The Political Economy of Work in Saudi Arabia: A Comparative Labour Process Analysis in Two Firms

By

Ayman Adham

A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy

De Montfort University, Faculty of Business and Law

2018

Abstract

The aim of this thesis is to contribute to an understanding of the specific nature of state-capital-labour relations at the workplace in order to shed light on the contradictions and class struggles that underpin Saudi capitalism. Theoretically, it challenges the 'functional' image of Saudi capitalism as 'Patrimonial Capitalism'. This political economy approach focuses on 'coherent' state-business relations underpinned by the coordination mechanisms of coercion and co-optation and the resultant 'institutional complementarities' of Saudi capitalism, neglecting the role of labour as an actor. The thesis argues that a focus on 'patrimonialism' draws attention away from the pressures of global capitalist dynamics (most notably through migrant labour), struggles at the workplace between different actors, and the institutional incoherence and incongruence of Saudi political economy. Instead, it engages with critical-materialist perspectives and looks at the workplace through the lens of labour process theory, hitherto under-researched in scholarship on Saudi Arabia.

A comparative qualitative case study of a state-owned joint venture in the petrochemical sector and a family-owned firm in the construction sector yields three key findings. First, divisions among workers, particularly through reliance on non-Arab male migrants, are at the core of Saudi capitalism. Segmentation through the *Kafala* system is used as a spatial fix, for control at the workplace for wider social control, and for maintaining low costs of labour. Second, the workplace is a site of contest to a greater and lesser degree despite the high control over labour. Migrants as well as Saudis resist through sabotage, high turnover (particularly of Saudis) and in extreme cases though suicide (among migrants). Third, the evident conflicts at the workplace have implications for the functioning of state policies and firm practices. Neither migrants nor Saudi workers are passive recipients of state and firm policies: migrants are able to avoid the *Kafala* system through obtaining a 'free visa' and seeking recourse to concealed businesses known as *tasattur*. Both firms were seen to adopt creative techniques to circumvent, avoid or modify *Saudisation* policies at the workplace, while the state struggles to address unemployment among its citizens. Notably, the state is unable to enforce its *Saudisation* policies in its own firm.

The thesis concludes that state-business relations, as argued by existing studies, are not sufficient to understand Saudi capitalism. It is essential to include the role of migrant labour, workplace dynamics and institutional incoherence and incongruence in the analysis. A focus on the workplace reveals and suggests that relations between various actors and spheres at various levels are not always coherent or complementary. Conflicts exist between different categories of workers, between capital and labour, and between the state and firms. The two patrimonial modes of coordination – coercion and co-optation, as exemplified by *Kafala* and *Saudisation* – do not function as expected, contradicting the patrimonial model of the alleged smooth state-business relations and of institutional complementarities.

Conference Papers

1- 'Labour Management in Patrimonial Capitalism', paper presented to the Work, Employment and Society Conference, Leeds, 6-8 September 2016.

2- 'Putting Labour in Patrimonial Capitalism: State, Firms and Labour in Saudi Capitalism', paper presented to the 34th International Labour Process Conference, Sheffield, 4-6 April 2017.

3- 'Patrimonial relations or capitalist dynamics of control and contest? Case study of a state-owned firm in Saudi Arabia', paper presented to the 35th International Labour Process Conference, Buenos Aires, 21-23 March 2018.

Declaration

The thesis represents the candidate's own work and has not been submitted for a degree at another University.

Acknowledgments

I would like to express my deepest gratitude to my beloved parents Samir & Sabah, who have always been there in most challenging times, and who supported and believed in me. I would also like to thank Reham for her support throughout this project.

Special thanks go to my primary PhD supervisor Dr Anita Hammer. It has been an honour to be your student, and I am grateful for your patience. Words will never express my gratitude for your help and guidance. I would also like to thank Dr Peter Butler for his collaboration and critical feedback.

I owe an enormous debt of gratitude to the Ministry of Education in Saudi Arabia for providing financial support for the whole duration of my study in the United Kingdom. My thanks also go to De Montfort University for the generous studentship I have received.

List of Abbreviations

BME	Bureaucratic Market Economy
CC	Comparative Capitalisms
CME	Coordinated Market Economy
GCC	Gulf Cooperation Council
HR	Human Resources
HRDF	Human Resources Development Fund
JV	Joint Venture
LME	Liberal Market Economy
LPT	Labour Process Theory
MNC	Multinational Corporation
PME	Patrimonial Market Economy
SAR	Saudi Arabian Riyal
USD	United States Dollar
VoC	Varieties of Capitalism

Contents

List of Figures

List of Tables

Chapter 1: Introduction

1.1 Background and Research Problem

The study is located within the wider debate on Comparative Capitalisms (CC) (also known as comparative political economy) that aims to understand institutional variations and how they structure work and employment in contemporary capitalist systems. The thesis is principally informed by critical theory perspectives and draws on Labour Process Theory (LPT). More specifically, it is interested in recent scholarship that links CC with LPT, which stresses the need to explore the dimension of workplace dynamics and how it is linked to macro institutional structures (e.g. Thompson, 2010; Vidal and Hauptmeier, 2014; Coates, 2015; Ebenau, Bruff and May, 2015; Smith and Liu, 2016). A synthesis between CC and LPT is crucial to comprehend the specificity of the political economy of work in Saudi Arabia. The thesis, therefore, incorporates three bodies of literature, as depicted in figure 1.1 below.
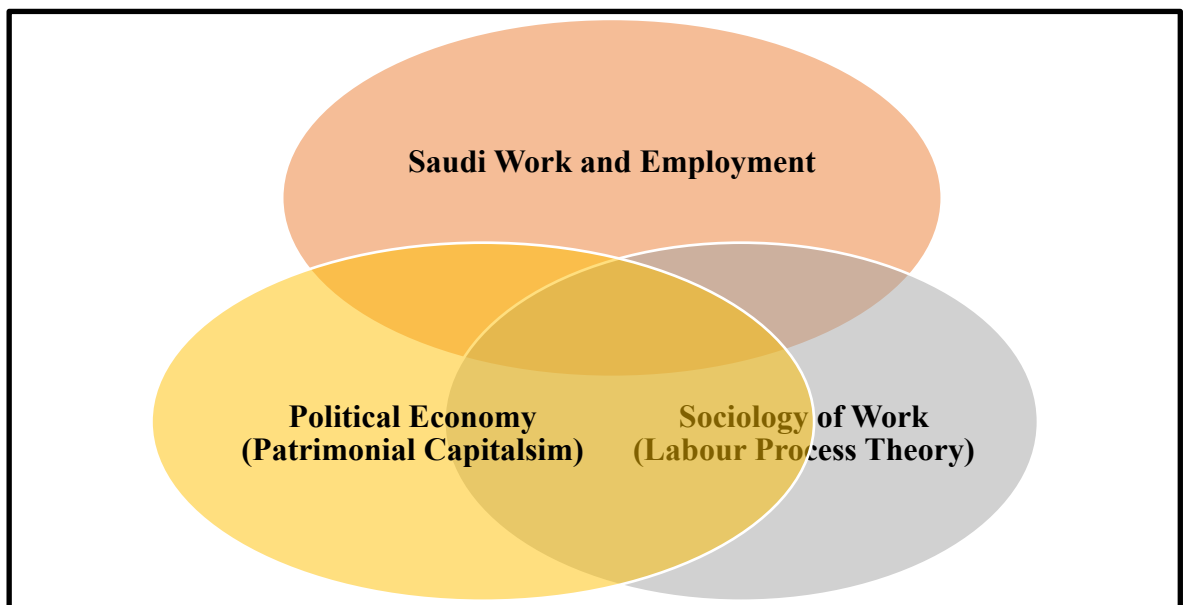
Figure 1. 1: Bodies of Literature

Source: Author

In the extended Varieties of Capitalism (VoC) (Hall and Soskice, 2001) analyses of emerging economies, the Kingdom of Saudi Arabia – the world's largest crude oil exporter – is categorised as 'patrimonial capitalism' (Schlumberger 2004; 2008). It has also recently been categorised as a 'patrimonial market economy' (Buhr and Frankenberger, 2014). Patrimonial capitalism is a neo-institutionalist framework that builds on the 'rentier state theory' (Mehdavy, 1970; Beblawi and Luciani, 1987) and the Weberian approach of 'neo-patrimonialism' (Eisenstadt, 1973; Erdmann and Engel, 2006).

The typology of patrimonial capitalism, of which Saudi Arabia is argued to represent an exemplar, considers the centrality of oil rent and how it is distributed through formal and informal institutions to repress opposition groups and to buy the loyalties of elites and large segments of citizens through two coordination mechanisms: *coercion* and *co-optation*. Proponents of this approach argue that the particular form of political and economic structures, underpinned by the two coordination mechanisms, create a particular form of 'comparative institutional advantage' where the state manages to maintain a high growth rate (Buhr and Frankenberger, 2014). They argue that the patrimonial-rentier regime represses the working class through the threat of using force and undertaking military actions as a last resort. At the same time, the huge rent income enables the state to co-opt business elites through patronage and to co-opt citizens mainly through employment in the public-sector, subsidies on consumer goods and the distribution of small parcels of land. Schlumberger (2004; 2008) presents a detailed analysis of patrimonialism in the Arab world and argues that patrimonial political rule is embedded in 'neo-patriarchal' societies (see Sharabi, 1988). Besides, the nature of informal/personal relations between rulers and business elites is represented in the social norm of *wasta* (an Arabic term for intermediation or even nepotism in some cases) (Joseph, 1996).

While this post-VoC model,[1] namely patrimonial capitalism, brings a level of understanding of socio-political relations and institutional structures, it suffers from three major shortcomings. First, it examines capitalism as a contained social order almost isolated from the global system (Ebenau, 2015; Jessop, 2015; Wehr, 2015), which is a longstanding critique known as 'methodological nationalism' (Wimmer and Schiller, 2002). Second, it

---

[1] Post-VoC is a term used to classify political economy approaches that 'distance themselves from the VoC, but remain within the frame of the wider neo-institutionalist paradigm' (Ebenau, 2015: 45). These approaches attempt to refine the original VoC without questioning its core theoretical basis.

overlooks capital-labour conflicts as witnessed at the workplace level. This ties with the third problem, namely the focus on 'institutional complementarities' and 'coherent' state-capital relations to the neglect of institutional incoherence and incongruence (Vidal, 2014). These issues 'appear to be associated with the theoretical fundamentals of the neo-institutionalist paradigm itself' (Ebenau, 2015: 58).

It has been argued by a number of critical political economists that issues persistent in the VoC school can be addressed through examining the core of political economy, that is the *relations of production* (see in particular the edited volume by Ebenau, Bruff and May, 2015). Therefore, for this research project labour process analysis is crucial for the understanding of the dynamics of Saudi capitalism.

1.1.1 Knowledge Gaps and Contributions

The thesis aims to make theoretical and empirical contributions to our knowledge of the subject.

Theoretically, the thesis starts by offering a critique of the patrimonial capitalism framework. It does not attempt to reject the model; rather, it aims at refining it by focusing on 'capitalism' instead of 'patrimonialism'. For this research, analysing labour processes at the point of production contributes to an understanding of the dynamics of accumulation and class struggles that underpin Saudi capitalism.

The thesis argues that the starting point for analysing Saudi capitalism is by bringing back labour, and in particular migrants, to the centre of political economy. It starts with the argument of Hanieh (2015a: 7), who stresses that:

> The development of the Gulf's economies cannot be adequately theorised through looking solely at the deployment of oil revenues, the internecine rivalries of royal families, or the institutional configurations and policies of the Gulf state. Both state and capital in the Gulf fully depend on the presence of a transient, precarious, and highly exploitable class of migrant workers drawn from numerous states across the globe.

Bringing migrant labour to the centre of the analysis does not only embed Saudi Arabia in the global capitalist system but is also crucial for understanding the processes of labour

market segmentation, workplace dynamics and institutional incoherence and incongruence. Both state institutions of *Kafala* (sponsorship system for migrant labour) and *Saudisation* (localisation of jobs in the private sector) structure the organisation of work; however, they are often contradictory and cause conflicts between the state, capital and labour, struggles that structure institutions. The *Kafala* system is used to subjugate and control the migrant labour force (i.e. coercion), who account for almost 85% of the total workforce in the private sector (Saudi Arabia. General Authority for Statistics, 2018). Both migrants and Saudis, however, manipulate the *Kafala* through the illegal practices of *tasattur* (i.e. business concealment) and black-market work visa trading known as 'free visa'. Moreover, the *Saudisation* policies are used to maintain the state's legitimacy and avoid political unrest (i.e. co-optation) through promoting the employment of Saudis in the private sector (Shin, 2017). Nevertheless, *Saudisation* has long been circumvented by firms through practices such as ghost *Saudisation*. More importantly, despite the strict enforcement of many *Saudisation* policies since 2011, unemployment among Saudis increased to 12.8% by early 2017 compared to only 0.5% among migrants (Saudi Arabia. Ministry of Labor, 2017). The patrimonial capitalist framework does not accommodate these struggles and contradictions.

Without discounting the role of national institutions in the operation of political economies, it has been advocated by both comparativists (e.g. Streeck, 2010; Ebenau, 2015; Coates, 2015) and LPT scholars (e.g. Edwards, 2010; Vidal and Hauptmeier, 2014; Thompson and Smith, 2017) that for a thorough understanding of capitalist dynamics, it is necessary to go beyond the institutional analysis of the workplace. As Vidal and Hauptmeier (2014: 17) argue:

> The core insight that labour process theory can contribute to comparative political economy is that if we want to fully understand the functioning, problems, strategic dilemmas, and opportunities of the macro economy, we must understand the internal dynamics of organisations and how managers and workers react to, struggle over and attempt to reshape the complex pressures they face – both valorisation/market pressures and institutional pressures.

Empirically, the thesis contributes to existing research on Saudi work and employment through a focus on conflicts between the state, capital and labour, hitherto not sufficiently explored. Broadly, academic research on Saudi work and employment can be divided into two groups: internal researchers and outsiders. Internal researchers (mostly Saudi

academics) focus mainly on *Saudisation* issues at the workplace to the neglect of the role of migrant labour and resistance. They predominantly adopt quantitative approaches, overlooking details on workplace dynamics (e.g. Al-Rasheedi, 2012; Jehanzeb, Rasheed and Rasheed, 2013; Alzalabani and Modi, 2014; Alzalabani, 2017). A few studies (e.g. Al-Shammari, 2009; AlGassim, Berry and McPhail, 2012; Alshanbri, Khalfan and Maqsood, 2015; Alothman, 2017) incorporate some qualitative analysis but focus on interviews with managers, neglecting the views of workers (both Saudis and migrants). The second group focuses on migrant workers and draws mainly on neo-institutional theory (e.g. Harry, 2007; Eldemerdash, 2014; Matsuo, 2015; Kapiszewski, 2016; Rahman, 2018). This body of scholarship lacks access to the workplace and, thus, lacks detailed description and in-depth analysis of the interaction between labour, firms and state policies. Reviewing the work of both groups, it remains unclear how much room and what methods are left for firms to manoeuvre within the boundaries set by the state policies of *Kafala* and *Saudisation*. Similarly, little is known about worker–manager conflicts, worker and manager interests and power bases, and the extent to which Saudis and migrants resist management and state controls. This thesis focuses on these issues.

LPT offers concrete analytical tools for analysing workplace dynamics in a capitalist system, and in particular, the dialectics of control-consent-resistance (Burawoy, 1979; Edwards, 1990; Friedman, 1990; Littler, 1990), the notion of organisational misbehaviour (Ackroyd and Thompson, 1999, 2016) and the double indeterminacy of labour power (Smith, 2006, 2010). To my knowledge, labour process analysis has not yet been applied to the Saudi context and the dynamics of the Saudi workplace remain insufficiently explored.

1.2 Research Aim and Questions

By putting labour back into the centre of the analysis, this comparative qualitative case study research aims to examine the specific nature of state-capital-labour relations at the workplace to better understand the contradictions and class struggles that underpin Saudi capitalism. While the political economy approach of patrimonial capitalism is a top-down analysis of Saudi capitalism, this research attempts to understand the dynamics of Saudi capitalism from the bottom up using labour process analysis. It does so in two ways:

1. By investigating work and employment relations in two large firms (a state-owned joint venture and a family-owned firm) to examine the extent to which patrimonial institutions (both formal and informal) shape and structure them. This includes areas of workforce segmentation, recruitment, pay, training, appraisal, discipline and contestation.

2. A focus on the workplace brings to attention possible institutional incoherence and incongruence in how the state policies of *Kafala* and *Saudisation* function and are contested at the workplace, particularly firms' avoidance of *Saudisation* policies and workers' resistance to management control and the *Kafala* system. This may provide further insights into the limitations of the patrimonial capitalism framework.

To achieve the primary aim of the thesis, three research questions were identified that can be viewed as addressing gaps in the literature on work and employment in the Saudi context.

1- How can existing patterns of segmentation in the Saudi labour market be explained?

This question primarily concerns the presence of global migrant labour, who constitute the overwhelming majority of the workforce in Saudi Arabia. Some contemporary political economists argue that divisions of labour in the Gulf states, particularly through the reliance on non-Arab migrants, are deliberately used as a 'spatial fix' (Hanieh, 2015b) and 'social control' over the broader working class (e.g. AlShehabi, 2015; Khalaf, 2015). However, these scholars rely on secondary data and lack access to the workplace; hence the details of labour market segmentation remain insufficiently investigated.

2- How do labour-capital conflicts shape the organisation of work within firms in Saudi Arabia?

Drawing on labour process theory, the second question explores the workplace dynamics that arise because of the double indeterminacy of labour power: effort and mobility power (Smith, 2006). The study looks at conflicts at the workplace and draws links to wider institutional aspects, in particular *Saudisation* and *Kafala*, that also shape the nature of relations between labour and capital within firms. A review of the literature on Saudi work and employment reveals little work (if any) has been carried out to explore managerial control and workers' experiences.

3- To what extent are the patrimonial coordination modes of coercion and co-optation, which are manifested in the *Saudisation* and *Kafala* policies, complied with or resisted by firms and labour?

This question deals with the assumed 'coherent' state-business relations and 'institutional complementarities' of the patrimonial coordination modes of coercion and co-optation. Critical theoretical insights and empirical observations stimulate this question. Theoretically, the thesis engages with recent scholarship that highlights the fundamental flaws of the VoC school as being actor-focused (state-centred in patrimonial capitalism), and overlooking capitalist dynamics that arise from conflicts at the workplace level (e.g. Coates, 2015; Ebenau, 2015; Wehr, 2015). In the Saudi context, the resistance of both firms and labour to state policies causes tensions and contradictions that the patrimonial capitalism model does not capture, while there is also a lack of empirical research on the dynamics that arise from them. Crucially, investigating a state-owned firm is essential for this research to highlight the contradiction of *Saudisation* policies in the core sector of the Saudi economy, i.e. petrochemicals. Similarly, studying a family-owned firm sheds lights on the role of free visa migrants and *tasattur* businesses that predominate in the construction sector.

1.3 Research Design

The researcher takes a critical realist stance (Bhaskar, 1975; Thompson and Vincent, 2010), which theoretically as well as empirically informs the methodological approach to the research problem. Theoretically, this research draws on the neo-institutionalist approach of patrimonial capitalism to shed light on the institutional structures of Saudi Arabia with the aim of incorporating capitalist dynamics into the framework, which is the focus of labour process theory. Empirically, the research was conducted in two case study firms: a state-owned joint venture in the petrochemical sector and a family-owned firm in the construction sector. Both cases were selected based on the theoretical sampling logic to ensure that analytical generalisations can be drawn. The three variables of size, ownership and sector, acted as a guide for choosing the case studies. These variables have a strong influence on the application of the *Kafala* and *Saudisation* policies at the workplace. The researcher kept the size almost constant by choosing two large firms regarding number of workers. As the research aims for 'theoretical replication' (Yin, 2009), however, two distinct case studies

were selected in terms of ownership structure and sector, which were expected to produce some contrasting results.

The researcher recognises the importance of accessing multiple structures and procedures. Therefore, the researcher gained an in-depth ethnographic picture of the two case study firms. Data were collected primarily through 41 semi-structured interviews, observation and documentary analysis supported by extensive informal conversations with workers conducted inside and outside the workplace. A total of 22 interviews were conducted in the joint venture, and 19 interviews in the Saudi firm. The interviewees are managers, HR specialists, manual workers and office workers of different nationalities.

1.4 Structure of the Thesis

This thesis is divided into nine chapters, of which this is the first.

Chapter 2 assesses the literature on patrimonial capitalism to provide an in-depth discussion of institutional and cultural dimensions as the basis for analysing Saudi Arabia. It also discusses the main limitations of this political economy approach and the critical perspectives needed to understand Saudi capitalism.

Chapter 3 draws upon Marx's labour process to conceptualise the relations at the workplace and emphasises the need for labour process analysis of Saudi workplaces. The 'core' LPT offers useful analytical concepts of control, consent and resistance for understanding the organisation of work and labour–capital conflict in a capitalist system. The chapter covers the *organisational misbehaviour* framework and the notion of *mobility power* in particular.

Chapter 4 examines segmentation in the Saudi labour market using secondary sources. The three dimensions of nationality, skill and gender are identified as the primary patterns of labour segmentation. This chapter also assesses the literature on *Saudisation* and *Kafala* to establish what is known and to identify the weaknesses and limitations of this body of work.

Chapter 5 presents the critical realism philosophy and justifies why it is adopted in this research. It then details the research methodology and justifies why the multiple case study approach is adopted. Two distinct case studies are selected, a joint venture (70% state-

owned) in the petrochemical sector and a Saudi firm (family-owned) in the construction sector. The chapter also makes an argument for choosing the two case study firms, the criteria used to select them, the data collection methods, and how the data were analysed.

Chapters 6 and 7 profile the two case study firms, outlining their physical layout, organisational structure and work environment. They detail how *Kafala* and *Saudisation* function in the two firms, focusing on authority structure, workforce profile, recruitment, discipline, resistance, and systems of pay, appraisal and training. The descriptive framework used to organise the findings in these two chapters, draws on the work of Dore (1973), *British Factory-Japanese Factory.*

Chapter 8 undertakes a comparative analysis of the two case study firms using thematic analysis and cross-case synthesis. It draws out similarities and differences in practices between the two firms and between different categories of workers. This chapter is divided into three main sections, each addressing a research question.

Chapter 9 concludes by revisiting the research aim. It reflects on the limitations of the patrimonial capitalism model in comprehending the Saudi reality. The chapter discusses the contributions of the thesis, its limitations and suggestions for future research.

Chapter 2: The Political Economy Approach to Saudi Capitalism: A Critique

2.1 Introduction

Comparative Capitalisms (CC) is a broad umbrella of approaches that share the aim of understanding how capitalist systems and institutions (both formal and informal) shape and structure work and employment relations. Of these, the Varieties of Capitalism (VoC) framework, first developed by Hall and Soskice (2001), is the most influential, yet extensively critiqued approach towards the study of political economies (Streeck, 2010; Ebenau, 2012; Coates, 2015). In an extended post-VoC analysis of emerging economies, Saudi Arabia is placed in the category of 'patrimonial capitalism' (Schlumberger, 2004) or 'patrimonial market economy' (Buhr and Frankenberger, 2014)[2].

This chapter presents a critical assessment of the patrimonial capitalism model to elucidate its theoretical rationale and identify where it fails to explain the reality of Saudi capitalism. Proponents of this model argue that two main features constitute this type of capitalism: a reliance on oil revenue from external markets, namely the 'rentier state theory' (Beblawi and Luciani, 1987), and the predominance of 'neo-patrimonial' political rule (Erdmann and Engel, 2006). While patrimonial capitalism provides useful insights into institutional structures (both formal and informal), it has major shortcomings that query its ability to theorise the nature of Saudi capitalism. Notably, it neglects three aspects: the global dimension of migrant labour, workplace dynamics, and institutional incoherence and incongruence arising from state-capital-labour conflicts.

This chapter consists of three sections. It commences with an overview of the main dimensions of patrimonial capitalism (section 2.2). The second section focuses on the patrimonial coordination modes of coercion and co-optation that are manifested in the formal institutions of *Kafala* and *Saudisation* (section 2.3). This section also highlights the informal

---

[2] Focusing on autocratic economies, Buhr and Frankenberger (2014) identify two varieties of capitalism: patrimonial market economies and bureaucratic market economies. They combined both typologies to develop an ideal type (incorporated capitalism) that can be used to compare capitalism worldwide.

institutions of neo-patriarchy and *wasta* that are argued to be prevalent in the workplace. Drawing on critical-materialist perspectives, a detailed critique of the model is presented in the third section of the chapter (section 2.4).

2.2 Overview of the Patrimonial Capitalism Framework

Patrimonial capitalism is an extension of the original VoC and has been recently used to integrate some emerging political economies (including Saudi Arabia) into CC research (e.g. Becker, 2014; Buhr and Frankenberger, 2014). This section presents an overview of the political economy approach towards patrimonial capitalism. The principal dimensions of the model, as depicted in figure 2.1 below, are outlined briefly and then discussed in detail in the following section.
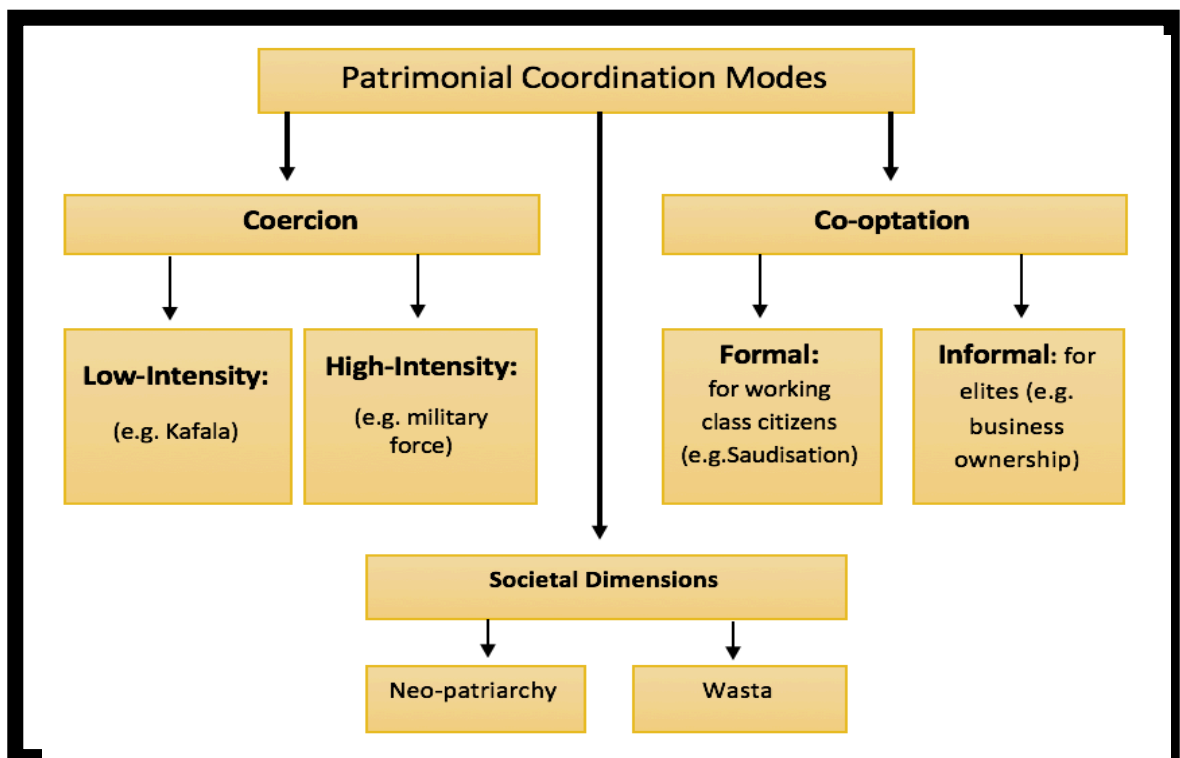
Figure 2.1: Patrimonial Capitalism Framework

Sources: Author, based on Schlumberger (2004); Buhr and Frankenberger (2014)

Patrimonial capitalism is an actor-centred approach (Wehr, 2015) that views a political economy as a territory occupied by various actors (such as the state, firms, employees and social groups), which interact with one another in a 'rational' way. Meanwhile, each actor seeks to advance their own interests within some institutional spheres. For instance, corporate governance, employment relations, or vocational training and education. In this respect, institutions represent the formal rules and informal norms defining the 'rules of the game' in a political economy (North, Wallis and Weingast, 2013). While it is argued that firms play a central role in liberal market economies (LME) and coordinated market economies (CME) (Hall and Soskice, 2001), it is the state that is pivotal in patrimonial market economies (PME). In table 2.1 below, the VoC typologies, LME, CME, and PME are compared regarding the coordination mechanisms they employ in key institutional spheres.

Table 2. 1: VoCs Comparison

Institution	PME	LME	CME
Distinctive coordination modes	Competitive external markets and patrimonial co-optation	Competitive markets and formal contracts	Interfirm networks and associations
Primary means of raising investments	Rents, sovereign wealth funds, state funds, state-owned banks	Capital markets	Domestic bank lending and internally generated funds
Corporate governance	State control either through ownership or through control of finances	Outsider control/dispersed shareholders	Insider control/ concentrated shareholders
Industrial relations	State-led and nationwide agreements	Pluralist, market based; few collective agreements	Corporatist, consensual; sector-wide
Education and training systems	Industry specific, Limited expenditures	General skills, high research and development expenditures based on markets and formal contracts	Firm or industry specific skills, vocational training
Comparative institutional advantage	Natural resources/commodities	Radical innovation	Incremental innovation

Source: Adapted from Buhr and Frankenberger (2014: 413)

Buhr and Frankenberger (2014: 394) claim that some patrimonial regimes, such as those in Saudi Arabia and Russia, preserve a 'functional' variety of capitalism by operating state and state-business relations using two coordination mechanisms[3]: *coercion* and *co-optation* (see also Wintrope, 1998). The coordination issues that are to be collectively resolved by the actors are those identified by 'rational-choice' institutionalism and transaction cost economics (such as moral hazard and adverse selection) (Streeck, 2010; May and Nölke,

---

[3] Coordination mechanisms are also known as governance modes, which comprise formal and informal institutions (Buhr and Frankenberger, 2014: 404).

2015). Although the patrimonial regime represses any rivals through the threat of force, employing military action as a last resort (i.e. coercion), it relies heavily on buying the loyalties of various actors through the exclusive patronage of elites. Mutual advantages are therefore based on patron-client relations and inclusive benefits for citizens, mainly via public-sector employment and relief from taxation (i.e. co-optation) (Schwarz, 2004; Hertog, 2007; Levins, 2013).

In line with the original VoC, Buhr and Frankenberger (2014) apply the notion of 'institutional complementarities' to explain why some PMEs, such as Saudi Arabia, manage to maintain a high growth rate. Complementarity of institutions occurs when the existence of a given institution in a domain increases the returns from one or more institutions, irrespective of whether they are in the same domain (Hall and Soskice, 2001; Hall and Thelen, 2009; Amable, 2016). Buhr and Frankenberger (2014) use Saudi Arabia as an ideal exemplar of the institutional complementarities of PMEs. They argue that the state heavily regulates the industrial relations arena, primarily by condensing the role of labour (i.e. coercion) while securing its control over major sectors of the economy through: 1) state ownership (whether full or partial) of the core conglomerates (especially banks and petrochemical firms), and 2) maintaining 'coherent' relations with business elites (i.e. co-optation). These patterns of interaction between polity and economy therefore create 'a certain form of comparative institutional advantage' (ibid, 2014: 414). This analysis of institutional complementarities has been widely critiqued in the CC literature for its inability to explain institutional change and incongruence. These problems are discussed in the final section of this chapter.

The patrimonial capitalism model incorporates the 'rentier state theory' (Mehdavy, 1970; Beblawi and Luciani, 1987) – a political economy approach used to analyse oil rich countries in the Middle East region – but provides more detail on state-business relations by relying on the political approach of 'neo-patrimonialism' (Eisenstadt, 1973). Schlumberger (2004; 2008) analyses the political economies of the Arab world and argues that 'neo-patrimonial' political rule in this region is a product of the 'neo-patriarchal' social fabric (i.e. the dominance of males over females and younger males) (see also Sharabi, 1988). Furthermore, the nature of informal/personal relations between rulers and business elites are enshrined in the social norm of *wasta* (an Arabic term for intermediation or even nepotism in some cases).

