies to:	<ul style="list-style-type: none"> - Schools
<ul style="list-style-type: none"> - Specific quota applies in each of these 3 sub categories 	<ul style="list-style-type: none"> - Legal Consultant General Law - Legal consultant private law 	
<ul style="list-style-type: none"> - MHRSD's annex to the resolution specifies the license activities under each of 3 sub categories 	<ul style="list-style-type: none"> - Contracts specialist - Legal Affairs Clerk 	

Remote Customer Service	Finance - Accountancy	Engineering	IT and Communications
<ul style="list-style-type: none"> - Grace period 180 days - Customer services as key or supporting activity of organization - Customer service occupations and remote jobs - Customer service via phone, email, conversations, social media - Supervisory roles - Managerial roles 	<ul style="list-style-type: none"> - Grace period 180 days - 5 accountants or more - 20 job titles identified - SOCPA certified - 5 individuals in these roles - 30% Saudisation - Min wages vary - SAR 6,000 – BA degree - SAR 4500 diploma 	<ul style="list-style-type: none"> - Engineering - roles as recognised by MHRSD / accreditation from SEC - Circa 105 roles - 5 engineers or more - 25% Saudisation - SAR 7,000 min wage 	<ul style="list-style-type: none"> - Jobs in the communications and information technology engineering; development of applications, programming and analysis, as well as in the technical support and telecommunications technical fields - Circa 42 roles under each of these three categories - Min wages vary - SAR 7,000 for workers in communications and information technology engineering jobs - SAR 7,000 for employees working in application development, programming, and analysis jobs - SAR 5,000 for employees working in technical support and telecom technical jobs

Pharmacy	Health and Safety	Dentistry
<ul style="list-style-type: none"> - 5 pharmacists or more - 20% by July 2020 - 30% by July 2021 	<ul style="list-style-type: none"> - 50 employees + 1 HSE officer - 100 employees + 2 HSE officer <p data-bbox="508 499 916 629"> https://www.clydeco.com/en/insights/2020/02/saudi-arabia-puts-health-and-safety-at-the-centre </p>	<ul style="list-style-type: none"> - 3 dentists or more - Registered with Saudi Commission for medical specialties - 25% by 1/8/1441 H (March 2020) - 30% by 1/8/442 H (Feb/March 2021) - SAR 7,600 for private sector min wage



Saudisation of sectors

Sectors

Tourism	Retail	Public contracts
<p>Tourism accommodation sector (meaning hotel apartments, hotel villas, heritage hotel villas, resorts and hotels of 4 star and above) – 100% Saudised</p> <ul style="list-style-type: none"> - Finance/ Procurement Department - Reservations - Front Offices - General Department - Information Technology - Health Club - Housekeeping (but Saudi women are not permitted to work as chamber maids) - Food & Beverages - Sales & Marketing roles (70% Saudised) <p>Phase 1: Saudisation of non-(Leadership/ Supervisory) Occupations by 1 Jumada I 1441 H</p> <p>Phase 2: Saudisation of Supervisory Occupations/ Assistant Managers by 1 Dhul Qida 1441 H</p> <p>Phase 3: Saudisation of Leadership Occupations by 1 Jumada I 1442 H</p>	<p>Heavy Saudisation</p> <ul style="list-style-type: none"> - Selling of perfumes and fabrics - Mobile phones selling and maintenance - Car rentals - Female clothing - 60 sub lines of retail 100% Saudised <p>https://www.clydeco.com/en/insights/2020/01/promoting-women-in-the-workforce-2020-each-for-equ</p> <p>Further manuals published regarding:</p> <ul style="list-style-type: none"> - Restaurants - Malls - Cinemas - Groceries 	<p>An entity owned 51% or more by the Government, in its maintenance and operation contracts (on-going jobs of operation, maintenance, cleaning and services contracts).</p> <p>Minimum wage varies:</p> <ul style="list-style-type: none"> - Engineering and Specialised Level (SAR 8,400) - Supervisory Level (SAR 7,000) - Technical Level (SAR 5,700) - Operational and Vocational Level (SAR 4,000) - Low-Skilled Jobs Level (SAR 3,000)



Saudisation of regions

Regions

Hail Region	Gizan	Al Medina	Al Baha
- Vehicle recovery	- Cashier/teller	- Closed malls	- Cashier/teller
- Professional services offices	- Real estate services	- Civil association employees	- Auto parts
- Travel agencies	- Recruitment offices	- Tourism-sector jobs	- Car showrooms
- Malls	- Charity committees	- HSE officer roles	- Closed malls/markets
- Misc. support staff roles etc.	- Malls	- Data entry roles	
	- Travel agencies		
	- Auto parts		
	- Car showrooms		
	- Fruit and vegetable markets		

Northern Borders	Al Qusaim	Nagran
- Charity employees	- Closed malls	- Closed malls
- Fruit and vegetable markets	- Entertainment venues	- Real estate services
- Car showrooms	- Restaurant employees	- Charity employees
- Closed malls	- Moveable carts	- Car showrooms
- Moveable carts		- Auto parts
- Livestock market employees		- Perfumes and men's fashion

440

Partners

1,800

Lawyers

4,000

Total staff

2,500

Legal professionals

50+

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