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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, mediumgreen, 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 number of 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 targeted a range of different sectors. In addition, the MHRSD has introduced a verification process and testing for specific vocations (e.g. electricians, plumbers and engineers). 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

Ladies Beauty Salons and Tailors for Women	Postal and Freight Activities	Sales	Procurement
<p>The following professions within the beauty and tailoring profession for women are subject to certain Saudisation requirements.</p> <p>Branch manager, deputy branch manager, human resources supervisor, department supervisor, client accountant, receptionist, customer service, inventory keeper, and sales professions are required to reach 100% Saudisation by 24 December 2023 (some exceptions apply).</p> <p>A minimum of one Saudi female employee must be employed by 24 December 2023 in outlets which employ 10 or more non-Saudi workers in the following professions:</p> <p>Tailor for women, make-up artists, hair</p>	<p>The following postal and freight activities are subject to a Saudisation requirement of 100% by 26 October 2023:</p> <ul style="list-style-type: none"> - Freight brokers - Freight forwarders (freight brokers by sea) - Packing and unloading - Loading and unloading of air cargos - Freight handling activities - Transport and marine freight agencies - Accredited air freight agencies - Shipping and distributing goods services - Air freight consolidation agencies - Air freight handling of goods and parcel services - Cargo handling activities - Receiving and unloading goods and products from conveyors, describing them and arranging 	<p>Private sector companies with five or more employees working in sales professions are required to adhere to the following Saudisation requirements.</p> <p>The following roles are subject to Saudisation:</p> <ul style="list-style-type: none"> - Sales manager - Retail sales manager - Commercial specialist - Sales specialist - Wholesale sales manager - Information and communication technology equipment sales specialist - Sales representative - Commodity Broker - Futures commodity broker <p>Companies are required to reach a rate of 15%</p>	<p>Private sector companies with three or more employees working in procurement professions are required to adhere to the following Saudisation requirements.</p> <p>The following roles are subject to Saudisation:</p> <ul style="list-style-type: none"> - Purchasing manager - Purchasing representative - Contracts manager - Private trademark supply specialist - Bidding specialist - Procurement specialist <p>Companies are required to reach a rate of 50% Saudisation by 24 December 2023.</p>

care professionals, photography and montage professionals, and skin care professionals.	<p>them on the shelves</p> <ul style="list-style-type: none"> - Loading and unloading of cargo and passenger baggage, regardless of the mode of transport - Air transportation of goods <p>Exceptions apply to certain roles apply.</p>	Saudisation by 24 December 2023.	
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IT and Communications	Legal Profession	Various	Project Management
<ul style="list-style-type: none"> - Operation and maintenance of information technology - Operation and maintenance of communications - Infrastructure for information technology, infrastructure for communications, IT solutions, telecom solutions, and mail activities - Specific quota applies in each of these 3 sub categories <p>MHRSD's annex to the resolution specifies the license activities under each of 3 sub categories</p>	<p>Ministerial Decision No.(212607) dated 24/11/1442AH</p> <ul style="list-style-type: none"> - 50% by 01/03/1443AH - 70% by 01/03/1444AH <p>Applies to law firms and in-house teams</p> <ul style="list-style-type: none"> - SAR 5,500 minimum salary <p>Applies to:</p> <ul style="list-style-type: none"> - Legal Consultant General Law - Legal consultant private law - Contracts specialist <p>Legal Affairs Clerk</p>	<ul style="list-style-type: none"> - Cinemas - Driving schools - Customs clearance - Real estate - Schools 	<p>Private sector companies with three or more employees working in project management professions are required to adhere to the following Saudisation requirements.</p> <p>The following roles are subject to Saudisation:</p> <ul style="list-style-type: none"> - Project manager - Project management specialist - Project management office specialist - Communications project manager - Project manager for business services <p>Companies are required to reach a rate of 35% Saudisation by 24 December 2023, and</p>

			<p>40% by 12 December 2024.</p> <p>In order for a KSA national to count towards Saudisation, they would need to have a minimum monthly salary of SAR 6,000.</p>
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Remote Customer Service	Finance - Accountancy	Various	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
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Pharmacy	Health and Safety	Dentistry	Consultancy
<ul style="list-style-type: none"> - 5 pharmacists or more - 20% by July 2020 <p>30% by July 2021</p>	<ul style="list-style-type: none"> - 50 employees + 1 HSE officer - 100 employees + 2 HSE officer 	<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) <p>SAR 7,600 for private sector min wage</p>	<ul style="list-style-type: none"> - 40% Saudisation <p>Effective 25 March 2024</p> <p>Consulting professions include:</p> <ul style="list-style-type: none"> - financial consulting specialists, - business consulting specialists, - cyber security consulting specialists, and - project management directors, engineers and specialists.