It is worth highlighting at this point that although the typology of 'patrimonial capitalism' is applied throughout this thesis, it is acknowledged that this is a somewhat loose term. Recent studies (e.g. Almond and Ferner, 2006; Walker, Brewster and Woody, 2014; Witt et al., 2018) have shown that typologies, such as the LME/CME dichotomy, are often inappropriately used to broad-brush countries with a similar institutional configuration as there is often considerable variation within typologies. In Wehr's (2015) review of post-VoC typologies, he argues that the categorisation of patrimonial capitalism lacks a systematic comparison based on sharp criteria. The typology of patrimonial capitalism, in particular, seems to be the most extensive and has clearly been used by numerous authors to refer to the 'highly corrupt' political economies in various geographical regions; for example, Indonesia and the Philippines (Buhr and Frankenberger, 2014), Russia (Robinson, 2011), and countries within the Arab world (Schlumberger, 2004; Stacher, 2007).

Saudi Arabia is a capitalist system that seems to possess many of the aforesaid dimensions of patrimonial capitalism. However, a focus on 'patrimonialism' undermines any attempt to understand the dynamics of Saudi capitalism and its contradictions. A detailed critique of how the patrimonial capitalism framework fails to explain the situation in Saudi Arabia is presented in the final section of this chapter. The following section elaborates on the main dimensions of the model more thoroughly, linking it to work and employment in Saudi Arabia.

2.3 Patrimonial-Rentier Coordination Modes

This section reviews the literature on rentier state theory and neo-patrimonialism to clearly define the nature of the two principal modes of coordination: coercion and co-optation. In Saudi Arabia, these two modes of governance are strongly manifested in the state policies of *Saudisation* and *Kafala*. *Saudisation* is a bundle of state policies designed to 'co-opt' Saudi workers in the private sector. The sponsorship of the *Kafala* is a coercive mechanism that was developed to tightly control the mobility of migrants, who constitute a clear majority of the workforce in Saudi Arabia. The section ends with a discussion on critical aspects of the informal institutions of neo-patriarchy and *wasta,* which are argued to have a strong presence in the Saudi workplace.

2.3.1 Coercion

Coercion is defined as a 'regime's ability to use force or the threat of force against dissenting individuals or groups' (Stacher, 2007: 38). Way and Levitsky (2006) argue that coercion can operate at both high and low levels of intensity. High-intensity coercion is extremely visible as it is exerted through military force targeted at protests and strikes. However, because it is costly and attracts international condemnation, the state will usually seek to avoid it by relying on low-intensity coercion through, for example, the surveillance and harassment of opposition, short-term detainment, or the restriction of employment and other career opportunities (ibid). In a patrimonial regime, low-intensity coercion is more commonly relied upon as high-intensity coercion 'tends to be dysfunctional, non-complementary and costly for both sides; the state and other actors' (Buhr and Frankenberger, 2014: 403).

The primary objective of coercion is to eliminate potential rivals to the incumbent regime, as both the rulers and elites will gain maximum benefit from controlling most of the population at the lowest possible cost (Stacher, 2007). It is crucial to note here that the social and economic order of patrimonial capitalism is preserved through an absence of democracy (i.e. authoritarian), and that political elites need to remain aloof from the consent of the citizen to remain in power and monopolise control over the government and economy (Wintrope, 1998; Schlumberger, 2008). The application of low-intensity coercion by state institutions reminds citizens of the power the state has at its disposal and its readiness to eliminate any rivals through high-intensity coercion. Therefore, the use of coercion in this way virtually eradicates the citizen's right to question rulers' behaviour, thus affording the latter a very high degree of political and economic autonomy (Way and Levitsky, 2006).

2.3.1.1 Coercing Migrant Labour

The sponsorship system of *Kafala* that persists in Saudi Arabia and other Arab Gulf countries can be regarded as a method of low-intensity coercion against migrant workers, who represent more than a third of the Saudi population. *Kafala* is an Arabic word for sponsorship, which is part of the Saudi *Iqama* (Arabic work of residency) system in which the expatriate is bound to a sponsor (known as *Kafeel*) who can be an entity or an individual citizen (Bajracharya and Sijapati, 2012; Kakande, 2015; Kapiszewski, 2016). Through the *Kafala*, the Saudi government withdraws the inviolability of migrant workers by indirectly delegating the right to control them to employers, which even extends to their very existence

in the country. The state uses the *Kafala* method to expand its coercion capabilities by involving the private sector in the surveillance of workers (Hanieh, 2015a). This system for organising migrant labour and prohibiting all industrial action was introduced following strikes in support of better working conditions, equality with American expats, and the right to form unions in the 1940-50s in the largest Saudi firm, Aramco. These forms of mobilisation were suppressed by the state and resulted in several activists, both Saudi and expatriate, being either jailed or deported (Matthiesen, 2014).

Migrants' residency is controlled by both the Ministry of Interior and the Ministry of Labour. The former governs their entrance and exit from the country, and the latter governs their work permits and all work-related matters. Articles 11 and 33 from the *Iqama* regulations[4] illustrate the firmness of *Kafala*:

Article 11: The *Kafeel* (sponsor) is bounded to the *Kafala* agreement and does not have the right to repeal it unless another eligible *Kafeel* is willing to replace him; if the *Kafeel* insists on repealing the *Kafala* agreement, the worker remains suspended until deportation which should be within one week's time.

Article 33: The Ministry of Interior reserves the right to withdraw the *Iqama* (residency) right from a migrant and deport him/her at any time without giving any reason.

As implied earlier, coercion, especially when it is high-intensity, is costly and unsustainable which is why political elites tend to avoid it by relying on the second mode of governance, namely co-optation (Buhr and Frankenberger, 2014: 402).

2.3.2 Co-optation

Because definitions of co-optation vary among researchers, it is necessary to begin by precisely clarifying what it includes. The co-optation mode of governance can be defined as the process through which the state – as represented by its rulers – incorporates, ties and integrates various social actors at different hierarchical levels through 'formal institutions', and 'informal relationships' involving patronage and clientelist practices. Both formal and informal forms of co-optation support the survival of the regime as co-opted actors realise

---

[4] There is no English version of the Iqama regulations, thus both articles were translated by the author from the Saudi Arabia, Passport General Department (2018a).

that satisfying their interests is subject to the current regime's survival. In this mode of governance, the patrimonial regime can expand its power and gain more political autonomy. Moreover, it is important to realise that the core purpose of co-optation is to dilute any incentive to challenge the regime by buying the loyalty of various social actors rather than coercing them (Wintrope, 1998; Schlumberger, 2008).

Both rentier state theory and neo-patrimonialism are approaches that foster a better understanding of co-optation and its implications regarding state-labour-capital relations in Saudi Arabia. While oil rent is a key element enabling the state to incorporate a broad class of Saudi citizens (as in public-sector employment), the patron-client relation, which is argued to be rooted in the societal institutions of neo-patriarchy and *wasta*, characterises relations between the state and business elites. Therefore, it is necessary to review rentier state theory and neo-patrimonialism in greater detail to develop an understanding of the nature of Saudi socio-political relations.

2.3.2.1 Formal Co-optation (Rentier State Theory)

It is important to understand that PMEs rich in natural resources (i.e. rentier states) do not rely heavily on informal co-optation because formal co-optation institutions are more important in affirming their legitimacy (see Gandhi and Przeworski, 2006). Formal co-optation refers to the incorporation of wider social groups, especially working-class citizens, through inclusive benefits. In Gulf Cooperation Council (GCC) countries (i.e. Bahrain, Kuwait, Oman, Saudi Arabia, Qatar and the United Arab Emirates), natural resources in the form of oil and gas have generally provided a diverse means of co-opting citizens. Public-sector employment, exemption from tax, the distribution of land, and subsidised consumer goods are cited as the main co-optation instruments used by the state in this region (Hertog, 2007; Gray, 2011; Levins, 2013; Abulof, 2017; Noreng, 2017). The dependence of these states on oil revenue extracted from international markets provides the basis for their classification as 'rentier states' (Beblawi, 1987). Therefore, rentier state theory is the key theoretical approach adopted in the patrimonial capitalism model to analyse co-optation modes of governance in the Arab Gulf Region.

Rentier state theory is a political economy approach developed by Mahdavy (1970) to analyse the situation in Iran prior to the Islamic revolution that overthrew the Shah (1978-1979). Almost two decades later, Beblawi and Luciani (1987) contributed to this theory by

refining the conceptualisation of the rentier economy and extending the analysis to the GCC countries. Hanieh (2011: 10) states that the work of the above authors has 'become the main reference point for debates over the nature of the state in the Gulf monarchies'. Rentier state theory has since been extended to other regions, including both Arab and non-Arab African countries (such as Nigeria and Egypt), and some post-Soviet countries in central Asia (such as Turkmenistan, Afghanistan and Tajikistan) (see, for example, Verkoren and Kamphuis, 2013; Lodge, 2014; Almaz, 2015; Gyene, 2016).

Beblawi (1987) restricts the 'rentier state' classification to those countries that simultaneously exhibit the following four characteristics: 1) predominant rent situations (at least 40% of all state revenue), 2) rent from an external rather than an internal source, 3) a small fraction of the workforce (just 2-3%) being responsible for generating rent while the clear majority engage in consumption, and 4) the state being the principal recipient of this rent. Based on these four elements, Beblawi (1987: 53) argues that 'the Arab oil states represent, it has been said, the example par excellence of rentier states'. Based on these four elements of the ideal rentier state, Beblawi differentiates between a rentier state and a rentier economy whereby every rentier state is a rentier economy, but not every rentier economy is necessarily a rentier state. According to Beblawi (1987:51), 'a rentier state is a special case of a rentier economy'. For example, the rentier state is responsible for receiving rent and controlling its distribution, whereas a rentier economy can be dependent on external rent through a remittance that is controlled by the government to a much lesser degree (ibid).

For the GCC countries, it is widely perceived that a monopoly over oil revenue earned from international markets serves as the primary source of power underpinning their legitimacy as rentier states and their independence from the respective populations (Ross, 2001; Hertog, 2007; Dunning, 2008; Levins, 2013). In these economies, it is the state that is responsible for distributing rent to the general population; this creates multi-layered patronage networks that are hierarchical in nature. The immense income from rent enables the state to co-opt citizens through public-sector employment, subsidies on consumer goods, and the distribution of small parcels of land. These are regarded as rich spoils, exclusively available to actual citizens, with the effect that citizens are less demanding in terms of political participation. Thus, the co-optation mechanism implies 'no taxation, no representation'. As a consequence, rentier state scholars argue that both the business elites and working class citizens of GCC countries, who enjoy this relative prosperity, have few incentives to take

serious action regarding social and political reforms (Beblawi and Luciani, 1987; Gray, 2011; Abulof, 2017).

Recent political and economic changes means that the GCC countries are now preparing to enter a so-called 'post-rentier' era (for the case of Bahrain see Gengler, 2015). Consequently, rentier state theory is becoming less informative as a means of comprehending contemporary Gulf states. In Saudi Arabia, the proportion of total oil revenue (through the sale of crude oil and petrochemical products) fell from 87.4% in 2014 to 62% in 2016 (Saudi Arabia, Ministry of Finance, 2017). Additionally, in 2018 the Saudi government began levying numerous taxes on businesses and individuals, such as value added tax, and removing subsidies from public goods such as gas and electricity. Moreover, the government has dramatically reduced public-sector employment (except in the military services), despite a stagnant unemployment rate that has remained at around 12% since 2009 (Saudi Arabia. Ministry of Labor, 2017). These and other examples highlight the limitations of rentier state theory in explaining contemporary changes in Saudi capitalism.

It can be argued that the main strength of rentier state theory lies in its capacity to describe how the material foundation underpinned by oil revenues enabled the state to become the dominant actor in the political economies of the GCC. However, many of the shortcomings that apply to rentier state theory are also present in the patrimonial capitalism model. These include the failure to consider the role of migrant labour and capitalist dynamics; these are discussed in further detail in section 2.5.

2.3.2.2 Co-optation Through Saudisation

Individual citizens are required to enter public employment to maintain the legitimacy of patrimonial-rentier regimes (Buhr and Frankenberger, 2014); similarly, the *Saudisation* scheme refers to a bundle of state policies that are primarily used to promote the employment of Saudis in the private sector, which includes state-owned firms. Before 1984, it was compulsory for Saudis to work in the public sector (Al-Dosary and Rahman, 2005). However, with a rapid annual population growth rate of approximately 2.5% and a budget deficit caused by a dramatic fall in oil prices, the government was not able to create enough jobs for its population and therefore used the private sector to create jobs for Saudis (Al-Asfour and Khan, 2014; Asia Pacific Mission for Migrants [APMM], 2014; Nasief, 2015). *Saudisation* was first launched in 1995; however, after the outbreak of several revolutions

in the region, famously known as the 'Arab spring' (Mirkin, 2013), it became much more stringent with firms, both public and private (Peck, 2017). Since 2011, the state has enforced *Saudisation* through three key mechanisms: 1) the employment quota system known as *Nitaqat*; 2) the Human Resources Development Fund (HRDF) for training and salary subsidies; and 3) the restriction of many occupations to Saudis only, especially HR positions. These *Saudisation* policies are outlined thoroughly in Chapter Four. This chapter continues with the discussion on co-optation through informal state-business relations, explained with reference to the neo-patrimonial approach.

2.3.2.2 Informal Co-optation (Neo-patrimonialism)

Informal co-optation refers to the capacity of the political regime to incorporate various social elites (such as business owners, tribal leaders, and religious scholars) through personal ties, described as informal patron-client relationships. In this type of relationship, the patron (such as a monarch or a political elite) holds tremendous power and provides exclusive benefits to clients, including business licences, vast parcels of land, and high positions in the apparatus of the state (Stacher, 2007). These interpersonal relations provide the political stability necessary to maximise profits from international markets (for example, oil and gas revenues) while at the same time minimising transaction costs for both patrons and clients (Buhr and Frankenberger, 2014).

Derived from political science, the neo-patrimonial approach helps provide an understanding of the nature of authoritarian rule, which is characterised by informal state-business relations and the prevalence of informal norms and values over the rule of law (for a detailed review of neo-patrimonialism in Saudi Arabia see Thompson, 2012). The concept of 'patrimonialism' was first introduced by Max Weber (1864-1920) to define 'traditional political rule' where power flows exclusively from the ruler. Eisenstadt (1973) later developed the concept of 'neo-patrimonialism' to define the political systems of emerging African economies that are constrained by informal rules but have adopted some aspects of formal bureaucratic institutional systems. According to Erdmann and Engel (2006: 18), neo-patrimonialism consists of 'a mixture of two, partly interwoven, types of domination that co-exist: namely, patrimonial and legal-rational bureaucratic domination'. However, although they exist (as in the rule of law), formal rules may not be enforceable against everyone and there may be those who find that these rules clash with their political and economic interests. Schlumberger (2008: 634) refers to this specifically, stating that 'formal

laws are politically instrumentalized to punish illoyal [*sic*] competitors and exclude them from the market'.

Furthermore, under this type of political rule, which is described as 'authoritarian', a separation between the private and public realms exists officially through formal regulations. However, both sectors will still be controlled by informal personal ties. The head of state, who will have virtually unrestricted power and access to resources, is consequently surrounded by loyal clients, each keen to preserve a close relationship to secure both their material and intangible interests, such as access to business opportunities and high positions in the apparatus of the state (Stacher, 2007).

Furthermore, the patrimonial state controls a large part of the economy through public ownership of core sectors, especially banks and petrochemical companies, and by relying on patrimonial networks that have been developed with various business elites over decades, mainly through the distribution of benefits, inter-marriage, and business partnerships (Hertog, 2007; Thompson, 2012). Because the economic elites are considered creditworthy, they have exclusive access to finance and business licensing (see Ali, 2010; Mazaheri, 2013). This strategy secures the loyalties of these business elites and ensures control over principal sectors without the direct ownership of firms by the state (Buhr and Frankenberger, 2014). Due to the predominance of interpersonal relationships, there is no clear dividing line between political and business elites. Beblawi (1987: 55) offers a detailed description of this phenomenon in Saudi Arabia and other GCC countries:

> The distinction between public services and private interest is very often blurred… There seems to be no clear conflict of interests between holding public office and running private business at the same time, and it is not infrequent to use the one to foster the other. Sometimes high-ranking public officers (ministers) take the trouble to form their private businesses under the names of their sons, brothers or similar prête-noms. In fact, huge awards of hundred million- sometimes billion-dollar contracts have provided opportunities for those in public office to use their positions for private gain.

Even though the neo-patrimonial approach defines the nature of relationships between political elites and other social actors, it is still a broad measure with dimensions that need to be set at a societal level. Neo-patriarchy and *wasta* are acknowledged by many researchers

of the Arab world to be significantly embedded at a societal level and thus have given rise to neo-patrimonialism.

2.3.3 Informal Institutions

From the neo-institutionalist perspective, analysing a social action requires an understanding of the objective conditions (i.e., formal institutions) that surround it and the subjective interpretation actors have regarding the action; this is because actors' interpretations will differ from one societal context to another. Within the neo-institutionalism school, institutions are seen as not merely formed by material rationality but as a result of complex regulative, normative, and cognitive factors (see Scott, 2008). The informal institutions are crucial factors that have been emphasised by many sociologists as explaining human behaviour within modern organisations (e.g. Meyer and Rowan, 1977; Zucker, 1977). The definition of culture adopted in this case refers to shared beliefs in institutions that have been inherited from the past and which constrain and structure interactions between social actors in the present (North, Wallis and Weingast, 2013).

Schlumberger (2004; 2008) asserts that the sociological concepts of 'neo-patriarchy' and *wasta* are two key societal institutions that need to be acknowledged in any analysis of the political economies of the Arab world. Those two dimensions are highly likely to be present at the level of the workplace, as will be discussed in the following section.

2.3.3.1 Neo-patriarchy and Wasta

The concept of 'neo-patriarchy' refers to 'the dominance of all men over all women or the dominance of older men over women and younger men' (Charles, 1993: 88). Hisham Sharabi (1988) was the first author to use the term modern patriarchy or 'neo-patriarchy' to describe the nature of the relations between rulers (patriarchs) and ruled in the Arab world. He explains that 'neo-patriarchal society was the outcome of modern Europe's colonisation of the patriarchal Arab world, of the marriage of imperialism and patriarchy' (Sharabi, 1988: 21). Schlumberger (2008: 235) developed the framework of patrimonial capitalism using the concept of neo-patriarchy and argued that the power structure in Arab countries is the 'logical consequences of a personalised system of political rule and a patriarchal social

fabric'. From this perspective, the patrimonial political structure is seen as being established at the level of the family and then transmitted to wider socio-political relations.

The neo-patriarchal society is considered extremely gender-biased as the male is dominant in most aspects of life (see Joseph, 1996). Within the family, the father (patriarch) does not allow for any equal power as he is considered the sole authority; hence, all his decisions are considered obligatory. In return, he is expected to offer protection, accommodation, and a standard of living to all of his family members; in his absence, the eldest male is expected to perform the same role (Habiba, Ali and Ashfaq, 2016). This paternal arrangement is closely reflected in the socio-political relations between the ruler and his population. Thus, the patrimonial nature of the political system in Arab countries is characterised by subordination to the 'male' ruler (the king or president) who is recognised as providing protection and a standard of living for the population (Schlumberger, 2004).

Neo-patriarchal societies conception of the family as the basic entity of society has various implications in the workplace, as argued by Joseph (1996: 195):

> Arab economies recognise the centrality of the family in many ways, including through worker recruitment and discipline, wages and benefits … Access to institutions, jobs, and government service is often through family connections.

The practice of privileging friends and family members over unknown personnel is widespread in Arab countries and constitutes a social norm known as *wasta*. *Wasta* is an Arabic term meaning intermediary or mediation; it is defined as using one's personal connections to reach desired materialistic or non-materialistic ends in almost all aspects of life (Sidani and Thornberry, 2013: 75). Barnett and his colleagues (2013: 41) argue that 'one is said to have *wasta* when those from whom one can request assistance are in positions of power that make it possible for them to grant the requested assistance'. *Wasta* is therefore more extensive than nepotism as it includes any use of family, tribe, or friendship networks. What is noteworthy about *wasta* is that it is embedded in Arabic society and has historically played a crucial role in social interactions for more than 1500 years (Stracke, 2006; Al-Ramahi, 2008). Several authors (e.g. Sharabi, 1988; Schlumberger, 2008; Barnett, Yandle and Naufal, 2013) have argued that *wasta* maintains and enforces socio-political relations in contemporary Arab countries.

Although some authors view *wasta* as an ethical crime, others would argue the opposite because it is a virtual social obligation for almost anyone from Arab society. For example, Scott (2001: 74) argues that 'relations among people or firms that Western eyes would view as involving nepotism or collusion are normal, inevitable, and beneficial to Eastern observers'. Thus, any breach in this informal institution will result in undesirable outcomes such as social isolation, loss of power at work, and potentially losing the loyalty of the family and tribe (Al-Ramahi, 2008; Sidani and Thornberry, 2013). Despite these justifications, *wasta* nevertheless promotes inequality among businesses as well as workers. Schwarz (2004: 18), for example, argues that:

> Rather than labour, personal capacity or merit, it is the personal contact to political decision makers which determines and facilitates how resources are allocated and thus how the material well-being of the individual, the family, the clan etc. is secured.

In the external environment of a neo-patriarchal society, social networks are decisive in enabling firms to obtain credit and to accelerate the process of securing licences and contracts. In addition to developing organisational efficiency and effectiveness, it is a critical factor in enabling companies to successfully maintain a good relationship with principal personnel in the government as *wasta* is often used to navigate bureaucratic processes (Mohamed and Hamdy, 2008; Sidani and Thornberry, 2013).

Moreover, *wasta* has implications for managerial practices within organisations as people in authority have an almost ethical obligation to serve their relatives and friends. For example, a job or promotion would be given to a relative or a friend rather than a more qualified candidate who does not have any *wasta* or possesses a weaker *wasta* (Joseph, 1996; Schwarz, 2004). In research conducted in a Lebanese telecommunication firm Ezzedeen and Swiercz (2001) found that 65% of the total sample of 129 employees were hired through *wasta*. Similar findings are echoed in later studies conducted in various countries across the Arab world (Tlaiss and Kauser, 2011; Smith *et al.*, 2012). In contrast, Kilani, Al Junidi and Al Riziq (2015) found that *wasta* causes conflict between individuals and groups in the workplace by giving benefits to people who might not deserve them. However, these empirical studies were conducted in several Arab countries, most notably Jordan and Lebanon, which differ from Saudi Arabia in many respects. For example, the Saudi private sector is reliant on non-Arab migrants and some occupations are restricted to Saudi nationals

only. Therefore, there are different dynamics at play in the Saudi workplace that are expected to yield results that differ in comparison to other countries.

Having reviewed the main dimensions of the framework of patrimonial capitalism, the next section will present a detailed critique of this approach.

2.4 A Critique of Patrimonial Capitalism

The patrimonial capitalism model outlined previously has inherited the limitations apparent in the VoC school, despite the early critique raised by political economists (e.g. Streeck 2010; Ebenau 2012; Coates, 2015; Jessop, 2015; May and Nölke, 2015; Wehr, 2015) that post-VoC approaches (such as patrimonial capitalism) attempt to fill some of the gaps in the original VoC framework proposed by Hall and Soskice (2001). However, the comprehensibility and accuracy of such models in terms of their theoretical understanding of 'capitalism' as a dynamic mode of production is limited. For example, Bruff, Ebenau and May (2015: 34) argue that post-VoC models 'regularly offered significant refinements of the original approach, but could not thoroughly remedy its more fundamental shortcomings'. Critics have called for a move away from static models aimed at aligning political economies towards Weberian ideals, such as liberal, coordinated, or patrimonial capitalism. The new direction currently pursued in the CC research agenda stresses the need to conceive of capitalism as a dynamic social system, full of contradictions and struggles (see in particular the edited volume by Ebenau, Bruff and May, 2015).

This thesis argues that although relevant to an understanding of societal dimensions and state-capital relations to an extent, the patrimonial capitalism framework exhibits three fundamental flaws that limit its ability to conceive of Saudi capitalism as a dynamic social system. Firstly, the framework suffers from 'methodological nationalism' as it disregards the global dimension, particularly the role of migrant labour. The model falls into the same trap as the original VoC model of prioritising one actor in the political economy; in this case, the state rather than firms (Tilley, 2015; Wehr, 2015). Secondly, it focuses on 'coherent' patrimonial relations between the state and capitalists, overlooking conflict between them as well as conflict between capital and labour (Hanieh, 2011, 2015a, 2015b). Thirdly, it focuses on 'institutional complementarities' and largely overlooks institutional incoherence and

incongruence (Vidal, 2014). In the context of Saudi Arabia, it assumes total co-optation of citizens through public employment policy and *Saudisation* along with total control over migrant labour through the *Kafala* system, with no space for any contradictions and tensions in the way they function (AlShehabi 2015; Khlafa, 2015; Hanieh, 2015a). Given these three shortcomings, the model offers an inadequate interpretation of the reality of Saudi capitalism.

The following two subsections discuss these shortcomings. In the third subsection, the thesis engages with critical-materialist perspectives that influence the analysis in this research.

2.4.1 Migrant Labour: A Fundamental Global Dimension

Institutionalist approaches to political economies generally view them as self-contained social orders that are almost entirely isolated from the rest of the world (Streeck, 2010; Ebenau, 2012; May and Nölke, 2015). This weakness is referred to as 'methodological nationalism' (see Wimmer and Schiller, 2002). In various analyses of Arab Gulf political economies, it is evident that institutionalists (e.g. Beblawi and Luciani, 1987; Schlumberger, 2008; Levins, 2013; Buhr and Frankenberger, 2014) have largely formulated their theoretical assumptions based on the presence of a specific commodity (i.e. oil) and how its rent is deployed through formal and informal institutions. However, this institutional bias has provided only a limited understanding of the specificities of capitalism in the Gulf and how it has developed within the global capitalist system (Hanieh, 2011). Because social relations cut across national borders, the nation state cannot be understood as a self-contained terrain, distinct from the ways in which it is globally intertwined. Jessop (2015: 66) emphasises this specific issue, arguing that:

> The more integrated the world market becomes and, hence, the more capital's contradictions are generalised to the global level, the harder it becomes to analyse capitalism through a series of discrete case studies or broader comparative typologies, especially if the types are identified with national (or other territorially demarcated) economies.

Literature critiquing the political economies of the Arab Gulf region has called for analyses to move beyond state-centric and nationally focused approaches (see the edited volume by Khalaf, AlShehabi and Hanieh, 2015). A wide range of insights now offer the potential to

overcome such methodological nationalism, for example, western imperialism in the Arab region and perspectives on global supply chains (both North–South and South–South) (Wehr, 2015). However, this research focuses on the question of migrant labour as this is one of the key channels through which the Gulf countries are intertwined with the rest of the world (Hanieh, 2011).

As mentioned previously, Saudi Arabia, together with its GCC neighbours relies heavily on revenue earned from selling crude oil and various petrochemical products that are extracted and produced by an overwhelmingly migrant majority from all over the world, most commonly South East and East Asia (APMM, 2014). Although the private sector in Saudi Arabia expanded and contributed almost 40% of the nation's total GDP by the end of 2015 (Saudi Arabia, General Authority for Statistics, 2018), this was primarily generated by expatriates who account for more than 80% of the total workforce in the private sector (Saudi Arabia, Ministry of Labor, 2017). From a purely institutionalist perspective, the influx of migrants to the Arab Gulf region is viewed as a consequence of the shortage of skills and manpower among native citizens and the surplus of cheap labour in other countries, in other words, a push-pull factor (e.g. Beblawi, 1987; Levins, 2013; Al-Asfour and Khan, 2014; Ewers, 2016; Kapiszewski, 2016). Nevertheless, recognising the number of migrants involved (more than a third of the Saudi population), the mechanism used to control them (the *Kafala* system), and the history of labour movements in the Gulf region, clearly show that the institutionalist explanation is inadequate in elucidating the specificities of state-capital-labour relations in the GCC countries.

2.4.2 Capitalist Dynamics, Institutional Incoherence and Incongruence

The inadequate theorising of capitalist dynamics along with institutional incoherence and incongruence is a long-standing critique of the VoC school (Deeg and Jackson, 2007; Streeck, 2010; Coates, 2015). Vidal (2014: 77), states that 'incoherence is where two institutions may coexist despite being based on conflicting principles, and incongruence an actual discordance among outcomes'.

Proponents of patrimonial capitalism focus on 'institutional complementarities' underpinned by smooth informal relations between political and business elites, but rarely consider how state institutions are challenged by capitalists and employees. This demonstrates a limited

understanding of capitalism as a peaceful unification between 'rational' actors, coordinating within complementary institutional spheres in the pursuit of economic efficiency (Streeck, 2010; McDonough, 2015). It is widely argued that the notion of institutional complementarities is more effective when theorising on institutional stability rather than change (Streeck, 2010; Coates, 2015). Vidal (2014: 74) argues that we should not 'privilege institutional coherence and complementarity over incoherence and dysfunctionality … economies are institutionalised in ways that are often incoherent, incongruent and dysfunctional'.

Some inherent contradictions in Saudi capitalism show that *Saudisation* and *Kafala* are both incoherent and incongruent. Most notably, the high unemployment rate among Saudis *only*; the predominance of concealed illegal businesses (known as *tasattur*); and the black market in migration visas (also known as free visas) (Rahman, 2011, 2018). The two primary institutions (*Saudisation* and *Kafala*) exist despite the fact they are based on conflicting principles, which gives rise to discordant outcomes. While the state allows capital to recruit cheap, flexible migrant labour through the *Kafala*, it also struggles to enforce its *Saudisation* policies and hire its citizens. The reluctance of firms to hire Saudis has contributed substantially to the growing unemployment rate among citizens (Assidmi and Wolgamuth, 2017). Government statistics show that, from 2009-2016, the unemployment rate among Saudis was hovering at just over 12% (Saudi Arabia, Ministry of Labor, 2017). However, unofficial statistics in the Saudi press suggest that unemployment is higher than 30%. A high unemployment rate, combined with a private sector that relies on migrants, who also manipulate the *Kafala* system, are evidently contradictions in the Saudi capitalism and cannot be merely explained as institutional complementarities. However, the struggles that underpin these contradictions have not been sufficiently investigated in academic research, particularly at the workplace level.

Because it is 'capitalism' that is being explored, this thesis does not confine its analysis of patrimonial capitalism to the ways in which 'rational' actors coordinate their endeavours (namely the coercion and/or co-optation of elites and citizens through the deployment of benefits). Instead, it is the contention of this research that the state institutions of *Saudisation* and *Kafala* are contradictory and conflicting, often generating unexpected outcomes. Antagonism between capital and labour reflects the fact that capitalism is a dynamic mode of production that is continuously changing (Coates, 2015). Therefore, understanding

workplace dynamics will enable the micro-organisational level to be linked to the macro-institutional level and this will provide greater insight into the specificities of capitalism in Saudi Arabia.

2.4.3 Towards a Critical-Institutionalist Analysis

This thesis adopts a contemporary critical-institutionalist approach (see, in particular, May and Nölke, 2015) which views accumulation for accumulation's sake and class conflicts as fundamental aspects to be considered when endeavouring to understand the dynamics of capitalism and how these are institutionalised within specific societal contexts (Vidal, 2014; Coates, 2015). It takes the view that the systematic production of inequalities in capitalist economies, which always prioritise capital over labour, is closely associated with systematic institutional differentiation within capitalist systems (Bruff, Ebenau and May, 2015; McDonough, 2015). Coates (2015: 20), for example, argues that the 'rationality' of choice will depend on 'whether capitalists were free to treat labour as a pure commodity [LMEs] or were constrained to treat labour as a commodity with rights [CMEs]'. Similarly, the treatment of workers as a *disposable commodity* is a core characteristic of capitalism in the GCC countries, which have their own particular structure of state-capital-labour relations.

The Marxist view of 'modes of production' is that it is not the actors who produce economic reality, but rather the relationships within production that constitute the actors (Jessop, 2015; May and Nölke, 2015). This perspective is central to understanding the reality of a capitalist society. The evolution of ideas, including the development of social systems, is best explained by contradictions in the material world (i.e. relations of production) as material conditions largely shape social structures. Therefore, Marx and critical realists (e.g. Bhaskar, 1975; Thompson and Vincent, 2010) urge us not to approach reality to be deceived by what is 'apparent' but to seek objective knowledge to capture what is 'real'. The 'superstructure' of culture (e.g. religion, laws, and norms) is apparent to us and 'is the means by which the ruling class maintains its domination and attempts to moderate its internal conflicts' (Alder, 2011: 128). However, to gain a deeper understanding of social structures, we need to penetrate below the surface of culture to understand the relations of production as these constitute the material base of any given society (ibid).

From a materialist perspective, institutions (formal and informal) are created to resolve issues of social coordination between different actors (May and Nölke, 2015). Therefore, concepts such as neo-patrimonialism, neo-patriarchy and *wasta* need to be contextualised within the laws of the capitalist mode of production. For example, *wasta* is an aspect of the Saudi culture that is a millennia old and has been evolving since the emergence of capitalism through oil exportation after the Second World War (Hanieh, 2011; Ulrichsen, 2015). The transformation of Saudi society from tribalism and mercantilism to capitalism has also been associated with a transformation in basic forms of social behaviour including *wasta*. *Wasta* was mainly used to resolve tribal disputes in pre-capitalist Arab societies due to their lack of formal institutional structures, namely the rule of law or, to put it another way, *wasta* is an institution designed to resolve coordination issues in a context where the state is absent. In modern Arab societies, individuals and businesses uses *wasta* to gain material benefits and overcome bureaucracy rather than to resolve social disputes (Al-Ramahi, 2008; Barnett, Yandle and Naufal, 2013). Another notable example of a formal institution created to resolve class struggle is the creation of the *Kafala* system to control migrant labour and prohibit all forms of industrial action. These two pieces of legislation were introduced following several strikes that were called by Saudis and migrants in the oil sector during the 1940s and 1950s. In Matthiesen's (2014) review of Saudi labour mobilisation, it is asserted that socialist ideologies spread by Arab teachers at Saudi Aramco in the Eastern Province were the key stimuli for these labour movements. The labour mobilisations themselves were led by Saudi Shi'a workers, a minority group based primarily in the Eastern Province where the oil fields are located. Several strikes took place to support a demand for better working conditions, equality, and the right to form unions. In response, all labour mobilisation was suppressed by the state with numerous activists, both Saudi and expatriate, being either jailed or deported (see also Alsadiq and Wu, 2015; AlShehabi, 2015).

The examples given above are not designed to offer a 'historical materialist' analysis of Saudi capitalism, as this would be beyond the scope of this thesis; instead, these examples highlight the need to examine the material base of this capitalist system.

2.4.3.1 Spatial Fix, Segmentation and Social Control

Bringing the question of migrant labour to the centre of an analysis of Saudi capitalism raises two key issues: 1) the state reliance on migrant labour to displace economic crises outside their borders (i.e. spatial fix) (Harvey, 1982); and 2) the segmentation of the working class,

particularly migrants versus citizens, as a mechanism for controlling society (AlShehabi, 2015; Khalaf, 2015). Hanieh (2015b) argues that a spatial fix underpinned by a reliance on temporary migrant labour is pivotal in moving beyond 'methodological nationalism' and understanding how the Arab Gulf states respond to global dynamics. The *Kafala* system in these countries serves as an efficient mechanism to counter any economic crisis as it enables these states to displace people outside their borders through mass deportation. Migrants who are brought to the gulf countries are sponsored by employers and are given no option to gain citizenship. Sponsors essentially control migrants' ability to stay in the country; if migrants lose their job they lose their right to stay in the country (APMM, 2014: Rahman, 2018). A typical example of this is the real estate crisis that hit Dubai in 2009. The initial response was to decrease the number of foreign recruits and increase the deportation of low-skilled labour (Hanieh, 2015a). Similarly, between 2013 and 2015, Saudi Arabia deported around a million migrants (Kinninmont, 2015: 23). These examples show that having a segmented labour market that is dominated by a temporary migrant workforce is a strong indication of a spatial fix and of social control. However, we have limited knowledge about the way in which these two mechanisms operate at the workplace level.

2.4.3.2 Workplace Struggles

When Saudi capitalism first emerged during the 1940s and 1950s, it was associated with class struggles that reinforced the formation of certain institutional structures that served to accumulate capital for both the state (as the owner of large conglomerates) and capitalists. The fundamental characteristics of class formation lies in the shift from a reliance on the Saudi working class to a reliance on precariat, non-Arab migrant labour. This thesis does not therefore deny the co-optation of Saudis and the coercion of migrants; however, these institutional structures need to be embedded in the internal contradictions that lie at the material base of Saudi capitalism.

The reliance on highly controlled, temporary migrants does not mean resistance was lacking. However, we have limited knowledge of workplace conflicts in both, state-owned and private owned firms in Saudi Arabia. Research contributions to the literature (e.g. Vidal and Hauptmeier, 2014; Ebenau, Bruff and May, 2015) instead urge us to examine processes below the level of national institutions where capital-labour conflicts are intrinsic to capitalist societies. An incisive quotation from Coates (2015: 24) emphasises this point succinctly:

…modern economic systems must now be subsumed into a deeper analysis of trends and process operating below the level of institutions. Furthermore, since the basic nature of those trends and process was first identified effectively by Marx and Engels, comparative scholars would do well to engage systematically one more with their intellectual legacy. It is time to replace an analysis of capitalism seen from above through the lens of its relational firms with an analysis of capitalism seen from below through the lens of its oppressed producers.

2.5 Conclusion

The focus of this research is on understanding the contradictions and class struggles that underpin Saudi capitalism. Patrimonial capitalism or the patrimonial market economy is the typology that has recently been used to integrate emerging economies, including that of Saudi Arabia, into research on comparative forms of capitalism. This typology is built on two main theories: the rentier state and neo-patrimonialism. This chapter has discussed these dimensions and their relevance to Saudi Arabia, the main coordination modes of coercion and co-optation, and the cultural specificities of neo-patriarchy and *wasta*.

The strength of the political economy approach derives from historical institutionalism which is used to explain varieties of capitalism, their main features, and sources of comparative advantage at a national level. Nevertheless, while this approach delivers a good understanding of institutional and societal structures it is also prone to fundamental flaws. Specifically, the patrimonial capitalism model discounts the global dimension underpinned by the presence of migrant labour and does not accommodate capitalist dynamics and contradictions.

Despite the limitations of patrimonial capitalism, this thesis does not seek to dismiss the approach. It can be fruitful to use established concepts associated with institutionalist approaches and develop them in a critical spirit; in other words, to understand capitalism within a critical-institutionalist framework (Wood, Dibben and Ogden, 2014; Coates, 2015; May and Nölke, 2015). Therefore, to comprehend Saudi capitalism the role of labour, especially migrant labour, as the basis of wealth production in Saudi capitalism needs to be placed at the centre of the analysis (Hanieh, 2015a). Migrant labour makes up almost 85% of the private-sector workforce while unemployment amongst Saudi citizens has stood at just over 11% since 2009. The *Kafala* system is used to displace crises outside the Saudi

borders (i.e. a spatial fix) and to segment the working class to exert social control over the broader society. Moreover, it is proposed in this chapter that Saudi capitalism needs to be viewed in terms of a struggle between the state, capital, and labour. Unemployment, free visa migrants, and *Tasattur* in Saudi Arabia are among the many contradictions that cannot be understood using notions of institutional complementarities or coherent state-business relations (i.e. co-optation). Using the critical theoretical perspectives discussed in this chapter, the following chapter examines the labour process theory as a way of comprehending workplace dynamics.

Chapter 3: Labour Process Theory

3.1 Introduction

The previous chapter presented an overview and a critique of the neo-institutionalist approach, namely patrimonial capitalism. It was argued that capitalism cannot be merely understood by the language of a top-down causality (i.e. institutions shape employment relations), as this brings an inadequate and static picture of reality (Harvey, 2017). Without disregarding the role of institutions, it has been advocated that for a thorough understanding of capitalism, it is necessary to go beyond the level of institutions, namely to the workplace (Vidal and Hauptmeier, 2014; Coates, 2015; Ebenau, 2015). This thesis does so by mobilising the Labour Process Theory (LPT).

Within the sociology of work literature, it is widely accepted that the LPT is pioneering in offering a class-based analysis of work (Grint, 2005; Edgell, 2006). In particular, the dialectics of control-consent-resistance (Burawoy, 1979; Edwards, 1990; Friedman, 1990), the notion of organisational misbehaviour (Ackroyd and Thompson, 2016) and the double indeterminacy of labour power (Smith, 2006, 2010) are all concrete tools for analysing the organisation of work in a capitalist system. The focus of this chapter is not on the theoretical debates within the labour process literature; rather, attention is paid to concepts within what is known as 'core' LPT (Thompson, 1990, 2010) and how they connect to wider aspects of political economy (e.g. segmentation) and global capitalism (e.g. migration) (Thompson and Smith, 2017).

The chapter begins with Marx's texts, moving on to discuss key concepts of the LPT (labour power, valorisation, division of labour and segmentation, dialectics of control-consent-resistance, organisational misbehaviour, mobility power and labour flows).

3.2 The Capitalist Labour Process

The labour process was discussed by Karl Marx in his *Capital* volume one ([1867] 1990). In the third part of the *Capital,* Marx commences his analysis by identifying the three necessary factors of the labour process that are purchased by capitalists for the purpose of production: 1) *labour power* (i.e. the human capacity to work) and the means of production, which comprises both 2) *instruments of labour* (e.g. tools or machines) and 3) *objects of labour* (i.e. raw materials). Moreover, he proposes that the capitalist process of production is a 'unity', consisting of two combined and simultaneous processes: the *labour process* and the *valorisation process*. The labour process is the purposeful activity of transforming natural materials by labourers using instruments into a commodity that has a use-value or sometimes multiple use-values (i.e. use-value that has an exchange-value). The valorisation process concerns the production of surplus-value that is produced by labourers but that capitalists take as a reward in the form of profits. Therefore, the main intention for capitalists is to have a final produced commodity or service that has a value greater than the total values of the purchased necessary factors of the labour process (ibid).

Contemporary capitalist systems have countless forms of labour processes that are organised to produce commodities (e.g. car manufacturing) and provide services (e.g. transportation and hotels) for the purpose of creating profits. A quotation from Smith (2016: 206–7) beautifully summarises why the labour process is significant to understanding capitalist systems:

> The labour process is the production process and is one moment, but a critical moment, in a cycle of capital accumulation. Without a transformation process which produces commodities, the capitalist firm would have no goods or services to sell in the marketplace and no basis for further capital accumulation.

Under capitalism, the relation between labour and capital is inherently antagonistic and this conflict between the two arises mainly because of *the indeterminacy of labour power*. The buying and selling of labour power in the market allows the capitalists to purchase and exploit this unique commodity that has the capacity to produce more value than it possesses in itself; what this accomplishes is that it introduces class relations between labourers and capitalists (Harvey, 2017). Capitalists strive for profit generation; thus, it is in their interest to reduce the cost of labour power (e.g. squeeze wages), restrict labour mobility, extend the

working day and intensify the work to increase workers' productivity, which would translate to overall profit. Conversely, workers agree to sell their labour power temporarily for a fixed wage, but there is an indeterminacy on the quantity and quality of labour power that can be expended in a given period of time; thus, it is in their interest to minimise effort and ask for higher wages (Olsen, 2017: 51).

3.2.1 The Core Theory

The labour process, as presented first by Marx, had been only marginally elaborated until the contribution of Harry Braverman (1974), which has since become identified as the Labour Process Theory (McIntyre, 2017b). During the late 1970s, the theory received further attention by a number of scholars on both sides of the Atlantic (Friedman, 1977; Burawoy, 1979; Edwards, 1979; Littler, 1982). Since the late 1980s, the LPT has been conceptually developed by a number of contemporary scholars mostly based in the UK (e.g. Chris Smith, Paul Edwards and Paul Thompson).

Paul Thompson (1990) proposed the four principles that constitute the 'core' of the LPT, which are widely accepted among the labour process community. These four principles are:

1- Since the labour process is a central part in the reproduction of the economy, the focus of the analysis is on labour-capital relations (i.e. relations of exploitation).
2- Competition between capitalists and labour-capital conflicts compel firms to constantly revolutionise processes of production.
3- Management in capitalist firms have a control imperative because market mechanisms alone cannot regulate the labour process.
4- Relations between labour and capital are inherently antagonistic and characterised by conflict and consent.

These four principles have narrowed the scope and purposes of labour process research. Smith (2016: 13) states that what Thompson (1990) proposed had 'usefully helped block a drift away from the core elements of labour process theory'. Both Thompson (1990) and Edwards (1990) distance labour process theory from Marxism in terms of class analysis[5]

---

[5] Thomson (1990: 102) argues that 'while a politics of production can be derived from the dynamics of the labour process, this has no automatic progression to a wider social transformation in the Marxist sense'.

(i.e. the gravedigger thesis) and the labour theory of value, while maintaining a materialist foundation which renders mainstream LPT a variety of post-Marxist materialism. Therefore, much of labour process analysis focusses on class struggle in the workplace rather than in society as a whole (Thompson and Vincent, 2010: 48). A great strength of LPT, as Thompson and Smith (2010: 20) argue, 'is its capacity to connect the workplace to a broader political economy'. Another key conceptual development of the LPT is the double indeterminacy of labour power, *wage-effort power* and *mobility power*, first proposed by Smith (2006). While wage-effort bargaining is related to how labour power is used and valued in terms of money, mobility power mainly concerns dynamics that arise from workers' ability to change employers. Figure 3.1 below illustrates the core elements of the capitalist labour process.
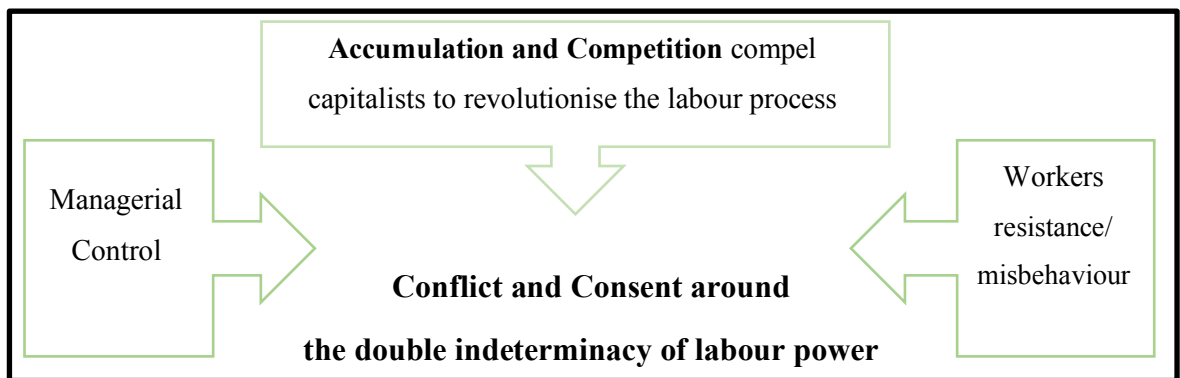
Figure 3. 1: The Capitalist Labour Process

Source: Author, based on Thompson (1990) and Smith (2006)

Since workplace struggles emerge because of the indeterminacy of the commodity of labour power, it is the focus of the next section to define this unique commodity.

3.2.2 Labour Power and its Value

It is problematic to comprehend workplace relations without affording due attention to the notion of labour power as a commodity, since the theory of labour process itself is founded on Marx's distinction between labour and labour power (Thompson, 2010; Smith, 2016; McIntyre, 2017a; Olsen, 2017). While labour refers to the actual activity directed at

producing a use value, the labour power or the capacity for labour as defined by Marx ([1867] 1990: 270) is:

> the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being, capabilities which he sets in motion whenever he produces a use-value of any kind.

Given that labour power is *embodied* in workers (i.e. part of the person of the worker), its consumption is unlike the consumption of any other commodity (own it then consume it). Labourers possess the commodity of labour power and capitalists consume it by setting workers to work under their direct command or through agents (i.e. managers) (Smith, 2016).

Under capitalism, labour power appears in the market as a commodity only when its owner (the worker) decides to sell it to a capitalist for an agreed period of time in exchange for a money wage. This is unlike slavery where the slaves themselves were the properties that were sold and bought. If labourers own the means of production, they can consume their own labour power to produce commodities to be sold in the market for a profit. Capitalism, however, has a tendency to divide societies into two classes: those who own the means of production (capitalists) and those who do not (workers). Therefore, to ensure their survival, the latter group are compelled to sell their labour power to the former in exchange for a fixed money wage (McIntyre, 2017a).

Similar to all other commodities, labour power has a use-value and a value; the latter represents its exchange value. While use-value is determined by the value valorised at work (i.e. the living labour it can perform), its value is determined by the cost of maintaining the labourer at a given standard of living. Harvey (2017: 7) confirms that what workers are paid in the form of wages, to a great extent, represents the value of their labour power.

Marx ([1867] 1990) retains that the average cost of maintaining labour power, which is its value, contains a historical and moral element. By this, he urges us to recognise that the value of a worker's labour power is not simply a physical quantity[6] but is determined by the

---

[6] Marx links the qualities and quantities of labour power using the term *simple average labour*, since the value of a commodity represents a specific quantity of the simple labour power embodied in it. To clarify, if a commodity is produced by a small quantity of complex\skilled labour, it is still a productive expenditure of human organs (brains, muscles, nerves etc.) possessed by an ordinary worker, which makes up labour power pure and simple. Therefore, in the production of commodities, Marx ([1867] 1990: 135) argues that 'more

basket of commodities labourers need to survive, which is dependent upon various volatile social factors, such us the level of civilisation in a country and the dynamics of its class struggles. Therefore, the natural indispensable needs for human survival (e.g. food, clothing, fuel and housing) vary based on the physical conditions of the country that the worker lives in, but they are fixed at a given place at a given time. As Marx ([1867] 1990: 275) puts it:

> The number and extent of his so-called necessary requirements, as also the manner in which they are satisfied, are themselves products of history, and depend therefore to a great extent on the level of civilization attained by a country; in particular they depend on the conditions in which, and consequently on the habits and expectations with which, the class of free workers has been formed.

Recognising how Marx configured the value of labour power is invaluable to the understanding of the geographical movements of both capital and labour at a global level (Rainnie, McGrath-Champ and Herod, 2010; Hewison, 2016; Kofman, 2016). This is an aspect which is much more obvious and relevant now than it was in Marx's time. The last few decades have witnessed an enormous shift of production from the global North to the global South – deindustrialisation and reindustrialisation respectively – where lower wages and little labour organisation prevail. Where the latter exists, it is mostly repressed by authoritarian states (see Stewart and Garvey, 2016). This shift in capital has been associated also with labour movements. According to Harvey (1982: 381), 'in search of employment and living wage labour, the labourer is forced to follow capital wherever it flows'. Labour has been moving from rural to urban areas, from the global South to the global North, and from one country to another within the global South, which is known as 'South-South dynamics' (Poster and Yolmo, 2016: 578). For example, Saudi Arabia, as the rest of the Arab Gulf countries, mostly relies on the sale of oil, gas and petrochemical products that are extracted and produced by an overwhelming migrant majority drawn from around the globe, especially from South and East Asia (APMM, 2014). These migrants are often highly exploited. Therefore, the purpose of the following section is to elaborate on the relations of exploitation.

---

complex labour counts only as *intensified*, or rather *multiplied* simple labour, so that a smaller quantity of complex labour is considered equal to a larger quantity of simple labour'.

3.2.3 Relations of Exploitation (Valorisation)

Marx undertakes a sophisticated analysis in the first five chapters of the *Capital* volume one, in order to reach the conclusion that commodities do not create surplus-value by themselves; in other words, they do not valorise themselves but, rather, surplus-values are created by labour power (see Marx [1867] 1990: 268–80). Marx started his analysis on the capitalist mode of production by stating the argument that any commodity in the marketplace has a dual character: a use-value (i.e. an object of utility) and an exchange-value (i.e. the commodity itself is a material bearer of values) (Marx, [1867] 1990: 125). What determines the value of a commodity is the labour time socially necessary for its production.[7] This implies that the exchange-value of a commodity is a representation of the commodity's value itself;[8] hence, it is a representation of the labour time socially necessary for its production. Therefore, the more socially necessary labour time is required to produce a commodity, the more value it has.[9] This implies that useful commodities have values because human labour power is objectified/materialised in them (Harvey, 2017).

What distinguishes the commodity of labour power from all other commodities in the market is its capacity to generate more value than the cost of its reproduction (i.e. the value of labour power in the form of wage). What is key here is the recognition that the difference between these two values is what capitalists exploit to generate surplus-value, as shown in figure 3.2 below.
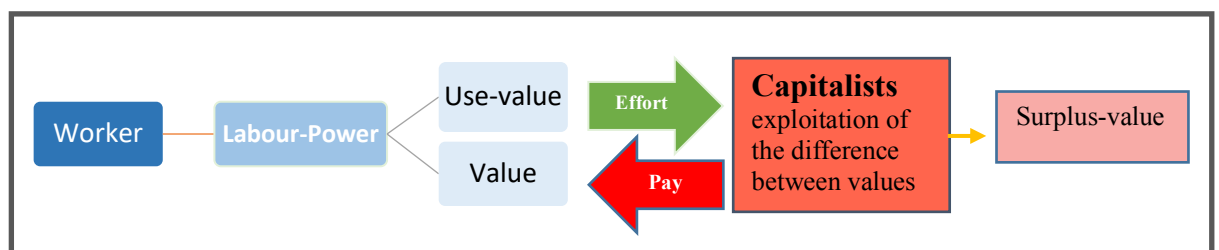
Figure 3. 2: Valorisation

Source: Author, based on Marx ([1876] 1990)

---

[7] Socially necessary labour-time was defined by Marx ([1876] 1990: 129) as 'the labour-time required to produce any use value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in a society'.

[8] It should be noted that there are different interpretations among Marxist theorists on how demand determines the value of commodities (see for example, Kristjanson-Gural, 2017: 155).

[9] What distinguishes Marx from Ricardo is this definition: Ricardo considered that labour-time determines the value of a commodity, whereas Marx used *socially necessary* labour-time as the value's determinant.

Exploitation in Marxist terms can be defined as 'the appropriation by capital of a share of the value produced by the labourers' (Carchedi, 2017: 45). For Marx, exploitation does not occur at the moment of sale and purchase of labour power, but because workers are forced to work longer hours and/or work at a higher intensity that is above and beyond what they need to reproduce themselves. From this perspective, exploitation increases with the increase in the amount of socially necessary labour time that workers give to capitalists without remuneration.
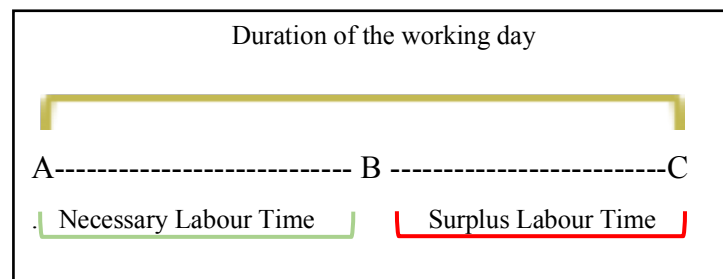
Figure 3. 3: Exploitation

Source: Adapted from Marx ([1867] 1990: 429)

As shown in figure 3.3 above, Marx ([1867] 1990) divided the working day into two parts: the line from A to B is necessary labour time and the line from B to C is surplus labour time. Workers start their working day at point A and work for a specific amount of time until they reach point B, where the amount of value they have added to the commodities is equivalent to the value of their own labour power, which is the cost of the means of subsistence (i.e. the wage). After point B, workers are adding surplus-value, which capitalists take as a reward. For example, if a labourer works eight hours per day but his/her value of labour power is covered at the first five hours, he/she ends up working three hours for free, which is the period of creating surplus-value for the benefit of capitalists. The example above shows that valorisation depends on the capitalist ability to extract labour from labour power, which mostly occurs by extending the working day to produce absolute surplus-value and/or increasing labour productivity to produce relative surplus-value (Marx, [1867] 1990: 429–38).

The creation of surplus-value, in both its forms (absolute and relative), is determined by three interlinked factors: the length of the working day, the intensity of the work and the value of labour power. When an employer increases the length of the working day, the best

labourers create absolute surplus-value. Likewise, when the intensity of work is increased (e.g. as a result of introducing new technology and inter-firm competition), productivity[10] increases, which results in the additional creation of relative surplus-value. More importantly, the increase in productivity implies a decrease in the value of labour power since higher productivity secures higher quantities of goods and services at lower prices (Harvey, 2017).

Nevertheless, capitalists only buy (i.e. recruit) the socially necessary skills of labour power for production. Unskilled labourers cause delays in the labour process and/or a waste in the means of production that capitalists purchased. Likewise, overqualified labourers have higher costs but cannot produce faster or more than what the required level of skills is; thus, they constitute an extra expenditure (Marx, [1867] 1990: 304–5). As Thompson and McHough (2009: 216) point out, however, 'a focus on skills in isolation from the broader division of labour is conceptually and empirically limited'.

3.2.4 Division of Labour and Segmentation

Since labour power is *embodied* in its owner (i.e. inseparable from the worker), it comes in various guises that are classified based on aspects such as gender, nationality and skill set among others. For an optimum consumption of the purchased labour power, capitalists need to alienate and objectify it (Edwards, 1990). Therefore, the social division of labour, which refers to the specialisation of occupation and function (Gorz, 1978: 16), is a requirement for the production of commodities in capitalism.[11] Marx ([1867] 1990: 132) saw that if commodities did not possess different qualities of useful labour, it would be impossible to exchange them in the market; in other words, they are being exchanged because they have different kinds of human labour power.

---

[10] Productivity for Marx is shortening the socially necessary labour-time for production: '[l]et us assume that some invention enables the spinner to spin as much cotton in six hours as he was able to spin before in 36 hours. His labour is now six times as effective as it was, considered as useful productive activity directed to a given purpose. The product of six hours' labour has increased six fold, from 6 lb. to 36 lb.' Marx ([1867] 1990: 309).

[11] Adam Smith saw that the capitalist division of labour existed because of 'technological superiority' (i.e. one man can do the work of many). For a critique of this idea, see (Gorz, 1978: 16–7).

Moreover, labour power is a 'variable capital' for capitalists, since its use-value 'varies enormously through a division of labour across the class of workers, diversity within one worker's working lifetime and, critically, variability within working time' (Smith, 2016: 209). The presence of different qualities of labour power in labour markets aids capitalists to buy the kind (intellectual or manual; foreign or local) and quantity (part-time or full-time) of labour that best matches the requirements of specific types of production processes.

The division of labour in capitalist systems feeds back to the macro level, as can be witnessed in contemporary labour markets that are characterised by high segmentation. Labour market segmentation is defined by (Reich, Gordon and Edwards, 1973) as:

> the historical process whereby political-economic forces encourage the division of the labour market into separate submarkets, or segments distinguished by different labour market characteristics and behavioural rules.

It can be argued that labour markets are divided into sub-markets and segments, as a result of various institutions that govern them, including: types of workers (i.e. local or foreign labour), types of contracting (i.e. part-time or full-time) or types of jobs (i.e. manual or intellectual) (see Lovridge and Mok, 1979). Nevertheless, segmentation is a classical means to control labour. As Harvey (1982: 384) writes, 'capitalists also need to keep labour reserves in place, keep the labour market segmented as a means for social control and support adequate social reproduction processes for labour'.

It is crucial to realise that certain qualities of labour power are 'historically created through class struggles' (Smith, 2016). In addition, state intervention to regulate this struggle is critical in how labour markets are segmented (Gorz, 1978). For example, the decline of trade unionism in liberal market economies since the 1970s shows that the liberalisation of employment institutions through state intervention has mostly served the interests of the capitalist class (Thompson and McHugh, 2009: 204). Moreover, rules that govern grievances and employment contracting are critical measures for how workers pursue their career in a given political economy. The huge variations in terms of investment on labour skills between liberal market economies and coordinated market economies is a notable example in this regard (Hall and Soskice, 2001). Further, the pursuit of firms for capital accumulation also entails challenging the institutions of the state. Capitalists are not passive recipients of state institutions since they have different interests and different capacity to change, create or

abandon institutions (Smith, 2016), irrespective of whether they function within a so-called coordinated, liberal or patrimonial capitalist system. Therefore, it can be argued that the relations between labour, capital and state are the basis to how workplace relations are structured in a given capitalist system. This is discussed next.

3.2.5 Worker-Manager Conflicts

The conflict of interest between labour and capitalism implies that relations at the workplace are fundamentally contradictory, with each group pulling in the opposite direction (Thompson and McHugh, 2009). Labour process research shows the existence of various control mechanisms used by employers to discipline workers. In some cases, workers and capital reach a degree of consent; however, they often remain in conflict and workers show signs of resistance, either as organised groups in the form of trade union strikes and/or individually within the workplace, a practice referred to as 'organisational misbehaviour' (Ackroyd and Thompson, 1999). The dialectics of control, resistance and consent occupy a large part in the development of the LPT.

3.2.5.1 Control and Resistance

Control can be broadly seen as 'a term summarising a set of mechanisms and practices that regulate the terms of the labour process' (Edwards, 1990: 143). In the pursuit of profitable production, capitalists need to unite the labour process and the process of creating surplus-value (i.e. valorisation) in what Marx ([1867] 1990: 304) called 'the capitalist process of production'. In order to maintain this unity, the capitalists tightly control the whole of the production process to ensure that there is no waste of the two purchased kinds of commodities (the means of production and labour power), since profit generation requires that the production of a given commodity should not require more than the socially necessary labour-time under the given social conditions. Labourers, however, as Thompson and McHugh (2009: 105) note, 'pursue their own interests for job security, higher rewards and satisfying work, developing their own counter-organisation through informal job controls, restriction of output, and the like'. This antagonistic relation between capital and labour has always been central to capitalism (Thompson, 1990; Mumby, 2005; Vidal and Hauptmiere, 2014; Smith, 2016).

In contemporary firms, employees often work within environments that have policies and procedures set by the owners of the means of production. Their behaviour is often monitored by agents of the capitalists (managers), who define what is acceptable behaviour and what is not. Disciplinary tools, such as salary cuts, missed promotions and dismissal, are used to control workers and direct their behaviour towards serving the interests of the firm (Thompson, 1990).

New techniques of extracting surplus value from labour power have evolved as capitalism has evolved (Thompson and McHugh, 2009: 107–10). Marx confirmed that capitalism works with the concept of 'moments are the elements of profits' (Marx, [1867] 1990: 352). Competition between firms creates a constant pressure to capture more of those moments and to make sure that they are utilised; therefore, revolutionising technology in both its hard and soft forms is equally constantly pursued (Thompson, 2010; Smith, 2016). As David Harvey (2017: 9) wrote:

> Technology does not only refer to the machines and tools and energy systems put in motion (the hardware as it were). It also includes organisational forms (divisions of labour, structures of cooperation, corporate forms etc.) and the software of control systems, artificial intelligence and the like.

By examining the development of industrial capitalism in twentieth-century America, Braverman (1974) observed that workers were becoming progressively deskilled, as firms applied scientific management principles (i.e. Taylorism)[12] to enhance production outputs for the pursuit of capital expansion. He saw the 'degradation of work' and the 'deskilling of labour' as the outcomes of the monopoly hold that employers and their agents (managers) had on the process of production. Employing workers with basic skills gave firms more control over them, especially because they could replace them easily, which in itself afforded more control over wage negotiations. In fact, the work of Braverman proves, what Marx and Engels ([1848] 2015: 12) stated more than a century earlier in their *Communist Manifesto*, that the worker 'became an appendage of the machine'. Nevertheless, Braverman was widely criticised for overstressing control and deskilling, while underestimating workers'

---

[12] Taylorism refers to the simplification and standardisation of production processes by engineers and managers to ensure that workers produce sufficient output (Vidal and Hauptmeier, 2014: 10)

resistance, consent and upskilling (see for example, Grint, 2005: 180–5; Edgell, 2006: 48–60).