Saudisation of sectors

Sectors

Education	Aviation	Optics	Vehicle Service Centres
<p>Saudisation is split between two categories.</p> <p>Category one applies to roles within private education. Private education is defined to mean all schools in the private sector which follow the Saudi curriculum. This category nationalises 27 job positions such as secondary teachers, foreign language teachers, kindergarten teachers as well as other and provides for:</p> <p>(a) 90% Saudisation for girls private education; and</p> <p>(b) 60% Saudisation for boys private education</p> <p>Category two applies to roles within private international education, which is defined as schools in the private sector which follow an international curriculum. This category nationalises 12 job positions, such as physical education, national education, Arabic language, Islamic education, social education, as well as other and provides for 80% Saudisation for girls and boys private</p>	<p>Various roles within the aviation sector have been nationalised for private sector companies with five or more employees working in the designated roles, which include the following:</p> <ul style="list-style-type: none"> - First officers, air traffic controllers and dispatchers were required to achieve 100% Saudisation by 15 March 2023 - 70% of Captains must be KSA nationals by 4 March 2024 - 100% of flight attendants must be KSA nationals by 4 March 2024 <p>Employees must be accredited by the Saudi Arabia General Authority of Civil Aviation.</p>	<p>Various roles within the optics sector have been nationalised for private sector companies with four or more employees working in the designated roles. These include medical optics technicians, physics laboratory technicians and optical technicians. These positions were required to reach 100% nationalisation by 18 March 2023.</p> <p>In order for a KSA national to count towards Saudisation, they would need to have a minimum monthly salary of SAR 5,500.</p> <p>Employees must be accredited by the Saudi Commission for Health Specialties.</p>	<p>100% Saudisation must be achieved by 22 June 2024 for the following roles: site manager, assistant manager, quality manager, financial supervisor, site supervisor, lane leader, inspection technician, assistant inspection technician, maintenance technician, information technician, and data entry specialist.</p>

international education. In order for a KSA national to count towards Saudisation, they would need to have a minimum monthly salary of SAR 5,000.			
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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>Further manuals published regarding:</p> <ul style="list-style-type: none"> - Restaurants - Malls - Cinemas <p>Groceries</p>	<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) <p>Operational and Vocational Level (SAR 4,000)</p> <ul style="list-style-type: none"> - Low-Skilled Jobs Level (SAR 3,000)

Saudisation of regions

Hail Region	Gizan	Al Medina	Al Baha
<ul style="list-style-type: none"> - Vehicle recovery - Professional services offices - Travel agencies - Malls - Misc. support staff roles etc. 	<ul style="list-style-type: none"> - Cashier/teller - Real estate services - Recruitment offices - Charity committees - Malls - Travel agencies - Auto parts - Car showrooms - Fruit and vegetable markets 	<ul style="list-style-type: none"> - Closed malls - Civil association employees - Tourism-sector jobs - HSE officer roles - Data entry roles 	<ul style="list-style-type: none"> - Cashier/teller - Auto parts - Car showrooms - Closed malls/markets

Northern Borders	Al Qusaim	Nagran
<ul style="list-style-type: none"> - Charity employees - Fruit and vegetable markets - Car showrooms - Closed malls - Moveable carts - Livestock market employees 	<ul style="list-style-type: none"> - Closed malls - Entertainment venues - Restaurant employees - Moveable carts 	<ul style="list-style-type: none"> - Closed malls - Real estate services - Charity employees - Car showrooms - Auto parts - Perfumes and men's fashion

490

Partners

2,400

Lawyers

5,500

Total staff

3,200

Legal professionals

60+

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