3.2.5.2 Forms of Control

After Braverman's (1974) contribution, the 'second-wave' of labour process research emerged on both sides of the Atlantic (notably Friedman, 1977; Burawoy, 1979; Edwards, 1979), advocating that there are various systems of control in different typologies of workplace regimes, as workers gradually proved that they are not passive recipients of control, continually seeking new ways to evade it. The emphasis of the second wave is on the dialectic of control-consent and resistance, 'whereby managerial controls produce resistance from workers that then lead on to new control regimes in a cyclical manner' (Smith, 2016: 216).

The works of Friedman (1977) and Edwards (1979) were described by Thompson (2016, p. 4) as 'the best known empirical illustrations of the control-resistance paradigm'. Friedman (1977) drew on labour movements in the UK and observed that trade unions in large firms were able to resist the form of *direct control* (i.e. close supervision and reduced responsibilities) and replace it with a cleverer control strategy, which he termed *responsible autonomy*. He argues that under the responsible autonomy type, workers (especially skilled) are given 'responsibilities, status, light supervision, and their loyalty towards the firm is solicited by encouraging venom against competitors, by fancy sports facilities, by co-opting trade union leaders, and so on' (Friedman, 1990: 178). Edwards (1979) in the USA emphasised the concept of 'contested terrain' since the dialectics between workers' resistance and management control continuously shape the way work is organised. While employers apply control practices, workers learn how to resist them, which results in managers refining their control systems. Edwards recognises two main control structures that are linked to the size of the organisation: 1) *simple control* represents the direct relations between the capitalist and his/her workers in small firms; 2) *structural control* appears in large firms and comprises a) *technical* and b) *bureaucratic* forms of control. The former refers to the submission of workers to the technological procedures of production, while the latter refers to the institutionalisation of work organisation (e.g. job description, wage systems and promotions). Both forms of structural control result in depersonalised control.

Even though various control strategies might co-exist in a single firm and workers might resist them in different capacities, 'there is within this conflict, a requirement for consent, as capitalism requires free exchange between workers and capitalists' (Smith, 2016: 210). Managerial approaches of upskilling, team working and knowledge management are all strategies in which labour can become more engaged (Thompson, 2010).

3.2.5.3 Consent

Michael Burawoy,[13] in his major work, *Manufacturing Consent* (1979) turned the focus from control and contest to the production of consent. Based on a single ethnographic case-study of a unionised Chicago machine shop, he found that labourers do not always need to be coerced since they actively, and sometimes 'unintentionally', consent to work hard for their employer. More importantly, he found that workers consented to the management because they were able to resist to some degree. Therefore, Burawoy argues that allowing minor resistance can maintain the domination of management because it undermines more meaningful methods of resistance. Engaging with employees does not mean that coercive and bureaucratic forms of control have diminished; rather, softer and more creative ways of control have emerged in contemporary workplaces: 'whatever the means, there is always a control imperative in the labour process' (Smith, 2016: 208).

Furthermore, there is a body of work showing that contemporary management does not only rely on Taylorist control strategies, as proposed by Braverman, but also engages with workers (especially non-manual workers) (Williams and Connell, 2010). Sturdy, Fleming and Delbridge (2010) proposed the concept of neo-normative control. They argue that the management, which adopts this control strategy, considers the emotional and personal features of workers to a great extent. Unlike bureaucratic control, it focusses on the ideology of 'just be yourself'. Employees are given a high degree of autonomy and encouraged to have fun at work, since this is believed to increase their productivity and loyalty to the firm; however, this 'comes at a price in terms of workload and effort bargain' (Thompson, 2010: 10). Therefore, despite the stark difference in how employees are being controlled (e.g. bureaucratic vs neo-normative), the purpose of all these approaches used by capitalists

---

[13] Burawoy, as described by Smith (2016: 11), 'is the most significant Marxist sociologist of the labour process'.

remains to extract extra labour effort, which results in the production of 'organisational misbehaviour'.

3.3.1 Organisational Misbehaviour

Ackroyd and Thompson (2016), building on their own earlier work (Ackroyd and Thompson, 1999) and drawing on findings from post-war studies of the workplace, present a framework that can be used to comprehend conflicts around the indeterminacy of labour power in terms of work-effort bargaining. Given the specificity of the Saudi context in terms of the absence of trade unions and the scope of this research, the framework of organisational misbehaviour is needed to understanding forms of resistance inside the workplace.

Traditionally, resistance has been expressed by strikes conducted by organised labour and trade unions. The number of strikes and trade unions in developed countries, however, has decreased substantially over the last few decades (Grint, 2005: 155–60). The downgrading of collective resistance does not imply the disappearance of resistance nor the end of capital-labour conflicts, since there are still many forms in which conflict manifests itself in the workplace (Thompson, 2010). The concept of misbehaviour is regarded as anything other than organised and collective action by labour as a class agent. It can, further, be understood as synonymous with terms such as conflict and resistance and best described as non-compliance. Thompson and McHugh, (2009: 118) note that:

> the term misbehaviour is used ironically to draw attention to what is missed and misunderstood by orthodox accounts that assume conformity of behaviour as the norm, and to signify counter-productive behaviour.

Organisational misbehaviour is an analytical framework that focusses on the study of conflictual practices between managers and workers around the appropriation of effort bargaining in terms of time, work and product (see table 3.1 below).

Table 3. 1: Organisational Misbehaviour

Degrees of Compliance	Indeterminacy of effort		
	Appropriation of Time	**Appropriation of Work**	**Appropriation of Product**
Commitment Engagement	Time Perks	Trust	Perks (payment in kind)
Collaboration	High attention of work	High working effort	High concern output and quality
Compliance	-Convectional levels of attention to work -Lack of attention **-Systematic time-wasting, chronic absenteeism**	-Convectional levels of working effort -Effort reduction **-Systematic work limitation, utilitarian sabotage**	-Conventional concern for product quality -Lack of concern for product quality **-Systematic fiddling and pilferage**
Withdrawal	Chronic absence	Work refusal/ downing tools	Sabotage of products
Denial/Hostility	Turnover	Destructiveness	Extreme sabotage and theft

Source: Ackroyed and Thompson (2016: 190)

As shown in the table above, Ackroyd and Thompson (2016) argue that employers and employees mostly struggle in three main potential areas of misbehaviour: 1) appropriation of time (i.e. the amount of time spent in performing a task); 2) the appropriation of work (i.e. the amount of work done); and 3) the appropriation of the product (i.e. access to the use of products made at work). The first column on the left shows the degrees of labour compliance that ranges from engagement, collaboration, compliance and withdrawal through to denial and hostility. Each of these compliance degrees is likely to be associated with forms of misbehaviour that vary in their intensity from compliance to withdrawal.

Labourers sell their time through a contract defined in terms of working time and salary but there is no agreement on their effort. A job description and specifications might set up some boundaries and obligations to a type of work. In the absence of such boundaries on duties, Ackroyd and Thompson (1999: 29) argue that workers tend to perform according to what is deemed to be 'appropriate conduct'. Misbehaviour is expressed in various degrees and forms (e.g. absence, refusal, sabotage and resignation) that can be seen in the table above under each area associated with a degree of compliance. What Ackroyd and Thompson, however, believe to be the classical forms of misbehaviour include (highlighted in bold in the third row from the bottom): systemic time wasting and work limitation, absenteeism, sabotage, fiddling and pilferage. Extreme forms of organisational misbehaviour occur when workers

are in denial of the current situation and this can be manifested in resignations and/or stopping the process of production by sabotage.

Furthermore, managers (in particular, supervisors) are often complicit in the acceptance of organisational misbehaviour (Ackroyd and Thompson, 2016). They do so for a variety of reasons; for instance, it could be that misbehaviour does not threaten workflow or managers simply do not care. Consequently, managers themselves become more involved in the production of misbehaviour. Managers, however, will not allow misbehaviour to become known to senior staff. Mostly, trivial misbehaviours are tolerated because the cost of allowing them is less than the cost of eliminating them. Consequently, 'seeing how far the rules will bend becomes habitual behaviour for the workers' (Ackroyd and Thompson, 1999: 78). Moreover, tolerating misbehaviour could be a powerful tool for controlling workers. New policies may be issued to ban or criminalise a particular behaviour, which periodically may be used as threats. Ignoring a misbehaviour, however, does not mean that managers cannot threaten workers they will use law, rules or regulations to criminalise them. The degree to which workers can misbehave is also linked to mobility-effort bargaining, which is discussed next.

3.2.7 Mobility Power and Labour Flows

The double indeterminacy of labour power, *effort power* and *mobility power*, is a critical conceptual development to the LPT that was first proposed by Chris Smith (2006). While the bulk of labour process research has thoroughly focussed on indeterminacy around work-effort bargaining, Smith (2006, 2010) argues that the indeterminacy of labour mobility is also crucial, since both the workers' ability to change employers and the employers' retention strategies shape to a great extent the relations between the two groups. This mobility-effort bargaining configures aspects of the labour process, such as the length of stay in the firm, the intensity of the work and the nature of tasks.

Mobility power is indeterminate because employers are uncertain whether an employed worker will remain in the firm or not; likewise, a worker is uncertain whether his or her employer will renew the employment contract or not (Smith, 2016: 217). Mobility-effort bargaining can be best observed when a worker resists through using the threat of exit from

work to renegotiate benefits 'such as changing shifts, rotating tasks, leaving dictatorial supervisors, creating promotion opportunities' (Smith, 2006: 391). However, in mobility-effort bargaining, capitalists often hold the advantage (Smith, 2006) particularly in a labour market where there are more sellers of labour power than buyers (i.e. unemployment) (Olsen, 2017: 55). This power imbalance between capitalists and labourers has negative consequences on the latter in terms of various aspects of work, such as pay and work intensity.

Because of the excessive supply of labour power (i.e. the reserve army of labour) in many parts of the world, labourers often do not have the privilege to threaten their current employers with quitting; rather, they often try to acquire some fixity in order to enhance their position in mobility-effort bargaining. Workers pursue fixity through mastering a specific profession (task fixity), serving an employer for a long period of time (temporal fixity) or being part of a particular community (place fixity), such as ethnic groups and trade unions (Smith, 2010). Conversely, capitalist firms minimise the mobility power of workers mainly through applying flexible employment contracting to segment jobs into different contracts (e.g. part-time and outsourcing). Nevertheless, flexible contracting does not affect much the mobility power of highly skilled workers, since their ability to sell labour power is higher and, also, they can earn more from selling their services as free agents rather than being tied to one employer (Smith, 2010: 286). Therefore, firms strategically calculate the costs of turnover of their highly skilled workers and act upon them. One key strategy noted by Smith (2006: 398) is that 'employers assign the most senior workers, those for whom the cost of turnover is greatest, to key jobs'.

Smith (2010) expanded the discussion on mobility power by introducing the 'flow' perspective, which emphasises the expansion of the global labour reserve for capital and the internationalisation of trade, and how both negatively impact on labour mobility. Liberalisation on a global scale has not done much for labour as it has for capital, since labour mobility is still quite restricted by national institutions (Smith, 2010: 288).

3.2.7.1 Significance to Saudi Arabia

The *Kafala* system in the Arab Gulf region is a mechanism applied by the state mainly to control the mobility of migrants. Under this sponsorship system, migrants cannot change their employers but the latter can lay off migrants (by deportation) after paying a very modest

compensation. The emergence of large conglomerates (both domestic- and foreign-owned firms) in this region would have been impossible without the reliance on armies of 'temporary', highly controlled and low-cost migrant labour, mostly brought from countries in South and South East Asia (Hanieh, 2011).

Smith (2010: 275) broadly acknowledges how this reserve army of migrants in the Arab Gulf states 'offers opportunities to capital that can globally source labour at both the high and low ends'. Yet, little is known about labour mobility in the Gulf countries, and in particular about the role of the *Kafala* system as a mobility control mechanism and the dynamics that arise from it, such as labour escaping and concealed businesses (see next chapter).

It should be noted that labour process analysis was initially applied to explore various types of workplaces in the USA (Braverman, 1974; Burawoy, 1979) and the UK (Edwards, 1979), and was then used on a host of other countries, including Turkey (Yücesan, 1998), Australia (Barnes, 2007), Poland (Bancarzewski, 2015) and China (Smith and Liu, 2016). To the author's knowledge, however, the theory has not been used so far to explore the Saudi workplace. Consequently, there is little we know about workplace struggles in this context.

3.5 Conclusion

This chapter reviewed key aspects of the labour process theory that are used in the analysis of the two case study firms in this thesis. This post-Marxist theory focusses on analysing relations between capital and labour at the point of production inside the workplace rather than on class struggles in society as a whole. Whether labour process is distanced from Marx's theory of value and class analysis or not (Edwards, 1990; Thompson, 1990), a focus on the workplace reveals a lot about the dynamics of the capitalist system, as Marx ([1867] 1990) argued in the *Capital* volume one. There is a consensus among labour process scholars regarding the 'core theory' that views the capitalist workplace as a site of contestations between labourers on one side, and capitalists and their agents on the other (Thompson and Smith, 2017). Understanding these conflicts between the two enables the researcher to link the micro-organisational level to the macro-institutional level and provides a better grasp of the specificities of capitalism (Vidal and Hauptmeier, 2014).

This chapter has introduced the framework of 'organisational misbehaviour' developed by Ackroyd and Thompson (1999; 2016). This analytical tool is valuable and necessary for investigating forms of resistance among workers, especially in a context where any form of formal organisation of labour is prohibited, such as in Saudi Arabia. The framework focusses on the degrees of resistance in the workplace, which can range from simple delays in performing tasks to purposeful sabotage and withdrawal.

Most notably, the notion of 'mobility power' developed by Smith (2006; 2010) is considered to be a critical development for the understanding of labour power. Both labour mobility (i.e. the power to move between employers) and a firm's recruitment and retention strategies largely shape the nature of labour-capital relations at the workplace. Future labour process research, as Smith (2010: 290) notes, 'needs to have this broadened conception of labour power'. The notion of mobility power is particularly suitable to understanding the Saudi context since the sponsorship system of *Kafala* is a control mechanism that is designed to restrict migrants' mobility between employers.

Labour process scholars have thoroughly explored workplace relations in a wide variety of contexts around the globe; however, the dynamics of the Saudi workplace have not been sufficiently explored using the labour process as the main theoretical lens. It is the contention of the author that doing so will bring fresh perspectives to the literature. It is the purpose of the following chapter to assess the state of the literature on work and employment in Saudi Arabia.

Chapter 4: Saudi Work and Employment

4.1 Introduction

The discussions in the previous two chapters have shown that capitalism is a mode of production full of conflicts and contradictions. This chapter uses secondary sources to understand central patterns of segmentation in the Saudi labour market. It also critically reviews the literature on Saudi work and employment, especially *Saudisation* and *Kafala*, to explore current knowledge about the way in which institutions shape workplace relations and how they are manipulated and contested in the workplace by both labour and firms. This will help to identify limitations in this body of work.

The analysis in this chapter moves from the macro to the micro. It begins by highlighting the main dimensions of segmentation in the Saudi labour market (section 4.2). It then reviews the literature on the *Kafala* system by focusing on how this sponsorship system is manipulated by firms and resisted by migrants (section 4.3). The third section highlights the functioning of *Saudisation* policies through the quota system (*Nitaqat*), and government subsidisation of training and salaries through the Human Resource Development Fund (HRDF). It also reviews how *Saudisation* causes tension between the state and firms through avoidance of the policy, as well as tensions that have escalated between Saudis and firms due to the recent amendment of article 77 in the Saudi labour law (section 4.4).

4.2 Labour Market Segmentation

In this section, key divisions of the Saudi labour market are identified. Workers in the Saudi labour market are categorised according to several attributes, most notably nationality, skill, and gender. Drawing on official national statistics and relevant literature, these three dimensions will now be examined.

4.2.1 The Reliance on Non-Arab Migrants

Citizenship and *Kafala* create a dividing line between Saudis and migrants in terms of their position in the labour market (AlShehabi, 2015; Dito, 2015; Hanieh, 2015a). While migrants constitute less than 6% of workers in the public sector, they occupy more than 80% of the jobs in the private sector (Saudi Arabia. Ministry of Labor, 2017). The total 'documented' number of migrants in Saudi Arabia is estimated to be around 12.5 million, which is more than a third of the total Saudi population. Of these migrants, more than 70% work in firms in the private sector, just under 20% work as domestic labour, and around 10% are dependants (Saudi Arabia. General Authority for Statistics, 2018). This means that Saudi Arabia is ranked 6th in the world in terms of the migrant share of the total population and is the 4th most favoured destination for migrants (Migration Policy Institute, 2015).

Notably, non-Arabs constitute more than two thirds of the total migrant population in Saudi Arabia. The data presented in the pie chart below (figure 4.1) show that migrants from the Indian subcontinent (India, Pakistan and Bangladesh) constitute around half of the total migrant population, compared to Arab migrants who represent less than a quarter.
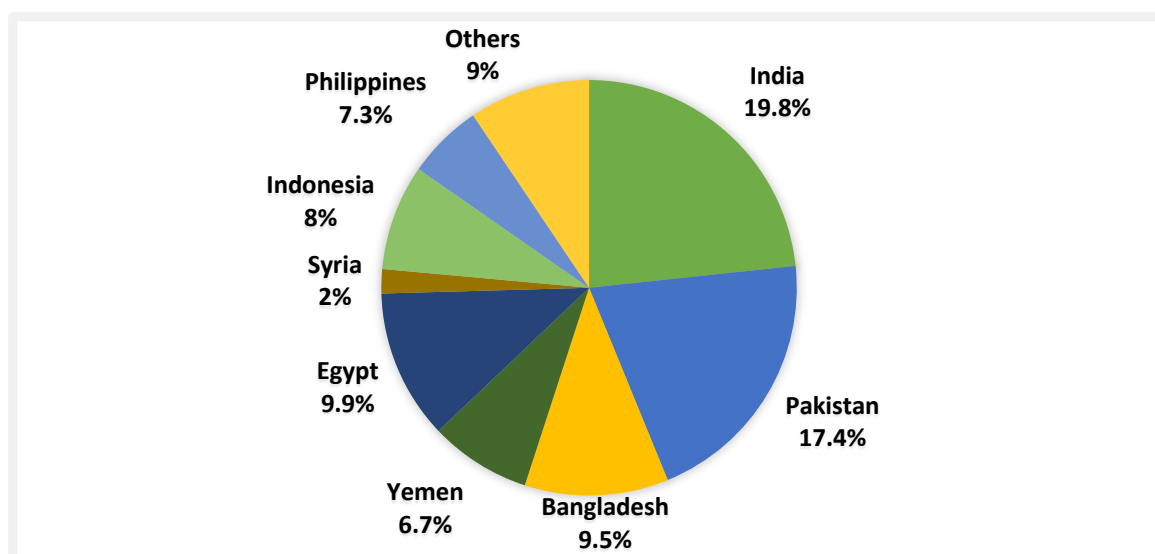
Figure 4. 1: Estimates of Migrant Populations in Saudi Arabia

Sources: Author, based on data from Okaz (2017); Arabic.Sputniknews (2018)

To understand the current reliance on non-Arab migrants rather than Saudis and Arab migrants, it is necessary to turn to a brief history of labour mobilisation in Saudi Arabia, as Reich, Gordon and Edwards (1973: 360) have argued that, 'divisions of the labour market

are best understood from a historical analysis of their origins'. Since the discovery of oil in the 1930s until the early 1970s, migrants in most of the Arab Gulf countries were usually Arabs from neighbouring countries (e.g. Egypt, Iraq, Jordan, and Yemen). Consequently, by 1975 Arabs constituted around 80% of the total number of migrants in Saudi Arabia (AlShehabi, 2015). This changed following the labour strikes of the 1950s and 1960s in the Eastern province. During the oil boom from 1970 to 1986, the Gulf states gradually recruited more non-Arab migrants as Arab migrants were seen 'as a primary cause of Arab nationalism, Nasserism and leftism in the Gulf' (AlShehabi, 2015: 21). Migrants from South and South East Asia were considered cheaper than Arab migrants and, more importantly, easier to isolate from native citizens due to existing cultural and language barriers. Western expatriates have not been affected by this shift as they have always been a minority group who mostly occupy managerial positions (ibid).

It has been argued by some scholars that social control over the wider working class in the Arab Gulf countries is reinforced by the reliance on non-Arab migrants (e.g. AlShehabi, 2015; Khalaf, 2015). The reliance on South and South East Asians not only enables the state to deport them in the event of strikes, it also helps to enforce the divide among the wider working class as there is considerable tension between non-Arab migrants and native citizens who are in the minority (AlShehabi, 2015). However, we have limited knowledge about this tension and how this unique segmentation mechanism functions at the level of the workplace particularly in the petrochemical industry, the core industry of Gulf economies.

4.2.2 Skill

Workers in the private sector can be grouped into three categories: low-skilled, semi-skilled, and skilled. Low-skilled workers are those who have no or very basic literacy skills, and do not hold any academic or technical qualifications. Workers in the semi-skilled category hold either a high school qualification or a technical qualification at the same level. Skilled labour denotes those who received formal training from higher education institutions at diploma

level or higher. The bar chart below depicts the proportion of Saudis and migrants in each of these three categories[14].
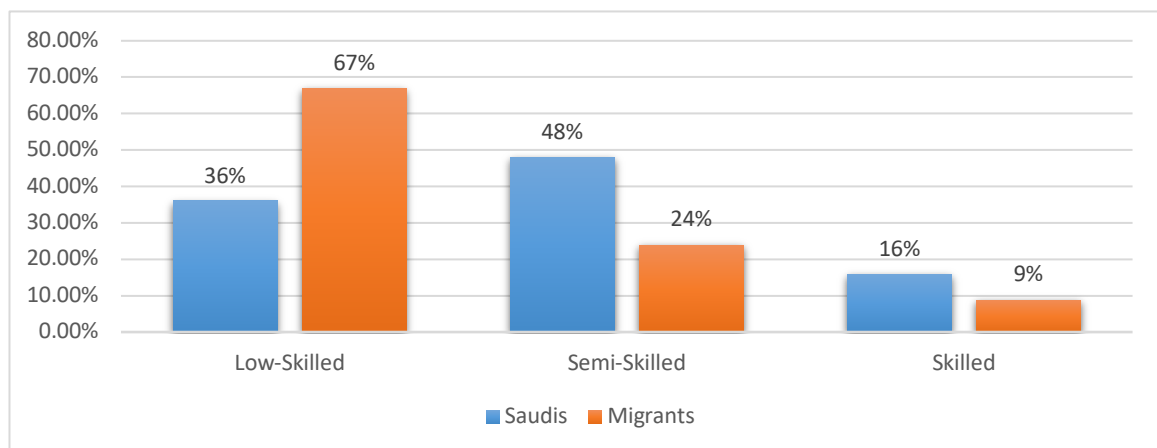
Figure 4. 2: Percentages of Workforce by Skill Level

Source: Author, based on data from Saudi Arabia General Authority for Statistics (2018: 48)

Institutionalists have long advocated that Saudi Arabia and the other Gulf states have recruited migrants mainly because of a lack of skilled labour among the native workforce (e.g. Beblawi, 1987; Matsu, 2015; Nasief, 2015). However, the weakness of this argument is evident when we look at the statistics above which show that migrants, who are classified as 'skilled labour' in Saudi Arabia, represent around 9% of the total migrant population. The other crucial factor that needs to be considered apart from skill is labour costs.

Migrants are brought from Asian countries where the standard of living is much lower than in Saudi Arabia. In the absence of minimum and equal pay regulations, the salary of a migrant worker in Saudi Arabia is largely determined by the country he or she originates from. For example, Rahman (2011) studied a sample of 4,427 Bangladeshi workers in Saudi Arabia and found that the average monthly income was 273 United States Dollars (USD), almost half of the unemployment aid a Saudi would receive from a governmental scheme known as Hafiz[15]. According to Saudi Arabia General Authority of Statistics (2018), the average monthly income for Saudis is 2,642 USD compared to 1,033 USD for migrants (this

---

[14] To calculate the percentages as shown in figure 4.2, the researcher grouped workers into Saudis and non-Saudis. He then divided the number of workers in each category by the total number of workers. For example, the total number of unskilled migrants is 5,682,012, this is divided by the total number of migrant workers which is 8471,354 67, giving 67%.

[15] Hafiz is the unemployment aid; it amounts to 533 USD per month and is restricted to Saudi citizens only.

includes all sectors of the economy). The table below compares the average salaries of Saudis and migrants in the major sectors of the Saudi economy. Saudis receive the highest salaries in sectors that are dominated by state-owned firms; these are placed in the top three rows of Table 4.1.

Table 4. 1: Average Monthly Salaries (in USD) of Workers by Sector

Sector	Saudis	Migrants
Petrochemical and Mining	3,547	1,289
Banking and Insurance	2,486	841
Transportation	1,801	294
Manufacturing	1,451	364
Construction	942	267
Retail and Trading	1,021	313

Source: Author, based on data from Saudi Arabia Ministry of Labor (2015: 143)

The reliance on a reserve army of low-skilled migrants from poorer countries serves as a mechanism to keep labour wages (for both citizens and migrants) in the Gulf states under control. Shin (2017: 35) explains this as follows:

> In rentier economies, temporary migrant workers also provide inexpensive services to native citizens who demand more services and goods due to an increase in redistribution. Immigration reduces the labour cost of domestic services, construction, and retail businesses. In an economy with lower prices, autocrats' *real* income from resource revenues is higher. In other words, autocrats can provide a smaller pay check to each citizen when the overall price level of a bundle of goods and services is lower (italics in original).

Because migrants in Saudi Arabia are easily replaceable, employers are generally not interested in investing to develop their skills (Al Dosary, 2004; Achoui, 2009). Harry (2007: 144) asserts that human resources in Saudi Arabia, 'are still seen as costs to the employer not valued assets of capital to be invested in'. However, this statement does not necessarily apply to the highly-skilled expatriates who typically occupy senior positions. Lauring (2013) conducted an ethnographic case study in a Danish Multinational Corporation (MNC) in Saudi Arabia to explore the business and personal lives of Danish managers. She found that

the focus of Danish managers was on keeping the costs of labour low by increasing working hours and cutting training expenses as they perceived non-Danish migrant employees as disposable and a cost to be minimised. She notes that Danish expatriates are treated much better by the company in terms of pay, benefits, and training. Lauring (2013: 218) therefore concludes that 'clearly the social organisation of the workplace meant that it was ethnicity rather than skills and knowledge which determined the position of an individual'. Despite the richness of her research, she focuses primarily on managers' perceptions and does not elaborate on how managerial practices relate to *Kafala* and *Saudisation* policies. Moreover, her research is based on data collected in 2008 from a single case study and therefore does not encompass recent institutional changes, especially new *Saudisation* policies such as *Nitaqat* and the restriction of all human resources positions to Saudis only.

4.2.3 Avoiding Female Labour

Female participation in the Saudi Arabian workforce is argued to be the lowest in the world (Metcalfe, 2011). The Saudi Arabian General Authority for Statistics (2018) reported that the participation rate for females in the private sector stood at 14.7%, amounting to approximately two million women. More importantly, two thirds of female migrants (around a million) work as domestic servants. Figure 4.3 below shows the percentages of labour based on citizenship (Saudis and migrants) and gender in the largest sectors of the Saudi economy. It should be noted that domestic servants (both males and females), who total approximately 2.4 million, are not included in these statistics.

|	Banking, Realestate & Insurance	Petrochemical & Mining	Electricity, gas and water	Manufacturing	Retail	Construction	Social services
Saudi Male	16.5	53	44.5	14.6	10.3	7.6	25.4
Saudi Female	5.5	2.1	2.2	5.4	5.7	3	17
Foreign Male	74	44.1	53.1	77.8	82.8	88.7	47.3
Foreign Female	4	0.8	0.2	2.2	1.2	0.7	10.3
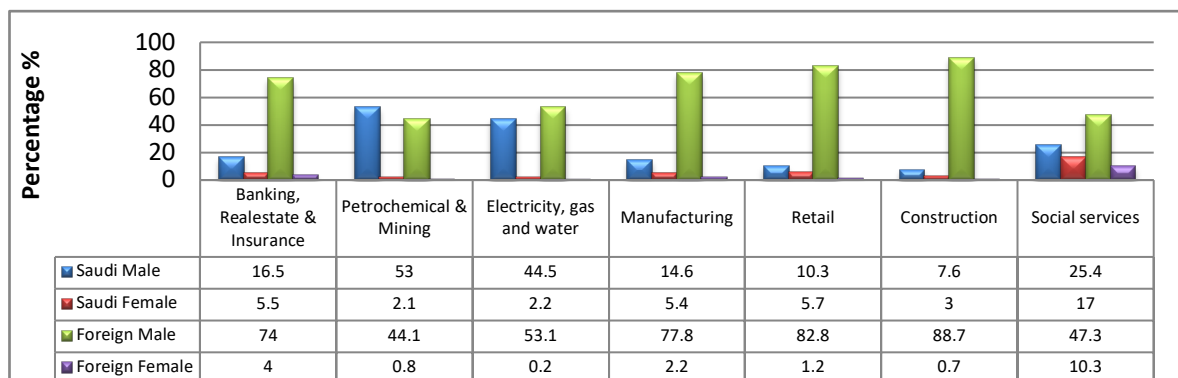
Figure 4. 3: Percentages of Workforce by Sector

Source: Author, based on data from Saudi Arabia, General Authority for Statistics (2018: 34)

The data presented above raise a key question; why are women almost entirely excluded from the private sector? The concept of 'neo-patriarchy' is crucial but insufficient in answering this question. As argued in the previous chapter, capitalists *only* hire the particular qualities (e.g. gender, ethnicity, and skill) that are necessary for the labour process. Existing research (e.g. Elamin and Omair, 2010; Metcalfe, 2011; Yusuf, 2014; Alhejji et al., 2016; Al-Asfour et al., 2017) focuses on the perceptions of Saudi women but does not adequately reveal the specificities of the exclusion-inclusion of female labour in Saudi Arabia.

To conclude, this section has used national statistics to identify non-Arab, low-skilled, male migrants as the largest segment of labour in Saudi Arabia. However, this is not informative in terms of the 'processes of segmentation', which can only be examined through workplace investigations (Reich, Gordon and Edwards, 1973). The literature on labour market segmentation in the Arab Gulf countries (e.g. AlShehabi, 2015; Khalaf, 2015) does not provide sufficient information on processes of segmentation as researchers often lack access to the workplace. However, examining these processes is crucial in understanding the specificities of capitalist dynamics in a particular geographical context (Harvey, 1982).

4.3 Struggles in the Workplace

As argued in Chapter Two, the Saudi state uses the *Kafala* system as a mechanism to control migrant workers by delegating the right of control over their mobility to employers (Hanieh, 2015a; Vora and Koch, 2015). At the same time, the state attempts to co-opt Saudi workers through the enforcement of *Saudisation* policies in the private sector (Peck, 2017; Shin, 2017). Both *Kafala* and *Saudisation* are the key institutions that influence the nature of the relationships between managers and workers within and between firms and the state more broadly.

Academic research on work and employment in Saudi Arabia can be roughly divided into two groups; outsiders, who focus on issues related to migrant workers and the *Kafala* system, and insiders (mostly academics in Saudi institutions and PhD researchers) who focus on unemployment and *Saudisation* issues. The literature produced by each group is discussed separately in the following two subsections.

4.3.1 Manipulating the *Kafala*

Although slavery 'officially' ended before the middle of the last century through the declaration of the human rights act, it is argued by some that the *Kafala* system is a form of 'neo-slavery' that was established in the early 1950s to control migrant labour in the Arab Gulf countries (Asia Pacific Mission for Migrants [APMM], 2014; Kakande, 2015). In Saudi Arabia, the capitalist class built prosperous enterprises by exploiting low-paid foreign workers through the *Kafala* system (Hanieh, 2011). Understanding the *Kafala* system is critical to this study with its enormous implications for workplace dynamics of control, consent, and resistance. This subsection shows how the *Kafala* system is manipulated by Saudi sponsors, exploited by firms, and resisted by migrant workers.

4.3.1.1 Free Visa and Tasattur

A phenomenological study conducted by Rahman (2011) shows that there is an 'illegal' act of recruitment unofficially known as a 'free visa'. This type of recruitment formed the black-market for work visas, which is a lucrative business for influential Gulf citizens as it offers them a stable source of income (for the case of Qatar see Pessoa, Harkness and Andrwe, 2014). In this practice, the worker pays an agreed amount of money to the prospective sponsor (an individual citizen known by the *Kafeel*) to issue the work visa but, upon arrival, he/she is not obliged to work for the sponsor and can search for work elsewhere. However, the worker is still 'unofficially' obliged to pay a fixed amount of money (monthly or annual payments) to his/her official sponsor.

The free visa seems to have advantages for both employers and migrants. For firms, hiring free visa migrants is an advantage for three reasons: Firstly, it enables them to avoid the recruitment fees paid to the recruiting agency and the government. Secondly, this category of labour is cheaper and relatively unprotected (Rahman, 2011). Thirdly, hiring such workers enables firms to manipulate the *Saudisation* requirements as the quota of Saudis to be employed (*Nitaqat*) is based on the number of legal expatriates registered in the firm's official papers. For migrants, the free visa seems to be a method that reduces the tight control over their mobility as it enables them to change employers (not sponsors). The ability to change their place of employment (i.e. mobility power) is a huge advantage that legal labourers do not have. The phenomenon of an illegal free visa practice has substantial implications in terms of structuring workplace dynamics; however, there is almost no

empirical research that increases our understanding of this aspect. Notably, the free visa is also closely linked to the other illegal act of *tasattur*.

Tasattur in Saudi Arabia illustrates how the *Kafala* system is manipulated by both Saudi and migrant entrepreneurs. *Tasattur* is an Arabic word for 'commercial concealment' and refers to a Saudi citizen who allows an expatriate to use his/her licence and commercial registration to set up a business in return for a fixed amount of money. Like the free visa, this illegal practice is also described as 'a rentier system that allows the citizen to extract revenues from the expatriate with little or no contribution themselves' (Kinninmont, 2015: 24). A recent study conducted by Rahman (2018) shows how some Bangladeshi migrants have transformed their positions from labourers to entrepreneurs in Saudi Arabia. Rahman's study, however, focuses on the success stories of 'innovative' entrepreneurs and overlooks the control mechanisms those migrant entrepreneurs use to exploit their fellow Bangladeshi workers. Whether the capitalist is a Bangladeshi or a Saudi, this will not alter the fact that his or her relations with labour is exploitative by nature. Although the practice of *tasattur* is widespread in the Gulf countries, there is very limited knowledge about its operation in the workplace. Thus, empirical investigation is needed to understand the dynamics of this practice and how it shapes capital-labour relations.

4.3.1.2 Resistance of Migrant Labour

In the absence of trade unions and due to the immense power the *Kafala* system gives to employers, migrant workers appear to have almost no bargaining power with their employers. This is exacerbated by the fact that their presence in the country depends on employers' level of satisfaction with their attitude and performance. In the event of a conflict with an employer, a migrant not only risks his or her job but also their work visa. Based on the limited in-depth qualitative research available (e.g. Budhwar and Mellahi, 2007; Rahman, 2011; Lauring, 2013), firms in Saudi Arabia are generally hierarchically structured with limited employee participation. It can be inferred that *Kafala* has helped to create a centralised decision-making approach in organisations where the decisions of owners and managers are rendered unquestionable. As described by Mellahi (2007: 85), labour management in Saudi firms tends to be that of a 'hire and fire culture' which prefers 'predominantly employees who fear authority and work with minimum demands'. Similarly, Lauring's (2013) findings regarding a Danish MNC in Saudi Arabia showed that Danish

managers treated workers of other nationalities (Indian, Egyptian, and Bangladeshi) in ways that were described as very 'authoritarian'.

To date, research on migrant workers has focused heavily on managers' perceptions and has overlooked the mechanisms of resistance available to migrants within firms. Previous research (e.g. Rahman, 2011; Alsadiq and Wu, 2015) has shown how migrants avoid the tight control of sponsors (e.g. the free visa), which is also a form of resistance to the *Kafala* system itself. However, we have limited knowledge of how migrants (especially those who are unskilled) resist the control of sponsors/managers within firms. The recent destruction of property by Indian workers from the Binladin corporation indicates there is some informal organisation of migrant workers based on ethnicity. The main reason for the violence was that workers had been issued exit visas without receiving their wages for the preceding ten months. The response came from the Saudi King himself, who paid most of the workers' salaries (a total of 27 million USD) (Kumar, 2016). This response showed that migrant workers do have some collective power, as the workers should have negotiated with the management before taking violent action. However, there has been no research into this type of informal organisation of labour in Saudi Arabia.

Many authors interested in *Kafala* issues have written about the way migrants are viewed as typically exploited, abused, and mistreated (e.g. Budhwar and Mellahi, 2007; Williams and Connell, 2010; Bajracharya and Sijapati, 2012; Kakande, 2015). However, it is crucial to assert that migrants in Saudi Arabia dominate the private sector and occupy jobs on different hierarchical levels (e.g. shop-floor workers, staff managers, and senior managers). Thus, it is inaccurate to generalise and claim that all migrants are being exploited simply because they are governed by the *Kafala* system. Many questions are raised in this respect: Are skilled migrants in high positions also abused? Are unskilled migrants abused by Saudi or migrant managers? Does the skill of a worker determine the level of exploitation to which he or she is exposed? These and other questions urge us to be sensitive not only to national institutions (e.g. *Kafala*) but also to power dynamics in the workplace.

4.3.2 Challenging the *Saudisation* Policies

The *Saudisation* scheme is mainly used as an instrument to promote the employment of Saudis in the private sector. Until the late 1980s, public employment had always been

available for Saudis (Al-Shammary, 2009). However, several factors, including the Gulf War in the early 1990s, the plunge in oil prices, and high rates of population growth, have meant that the state's ability to incorporate Saudis into public employment has been limited. A reduction in the mechanism of formal co-optation is considered a substantial threat to political stability in a patrimonial-rentier regime. This is especially the case following the 'Arab Spring' – a series of revolutions which have taken place in the Arab world since 2010 and for which unemployment was the key stimulus (Mirkin, 2013; Al-Asfour and Khan, 2014; Peck, 2017). The increase in oil prices since 2009 has helped the Saudi government escape the threat of a revolution by allowing the government to offer generous benefits to citizens, particularly through *Saudisation* policies (Shin, 2017: 33). Since 2011, the state has been enforcing *Saudisation* through three key instruments: 1) the quota system known as *Nitaqat*; 2) the HRDF which provides training and salary subsidies; and 3) the restriction of many occupations to Saudis only, especially HR positions. Despite these efforts, unemployment among Saudis has been increasing and reached 12.8% in 2017, indicating that *Saudisation* is being avoided by firms (Saudi Arabia. General Authority for Statistics, 2018).

4.3.2.1 Avoidance of the Nitaqat Quota System

Even though, through the *Kafala* system, companies in Saudi Arabia can recruit low-cost migrant workers from overseas, they are compelled to employ a minimum number of 'high-cost' Saudis. The quota-based employment programme of *Nitaqat* (Arabic term for bands or zones) was introduced in 2011 as the principal means by which the Ministry of Labour could control the number of expatriates employed in the private sector; the goal being to increase employment among Saudis. *Nitaqat* indicates that the pool of recruits firms can choose from is bounded by their size, sector, and the number of Saudi workers. Firms cannot hire or recruit any expatriates unless they therefore satisfy the required quota of Saudi workers. The ministry uses the number of employees as the benchmark for identifying the size of a firm. The *Nitaqat* program does not apply to very small businesses that have less than ten employees but does apply to the other four categories of firm: small (10-49), medium (50-499), large (500-2999), and giant (3000 and more). In addition to their size categorisation, firms are labelled with a compliance colour (platinum, green, yellow, or red), based on the percentage of Saudi workers they have hired. The platinum class indicates that the firm has achieved the highest quota of *Saudisation* required in the sector; this entitles it to recruit

expatriates in any occupation (except human resources) without falling below the required *Saudisation* quota percentage. Firms in the green class face tighter restrictions on recruitment, while firms in the yellow and red classes cannot recruit migrant workers from Saudi Arabia or from abroad. Compliance with *Nitaqat* is critical for firms' survival as it retains their right to recruit expatriates and to renew their commercial license.

Although the *Nitaqat* has been strictly enforced since 2011, Saudi workers still represent no more than 15% of the total workforce in the private sector (Saudi Arabia. General Authority for Statistics, 2018). From an employer's perspective, the recruitment of expatriates under the *Kafala* system is considered a privilege as those recruits are well controlled and less protected than Saudis. Consequently, the rejection of Saudis is mainly attributed to the costs they add and the protection they have (Al-Dosary, 2004; Achoui, 2009; Peck, 2017). For example, Mellahi's (2007: 95) interviews with Saudi human resources (HR) managers 'indicate that there is a deep-seated resistance to some aspects of the new legal HRM framework', and *Saudisation* is at the heart of this.

Despite the sophistication of the *Nitaqat* scheme, firms manipulate it through what is known as 'fake or ghost *Saudisation*' (Sadi and Henderson, 2005; Jehanzeb, Rasheed and Rasheed, 2013). Fake *Saudisation* refers to Saudis allowing their names to be used by a firm in exchange for a modest salary (around 800 USD). Rather than providing any actual work this arrangement serves simply to demonstrate official compliance with the *Nitaqat* quota-policy. While some firms genuinely hire Saudis, others only use Saudi names, either by using their family members' names or by making illegal agreements with Saudis. Therefore, the official number of Saudis employed does not reflect reality. For some Saudis, this can be a privilege because it provides them with a fixed income while they sit at home. In this sense, fake *Saudisation* effectively deters Saudis from taking on jobs for modest salaries because they know they can earn the same amounts while doing nothing. On the other hand, it can sometimes be better for firms to use the name of a Saudi for 800 USD and then recruit an expatriate who is typically highly controlled and costs less (Koyame-marsh, 2016). There are no statistics about fake *Saudisation* because the government is unable to record them, but it is speculated that the total could be as high as 48% of the total number of Saudis in the private sector (Al-Dosary, 2017). Although this phenomenon is discussed in the media, no existing research has sufficiently investigated it or indeed other means of avoiding *Saudisation*.

4.3.2.2 Restricting Occupations to Saudis

In early 2016, the government issued legislation that obliges all firms to assign HR positions to Saudi nationals only. This law is expected to increase the existing tension between Saudis and migrants. For an expatriate to realise that he/she will be replaced by a Saudi worker implies there will inevitably be some resistance and increased tension with Saudi workers. Rees, Mamman and Braik (2007) conducted a study to investigate *Emiratisation* in a multinational petrochemical firm operating in the United Arab Emirates that also applies the *Kafala* and job localisation scheme. Based on semi-structured interviews conducted with 12 senior managers (four nationals and eight migrants), the principal findings were that there was no resistance to nationalisation from the expatriates. However, this study negates what other authors have argued about the *Saudisation* being resisted by expatriates in Saudi Arabia (e.g. Al Dosary, 2004; Achoui, 2009). In general, we have limited knowledge as to the extent of tensions between Saudis and migrants and the resistance of the latter to the application of *Saudisation* policies, especially in the HR department.

4.3.2.3 Saudisation in State-Owned Firms

Studies on *Saudisation* have focused largely on private-owned firms (e.g. Al-Dosary and Rahman, 2005; Sadi and Henderson, 2005; Harry, 2007; Achoui, 2009; Al-Asfour and Khan, 2014; Alshanbri, Khalfan and Maqsood, 2015; Peck, 2017), which might imply that state-owned firms are in compliance with *Saudisation*. It should be noted that state-owned firms in Saudi Arabia need to comply with the exact same regulations that are applied to private-owned firms. However, we have limited knowledge on how the *Saudisation* scheme is avoided (if at all) in state-owned firms.

Hertog (2010) argues that state-owned firms in the Arab Gulf countries (except for Kuwait and Oman) are 'efficient' as they are not used by the state to offer 'free jobs' to co-opt citizens as is the case in the public sector; instead, these firms adopt a market-oriented approach to recruitment and offer employment based on merit. For Saudi Arabia, Hertog (2010) used the example of SABIC (a wholly state-owned firm) to show that the percentage of Saudis in the firm was 85%. Similarly, Achoui (2009: 43) used the example of ARAMCO to show that *Saudisation* had reached around 80%. However, relying on secondary data and interviews with technocrats rather than evidence from the workplace presents a limited picture of the reality of *Saudisation*. State-owned firms in the Gulf states function with a capitalist logic (i.e. decrease costs and maximise profits) particularly given that

'governments in rentier states collect revenues from state-owned enterprises' (Shin, 2017:20). Therefore, it is likely that they also avoid *Saudisation*.

4.3.2.4 Saudi Skill Formation and Subsidies from the HRDF

It is perceived by some that restricting public jobs to citizens is a way of adding political stability and legitimacy to the regime (Peck, 2017; Shin, 2017); similarly, the Saudi government co-opts young Saudis by offering free education and 'monthly salaries' through higher education organisations. Statistics in 2013 showed that 86% of high school graduates were enrolled in public education institutes . Saudis aged between 19 and 24, who are eligible for higher education benefits, represent 12% of the population and this total is expected to remain above 10% until 2025 (Saudi Arabia. General Authority for Statistics, 2018).

The institutions that are responsible for skill formation in Saudi Arabia are restricted to citizens and divided into two groups. The first group is under the control of the Ministry of Education (known as the Ministry of Higher Education prior to 2015), which comprises 26 public universities with an admission capacity of over 200,000 students each year. All of these universities offer bachelor's degrees or higher level degrees in social and applied sciences (Saudi Arabia. Ministry of Education, 2018). In contrast, the other group includes both the higher technical institutes (49 colleges, only 10 of which are for women), which offer diplomas in fields such as communications and information technology, and the vocational institutes (71 schools) that prepare semi-skilled workers such as electricians and mechanics, which offer degrees that are equivalent to high school education. Both of these forms of vocational institute are under the control of the Technical and Vocational Training Corporation (2018). Notably, all full-time students in these two groups within the higher education system are entitled to free tuition fees and monthly salaries of around 260 USD for the duration of their education.

Furthermore, in addition to the substantial educational opportunities available within the country, the government also launched the King Abdullah Scholarships programme which has provided opportunities to study overseas to more than 200,000 Saudis since it was initiated in 2005. More than two-thirds of these students have been receiving their education in North America and Europe. All students enrolled in this programme enjoy monthly salaries, health insurance, and full coverage of their tuition and fees (Saudi Arabia. Ministry of Education, 2018).

Although there has been a considerable amount spent on building universities and colleges to increase the capacity for engaging young Saudis, it has been argued that this does not adequately address the issue of weak employability among Saudis nor the lack of employers interested in developing workers' skills. Several published studies (e.g. Budhwar and Mellahi, 2007; Sadi and Al-Buraey, 2009; Baqadir, Patrick and Burns, 2011; Yusuf, 2014) argue that the main obstacle to the success of *Saudisation* is a lack of skilled Saudis who then avoid performing unskilled jobs as these jobs are poorly paid and are considered demeaning. Hussain, (2014: 9) observed that 'non-interest in the available jobs and low skills among Saudis are the major factors which induce the private sector to employ foreign workers'. Moreover, Hussain's sweeping generalisation has also been evident in the work of other scholars (e.g. Ramadi, 2005; Al-Asfour and Khan, 2014; Rahman, 2018). Yamada, (2015) argues that Saudi career preferences can be attributed to two main factors. The first is related to the Bedouin culture, which considers manual jobs to be 'dishonourable'. The other is related to the prestigious lifestyle that followed the oil price boom of the 1970s, which made administrative jobs in the public sector a tradition for Saudis. Consequently, as argued by Al-Asfour and Khan (2014: 247), 'Saudis are hardly found in menial jobs or any low-ranked jobs, such as janitorial positions; these jobs are done by foreign workers, and these posts are looked down upon by most locals'. A counter argument to this could be that the desperate search by capitalists for cheaper and easily exploitable workers to maximise their revenues has caused antipathy among Saudis towards forms of occupation that do not offer career development and entail a high degree of exploitation (Alzalabani, 2017: 61). For example, the high level of *Saudisation* in manual, well-paid jobs in the petrochemical sector shows that manual labour can be very attractive to Saudis. Notably, organisations in this sector, such as Aramco and Yanpet, offer advanced training through their in-house training centres (Jehanzeb, Rasheed and Rasheed, 2013).

While the Saudi education system is accused of inefficiency because it produces unskilled Saudis who are expensive and lack work discipline, the government allows firms, through the *Kafala* system, to recruit and hire cheaper expatriates who possess the requisite skills. Therefore, there seems to be a contradiction between the state policies of *Kafala* and *Saudisation* and this hinders employers from hiring Saudis (Al Dosary, 2004; Harry, 2007). Nevertheless, in 2000 the Saudi government initiated the HRDF to enhance Saudis' employability by providing subsidies for salaries and training costs. The total amount of

funding given to companies who complied with HRDF in 2015 was 392 million USD. Additionally, in 2011 the scheme began offering short training courses for unemployed and employed Saudis utilising both face-to-face and distance learning. Additionally, firms are obliged to annually offer 'off the job' training for all their Saudi workers. Nevertheless, the impact of recent legislation on firms' approaches to training has yet to be researched.

Recent research reveals that training opportunities for Saudis in various sectors are very limited. For example, Al-sharif (2014) found that Saudi Arabian Airlines offer training programmes for Saudis mainly to acquire basic skills such as English language and customer services skills. These findings were echoed in Alwekaisi's (2015) thesis investigating family-owned businesses. Similarly, AlGassim, Berry and McPhail (2012) investigated six MNCs in the hotel sector and found that these firms tended to offer training only to Saudis who performed below the job requirements. It can be inferred from these empirical studies that firms provide basic training *only* when it is necessary. Nevertheless, these studies have overlooked the influence of the HRDF legislation on the training offered by firms; thus, little is known about firms' compliance with this state policy. Additionally, they focused on managers' perspectives towards training, overlooking workers' demands to become involved in training which is a source of struggle between capital and labour (Smith, 2016).

4.3.2.5 Saudi Resistance and Article 77

In 2001 the Saudi Council of Ministers, led by the king, issued a decree that allows for the formation of a Saudi 'Labour Committee' in any firm that has a hundred or more Saudi employees. Labour committees represent employees and are restricted to Saudi citizens only. To be renewed after three years they require approval from the Ministry of Labour. The committees' responsibilities are limited to providing recommendations to management regarding the following issues:

> A- Improving working conditions.
> B- Increasing productivity and efficiency.
> C- Enhancing health.
> D- Assuring the safety of the labour force.
> E- Improving training programmes.
> F- Increasing cultural and social awareness.

However, these committees have limited power and independence. For example, the Minister of Labour has the right to resolve any labour committee issue, ask whomever he

thinks suitable to attend a meeting of the committee, and approve selected committee members. Furthermore, labour committees are not authorised to defend individual cases (Saudi Arabia. Ministry of Labor, 2017). At present, there are fewer than 25 labour committees in Saudi Arabia, and this number has declined from the 30 that existed in 2011. The decline in the number of labour committees might be attributable to their limited powers; however, it may also indicate that firms employ non-collective (direct) voice mechanisms for Saudi workers to avoid the organisation of a collective voice that typically gives workers more power.

Little in the way of empirical research on voice and collective resistance in Saudi Arabia has been conducted other than the work by Alzalabani and his colleagues (Alzalabani and Nair, 2011; Alzalabani, 2012; Alzalabani and Modi, 2014). However, all these studies utilised quantitative research and focused on labour committees in three of the major petrochemical organisations. Moreover, they only examined the impact of employee voice on job satisfaction and commitment. Consequently, they offer a very limited understanding of different forms of labour resistance within firms. Therefore, in-depth qualitative data on both collective and non-collective forms of resistance is needed to reveal their respective dynamics, outcomes, and processes.

Existing research has focused on migrant exploitation and the enforcement of *Saudisation*, which automatically gives the impression that Saudis are protected and empowered. However, the recent legislation issued by the government indicates that Saudis are prone to exploitation. In October 2015, the new amendment to article 77 of the Saudi labour law came into practice. This article entitles employers to dismiss Saudi workers without giving a valid reason, effectively facilitating the 'arbitrary dismissal' of Saudis. The article states that Saudi workers, who are hired on the basis of an employment contract that is 'undefined' in terms of period, can be dismissed by being compensated with a pay equivalent to 15 days for each year the worker has spent with the employer. In cases where the employment contract is defined in terms of period (e.g. annual contracts), the workers deserve to be paid the rest of their salaries from the date of dismissal until the end of the contract. However, it must be noted that the employment contract in Saudi Arabia (for both Saudis and migrants) automatically becomes undefined in terms of a period after the first year of employment in a firm. Before this amendment to article 77, Saudis who were dismissed could complain to the Labour Office, who then estimated the financial and social harms caused by the arbitrary

dismissal of the Saudi worker. Consequently, arbitrary dismissal was avoided by firms because negative consequences could not be predicted.

The timing of the implementation of article 77 raises a serious concern regarding the deterioration of social protection for Saudis following the plunge in oil prices from late 2014 onwards. In the Saudi press it is evident that this legislation raised widespread discontent among Saudis because it diminished job security. Even though the Minister of Labour announced in the press that firms should not exploit this article to dismiss Saudis, the reality is that Saudis are less protected by the state than before (Al-Omeer, 2015). This article has implications for manager-Saudi worker relations that previous research has not addressed. Therefore, exploring these issues will provide valuable insights into the reality of the Saudi workplace, especially the extent to which Saudis are immune to management control and exploitation.

4.4 Conclusion

This chapter has discussed existing works on the state institutions of *Kafala* and *Saudisation* and how they structure the segmentation of the Saudi labour market and labour-capital relations in the workplace. There is also some review of how both policies are circumvented, avoided, and manipulated by employers and workers. This suggests a limitation of the patrimonial capitalism model in accounting for the struggles and contradictions that underpin Saudi capitalism.

The Saudi labour market is highly segmented and characterised by four key dimensions: 1) a high unemployment rate among Saudis; 2) a majority of private sector jobs occupied by low-skilled labour; 3) the presence of a majority of non-Arab migrants; and 4) the very limited participation of women in the workforce. Moreover, the brief historical review of labour mobilisation in Saudi Arabia indicates that *Kafala* and divisions of labour (i.e. reliance on isolated non-Arab migrants) have been the key mechanisms used to control the wider working class (Matthiesen, 2014; AlShehabi, 2015). There has, however, been a lack of research on the implications of these mechanisms in the workplace.

Previous research on Saudi work and employment can be broadly divided into two groups: outsiders, who are mostly academics and research centres based abroad, and internal

researchers, including Saudi PhD researchers in British universities. The work of these two groups has different areas of strength; however, they tend to share the same weaknesses in that they lack critical theoretical perspectives and in-depth qualitative data. External researchers have focused mainly on issues of migration and the *Kafala* system (e.g. Harry, 2007; Hertog, 2010; Eldemerdash, 2014; Al Sadiq, 2015; Matsu, 2015; Pick, 2017). However, the analysis in these studies is predominantly based on secondary sources, thus, they do not provide detailed insights into issues in the workplace that can only be obtained through being physically present in the field. In contrast, internal researchers have focused mainly on *Saudisation* issues in the workplace and have neglected the role of migrant labour and of resistance. They have predominantly adopted quantitative approaches; thus, their research lacks details concerning workplace dynamics (e.g. Sadi and Al Buraey, 2009; Al Shehry, 2009; Al Rasheedi, 2012; Alzalabani and Modi, 2014, Al Wekaisi, 2015; Alzalabani, 2017). A few studies (including PhD theses) incorporate some qualitative analysis based on interviews with HR managers (e.g. Al-Shammari, 2009; AlGassim, Berry and McPhail, 2012; Alshanbri, Khalfan and Maqsood, 2015; Nasief, 2015; Haak-Saheem, Festing and Darwish, 2017; Othman, 2017). However, these studies focus mainly on understanding managers' perceptions of recent employment legislation while neglecting the role of labour resistance (among both Saudis and migrants).

In sum, research conducted by academics from both groups lacks detailed descriptions and an in-depth analysis of the interaction between firms and state policies; thus, it remains unclear how much room and what methods are left for companies to manoeuvre within given the boundaries set by state policies. Similarly, there is a lack of research evidence on worker–manager conflicts, interests and power bases, and the extent to which Saudis and migrants resist management control; thus, the dynamics of the Saudi workplace remain insufficiently explored. The next chapter details the methodology employed in this research to explore the issues discussed in this chapter.

Chapter 5: Research Methodology

5.1 Introduction

The previous chapters presented the analytical framework and the literature review. This chapter discusses the empirical research design and methods used in this study, and explains their suitability for answering the research questions posed. The chapter begins with a brief philosophical overview of critical realism that underpins this research (Section 5.2). A justification is made for the choice of the core methodological tool – the qualitative multiple-case study approach – and the constituent research techniques utilised. Inevitably, research based on the case study methodology needs to address the issue of generalisability; the discussion tackles this theme articulating both a defence of the case study approach and arguments for the choice of qualitative methodology more broadly. The chapter moves on to provide an account of the rationale behind site selection (Section 5.3). The next section discusses key access issues and ethical considerations, and also presents a detailed account of the means of data collection (Section 5.4). The final section addresses the data analysis process and discusses reliability and validity issues (Section 5.5).

5.2 Critical Realism

The adoption of a specific philosophy greatly influences how a study is designed, conducted and interpreted (Seale, 2004: 313), and is essential for identifying the nature of reality (ontology) and the type of knowledge that can be accepted (epistemology) (Gill and Johnson, 2010; Bryman, 2016). It is not the focus of this thesis to grasp the meaning that individuals (e.g. managers and workers) attach to their roles in the firm; rather, the focus is on analysing workplace dynamics, which are largely shaped by the inner forces of the capitalist mode of production. Therefore, this research seeks objective knowledge and adopts the critical realism paradigm (Bhaskar, 1975; Thompson and Vincent, 2010). Critical realism was adopted because it is congruent with the researcher's theoretical lens (i.e. labour process

theory) and is deemed more suitable to provide answers to the research questions of this thesis.

One of the key notions of critical realism is that we cannot reduce statements about the world and our being (i.e. ontology) to statements about our knowledge of the world (i.e. epistemology). An attempt to do so will constitute what is known as 'epistemic fallacy'. Therefore, ontology heavily determines epistemology. In other words, the way things are affects the way in which we know them and the extent to which they can be known (Bhaskar, 1975; 1989). Moreover, critical realists retain that reality (i.e. social phenomena and their meanings) is external to social actors. As argued by Bryman (2016: 29), 'social phenomena confront us as external facts that are beyond our reach or influence'. Although reality is external to us, we approach it with a particular perspective and, thus, with some sort of bias. In this light, critical realism differs from the positivist view that independent reality can be merely perceived and measured through empirical inquiry; it also clashes with some strong social constructionists versions of interpretivism since it argues that there are no diverging realities; rather, perceiving what is real is limited by our own abilities (Saunders, Lewis and Thornhill, 2012; Tollefsen, 2014). Therefore, it can be argued that critical realism combines qualities of both positivism (i.e. independent reality) and interpretivism (i.e. reality is approached from individual perspectives).

Critical realism takes a 'stratified approach' to social inquiry, as it views ontologies existing at different levels that are interrelated (Bhaskar, 1975). Considering the layers of ontology, we cannot disclose reality relying on a single research method; thus, methods and research techniques have to vary. For example, the study of human beings can be achieved at a basic level through the use of biology; taking this to the next level, human behaviour can be studied through the use of sociology. Each of these research methods reveals a specific aspect about human beings; thus, a critical realist considers each method to reveal something different about human beings. Social inquiry, as argued by Thompson and Vincent (2010: 52), 'has a logic on its own. Outside of the laboratory, the powers of differently layered entities (organisations, subjects, ideologies, etc.) interact and can variously obscure, prevent, encourage and overlay one another'.

Furthermore, critical realists maintain that social structure is a necessary condition and has always pre-existed any manifestation of human agency, which implies that human agency

was necessary for the reproduction and transformation of social structure (Bhaskar, 1989). Human agency is perceived as the thoughts and actions through which human beings express their power. Both social structure and human agency are in a relationship, consistently influencing but irreducible to one another. Therefore, social actors are not passive recipients of formal and informal institutions (i.e. culture); rather, they are active agents in shaping those institutions either by enforcing or rejecting them, which is influenced by how those social agents identify themselves in social processes (e.g. workers, managers and employers). Bhaskar (1989: 250) argues that:

> We will only be able understand – and so change – the social world if we identify the structures at work that generate those events and discourses […] These structures are not spontaneously apparent in the observable pattern of events; they can only be identified through the practical and theoretical work of the social sciences.

Critical realism is conceived as a general philosophical framework that cannot be conflated with labour process theory, which is obviously a theory. Philosophy and theory do different things, but both can be used in conjunction in order to deliver fruitful insights about the broader political economy (Thompson and Vincent, 2010). Labour process theory has been criticised for being micro-focussed and, in particular, for not theorising the state or the macro-political economy (Vidal and Hauptmeier, 2014). By focussing on the workplace, however, labour process theory already deals with the external relations of the various levels of political economy that influence workplace relations, such as labour market institutions and economic downturns (Smith, 2016). The researcher recognises the importance of accessing multiple structures and procedures, since each source of information has the capacity to influence our understanding of the phenomena being studied. Therefore, this research draws on the neo-institutionalist political economy approach of patrimonial capitalism to shed light on the institutional structures of Saudi Arabia, with the aim of incorporating capitalist dynamics into the framework, which is the focus of labour process analysis.

The philosophical position of this research, as discussed above, serves as the main justification for choosing the qualitative multiple-case study design presented in the next section.

5.3 Research Design

For the purposes of this thesis, this research adopts a qualitative research design using the multiple-case strategy, which is congruent with the philosophical stance of the researcher. This section presents in some detail the justification behind choosing this design.

5.3.1 Qualitative Methodology

Since this research seeks to understand in considerable detail the formal and informal settings of work and employment in Saudi Arabia, the qualitative research design was deemed to be the most appropriate. Despite the philosophical debate regarding the relative merits of qualitative versus quantitative research, the suitability of the methodology selected for answering the research questions is a key element in justifying its adoption (Kumar, 2014; Marshall and Rossman, 2016). The type of questions asked (exploratory, descriptive or explanatory) defines the nature of the answers that a study attempts to provide (Saunders, Lewis and Thornhill, 2012; Bryman, 2016). Due to the exploratory nature of the research questions, it was necessary to employ a qualitative methodology that would offer in-depth answers.

The use of a qualitative approach is well-established in the field of work and employment, since it allows researchers to undertake more in-depth investigations and to develop a richer understanding of realities in their actual contexts. A notable strength of qualitative research for the social sciences is that it can incorporate a variety of sources, while data can be collected in a variety of ways, for example, through interviews, direct observation and document analysis (Neuman, 2007; Yin, 2009).

Highlighting the unsuitability of the quantitative method for this research also serves to develop the rationale behind the preference for adopting a qualitative methodology. Quantitative research is based on the use of numbers to represent the real world. It is widely accepted that the main advantage of relying on numbers is that 'it allows us to step away from our object of study, the societies we are necessarily a part of, and therefore maintain scientific objectivity' (O'Leary, 2014: 106). Even though the quantitative design is rigorous, serving a variety of purposes such as finding causal relationships, quantifying and measuring

phenomena, generalising findings and formulating general laws (Marshall and Rossman, 2016), it is not appropriate for the exploratory enquiries of this research. Notably, it is more often than not that quantitative research incorporates qualitative data to compensate for shortcomings in depth of analysis. O'Leary (2014: 129) illustrates this point:

> I was once told that mixed methodology was all about adding a bit of qualitative flesh to the quantitative bones. The underlying premise here is that the heart of a mixed approach is quantitative. Researchers who think this way tend to accept the underlying assumptions of the quantitative tradition, but also accept that some qualitative data might help 'flesh out' their study.

5.3.2 The Multiple-Case Strategy

Each of the principal research strategies in qualitative research (e.g. case study, narrative, phenomenology and ethnography) has a specific focus and scope that can be more or less suitable for a particular study based on the research questions (Marshal and Rossman, 2016). An analysis of previous research on Saudi work and employment (see Chapter four) has shown that little is known about workplace dynamics, especially workers' experiences and understanding, and thus, a case study-based research was particularly needed. The researcher decided that the best method to adopt among the wide array of strategies available for conducting social science research was the multiple-case strategy complemented by ethnography. It is key to note here that the use of the case study and ethnography designs predominates in labour process research. As Edwards (2010: 42) asserts:

> A distinctively *labour process* analysis of work needs to retain its core strengths. These include an empirical interest in the experience of work at the point of production and a theoretical concern with the contradictory relationships between capital and labour. And, in terms of method, detailed case studies and ethnographies have been, and should be, the preferred approach. (Italics in original)

A 'case study' could be an individual, a group, an event, an organisation, a sub-group of a population or a city. For a study to be considered a case study, however, it is crucial that the case in question is a bounded system; boundaries can be either time or space or both (Kumar, 2014). Creswell (2007: 73) comprehensively defines the case study design as follows:

Case study research is a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (e.g. observations, interviews, audio-visual material, and documents and reports), and reports a case description and case-based themes.

Case study research either follows a single or multiple-case study design. The latter was considered more appropriate for this research because it increases the opportunity of obtaining richer and more varied data, thus, providing more reliable conclusions (Creswell, 2007; Saunders, Lewis and Thornhill, 2012). There are, however, reasons for choosing a single-case study design as opposed to a multiple-case design (Yin, 2009). A single-case study design can be used in situations where the case study itself is critical, unique, typical, revelatory or longitudinal (ibid.). None of the case studies chosen for this research, however, conform to any of these types. Therefore, the multiple-case strategy was adopted to provide multiple detailed illustrations of workplace relations.

The multiple-case study design is not only considered by the researcher to be the best strategy for answering the research questions, but it is also congruent with his philosophical position. A major advantage of the case study strategy is that it allows for deep exploration of the relationship between the cases studied and their real-life contexts using multiple sources of evidence (Kitay and Callus, 1998; Creswell, 2007; Yin, 2009; Marshall and Rossman; 2016), which is very significant for critical realists. Bryman (2016: 68) argues that:

Case studies are perceived by critical realist writers as having an important role for research within this tradition, because the intensive nature of most case studies enhances the researcher's sensitivity to the factors that lie behind the operation of observed patterns within a specific context.

Due to the importance of context for this research, involving an ethnographic approach was also deemed appropriate because it enabled the collection of rich, in-depth data on the reality of work and employment in Saudi Arabia. The researcher positions himself within the realist ethnographers group by recording an objective account of the situation. Creswell (2007: 70) argues that the ethnographer in this group 'remains in the background as an omniscient reporter of the "facts" […] uncontaminated by personal bias, political goals, and judgement'. Moreover, the author researched the ethnographic aspect to the two case study firms by

socialising with workers (both Saudis and migrants) inside and outside the workplace. The requirements of ethnographic research, especially outside the workplace, enabled the researcher to gain the workers' trust, which made them more open in relating their experiences with their managers and sponsors.

Employing a multiple-case design is a worthwhile strategy for developing an existing theory, since it enables the collection of empirical evidence from a variety of sources (Eisenhardt and Graebner, 2007; Bryman, 2016). Nevertheless, Yin (2009) stresses that the theory under examination needs to be developed before making any field contacts in order to avoid any miscalculations during the design process, especially in terms of defining the data required and the methods of data analysis. The present research considers the strengths and weaknesses of institutionalist theoretical perspectives and draws on the labour process theory to highlight the limitations of the patrimonial capitalism model for understanding the dynamics of capitalism in Saudi Arabia. Empirical evidence from the workplace regarding state-capital-labour relations was, thus, required in order to amend and refine the patrimonial capitalism model.

Having discussed the reasons behind the choice of research design, the following section discusses the selection process of the two case study firms.

5.3.3 Case Study Selection

If a theory is to be significantly developed, case studies need to be undertaken in order to generalise the theory analytically (Yin, 2009: 15). Statistical generalisation is not relevant in the qualitative tradition since the goal is not to test the theory by choosing a statistically representative sample of the whole population but rather to select cases anticipated to replicate or extend the theory (Saunders, Lewis and Thornhill, 2012). The two case study firms of this research (OilCo and ConstructCo) were selected based on the 'replication logic' aimed at achieving 'analytical generalisation' (Eisenhardt and Graebner, 2007; Yin, 2009).

Analytical generalisation in the multiple-case study design can be achieved by seeking either direct or theoretical replication (Yin, 2009). When a researcher duplicates the conditions of two or more case studies in a way that similar results are expected to be achieved, he/she

aims for direct replication. Conversely, theoretical replication is achieved by selecting two or more cases that are expected to yield contrasting results. As Yin (2009: 61) stated:

> You may have deliberately selected your two cases because they offered contrasting situations, and you were not seeking a direct replication. In this design, if the subsequent findings support the hypothesized contrast, the results represent a strong start toward theoretical replication.

The two cases of this study were selected based on the theoretical sampling logic to ensure that analytical generalisations can be drawn; in this respect, the three notable variables of ownership, sector and size acted as a guide for choosing OilCo and ConstructCo. More importantly, these variables have a strong influence on the application of the *Saudisation* and *Kafala* policies at the workplace. The size variable was kept relatively constant by choosing two large firms in terms of workforce. Since this research aims at theoretical replication, however, the selected case studies differed in terms of ownership structure (a state-owned joint venture and a family-owned Saudi firm) and sector (petrochemical and construction). These factors were expected to produce contrasting results in some areas.

Large firms are more likely to have a well-established Human Resources (HR) division to deal with a large number of employees in different positions regarding managerial practices, especially recruitment, training and performance appraisal. A formal organisational structure in a firm increases the chances of observing various systems of control and forms of labour resistance. Also, large firms are more affected by the *Saudisation* scheme and the *Kafala* system than small or mid-sized ones. The size criterion for the firms is based on the organisation's size classification issued by the Saudi Arabian Ministry of Labour (2016), which identifies a large firm as any company that has 500 workers or more.

Ownership structure was a significant analytical variable, which directed the researcher to choose a state-owned joint venture (JV) and a family-owned firm. According to the broader Weberian literature from which the patrimonial capitalism model stems, the state as an institution uses its mechanisms of co-optation and coercion vis-à-vis social actors to control the means of production (Buhr and Frankenberger, 2014). According to the model, publicly owned firms apply these coordination mechanisms, which in our case are mirrored in the application of *Saudisation* and the *Kafala*. Therefore, a 70% state-owned JV has the potential to reveal the validity of the patrimonial capitalism model's claim that the national working

class of the Gulf countries are co-opted through public employment. This is measured in terms of the number of Saudis employed in the company and their positions at the organisation's hierarchy. Conversely, the researcher also chose a firm owned by a well-known Saudi owner representing the business elite, which represents the typical neo-patrimonial structure. In particular, this firm should reflect the informal co-optation mechanisms of state-business relations proposed by the patrimonial capitalism framework.

Both sectors of petrochemical and construction were selected for a variety of reasons. Most notably, both sectors rely on mainly on manual labour and both are under huge pressure from the government to allocate jobs to Saudis, while at the same time there is a huge discrepancy between them in terms of the *Saudisation* quota requirement (around 80% in the petrochemical sector and 25% in construction). In these two sectors, manipulation and resistance to state policies by firms and labour were expected to be more obvious than in the service sector since both rely on low-skilled and semi-skilled migrants for manual labour and Saudis for administrative posts. This enabled the researcher to observe various methods of state policy avoidance and witness various forms of labour resistance to management control. The petrochemical sector is the core industry of the Saudi economy upon which the state relies to finance its budget. Firms in this sector are under huge pressure from the government to allocate jobs to Saudi nationals. For example, for a large company to remain in the platinum zone of the *Saudisation* quota scheme (*Nitaqat*), Saudi workers need to represent at least 80% of its total workforce. According to the report issued by the Saudi Arabian Ministry of Labour (2017), the petrochemical sector has the highest rate of *Saudisation*, with more than 90%, compared to the construction sector which has the lowest, around 20%. The construction sector was specifically chosen to investigate how migrant labourers use the 'free visa' to manoeuvre the *Kafala* system through the use of concealed businesses, known as *tasattur*. Therefore, it can be stated here that each sector has the potential to reveal contradictory aspects of Saudi capitalism, which is the focus of this research project.

5.4 Data Collection

Fieldwork in both firms was predominantly conducted in the period between November 2016 and January 2017. The researcher was present in the state-owned JV for eight working days (a total of 72 hours). Similarly, he spent seven working days in the family-owned firm (a total of 64 hours). Additionally, he spent more than 20 hours socialising with workers from both firms away from the sites, which proved invaluable in adding a novel dimension to the methodology. Data was collected through semi-structured interviews, participant observation and document analysis for richness and for triangulation purposes. Before discussing these three data collection methods, the following section will briefly describe access issues and ethical considerations.

5.4.1 Access and Ethical Considerations

Key aspects of the field research were the roles of *wasta* and socialisation with the workers. Access was initially sought directly by sending letters and emails to six firms but this method failed to produce a response. Therefore, the researcher sought access through friends who work in the targeted companies and have professional relations with high-level managers. Access to both case-study firms would not have been granted had the researcher not been introduced to people inside the firm through a chain of personal connections. Gaining access to the family-owned firm was immediate because the researcher was personally introduced by an employee in the firm to a senior manager, who is the owner's brother. In contrast, the approval for getting access to the state-owned JV took five weeks despite the recommendations of an employee from within the firm.

It should be noted here that recommendation (*wasta*) was not only critical to gaining access to the firms but also to secure the interviewees' trust. In all conducted interviews, the researcher was introduced to the interviewees by the gatekeepers in both companies as an academic researcher, who could be trusted, and not as a journalist seeking propaganda. As expected, shop-floor workers, especially migrants, were not comfortable in articulating the forms of exploitation they experienced, and how they resisted management control and the Kafala system. These issues were minimised by applying different strategies, such as by

asserting anonymity, gaining recommendations from friends inside the firms and by conducting the interviews outside the workplace.

The official communication required for obtaining permission and ethical approval from De Montfort University to conduct the study was obtained on 22 September 2015. The verbal and written consent of interviewees was gained prior to each interview using a consent form in accordance with the Research Ethics Policy of De Montfort University (see Appendix 5). It should be noted that written consent was not obtained from eight interviewees, who had stated that they could neither read nor write. All participants were made aware that the interviews were confidential and would only be used by the researcher himself. Prior to each interview, the scope of the research was briefly explained to the interviewees. In addition, all interviewees were invited to share any concerns they had, with a reminder that they had the right to refuse any question and withdraw from the interview at any time. Due to the sensitive nature of the topics researched (e.g. avoiding *Saudisation* policies), the case study firms and all participants were anonymised. As Hertog (2008: 647) has declared: 'anonymity of sources is a price one often still has to pay for researching Saudi politics'.

5.4.2 Interviews

Data were collected primarily through 41 face-to-face interviews (22 in OilCo and 19 in ConstructCo). The majority of these interviews were semi-structured; however, due to the conservative nature of Saudi culture and the sensitive nature of the research questions, unstructured and informal interviews were also considered since they allowed a deeper engagement with exploratory questions (Neuman, 2007; Yin, 2009). The table below shows the profile of the interviewees in terms of nationality and position.

Table 5. 1: Interviewees in Both Firms

Company	Managers	HR specialists	Supervisors	Manual workers	Clerical workers
OilCo (22 interviews)	3 Saudis	3 Saudis 1 Indian 1 American	3 Saudis 1 American 1 Indian	2 Saudis 1 Pakistanis 1 Indian	1 American 1 British 3 Saudis
ConstructCo (19 interviews)	1 Saudi 1 Egyptian 1 Yemeni	2 Saudis 1 Pakistani	2 Saudis 1 Yemeni	1 Saudi 2 Indians 2 Pakistanis	3 Saudis 2 Yemenis

Despite the fact that there is no consensus on what the ideal sample size required for conducting a qualitative case study research is, the concept of 'data saturation' was used as the key guiding principle in this research (Saunders, Lewis and Thornhill, 2012; Bryman, 2016). Mason (2010) looked at 560 qualitative PhD theses in the United Kingdom and Ireland and found that the largest sample size was 95 interviews but that the mean sample size was 31. Guest, Bunce and Johnson (2006) argue that a minimum of 12 interviews in each case study is often adequate for qualitative research; however, they stress that the sample size depends largely on the scope of the research questions, with broader questions requiring a larger sample size. For this thesis, the sample size of 41 is explained as follows: the researcher wished 1) to conduct a similar number of interviews for both case study firms; 2) and, also, to continue interviewing participants until no new information could be obtained, which is known as data saturation. It should be noted here that prior to data collection, the researcher aimed at revealing the reality at the workplace. Therefore, his focus was not on the size of the sample, but rather on conducting in-depth interviews with shop-floor workers, who would be willing to discuss their workplace experiences and struggles, and with HR specialists, who would be able to describe how state policies function and how they interpret them and possibly modify and/or avoid them.

Therefore, the interview participants were chosen based on a combination of the 'purposive' and 'snowball' sampling techniques. In purposive sampling, respondents are chosen because they will best enable the researcher to answer the research questions. Snowball sampling refers to selecting participants recommended by other participants, who are also relevant to the research questions (Bryman, 2016). For this research, HR executives and specialised staff were the critical participants since they are in the front line when dealing with both workers and the Saudi government. Interviewing workers and managers from other departments, such as marketing and finance, was also important to investigate variations of labour management practices within a broader organisational context. Finally, the contribution of shop-floor workers was essential in order to grasp views from the bottom-up. An almost equal number of Saudis and non-Saudis in both firms was targeted.

There were four sets of interview questions, each used with a particular group of participants (see Appendices 1, 2, 3 and 4). The four groups were: HR specialists, managers/supervisors, Saudi workers and migrant workers. Nevertheless, the semi-structured design of the interview process allowed for flexibility with the order and form of the questions. In

addition, the questions used in unstructured interviews were similar to the set of questions used with Saudis and migrant workers. In many cases, answers from participants prompted the researcher to ask unprepared questions that were necessary in order to obtain clearer and more detailed answers to the issue discussed. Unsurprisingly, although consent was obtained prior to each interview, nine interviewees refused to be recorded. Some did not give any justification and others stated that they were not comfortable with having their voices recorded. All, however, allowed the researcher to take written notes during the interview. Immediately following the completion of an interview, notes and sometimes quotations were recorded to complete the script.

Due to the researcher's fluency in Arabic and English, there was a minimal language barrier during most interviews. English was used with all American, British and Indian participants. The majority of interviews were conducted in Arabic since the respondents were mostly native Arab speakers; however, in some cases Arabic was used with non-native Arab speakers, as it was the only available language for communication. In cases where the interview was conducted in English, it was transcribed word for word. In cases where the interview was in Arabic it was translated at the point of transcription by the researcher.

It should be noted that in addition to the 41 interviews in total, the researcher socialised with workers in the workplace because he was perceived not merely as a researcher but also as a friend to some of the workers in the firms. For example, during breaks and lunchtime the researcher was always involved in discussions with groups of workers (their number ranging from two to six) on general topics, as well as issues regarding the workplace that concerned the workers. Although these discussions are not considered 'focus groups', they enabled the researcher to gain the workers' trust and a better understanding of workplace dynamics. More importantly, socialising with workers inside the workplace and later outside of it, enabled the researcher to add an ethnographic aspect to the two case study firms.

5.4.2 Participant Observation and Document Analysis

Observation and document analysis were used for triangulation purposes. Since the researcher was physically present for both case studies, direct observation was a valuable method for obtaining both verbal and non-verbal data regarding working conditions and

organisational culture. Observation is a systematic data collection method that gives off a sense of the reality of social interactions and how social actors behave, as opposed to how they claim to behave. The role of the researcher in both case studies was observer-as-participant (Saunders, Lewis and Thornhill, 2012: 345). The researcher's identity and the purpose of his presence in the two firms were known to all participants. The researcher, however, was not involved in any type of work in the firms.

In addition, document analysis was used for better understanding the Saudi institutional environment (e.g. employment laws and regulations). Also, internal firm documents of job descriptions, the salary ladder, organisational structure and performance appraisal sheets were obtained from both firms. All of the documents obtained were analysed and prepared for coding and categorising. This is discussed next.

5.5 Data Analysis

There is almost a consensus among the qualitative community that there is no fixed or standardised approach to analyse qualitative data; however, coding remains the key process in almost all of the general approaches, such as grounded theory, pattern matching, narrative analysis, thematic analysis and explanation building (Creswell, 2007; Bryman, 2016; Marshall and Rossman, 2016). Each of these approaches is largely dependent on whether the researcher adopts a deductive (theory to data), inductive (data to theory) or abductive approach (i.e. a mix of these two approaches) (Saunders, Lewis and Thornhill, 2012). This thesis adopts abductive reasoning. It was theory (i.e. patrimonial capitalism and labour process) that guided the collection and analysis of data.

It is widely accepted that applying specific analytical techniques improves the production of fruitful and accurate analytical conclusions (Bryman, 2016). Yin (2009: 130) stresses that 'strategies or techniques are not mutually exclusive. You can use any number of them in any combination'. The researcher used the general analytical strategy of 'descriptive framework' and a combination of the analytical techniques of 'template analysis' and 'cross-case synthesis' to analyse the data and draw links to the literature.

5.5.1 The Descriptive Framework Strategy

The broad analytical strategy of descriptive framework (Yin, 2009: 131) guided the organisation of the findings in Chapters six and seven. This approach is acknowledged as a powerful tool in revealing the richness of the ethnographic aspect of the research (Creswell, 2007; Wolcott, 2008). In this study, a descriptive framework was almost inevitable because the main dimensions of both theories, patrimonial capitalism and labour process, cut through all work and employment dimensions (e.g. contracting, training and performance appraisal). Therefore, developing a descriptive framework was inevitable for organising the data in a way that reflects reality as witnessed by the researcher and articulated by the participants. As can be seen in Chapters six and seven, the main work and employment dimensions of both case study firms were described with very little interpretations, so that the reader can experience the workplaces vicariously.

In order to develop the descriptive framework, the researcher relied predominantly on Part one of the work by Ronald Dore (1973) *British Factory–Japanese Factory*. Dore's book acted as the main guide to crafting the stories of the two firms (OilCo and ConstructCo), with the details of each aspect of work and employment tailored based on the activities witnessed inside each firm. Almost the same descriptive framework was used for both firms, as seen in the table below. In each section, there is a number of elements that relate to theory, such as *wasta*, control and resistance, and to state policies, such as contracting Saudis and migrants. For example, in regards to recruitment, the researcher gathered data so that he could understand how firms may circumvent state policies using *wasta* and bribery, and how they can control workers through employment contracting.

Table 5. 2: Main Sections of the Descriptive Framework for Both Case Study Firms

1	Physical and Cultural Elements
2	Organisational Structure and Authority
3	Workforce Segmentation and Avidance of State Policies
4	Training and Skills
5	Incentives and Appraisal Systems
6	Discipline and Contestation

In the first section, details about the company's activities are presented, as well as its main physical and cultural elements. This is followed by outlining its organisational structure, specifying who occupies the senior managerial positions, and the chains of command from the highest to the lowest positions. In the third section, details about the firm's workforce are provided and how workers are recruited, which also reveals how state policies of *Saudisation* and *Kafala* are circumvented and manipulated. Section four gives details about the training given and its relation to the *Saudisation* scheme of the HRDF. This is followed by descriptions of the pay, promotion and appraisal systems focussing on what measures are applied and how workers perceive them. The final section highlights the key disciplinary tools used inside the firm and how workers react to them.

5.5.2 The Techniques of Template Analysis and Cross-Case Synthesis

The two analytical techniques of template analysis and cross-case synthesis are part of the general analytical strategy of case description. While template analysis was the main technique used to code and categorise the data, cross-case synthesis was necessary for drawing cross-case conclusions in the discussion chapter.

Template analysis, as conceived by its founder Nigel King (2012), is a hierarchical thematic approach to qualitative data analysis. A template combines a list of codes that represent a predetermined or emerging theme from the data collected. This approach is suitable for this research since it 'combines a deductive and inductive approach to qualitative analysis in the sense that codes can be predetermined [concept driven] and then amended or added to as data are collected and analysed [data driven]' (Saunders, Lewis and Thornhill, 2012: 572).

Most categories were initially developed based on two sources: the theoretical concepts of the research framework (e.g. *wasta*, control and resistance), and the particular issues that relate to the research questions (e.g. functioning of *Saudisation* and the *Kafala*). Therefore, both of these sources directed the researcher's attention to a particular aspect that needs to be examined by looking at relevant evidence. During the data analysis process, however, the initially developed categories were modified based on emerging themes. Importantly, each theme has relevance to one of the research questions or more.

The data collected from both case studies were either written (i.e. documents and reports) or non-written (i.e. audio recordings from interviews and field notes from observations). The non-written data were transcribed verbatim into Word documents. Then, all of the data were uploaded to NVivo software for labelling by giving each code a suitable name. Then, similar codes were combined into broader categories (Yin, 2009). The identification of categories was guided by the aim and questions of the research. The process of analysis was initiated by pre-figured categories informed by the theoretical framework, but the number of codes was expanded as analysis progressed. Coding took place at two levels and codes were grouped under suitable categories. The data results were reported by using quotations from participants, and written texts were created from observation and document analysis. The data for each firm was reported in two different chapters (Chapters six and seven) and comparatively discussed in Chapter eight.

It sum, all the data gathered were coded for two purposes: the first was the descriptive framework and the other thematic synthesis. Since this research investigates two case study firms, the analytical technique of cross-case synthesis was crucial in strengthening the findings by identifying similarities and differences between the two cases and drawing cross-case conclusions explained by theory. The outcome of using this technique can be seen in the discussion chapter.

5.5.3 Issues of Validity and Reliability

The criteria of validity and reliability were initially developed to evaluate the quality and rigour of quantitative research and later adopted by qualitative researchers. There is, however, an ongoing debate between positivists and interpretivists around the relevance of these two concepts for assessing the quality of qualitative research (Bryman, 2016). While there are those who continue to use the same two concepts with little alterations to suit qualitative research designs (e.g. Yin, 2009), others employ different terms, such as credibility, transferability, authenticity and dependability (Lincoln and Guba, 1985). Nevertheless, Bryman (2016: 384) argues that concepts in both sides of the debate are parallel to each other (e.g. reliability parallels dependability, and external validity parallels transferability). Therefore, this thesis uses the most widely used concepts to judge the quality of an exploratory qualitative research, which are: reliability, construct validity and external

validity[16] (Yin, 2009: 40). Each of these three elements is considered as a test to judge the quality of a piece of qualitative research. The table below summarises the tactics used by the researcher to pass these tests (criteria).

Table 5. 3: Reliability and Validity Tests

Tests/Criteria	Tactics used
Reliability	-Providing concise descriptions of the procedures followed (i.e. access issues and data collection). -Developing a case study database (for both firms). -Using systematic analytical techniques.
Construct Validity	-Using data triangulation -Applying clearly defined theoretical concepts
External Validity	-Applying the theoretical replication logic -Providing thick description

Source: based on Yin (2009); Bryman (2016)

The criterion of reliability refers to 'whether your data collection techniques and analytic procedures would produce consistent findings if they were repeated on another occasion or if they were replicated by a different researcher' (Saunders, Lewis and Thornhill, 2012: 192). The previous two sections presented detailed descriptions of what types of data were collected, and how they were collected and analysed, which taken together allow for other researchers to repeat the same study in the future. Nevertheless, without in-depth access to case studies, there is a significant probability that the information revealed in this study cannot be replicated by other researchers. The most challenging aspect of the fieldwork for this research was gaining the participants' trust. For example, when HR managers in both firms were first interviewed none mentioned any information on avoiding state policies. Instead, it was HR specialists and workers from different departments that allowed the researcher to access such information. Therefore, the researcher himself is a key aspect that determines to a large extent whether findings can be replicated by other researchers or not.

---

[16] Yin (2009: 40) points out that the concept of internal validity is 'for explanatory or causal studies only'. Therefore, it was disregarded in this research.

Construct validity refers to the ability to develop a set of objective measures to collect data. For this test, the researcher used 'data triangulation' (Yin, 2009: 116) through collecting information from multiple sources of evidence (interviews, observation and documents) to corroborate facts and events in both case study firms. In addition, the researcher used clearly defined theoretical concepts (e.g. control, resistance and *wasta*) when reviewing previous literature. For example, forms of workers' resistance, such as turnover and sabotage, were specifically identified based on previous labour process research.

The criterion of external validity refers to 'the degree to which findings can be generalised across social settings' (Bryman, 2016: 384). The general consensus is that qualitative case study research should not aim for generalisation, as quantitative research does; rather, it should aim at analytical generalisation (i.e. findings supporting a broader theory). Therefore, in order to overcome this validity test, the researcher used the 'theoretical replication logic' developed by Yin (2009), where the two case studies chosen were expected to produce similar results in most respects. Based on the comparison between the two case study firms, the researcher was able to generalise the theory of labour process to the Saudi context (see the discussion chapter). Another strategy deployed was 'thick description' (Geertz, 1973 as cited in Bryman, 2016: 384). The descriptive framework strategy was used with both firms to provide details on the key dimensions of work and employment, and the cultural and physical settings. This thick description of the two case studies provides other researchers with the data necessary for making decisions about whether the findings can be witnessed in other social settings or not.

5.6 Conclusion

It is acknowledged in the literature review that the patrimonial capitalism model overemphasises the macro-national level at the expense of the micro-workplace level, which necessitates a bottom-up view (i.e. labour process) in order to better understand the specificities of Saudi capitalism. The critical realism philosophy, adopted in this research, asserts that each phenomenon requires particular methods for investigation. Therefore, in order to achieve the aims of this research, the qualitative multiple-case study design was chosen. The two case study firms in this research were selected according to a set of criteria,

namely workforce size, sector and ownership structure. Rich and in-depth data were gathered by different methods, i.e. interviews, observation and documentary analysis from a range of key informants and levels. Managers in different hierarchical levels, HR specialists and shop-floor workers of different nationalities were interviewed to increase reliability and validity. The data collected were organised and analysed drawing on three strategies: the descriptive framework strategy, template analysis and cross-case synthesis. The findings are presented in the following two chapters.

Chapter 6: The State-Owned JV (OilCo)

6.1 Introduction

OilCo was founded in 2002 as a Joint Venture (JV) between a state-owned firm that owns 70% and a foreign firm that owns the rest. Since its establishment, it is headquartered in Saudi Arabia and does not have any other branches abroad. The firm buys crude oil and gas, and produces thirteen petrochemical products such as diesel, gasoline, and kerosene. It took the firm more than five years to operationalise its refinery and start selling its products by the end of 2007. The production occurs in a massive plant that was built and operationalised using some of the best technologies in the petrochemical industry. The firm now is constructing its two plants which are twice the size of the first one, and it is expected to start production by 2019. The firm also aims to extend the range of products it produces, which is a requirement that was set in 2015 by the Saudi government to all of the state-owned companies in this sector.

Drawing on the researcher observations, the analysis of the documents, and the interview data, the workplace dynamics of OilCo will be examined in detail. The main policies and practices of the firm are discussed along with the chapter highlighting strategies for labour control, consent, and resistance. The purpose of this chapter is to present rich findings along the main work and employment dimensions to enable a comparative analysis with the family-owned firm in the discussion chapter.

The chapter is organised into eight sections. The next section introduces the firm by describing some of its main physical and cultural features. The second section outlines the organisational and authority structures, as well as introduces the profile of workers on each hierarchical level regarding their nationality and skills. Following this, the work and employment dimensions will be examined in the following sequence: Workforce segmentation and avoidance of *Saudisation*, skills and training, incentives and appraisal systems, and discipline and contestation. The final section concludes the chapter by summarising the key findings.

6.2 Physical and Cultural Elements

OilCo is located next to a coastal city in Saudi Arabia. The firm's campus sprawls widely across a vast landscape that is predominantly undeveloped in terms of construction and cultivation. It could in fact be seen as a desert campus, penetrated by few roads connecting the thinly scattered concrete buildings. Most foreign employees live in the firm's residential compound, which is situated next to the firm's campus. The workers and their families enjoy the beach in their free time, especially when the weather is warm – which is most of the year. The accommodation is classified according to the respective employee's position in the firm, with managers living in large modern houses and lower level employees, in smaller houses, apartments or studio flats. However, Saudis generally prefer living off compound in the neighbouring towns, since most originate from these areas. A HR specialist reported that outsourced workers, who are the vast majority labour in OilCo, live in overcrowded labour camps located far from the company' main campus. Unfortunately, I was not able to access these camps.

Away from the firm's campus, a small building next to a car park is normally surrounded by dozens of buses full of workers from South Asia. This building houses the office granting access to the firm, including for myself as a researcher. Approaching the firm's main entrance, there is the first checkpoint, controlled by Saudi military forces, followed by another, which is controlled by the firm's own security guards. At both checkpoints, no physical search is carried out, but the guards ask visitors to show official ID and access permits.

A large notice after the second checkpoint lists the driving regulations for the interior of the campus. Employees and visitors are subject to financial fines and driving bans within the campus in the case of violating these regulations. Alternatively, the firm offers a free bus service within the campus, exclusively operated by a contracting firm that owns the buses. Additionally, all OilCo employees are entitled to a free daily round-trip bus service transporting them from the nearest major city in the morning and bringing them back at the end of the day. However, the vast majority of the workforce (not the outsourced) are observed commuting in their own vehicles to the firm premises, as well as within them.

Further away from the entrance gate towards the seaside, the massive refinery continuously emits clouds of smoke into the air. In order to enter the refinery, a third checkpoint must be passed, requiring another permit. No administrative workers are entitled to enter the manufacturing area without prior approval. The refinery consists of an extensive and complex system of metal piping that covers several zones, as well as tall chimney stacks and vessels holding crude oil. There are a number of units in the refinery, each dedicated to the production of a specific petrochemical product. There is no rest area within the refinery itself, but employees take their breaks in a small adjacent building, known as the 'Shelter'.

The firm's administrative departments and divisions are distributed amongst several white buildings, some of which are only accessible by car, especially as it is challenging to walk under the scorching summer sun. Towards the centre of the campus, the senior management are based in a large building. From its luxurious furnishings and design, it is clearly a place that takes priority over all the other premises. Surrounding these buildings, gardeners originating from South Asia gather every morning to trim and irrigate the palms and bushes planted there. What all the buildings share in common is the internal structure of the offices and desks. Small private rooms are allocated to the line managers, who normally leave their doors open. This allows passers-by to clearly see whoever is inside. However, the majority of the clerical staff occupy rows of adjoining cubicles, separated by hard stands.

In the above-mentioned work stations, workers of different nationalities sit next to each other and communicate in English, since this is the official language at OilCo for both verbal and written communication. Arabic is to be heard when two or more Saudis gather together and since most of the clerical staff are Saudi, it is much more evident than English. What is not a familiar sight in Saudi Arabia, but frequently witnessed in OilCo, is that of women staff communicating openly with their male Saudi colleagues during working hours and at break times. The researcher joined such a Saudi mixed-gender group for lunch on several days during the fieldwork. However, it is worth noting that no non-Saudis ever joined this group during lunch. Moreover, when this mixed-gender group first started sharing lunch tables, some Saudi employees with conservative views complained to the management. Nevertheless, despite receiving a verbal warning from the management, the mixed-gender group resisted the warning until the management eventually gave up and decided to ignore the case.

Despite OilCo being a joint foreign and domestic venture, it is evident that Saudi norms, habits and values predominate in the respective work environment. Nevertheless, the interviews revealed a divide in the work culture, resulting in satisfied Saudis and discontented migrant workers, especially from Western Europe and North America. The Saudis generally view OilCo as a model of professionalism in terms of its working environment, while all the migrants interviewed cited a gap between the professional and social conditions they were accustomed to in their home countries and what they had to adapt to at OilCo. For example, one British administrative employee stated:

> No work ethic, unprofessional and a blame culture; if I drop my coffee, someone will say I dropped my coffee.

Although the above quote mainly describes the work culture, it also hints at the control exercised over staff. The type of blame culture described by the British office worker indicated above can refer to a controlled working environment, where workers are threatened and held accountable when they make mistakes. What the above employee was referring to, seems to be true in the case of expatriates, but not Saudis. Nevertheless, both Saudis and non-Saudis were observed as powerless in terms of decision-making and were only given limited discretion. The differences between Saudis and non-Saudis will be highlighted throughout this analysis of the main dimensions of work and employment at OilCo.

A major defining feature of OilCo is its hierarchical structure and power concentration in the hands of just a few members of management. The next section outlines these levels of authority and the types of employee at each level.

6.3 Organisational Structure and Authority

OilCo's organisational structure was exclusively developed by the Saudi partner, without any intervention from the foreign owner. Its structure is considered typical of a state-owned firm in the Saudi petrochemical sector, which is heavily influenced by the American companies present in Saudi Arabia during the 1950s and 1960s. It is therefore necessary to consider this history, in order to have a better grasp of how and why state-owned petrochemical firms, including OilCo, have this type of organisational structure. The Saudi

partner itself was once itself a joint venture between the Saudi government and three American firms. However, by the end of 1980, the government had bought all the American shares and gained full ownership of the firm. The Saudi partner then started to form smaller petrochemical companies, by transferring its practices and regulations via its management and employees. The organisational structure applied at OilCo now consists of hierarchical chains of command between managers at different levels. Below is OilCo's organisational chart.
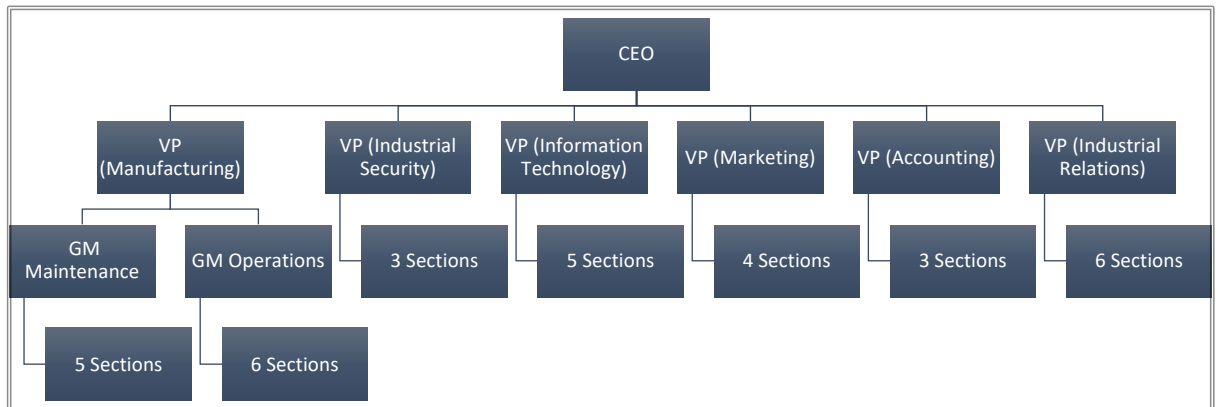
Figure 6. 1: Organisational Structure of OilCo

At the top of this hierarchy sits the Board of Directors, eight of whom are employees of the Saudi partner (Saudi nationals) and four employees of the foreign partner (non-Saudis). This group of senior management has immense power to control the direction of the firm by setting its strategic objectives and appointing key managers. For instance, the Board has the authority to nominate the Chief Executive Officer (CEO), who will inevitably be Saudi and have a background in petrochemical engineering. He will then be directly responsible for managing the three divisions dealing with legal, administrative and audit matters for the whole organisation. Under the CEO comes the first managerial layer, consisting of six Vice Presidents (VP), each of whom manages a function/Department (Manufacturing, Industrial Relations, Information Technology, Accounting, Marketing and Industrial Security). Both VPs in charge of Accounting and Manufacturing are employees of the foreign partner, whereas the rest are employees of the Saudi partner. The VPs are in turn a group of men nominated by the CEO, but later approved by members of the Board. What these six VPs have in common is that they are in their 50s, hold bachelor's degrees and have a long career

in the petrochemical industry. In addition, they enjoy a high level of autonomy, to an extent that allows them to restructure the functions they oversee, at their discretion. For example, the VP in charge of the Industrial Relations reshaped this entire function in 2015 by creating three more sections and relocating them to other Heads of Section.

Each of the organisation's functions consists of a number of sections, ranging from three, as in the Accounting Department, to 11 in the Manufacturing Department. Each section is managed by a so-called 'Head of Section'. Nevertheless, it is only in the Manufacturing function that a General Manager's position exists between the VP and the Heads of Section. Since the Manufacturing function is the firm's largest Department, employing over half its workforce, it consists of two divisions, each managed by a Saudi General Manager: one in charge of operations and the other in charge of maintenance. General Managers are nominated by the VP of Manufacturing, but also approved by the CEO. Both current General Managers are experienced engineers in the field of petrochemical manufacturing processes and have worked for the Saudi partner throughout their entire career.

With regard to the position of Head of Section, very few non-Saudis may be observed managing technical sections; out of the firm's 40 sections, only seven are led by non-Saudis. According to one Saudi human resources (HR) manager, these seven non-Saudis occupy these positions, because there are no qualified Saudis prepared to do so. Finally, the youngest Head of Section is a 36-year old Saudi, but he is an exception, since the rest are in their 40s and 50s. However, all Heads of Section must at the very least hold a bachelor's degree in the relevant subject.
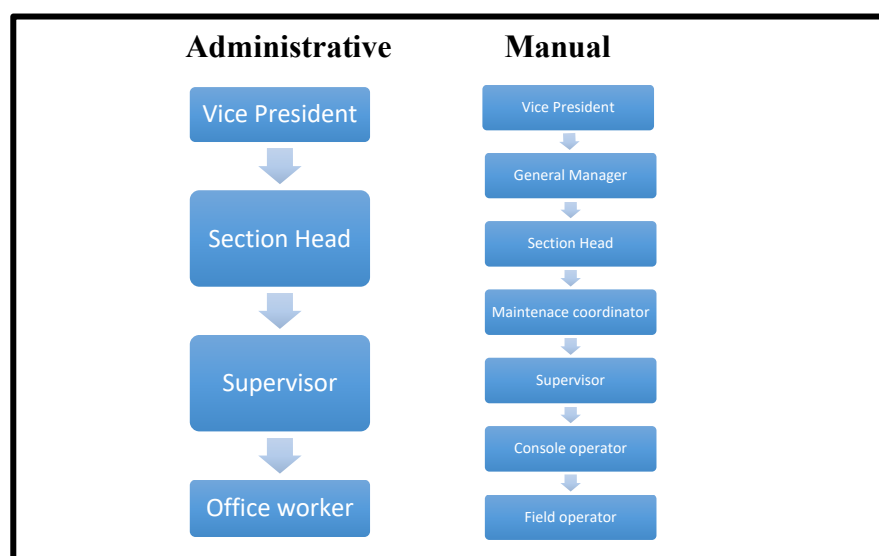
Figure 6. 2: **Organisational Hierarchy of OilCo**

Below the Heads of Section, the sequence of authority differs between clerical and industrial workers, as can be seen in the above figure. For office workers, each Head of Section oversees between two and four supervisors, who directly manage four to eight clerical staff. Most supervisory roles are occupied by Saudis, with the exception of a minority of migrants. Likewise, the vast majority of clerical workers are Saudis, educated in Western universities, especially in the US and the UK. Office workers are normally hired as fresh graduates, whereas many of the Heads of Section and supervisors are transferred from the Saudi owner to direct employment by OilCo.

Aside from the above, the hierarchical ladder for manual labourers contains three more positions than the administrative ladder: the General Manager, the maintenance coordinator, who is under the Head of Section, and the console operator, who is below the supervisor. The maintenance coordinator typically manages two to four supervisors, whereas the console operator does not supervise any actual workers, but has a higher level of responsibility than the field operator. Industrial workers represent more than 60% of the total workforce, three quarters of whom are Saudi. These employees will typically hold a diploma and be aged between 23 and 35. However, the vast majority work as field operators, which represents the lowest position in the industrial labour hierarchy. It should be noted here that the highest positions, such Head of Section and maintenance coordinator, are almost all occupied by experienced Saudis, formerly employed by the Saudi partner. Most of the non-Saudi employees are then positioned between the highest and lowest rungs of the manual labour hierarchy. These personnel are typically Indian and aged over 35, hold a bachelor's degree in mechanical or chemical engineering, and have a minimum of seven years' experience in the petrochemical industry. The next section gives detailed information about OilCo's workers and how they are recruited.

6.4 Workforce Segmentation and Avoidance of *Saudisation*

This section comprises detailed findings on the following four dimensions: firstly, workforce segmentation and the firm's approach to recruitment are outlined, namely employment contracting, so-called *wasta* [nepotism] and the employment of a minority of women staff.

Secondly, its avoidance of certain *Saudisation* policies is examined. Thirdly, the rationale for Saudis and non-Saudis remaining with or leaving the firm are explored. Fourthly, it reflects on tensions exist between migrants and Saudis.

Based on the employment contract, OilCo classifies its workforce into three categories: 'direct', 'indirect' and 'outsourced'. The first two groups, predominantly skilled workers, are sponsored and managed by the firm itself, unlike the third outsourced group, mainly made up of semi-skilled or low-skilled manual labourers and sponsored by several contracting companies that OilCo deals with. The key consideration here is the size of this third group, of around 20,000 workers. This is over six times the total number of direct and indirect employees combined. This section is therefore divided into the direct and indirect workers as a single consolidated group on one hand, and the outsourced group on the other.

6.4.1 OilCo's Direct and Indirect Employees

There are no remarkable differences between OilCo's direct and indirect employees, since both types are considered to be employees of OilCo and receive the same financial benefits. However, direct employees are workers who are recruited and sponsored by the firm itself, whereas indirect employees are the employees of either the Saudi or foreign partner and are temporarily sent to work for OilCo on a mission lasting from one to five years. The following table presents some key figures on OilCo's direct and indirect workforce.

Table 6. 1: Key Figures for OilCo's Direct and Indirect Employees

Total number of employees	3,126
Direct employees	2,864
Indirect employees (Saudi partner)	87
Indirect employees (Foreign partner)	175
Women employees (all are Saudis)	43
Saudisation percentage	83 %
Total number of manual workers	1,907

In terms of the nationality of both groups (direct and indirect employees), Saudis by far make up the majority (83%), with North Americans and Europeans representing less than 2%. The rest are predominantly from India, Pakistan or the Philippines, although there are other workers from over 30 different counties, but these constitute less than 20 workers from each country.

The firm does not keep a record of average age at entry, or average length of tenure, but it is clear that Saudis tend to be the youngest population group in the firm. The vast majority of those interviewed and observed during the field work were in their 20s and 30s. This could relate to the fact that the majority joined OilCo as fresh graduates, besides the young age of the firm itself.

The indirect workers receive their salaries from OilCo, but they are not recruited by OilCo; instead they are nominated by the parent companies and sent to OilCo for specific technical or managerial duties. Workers sent by the partners differ in terms of the type and duration of their tasks. The majority sent by the foreign partner are experienced technical workers, who occupy mid-level technical positions. They arrive as a team led by their managers and do not receive direct instructions from OilCo, since they are specifically sent to transfer technology from the foreign firm. However, they have decreased in number over the last five years from 500 to less than 200, but their mission is still to build the oil refineries and establish manufacturing processes.

In contrast, employees sent by the Saudi partner mostly occupy senior administrative and supervisory positions across all Departments. Their presence is essential for establishing the firm's organisational structure and its managerial processes. Nevertheless, these personnel cannot be differentiated from OilCo's own employees, since they are involved in all types of jobs and positions, and manage or are managed by OilCo management. Many of the indirect Saudi employees sent by the Saudi partner have been offered a 'conversion option' and eventually become direct OilCo employees. The following sections will subsequently outline how the majority of OilCo's direct employees are recruited.

6.4.2 The Recruitment of 'Direct' Workers

The process of recruiting direct personnel differs dramatically between Saudis and non-Saudis and each of these processes is discussed separately below.

6.4.2.1 Secure Employment for Saudis (Men and Women)

Every summer since 2002, the firm has announced job opportunities for fresh Saudi graduates through the firm's website and certain important local newspapers. The first step in the recruitment of Saudis is to filter candidates based on three benchmarks: overall school/university grade, a standardised scientific test, and English language capabilities. Those who qualify based on these three measures are interviewed by a panel of HR managers, who then asks questions mainly aimed at revealing the personality and attitude of the candidates. For technical jobs, Saudis who pass the interview are not immediately offered full employment status, since their acceptance is conditional upon successfully completing the two-year apprenticeship programme. Failure to do so means automatic exclusion. Similarly, the recruitment of clerical workers follows the same procedure, but since there is no apprenticeship programme required for them, they are considered as full employees after passing the interviews. However, clerical staff are on probation for the first three months. If they successfully complete this short period, they will enjoy a very secure career within OilCo.

As a result, it would seem that *wasta* does not play an obvious role in the recruitment of Saudis. However, some Saudi staff expressed that the sons of senior management may receive special treatment and are sometimes hired in spite of their modest capabilities. Nevertheless, given that managers' sons represent only a very small minority of the total number of Saudi recruits each year, the vast majority of Saudi staff must prove their competence during the highly selective recruitment process. The incidence of *wasta* with more obvious implications will be discussed later in the 'Incentives and Appraisal' section.

All 43 women working in OilCo were found to be Saudis in their 20s and early 30s. They started to be recruited for OilCo in 2012, but their recruitment is restricted to non-manual jobs in various Departments. It is worth noting here that these young women are in direct contact with one of the VPs, who some Saudis describe as the 'godfather' of the women

staff. The recruitment of women staff is not a legal requirement, but was first proposed by the above-mentioned VP, who persuaded the CEO to start recruiting Saudi women. Despite the fact that most of these women employees have been privileged to obtain undergraduate or even postgraduate degrees from Western universities in areas of business and computer sciences, none occupy a managerial position. Informal discussion with four Saudi women revealed that women are aware of the patriarchal nature of Saudi Arabia, which acts as a glass ceiling within the organisation. However, they seemed to be very optimistic for their future careers at OilCo, especially as they did not perceive obvious gender discrimination regarding most aspects of their work, including pay.

Secure employment for Saudis is the norm in state-owned firms in the Saudi petrochemical sector and this includes OilCo. Moreover, the dismissal of Saudis is prohibited in the firm culture, although it is permissible under Article 77 of Saudi Labour Law. All the Saudi employees interviewed stated that they had never heard of a Saudi being fired from the firm. They were therefore aware that whoever successfully completes the first three months of employment, consisting of the apprenticeship programme in the case of technical staff, will enjoy a secure job for life. In addition, this could be related to OilCo regarding its Saudi workers as an investment that needs to be maintained and developed, rather than disposed of. It was in fact clearly stated by two HR managers that the reason for not firing a Saudi worker is related to the cost of preparing them, especially technical workers. The training coordinator stated that the firm estimates the average cost of training a fresh graduate to be around 150,000 United States Dollar (USD) over a period of around three years of preparation.

Even though Saudis enjoy a high level of job security at OilCo, they cannot access many of the benefits without hard work. This means that although the firm excludes the firing of Saudis as a punitive measure, there are alternative forms of punishment applied, as stated by one Saudi HR manager:

> …we cannot really fire a bad Saudi worker. But we might relocate him to another department or stop his promotion and prevent him from receiving the annual salary raise. In the worst cases, if the worker is old enough, we push him to retire.

Furthermore, considering the high level of competition amongst fresh Saudi graduates, who seek positions in state-owned firms, OilCo is privileged to be able to choose from among

top quality candidates on the labour market. Consequently, this is reflected in the overall quality of Saudi staff at OilCo. Nevertheless, it is mainly the recruitment strategy that OilCo managers find effective for eliminating the risk of employing incompetent Saudi personnel. One Saudi HR manager, who chaired the recruitment panel, stated:

> The risk is high in the recruitment of fresh graduates, because you do not know if he will be a good or a bad employee, even if he has an excellent university grade. However, we are trying very hard to select the workforce we think will support the improvement of the firm. Saudis here are very active and productive. In their first five or six months, they become very clear about their goals and they are asked to participate in critical projects.

Despite the fact that the Saudi employees recruited by OilCo were declared to be highly educated, hard-working and conscientious by the managers interviewed (both Saudi and non-Saudi), at the beginning of 2016, the firm decided to slow down the recruitment of Saudis and increase the recruitment of non-Saudi technical workers. One HR manager confirmed that there were two main reasons for this decision: first, the decrease in oil prices since 2014 was associated with reduced profitability in the sale of petrochemical products on the international market. Second, the Saudi government's Vision 2030 had suddenly placed pressure on OilCo to start operating their new refinery in 2019, sooner than was originally planned. These economic pressures necessitated the recruitment of a large number of trained workers, who were not available in the Saudi labour market. The current recruitment of non-Saudis therefore relates to technical vacancies that require a highly skilled workforce, as outlined in the following sections.

6.4.2.2 Expatriates in the HR Department

To recruit direct migrant employees, OilCo relies on employment agencies that are scattered around the world. However, the firm avoids dealing with agents in the Arab world and countries that have unstable political relations with Saudi Arabia, such as Thailand and Iran, and does not deal with agents in countries where it is difficult to find English-speaking workers, such as China and Taiwan. The process of recruiting migrants starts with an internal recruitment request from a VP of a function to the recruitment section. The recruitment section provides an employment agency with the requirements for labour. The role of the agency is to select the best matching candidates and send their Curriculum Vitae (CV) to OilCo for assessment. The candidates whose CVs are nominated by the firm are contacted

by the agents to prepare for the interview with OilCo representatives. In the early days of OilCo, the firm formed a recruitment panel that consisted of HR and technical specialists who travel abroad to conduct interviews; the recruitment panel typically let a hotel or a conference hall for a couple of days for this event. However, since the firm has filled most of its job vacancies, it recently started to consider one-to-one online interviews through applications such as Skype. Alternatively, in the case of recruiting several workers from East and South Asia, candidates are asked to travel to Dubai to attend the interviews, with all travel and accommodation expenses paid. Candidates of clerical positions are required to conduct a presentation on a specific topic in front of a small recruitment panel.

Considering that the *Kafala* system prohibits the migrants from changing their sponsor (known by *Kafeel*), when the recruited migrants arrive at OilCo, they either accept the work or return home during their first six months. For example, in 2015 and 2016, there were dozens of migrants, especially those from the west, chose to go back home after spending just a few weeks at OilCo. The employee relations representative attributed these occurrences to the difficulty some foreigners experience coping with the Saudi lifestyle outside OilCo. However, a Pakistani HR specialist raised the issue of the lack of guidance for migrants in their early days at OilCo. He said:

> There was no accommodation available for me when I arrived. They allocated a container for me to stay in for five days. I got no guidance on how to find accommodation.

The interview with this Pakistani worker and interviews with other westerners from the HR department revealed that the firm hires non-Saudis for HR jobs that, according to the *Saudisation* policies, should be occupied only by Saudis. None of those HR specialists occupies a senior managerial position, but there are four of them who are supervisors. What the firm does in issuing work visas to those foreign HR specialists is to recruit them as if they were technical workers. For example, the work permit for a migrant HR specialist states 'engineer,' 'programmer,' or 'technician,' none of which has anything to do with the migrant's actual job and specialty. Many migrants work as HR specialists, although they are still a minority. An interview with an HR manager revealed that those migrants exist because the firm needs their expertise, which can hardly be found among Saudis. However, the firm's necessity to recruit skilled HR specialists comes under the cost of breaking a legal requirement set by the Ministry of Labour. What is known from the interview with the HR

manager is that OilCo, like the other state-owned firms, has a special relationship with the Ministry of Labour. Nevertheless, it is not revealed whether the Ministry of Labour is aware of the recruitment of the HR specialists because some of those migrants experienced unusual long delays in receiving their work visas. A migrant HR specialist said that:

> All of those who work here are on different visas. They put a different occupation on the visa. I have a visa which is completely different from my profession. It is a technical visa. I came to know that my visa was rejected twice because I do not have a technical qualification, but I was not informed about it. In fact, when the visa came after nine months, I had almost lost interest and did not want to come.

All foreign workers are hired under an employment contract of undefined duration. This type of contracting allows both parties, the firm, and the worker, to give a sixty days' notice in advance at any time of the year to terminate the contract. OilCo uses this type of contracting rather than the annual employment contracting, since, in the case of dismissal, the latter implies paying the salaries for the workers for the full period until the end of the contract. A Saudi HR manager stated:

> We test the workers during the first six months to see whether they fit with our firm or not. If, after this period, we feel that we do not want them here anymore, we give sixty days' notice, which is what the law states. By the way, we are not obliged to make them stay for these sixty days; we can dismiss them straight away by just paying the salary for the sixty days and send them back home.

Having this type of less binding employment contract in place, expatriates are constantly aware that their career in the firm is always at stake. However, the firm takes into account the expense and difficulty involved in recruiting non-Saudis. Moreover, although OilCo has every legal right to easily fire and deport a migrant worker with 60 days' notice, this is mitigated by the fact that skilled migrant workers are not easy to replace. One quote from a Saudi HR manager summarises this point:

> We face some difficulties with certain expats, but we manage them through being very transparent with them. We tell expats from day one that they are here not to live and settle, but to train and work. However, in some cases, when we have issues with expats, we cannot easily fire them because we need their expertise.

It would appear that expatriate personnel at OilCo have almost no job security compared to their Saudi colleagues, but the firm does not work on a 'hire and fire' basis with them. There

are two indications that OilCo focuses on the stable employment of experienced expatriates. Firstly, the annual turnover rate for the firm staff has been around 5% since 2011. Secondly, interviews with both Saudis and non-Saudis revealed that the threat of being laid off was not a whip used by the management against migrant workers. It was also confirmed by some interviewees that they had heard about very few expatriates being laid off during the last few years.

On the contrary, the non-Saudis interviewed openly stated that their time in Saudi Arabia would definitely come to an end. They were aware that it was almost impossible for them to become Saudi citizens, or to enjoy the property rights given to Saudis. The Western expatriates, who complained the most about the working environment at OilCo, were less interested than their Indian counterparts in remaining in the firm for a long period. One American clerical worker stated that he was prepared to spend just another two years working for OilCo (he spent one year in OilCo), while another claimed that he was willing to stay for another five years at most (he spent three years in OilCo).

A noteworthy element in the recruitment of Western expatriates is the fact that the vast majority proved to be in their late 40s and 50s. While the recruitment manager confirmed that headhunting for experienced expatriates is very costly, the recruitment of older personnel, with less bargaining power in terms of salary, acts as a mechanism for minimising total employment costs. Moreover, ensuring the presence of expatriates who already have tenure in the firm will mean that knowledge is transmitted to Saudi employees, thus avoiding a knowledge monopoly. A HR manager provides further reasons for hiring older expatriates:

> When I bring in experienced Americans or Europeans, I hire them as managers and specialists. These people are expensive, but very professional workers and have excellent skills. When we work with them, we draw from their experience. However, they know that they are not going to stay here for long. We recruit Americans and Europeans who are over 50 years old, so that they are already close to retirement age and cannot stay here for long. Also, when they are nearer retirement age, we can recruit them on a lower salary, and they accept it.

This technique for headhunting skilled expatriate workers is used to secure the required expertise at the lowest wages possible. It also serves the aim of being able to eventually replace non-Saudis with Saudis, since senior expatriates are typically required to mentor four or five Saudis. OilCo's localisation strategy involves recruiting skilled expatriates, in order

to be able to replace them with competent Saudis as soon as they are ready. Mentorship has been the main strategy for transferring knowledge from expatriates to Saudis, especially in supervisory positions. However, despite the fact that the firm is working towards localising its jobs, it is not under any pressure to meet the *Saudisation* quota (known by *Nitaqat*), because it has state support. According to one Saudi HR manager:

> Some would say that we need to have enough Saudisation to get work visas to recruit migrants. No, this does not concern us at all, because when we need visas, we send a letter to the Ministry of Labour and they give us all the visas we need. In the petrochemical sector, we have a very good level of flexibility and support from the state. The state says do proper work and do not be bothered with Saudisation.

Regardless of whether the above statement is true or not, OilCo does not need to recruit more 'direct' migrants, which would affect its *Saudisation* rate, because it already hires most of its workforce through outsourcing. The following section presents further detail on this category of labour.

6.4.3 Outsourced Labour and Avoidance of *Nitaqat*

Without being physically present at OilCo and merely relying on the firm's claim that it is made up of 83% Saudis, it would be expected that Saudis are everywhere in the firm. However, it is clear to anyone visiting or joining the firm that Saudis are by far the minority group. The reason for OilCo's claim of this extraordinary *Saudisation* rate is that they do not consider outsourced workers as their employees. Therefore, if outsourced workers were taken into account in the total number of workers, it is estimated that the real rate of *Saudisation* would drop to no more than 8%.

OilCo deals with several firms providing it with migrant workers of various levels and skill sets. The estimated number of outsourced workers by the end of 2016 is around 20,000, but this can range from 15,000 to 25,000, depending on the amount and size of current projects in the firm. There are around 200 workers occupying basic administrative posts, such as secretaries, but the rest are unskilled manual and semi-skilled labourers. The unskilled labourers are typically gardeners, drivers and janitors, whereas the majority are semi-skilled petrochemical technicians. The technicians are not involved in the process of petrochemical

production, but rather responsible for maintaining the oil refinery and constructing new plants. These workers are predominantly from Bangladesh, India, Pakistan and the Philippines. The total number of outsourced Saudis, however, does not exceed 70 and these work as either clerical staff or bus drivers.

OilCo outsources workers under two types of contract: task-based and time-based. Task-based contracts are used when OilCo requests a contractor to accomplish a project within a specified period of time. In this case, OilCo is not concerned with how many employees work on a project, but rather the time required to accomplish it. In contrast, time-based contracts, which predominate, are used when OilCo requests a certain number of workers for a specified period of time, ranging from one to five years. Under both types of contract, the outsourced workers are paid by the contracting companies, since they are their direct sponsors (*Kafeel*). Therefore, since the outsourced workers under both types of contract are sponsored by the contracting companies, they are not considered by the Ministry of Labour as OilCo's employees and as a result, they do not affect the *Saudisation* rate.

Although OilCo has the state support to directly recruit expatriates, regardless of the current *Saudisation* requirements, it does not do so and the reasons for this appear to be closely related to the lower cost and higher flexibility that labour outsourcing affords. An interview with one HR manager revealed that outsourcing saves the firm at least 40% of its total labour costs, compared to direct hire, since the outsourced workers receive lower salaries and are not covered by the medical or life insurance provided for direct and indirect employees. Therefore, despite the fact that it is outsourced workers who mainly work for OilCo, the firm is not legally responsible for their safety at any time during their working day. The firm gives basic guidance on safety regulations and assumes that the outsourced workers are already trained to work in petrochemical refineries. For example, in 2015, there was an incident where seven outsourced workers were killed, due to an explosion inside one of the tanks. Since the investigation showed that this incident was the result of a failure on the part of these workers to comply with safety regulations, OilCo was compensated by the contracting firm for the total damage caused in the refinery.

Most notably, the HR specialists and managers interviewed shared the view that outsourcing is inevitable, due to two main reasons: 1) There are insufficient numbers of trained Saudis on the labour market; 2) The firm needs labourers for only short periods of time. An example

of this was given by one technical manager, who argued that when the firm has a major shutdown in its refinery - as has happened frequently within the past few years - it requires a large number of technicians for a short period of time. These are unavailable, except through contracting companies. Likewise, another HR specialist stated:

> If the firm wants 20,000 Saudi workers, it will need at least 10 years to train and prepare them. For example, since 2013, we have prepared about 1,200 Saudi workers, so you can imagine what it would be like to prepare 20,000 workers.

Nevertheless, it could be argued that it is possible to prepare 20,000 workers in less than 10 years. However, this implies a huge amount of investment in training within a short period of time, which OilCo seems unwilling to make. Alternatively, the firm could hire migrant workers directly, but this would also imply a higher cost. Therefore, it is evident that outsourcing is mainly about higher flexibility and lower labour costs.

It is worth highlighting here that outsourcing is not peculiar to OilCo, but is rather the norm across the entire Saudi petrochemical industry. One HR manager stated:

> …we here in the petrochemical sector do not really do the actual work by ourselves, but we outsource from several contractors. I have a team here under my supervision dedicated to administering these contracts. So, it is mostly outsourcing.

Furthermore, OilCo's workers are almost completely isolated from the outsourced workers and there is minimal interaction between them in the oil refineries. For instance, while OilCo's technicians work on petrochemical production processes, contractors are mainly involved in the riskier tasks of maintenance and the construction of new refineries. One Saudi technical worker reported that OilCo's supervisors do not directly communicate with the outsourced manual labourers, but only liaise with the outsourced supervisors over what needs to be done.

Unfortunately, permission to interview the outsourced workers, who work within the refineries, was denied by the firm. However, the analysis conducted in this chapter will reflect on this topic, based on information provided by OilCo's employees.

6.4.4 Tensions Between Migrants and Saudis

Despite outsourced labourers receiving far lower salaries than direct employees, their presence at OilCo has led to discontent among Saudi manual workers. One Head of Section in the Manufacturing division stated:

> Because of the recent recruitment of many Indian workers, the Saudis are coming to me and saying that they are now working in India not Saudi Arabia, because the whole place became full of Indians.

Nevertheless, an interview with one Saudi technician revealed that this discontent among the Saudis is not related to the outsourced workers themselves, but to do with the firm's preference for hiring non-Saudis instead of Saudis on supervisory roles. On the other hand, OilCo seems to outsource migrant workers to avoid involving Saudis in harsh working conditions. One Saudi HR specialist said:

> Saudis ask why we are outsourcing foreigners for these jobs, instead of hiring Saudis. The main issue is that they do not want to understand that there are no Saudis who can perform certain jobs here.

The above statement itself implies that outsourced workers are performing tasks, possibly under worse working conditions, that direct and indirect workers will not or cannot do.

Interviews with Saudi workers revealed that there are some sensitivities towards the nationality of their mentors and/or supervisors. While they accept working under the supervision of westerners, some Saudis are not comfortable being trained and supervised by South Asians. A Saudi industrial worker openly stated:

> We the Saudis have this discrimination and views towards other nationalities. The Saudis in the plant think that, because he is an Indian, he doesn't know anything. And this is the culture here. Also, they see us as lazy, unprofessional, who don't know much about the work. However, Indians avoid confrontation with Saudis because they know we have more power or we might know someone in the Human Resources department.

Conversely, all interviewed Indian managers and specialists have described the Saudis as hard workers. For example, an Indian manager stated:

They are hard workers and very clever. They are very business-minded and they have excellent leadership skills. And, also, you have to consider that the Saudis learn very very fast.

Despite this admiration showed by the Indian manager towards Saudi workers, it seems that the Saudis do not have confidence in the competencies of Indians, whether as specialists or as managers. In particular, Saudi industrial workers in OilCo have questioned the higher positions of Indians. This was openly stated by a Saudi field operator:

Saudis are mostly at the lowest levels. Supervisor console operators are mostly Indians. We are not used to seeing Indians as managers in factories. We normally see them in lower jobs, that's why. To be fair, some of them are extraordinary people. But we have Indians who claim they have 15 years' experience, but do not have much knowledge about the fieldwork. They just come and stay for eight hours. I don't know how they passed the interview. I can estimate that about 30% of them have bought their degrees. They cannot perform basic tasks.

The negative views that some Saudis have towards Indian workers cannot be isolated from a number of internal and external factors. The quotations from the Saudi workers above, give strong indications that position and authority play major roles in defining this relation; however, the general perception the Saudi nationals have towards the Indian workers cannot be overlooked. To clarify more, the vast majority of South and East Asian migrants in Saudi Arabia work in unskilled low-paid jobs, such as home servants and janitors. Therefore, the position and categorisation of some nationalities in the Saudi labour market can be considered as key factors shaping the Saudi–migrant relationship within firms.

Conversely, some migrant managers/supervisors resist the *Saudisation* strategy followed in OilCo since they are asked to train Saudis who will eventually replace them. In other words, the sooner the Saudis become prepared, the sooner they will replace migrants; thus, it can be argued that it is in the interest of a migrant to monopolise knowledge. An Indian manager confirmed the presence of this behaviour among some migrants in OilCo:

Yes, it does happen. If someone felt the Saudi was a threat to his job, then he might think of removing him from his way as fast as possible. But the firm is smarter than

them. Senior manager positions are given to Saudis. So, there is a strict enforcement from the top. The management monitors expatriates to see if they are slowing down, and if they are it pushes them.

6.5 Skills and Training

It has been observed that the firm applies training policies that are closely linked with the recruitment strategy it pursued. Outsourced workers receive very limited training from OilCo since they are recruited as trained workers. For OilCo's industrial workers, the Saudis receive much more training than the migrants since they are mainly hired as fresh graduates. The Saudis are enrolled into training programmes that involve taking in-house academic courses and continuous on-the-job training. In contrast, there is no induction training for clerks, but many migrants are asked to mentor Saudi clerks.

For the past five years, the overall annual spending on training has been around 12 million USD; however, OilCo is compensated by the Human Resource Development Funds (HRDF) for a third of what it has spent on training the Saudis. This state subsidy on training is annually claimed when the OilCo representative submits to the HRDF the costs incurred by outsourcing training of Saudi staff to external organisations.

6.5.1 Fresh Graduates and 'Certified Workers'

OilCo has two training programmes for fresh graduates that are restricted to Saudis only; one for the preparation of engineers and the other for field operators. The recruited engineers enrol into the 'Development Programme' that lasts for three years for bachelor's degree holders and two years for master's degree holders. This training programme relies on job rotation supported by a number of short courses on safety regulations. In contrast, high school fresh graduates, who are not as academically qualified, are prepared to be field operators, which is the lowest rank for industrial workers. They are assigned to a two years training programme that starts with 18 months of academic study in a public technical school working towards obtaining a diploma degree followed by six months of practical training in OilCo's plants.

As soon as workers (both Saudis and migrants) become OilCo's employees they enrol onto the 'Job Certification Process'. This is a continuous training programme that is considered the minimum requirement for workers to perform their duties safely. Although it is not part of the performance appraisal, it is a requirement for workers to be promoted. When a worker completes the requirements of the job certification for his position, he will be referred to as a 'certified worker'. One of the main reasons for certifying workers, as stated by an industrial manager, is to obtain health and life insurance for them. This includes insurance against technical incidents since the insurance companies refuse to compensate for any damages that are caused by uncertified workers.

The job certification process is composed of two requirements: industrial certification and academic competency. Firstly, the industrial certification process is repeated every six months with the aim of preparing workers through on-the-job training to master the specific duties of their assigned grade codes and positions. Before moving from one production process to another, trainees (both engineers and field operators) are examined every six months by experienced engineers called 'evaluators', who are predominantly observed to be migrants. The main responsibility for those evaluators is to attend to the refinery, based on a request made by the supervisor/mentor, to examine a worker, thereby measuring his knowledge against the specific tasks he was trained to perform during the last six months. Once a worker succeeds in performing the tasks he was trained for, he moves onto another manufacturing process and follows the same evaluation procedure. Secondly, the academic competency requirement consists of English language proficiency and safety courses. Once workers score 4.5 or above in the IELTS exam, they pass the English requirement. All workers attend more than twenty safety courses that are provided in-house by a number of Saudi and international organisations. There are several classes inside OilCo, that are equipped for all the training courses to take place. In addition, these classes are mainly used by all industrial workers, but mostly engineers who are required to attend conferences and workshops that are provided in and out of Saudi Arabia.

The interviews with the HR managers and several office workers revealed that OilCo dedicates most of the training to the industrial workers since there is no official training programme, neither for Saudi nor migrant clerks. In addition, office workers do not have to undergo induction upon their hiring, but they are trained by their direct managers on the specific tasks assigned to their grade code. However, there are a limited number of in-house

training courses that focus on basic administrative skills. For example, when a British employee was asked about the training he had, he stated:

> In real terms, no training. There is no such system here. In my 4 years, I had two courses, one day each. It was about management skills and it was very general.

6.5.2 Upskilling and Costs of Training

It seems that OilCo's recruitment and training policies are designed to keep certain qualities of skills segmented and preserved. While it outsources trained semi-skilled technicians and unskilled workers, it trains its direct employees to be either skilled field operators or engineers, which is a dilemma for the former group. The industrial training programme that a fresh graduate starts with, determines his entire career in the firm. Those who were trained as field operators cannot be promoted to be engineers or receive the engineers' training. One of the interviewees is an ambitious Saudi field operator with a diploma degree who stated:

> When I first came to work in this firm they promised to send me abroad to get a bachelor's degree in petrochemical engineering because I was the top of my class. My overall GPA is 4.98 out of 5. Recently, I went to the VP asking about the firm's promise to me. He said, 'convince me why would I send you abroad when we are already recruiting many of the Saudi engineers who obtained their bachelor degrees from the USA?'

A Saudi HR manager also confirmed the response of the VP stated by the interviewed worker. It seems that the firm finds training a field operator to become an engineer an 'unnecessary' cost, especially, when it can save this cost by recruiting fresh graduate engineers from the labour market. Therefore, the cost element in preserving the segmentation of certain qualities of skills cannot be ignored.

The cost of training is also considered when OilCo decides to send its most experienced workers overseas every time a new method or production line is being introduced. In this case, nationality does not play a major role since the firm's aim is to gain knowledge and experience on the latest technology that might save the firm costs on its operations. OilCo saves on its training costs by ensuring that workers who are sent abroad transfer the knowledge they learn to other OilCo workers. On this point, a HR manager stated:

I send a migrant worker abroad to attend an expensive training course, but I know when he comes back, he will transfer this knowledge to the Saudi workers. So, we actually save money by doing this. The 100,000 riyals we spend on training the migrant will not be lost since he will train our Saudis here. However, if I send a Saudi on this training course and his experience is not up to the level to take the course, he cannot apply the skills on his job and train the others.

Nevertheless, an interview with a Saudi HR specialist revealed that OilCo seems to have become very cautious and only sends a very limited number of the highly-experienced migrants overseas. For example, in 2005 the majority of the industrial workers were migrants; as soon as the firm finished training them, most migrants found better offers in the neighbouring Arab Gulf countries. A Saudi training specialist stated:

I discriminate against the foreigners in terms of training projects. I think there are lots of Saudis who deserve this more because Saudis are going to stay here, but the Indians will go home eventually.

OilCo also saves on training costs by hiring experienced migrants. It only prepares migrants through on-the-job training when there is a need to perform a new task that the migrant has not been trained to perform. A Saudi HR manager stated:

No, we do not train them. They already have the experience. At least the migrant he is 80% ready to take the job, you cannot find someone who is 100% ready. So, what I do is that I give him training just to cover the other 20% he needs, then I make him train several Saudi workers.

6.6 Incentives and Appraisal Systems

The analysis in this section deals with pay, promotion, and the rewarding and appraisal systems. It examines how these systems are applied and how they are perceived by different segments of labour. The information presented in this section applies only to OilCo workers since outsourced workers are paid and appraised by their sponsors.

6.6.1 Pay

Salaries in OilCo are paid at the beginning of every calendar month. The amount of pay is determined by two main factors: the job grade code and the worker's nationality. In terms of the grading system, there are two pay grade scales that apply to both technicians and clerks. The lower grade scale is for holders of a Bachelor's degree or less, who normally occupy secretary and field operator positions; workers on this scale start on grade 21 and cannot exceed grade 26. In contrast, the higher grade scale starts from grade 36 to 45, and applies to university educated personnel, who are classified as engineers and skilled clerks. Those who begin their career at the lower grade scale cannot move to the higher grade scale regardless of longevity at OilCo. In addition, they cannot occupy the position of section head or higher.

Furthermore, the higher and lower pay scales apply to workers of all nationalities; however, the amount of pay is determined by the classifications of the workers' nationalities. Nationalities are grouped into three categories: westerners, Saudis and others. Westerners (South and North Americans and Europeans) are paid the highest followed by the Saudis with 30% less, followed by the rest of the migrants (known by others), who earn 30% less than the Saudis. For example, for grade 39, a westerner receives a monthly basic salary of 5,800 USD compared to 4,060 USD for a Saudi and 3,480 USD for an Indian. Nevertheless, what all workers have in common is the home allowance, consisting of 40% of the basic salary, and the transportation allowance, which amounts to 10% of the basic salary. Additionally, industrial labourers enjoy an extra monthly payment of 250 USD.

Total monthly salary = Basic salary + Home allowance (40%) + Transportation (10%) + 250 USD (for technical workers only)

The minimum basic salary in OilCo is 1,600 USD, but it is only paid to fresh graduates of the Saudi field operators since they have the lowest qualifications and the least experience. Conversely, migrants, generally start on mid-range pay grade scales since they are considered skilled and experienced workers.

Overtime pay per hour is calculated according to Saudi labour law, and equals an hour and a half of a worker's basic salary. Nonetheless, the interviews revealed that only manual labourers are offered overtime pay. All the interviewed clerks reported that they have never

received overtime in the past although some of them were asked by their managers on some occasions to spend an extra hour or two after the workday was over. A Saudi clerk reported:

> There is no overtime here. From day one they told us you are professionals, so you should finish your work on time.

Despite the discrimination in pay based on worker nationality, no statements from the respondents indicated that the salary was a factor that caused tension between the workers of different nationalities. In fact, all the interviewed Saudis and non-westerners stated that the salary is a major incentive for them to work for OilCo. For example, a Saudi worker reported:

> I started with a total package of [3,700 USD]. So, almost a double of what I was paid in my previous firm. And now I receive [4,800 USD]. I would never ever get this amount anywhere else.

Conversely, three of the interviewed westerners found that the decision on behalf of the firm to pay them the highest salaries was a sensible one. An American HR specialist explained this as follows:

> Of course, westerners, as expats, we receive the highest but it is higher expectations. If you pay somebody more, then you should have higher expectations in terms of productivity. What is the reason for having five Canadians in the firm without paying them a little more? If you are not paying them a little more, then there is no big deal. But then, also, if you are bringing them in, then what is it specifically that you want from them to bring for you? On the other hand, we would have the question, why would you pay somebody less, like a Philippine? Well, there may be a reason for that. The cost of living in his home country is maybe one third of what it costs to live in the United States and that's a major factor. You are paying them the equivalent value of what they would make back home. Because it is not how much you are paying but how much it costs to live.

It should be highlighted that OilCo pays a premium to bring in westerners, but those workers are less than 2% of the firm's total workforce. The real saving in terms of labour cost comes from the hiring of Indians as industrial labour. The Indians are considered the cheapest labourers in terms of salary but among the highest in terms of skills and education. A Saudi HR manager stated:

> We go to India and recruit field operators and console operators who have at least seven years of experience and hold Bachelor degrees in Engineering. Although they are generally more qualified and educated than Saudi field operators, they get the same salary as a Saudi field operator.

Furthermore, it is evident from the interviews that the high salary is a major incentive for both Saudis and migrants to work for OilCo; however, it can be argued that a major difference between the two groups is that migrants generally view work in OilCo as a fast track to earn money in a shorter period of time compared to their home countries. This logic might not be the sole factor determining the duration of a migrant's career in OilCo, but interviews with several migrants from different nationalities showed that this is among the most significant factors to them. For example, an Indian worker confirmed that high pay was a major factor for a group of Indians to leave the firm. He referred to a six-month training course, in which thirty-five Indian workers were assigned. The firm policy for overseas tasks is to pay the trainees almost two times their overall salaries during the training courses, on top of their accommodation and transportation expenses. This extra income, however, was considered by the Indians as a shortcut to leaving OilCo. The Indian clerk reported:

> All the trainees when they go for training abroad they receive more than double their salary […] some of my Indian friends told me that the majority of Indians were saying that the firm is being very generous to us, we cannot imagine how much they will pay us. Their initial plan was to stay here for five years but now with this amount of pay, it's going to be only two years.

Nevertheless, we need to remember that Indians are paid the lowest of all firm employees despite the fact that they are generally not less educated or less skilled than the Saudis and westerners. Therefore, the low pay might be among the main reasons for them to leave OilCo when they have the chance to earn money in a shorter period of time. Conversely, OilCo's managers are aware that the low salaries of the Indians are a major factor for them leaving the firm. A Saudi HR manager stated:

> The attrition rate among Indians is very high. The chances of leaving us is very high. Some of them left us because they found a slightly better offer in another country or firm. But this does not apply to the Saudis. The Saudis are settled here.

The Saudis have very little motivation to leave the highly paid and secure jobs that OilCo provides, especially when the vast majority of them are already settled in cities near the firm.

Furthermore, workers from all nationalities are subject to the same regulations regarding bonuses and annual raise. The annual bonus at its maximum is a full basic salary; however, workers have not received any bonuses for the past three years. Both clerks and technicians stated that the bonuses are associated with the firm's overall performance. For example, the last bonus was given in 2013 to all employees, including Saudis and migrants, because the firm achieved the highest profit in its history.

6.6.2 Appraisal System and Annual Raise

Both clerks and industrial workers are mainly assessed based on several competencies that focus on: attendance, leadership skills, discipline, quality of work and goal achievement. The five classes/grades of performance are associated with the annual raise. The letter A is assigned to the grade referring to the highest performance and E to the lowest. The table below shows each grade and the percentage of annual raise on the basic salary associated with it.

Table 6. 2: Performance Grade and Fixed Annual Raise

Performance class/grade	Annual raise on the salary
A	9-10%
B	7-8%
C	5-6%
D	3-4%
E	0-2%

For appraising office workers, managers set annual goals for the workers they manage directly. The number of annual goals varies from one worker to another but the average goals for the interviewed clerks numbered fourteen. Some workers, however, reported that they were informally given much more goals than what they had at the beginning of the year, which they had to accomplish but which were not included in their performance appraisal. For example, an Indian clerk stated:

We have goals that are set at the start of the year that we need to meet by the end of the year. And we get evaluated based on those. However, there are multiple projects that you can be working on during the year that are not included in your goals. So, I might end up doing 15 different projects, not included in the goals set at the beginning of the year. But I will be evaluated only on the 10 goals that I started with and not the 15.

In addition, clerks are asked to appraise themselves towards the end of the year through answering fifteen multiple choice questions, to which they can add their own comments below. The completed questionnaires are sent to the workers' direct supervisors who view them and write a report recommending the performance grade of the worker to the head of the division. The final decision of what score a worker might achieve is left entirely at the discretion of the section head.

Interestingly, this research took place at the end of the year and many of the managers were on holiday. The reason was that managers normally take their long leaves after they submit the assessments. A Saudi clerk explained:

Last week, the results of the assessments have been revealed to us. So, they do the assessments and then they escape straightaway. They simply do not want to deal with the workers' complaints. Most managers don't give regular feedback and at the end of the year they give you a bad score.

The appraisal of industrial labourers appears to be more complex and stricter than the appraisal of clerks, although both processes have many similarities. Technicians are mainly assessed based on four main criteria: compliance with safety regulations (e.g. wearing protective equipment), attendance, technical faults and completion of several assignments. Nevertheless, if a worker meets all four criteria, they will be given a grade C, which is average. Those workers who want to achieve grades B and A need to exceed these requirements by reporting about at least three 'near-danger faults'. Therefore, both grades A and B are used as rewards for extra workload.

What makes OilCo's appraisal system more complex is the quota system (see the table below), which is perceived by workers (both technicians and clerks) to be unfair. In each division of the firm, there is a maximum percentage of people who may attain a specific performance class. Therefore, if all people performed the same there are still those who would be graded A, and those who would be graded lower (B, C and D). As an example, the

table below was for 2015 and shows that only 10% of workers in a division would be graded A for their performance. An interview with a HR manager revealed that the performance scores quota changes every year based on the firm's overall performance.

Table 6. 3: Appraisal Grades Quota

Performance class	Percentages of quotas
A	10
B	20
C	40
D	20
E	4

6.6.3 Rewards, Promotion and the Role of *Wasta*

Although clerks in OilCo do not receive any type of financial rewards, few workers reported that they regularly received informal feedback from their managers, especially in the form of complements in front of their colleagues. Three clerks, however, reported that they did not receive any form of positive feedback. Therefore, it can be said that clerks in OilCo are informally complemented on depending on their manager's approach in motivating their workers. An American clerk said:

> What I have seen in my past: if you have an excellent performance and you have done something well, they will give you some form of recognition but this is not happening here or maybe it is but I haven't heard about it.

In contrast, manual workers can receive a modest reward of 180 USD or an electronic device (e.g. mobile phone or tablet) if they discovered more than three safety issues. This modest reward, however, seems to irritate the workers rather than motivate them. For example, a Saudi technician said:

> Some safety suggestions saved the firm billions and we are given tablets for that [laugh].

Nevertheless, both clerks and technicians consider promotion as the most valued form of reward in OilCo. The interviews revealed that all workers know very little about how the promotion system works; in fact, two Saudi workers asked me to enquire about it in the HR

department. What the Saudis were clear about, however, is that *wasta* is a key factor for obtaining a promotion. Some workers were offered a promotion every year, at a time when the majority are promoted every five years on average. However, a worker might be bumped to a higher pay grade while he is still on the same position and performs the same exact duties.

Promotion is more important to Saudis than to migrants since they are the only people who can occupy senior managerial positions, and have longer tenure in OilCo than migrants. It seems that directing most of the promotions to Saudis acts as a major incentive for them to work harder and climb the hierarchy ladder in OilCo. There is tension, however, among the Saudis because they perceive that good performance is not enough to obtain a promotion, whereas *wasta* is crucial too. For example, a Saudi clerk reported:

> You have already met our manager. There's a guy called [xxx]. He is a very young guy but we all know that this guy is going to be our next manager because he has a very strong relationship with him. They are neighbours so they come and go together every single day. So, the manager is very biased. At the end of the day, he supported the very young guy while we all know that there are other people here who are more qualified than him.

Similarly, an American clerk who has spent more than twenty-four years working in Saudi Arabia also confirmed that *wasta* plays a major role in the working environment, in OilCo but also in other companies he worked for. He stated:

> Unfortunately, when people ask me about how it is like to work in Saudi Arabia, I always tell them that this place is all about not what you know but who you know. It has not changed since I came but it is getting better know.

6.7 Discipline and Contestation

This section identifies some of the main mechanisms used to maintain discipline in the workplace, as well as highlights how these mechanisms are contested and/or accepted by different categories of labour. OilCo generally applies punitive policies to control its workplaces; however, some of these policies are discriminatory and others are challenged by workers. This section is divided into three main parts. The first two parts cover discipline

and contestations among OilCo's employees, whereas the third part addresses resistance of outsourced labour.

6.7.1 Dress Code, Vacations and Attendance Monitoring

The firm applies a strict dress code policy on all workers. Incompliance with them exposes the worker to harsh penalties that may eventually result in his/her lay off. The first three times workers are incompliant with the dress code, they are given a written notice. On the fourth time, they are expelled without termination of service rights. The majority of office workers, both Saudis and non-Saudis, wear Western formal clothes, except some Saudis who prefer to wear the traditional garments. For those who wear Western clothes, the shirt needs to be tucked in and only shoes are permitted as footwear. For Saudis who wear the traditional Saudi custom attires, they need to wear the full Arabic gown, including the white and red piece of cloth that covers the head (called *Shimag* or *Gutrah*). The brown shirts and white hard hats belong to industrial workers (both Saudis and migrants). Those workers are not allowed to carry a mobile phone or wear jewellery when working inside the plant. Additionally, they need to wear all the safety gear at all times. Furthermore, since the firm does not apply a policy of gender segregation in the workplace, women are required to wear the legal clothes according to the Saudi Law, which is typically a black gown and a head scarf, known as *Hijab*. A minority of women cover their faces with an Islamic veil called *Burka*, but this is left to their discretion.

Regarding vacation, all workers are allocated 38 days paid annual leave; however, workers are rarely allowed to take the 38 days as a single long leave. The holiday balance can be divided into four leaves, but there must be one long leave that is no less than 14 days. Although there is some flexibility in splitting the annual leave, workers need to notify their managers about the dates of their holidays at the beginning of the year. Any worker who exceeds the maximum number of days will be penalised with a deduction from their salary on each extra day. Additionally, it is compulsory for all workers to use their annual leave balance before the next year; in other words, no holiday balance can be carried over to the next year. OilCo does not compensate those who do not consume their annual leave allocation; rather, it obliges them to take the 38 days off. A Saudi technical worker witnessed a standing issue faced by one of his friends:

Today a problem happened to one of my colleagues on this issue. He did not use his holiday days at all. His supervisor sent him an email saying that he has to go on holiday from next Sunday for 15 days. He cannot refuse this because if he wants to come to work, the security guards will prevent him from entering the refinery and that happened to one of my friends in the past.

Furthermore, while migrants have to use up their holidays, it is not mandatory for them to travel to their home countries during their vacation. Nevertheless, all migrants retain their passports with them. Only Westerners (North Americans and Europeans) can exit Saudi Arabia at any time, because they hold a multiple entry/exit visa. However, the rest of the migrants need to apply for an exit visa each time they go overseas. The multiple entry/exit visas are something attainable from the Saudi authorities to all nationalities; nonetheless, it is only obtained with the approval of the sponsor. OilCo, as a sponsor, has decided to only give this opportunity to Westerners. It is important to note that none of the interviewed non-Western migrants were reported to have experienced any issues while obtaining their permission to go on holiday. Vacation permission normally takes, on average, two working days.

In terms of attendance, clerks work five days a week (Sunday to Thursday), that begins at 7.00 am and ends at 3.30 pm, including a lunch break that starts at midday and lasts for half an hour. At the start and end of the workday, clerks are required to be punctual to clock in at the fingerprint machines that are located at the front of each building. Under an applicable policy, deductions are taken from a worker's salary in the case of a late check-in or an early check-out.

In contrast, manual labourers work a shift of eight hours per day (6.30 am to 2.30 pm, 2.30 pm to 10.30 pm, or 10.30 to 6.30 am); each worker changes their shift every three intervals. For example, those who are on a morning shift, work six days in a row, followed by two days off; then on the third off-interval, they take four days off, followed by a new working shift that starts in the afternoon. The attendance of workers in the plant is not only monitored by the fingerprint register at the checkpoint, but also recorded manually by their direct supervisors. Workers are given a written notice in the event of arriving five minutes late, and after the third time, a deduction from the salary is made by the management. The double-check system was applied recently to enhance attendance monitoring in the refinery. A Saudi supervisor explained:

a worker might enter the first gate but does not show up in the refinery. He might pass the first gate but does not show up in the lab. The refinery is huge at 4 kilometres by 2 kilometres. So the worker might enter through the check point and then visit his friends in other areas.

Noticeably, manual labourers work longer hours and are subject to stricter monitoring mechanisms, compared to clerks. Nonetheless, they show more resistance by using different methods to reduce their efforts and avoid the extra workloads. The next part provides a detailed evidence of consent and resistance among manual workers and clerks.

6.7.2 Accepting and Contesting the Extra Workload

There are notable differences between manual workers and clerks in terms of the amount of workload imposed on them, and how they accept and/or contest it. Thus, it is necessary here also to split the analysis between the two groups.

Manual workers are asked to attend half an hour before the actual workday starts in order to perform a hand-over check-up, which involves transferring responsibilities to workers in the following shift. Nevertheless, there is an informal agreement between workers to avoid this policy. Workers are already not paid for spending almost an hour on the firm's premises just to enter the refinery and register their attendance. Consequently, the 30-minute routine safety check is abandoned; at best, a 5-minute check is conducted when workers swap their work shifts. A Saudi technical worker said:

> It takes about 45 minutes from the firm's main gate to enter the refinery. We have two checkpoints inside the firm. From the first checkpoint till I park my car, it takes about half an hour. Then I have to take a bus for a 10-minute journey to the second checkpoint where I have to register my attendance. So, although I live in the same city, I have to leave home one and a half hours before the start of my shift. We have told the management that attendance should be registered at the first gate, but nothing has happened.

Unlike the shop-floor workers, supervisors generally accept to devote an extra half an hour unpaid, before and after the workday, and they seem to be dedicated to strictly monitoring workers' attendance all day. A Saudi supervisor said:

Not literally I watch them, but I make sure that they don't go out of the plant. For example, they have to ask for my permission if they want to go to the canteen.

Moreover, the most notable thing about the interviewed managers was that they barely admitted to any criticism of OilCo's disciplinary policies, but rather they tended to polish OilCo'c image in almost every single aspect about which they were asked. It is apparent that supervisors have strong loyalty to the firm and are keen on enforcing the firm's rules and regulations for reasons that could be related to many things, such as seeking promotion and income increase. Consequently, no obvious sign of resistance was observed among them, unlike the shop-floor workers.

Since manual workers experience a longer workday and do not enjoy the one-hour break that is given to their peers – the clerks - they have reorganised the work to take much more than the one-hour break of which that they are deprived. While a group of workers rest for 2 to 3 hours in an air-conditioned place, others stay in the refinery until they swap with each other. Consequently, this intense workload, as perceived by the manual workers, results in them abandoning many safety policies. A Saudi technical worker described the workload as follows:

> If I want to literally follow the policies, then the workload here is unbearable for any human being. I bet that no one can follow the policy exactly whether a Saudi or a non-Saudi. I'm talking about the field here not the administration. Imagine that you come at 6:30 then you stay until 2:30 without having any break. Can't you imagine the weather here in the summer?

In contrast, the interviews with office workers of different nationalities reveal that they generally do not perceive that they work under heavy pressure, but they show some forms of 'misbehaviour' in different capacities. An American clerk created his own abbreviation of (IMB) that he uses whenever he is asked about a work that he did not deliver. The IMB means *Inshallah Maalish Bukrah*, which are Arabic words meaning 'Sorry, God willing, I will do it tomorrow'. It seems there is a tendency among the Westerners, compared to the rest, to directly avoid or delay a work whenever they believe it is worthless or unrealistic to do. A British clerk said:

> It is difficult to say we have ever had a deadline. Deadlines don't count. So they can say, 'okay, we need this work in a week'. We know it cannot be done in a week, but it does not matter. Obviously, it is not done in a week and the boss may

go on holiday. Then, they want to see it and they look at it for two weeks; then eventually they do some changes and that process just goes on and on. There is a massive waste of time. … In real terms no implications if we did not finish a work on time.

Additionally, all the interviewed Westerners do not find a justifiable reason for offering the firm more than the official working time. They generally feel reluctant in terms of what they can practically achieve, compared to the effort they give. An American clerk stated:

In terms of what we actually end up accomplishing, I would say that I do in the month possibly what I would do in a day, and I cannot get more done. I can put more hours like most guys, but that would not help.

On the other hand, Saudis and non-Western expats do not show a notable misbehaviour as Westerners and Saudi manual workers do; rather, it is observed that some of them tend to overstay a couple of hours on almost a daily basis without being asked to. Those workers are dedicating more effort and seem to enjoy what they do. For example, a migrant and a Saudi are quoted as saying:

No one forces me to stay. It is me who want to spend some time here because I don't have my family here. So, I don't have to go back home… I don't consider money to be a driving factor for me. (Indian worker)

We finish at 3:30 PM, but I don't leave before 5:00 PM. If I leave before this time, it will not affect me. It is for the sake of my own satisfaction. (Saudi worker)

Another element observed among the Saudis and the non-Westerners (clerks) that shows a high level of compliance is that they seem to surrender to their managers' well, in terms of how the job should be done and when it should be delivered; nonetheless, they are unsatisfied with the extra work they are given. Those workers are not observed, nor are they classified by the interviewed managers, to be less disciplined than Westerners; rather they tend to avoid clashes and disagreements with their managers and prefer to be more obedient and accepting of their burdens. A Saudi clerk, who is managed by an Indian, stated:

My manager asks me to do things that are mostly not related to what I do. Also he does not allow me to do things in a different way. The first time you have to do it

his way. After you do it, then you can give him your suggestions. First, you have to listen to what he said. You cannot suggest before you do it as he told you to do.

The findings up to this point only applies to OilCo's manual and office workers. The following part establishes what is known about outsourced labour in terms of control and resistance, who are considered by OilCo's employees themselves to be working under much harsher working conditions.

6.7.3 Resistance at its Extreme (Suicides Among Outsourced Migrants)

Suicides of migrants in the workplace can be considered the extreme form of denial that is witnessed in OilCo. The manual outsourced workers are isolated from almost everyone else and no access was given to their workplaces; nevertheless, I have conducted several interviews with OilCo's manual workers and clerks, in order to understand the working conditions of outsourced workers and the reasons behind the suicides. All the interviewed workers reported that they heard about the suicide of three outsourced migrants at three different times during the current year (2016); however, they seem to have very limited information about them. A Saudi clerk said:

> These matters are always taboos in the firm, I have no idea. We were told that they committed suicide, that's it.

Nevertheless, a Western expat among the interviewees reported that he knew about one suicide victim who was a Philippine maintenance worker in his 30s. During a typical workday, the Philippine worker went to his direct supervisor asking for permission to go home because he was ill, but the manager refused to grant him the permission. Two hours later, the worker threw himself off from the tallest crane; he died before anyone could get to him. It is unrealistic to imagine that the suicide was a consequence of the refusal to grant the permission, but it might have been the last straw that broke the camel's back.

Some of the respondents said they feel that OilCo purposely minimises their interactions with the outsourced workers as much as possible. It was observed that outsourced workers are not allowed to enter the OilCo canteen; there are security guards standing at the canteen's doors who only allow OilCo's employees to enter. The guards recognise the outsourced workers from their clothes, since they do not wear OilCo's clothes nor hold OilCo's badges. Different outsourced workers wear different clothes based on the job they do and the

contractor firm that sponsors them. Additionally, the inability of outsourced workers to speak English is also a major reason for the limited interactions with them. A Saudi industrial worker stated that it was very rare to find one of them who could speak English.

Although suicide in the workplace is an extreme form of individual resistance, it has not triggered any strikes neither inside nor outside OilCo. No collective action was witnessed in OilCo or reported by the interviewees to have occurred in the past. Nonetheless, it is expected that outsourced manual workers, similar to the OilCo's manual workers, resist (or misbehave) through abandoning safety policies. The interview with a safety specialist reveals this, he stated the following:

> Most of our technical issues are because of outsourced workers. We enforce our rules safety wise, but unfortunately, the majority of them do not care; we had many issues with them. Some of them committed suicide in the refinery… Fortunately, there is a huge difference between the treatment of our workers and the outsourced workers.

What this interview also reveals is an admittance by an OilCo employee that outsourced workers have much worse working conditions, which is also confirmed by a number of other employees, including two HR specialists.

Outsourced migrants performed no serious collective forms of resistance such as strikes or protests. However, similar to the OilCo's Saudi manual workers, they avoid many quality and safety regulations, which has exposed the firm to substantial financial losses due to frequent shutdowns in the oil refinery. The interview with a safety specialist reveals that the workers' lack of attention has resulted in frequent shutdowns of the refineries and has kept OilCo operating at a loss since 2014.

6.8 Summary of Key Findings

The historical presence of American petrochemical firms in Saudi Arabia has primarily shaped OilCo's organisational structure and the formation of its HR policies and practices. Regarding workforce segmentation, the findings show that besides the presence of a small minority of workers sent from the parent companies (indirect workers), OilCo mainly uses two approaches to secure its workforce: the direct hire of skilled personnel and the outsourcing of semi-skilled workers. Outsourced workers do not speak English or Arabic,

and the company seems to deliberately reduce their contacts with OilCo's employees inside and outside the workplace. The Saudi manual workers are discontent because they are a minority in the company and are being supervised by non-Arab migrants.

Two notable findings were consequently derived regarding the compliance with the *Saudisation* scheme: first, for reasons related to the cost and flexibility of labour, OilCo relies on outsourcing to secure around 20,000 temporary workers, who are predominantly migrants. Since OilCo does not sponsor these outsourced workers, the workers are not officially considered as OilCo employees. Therefore, the firm officially, but not practically, complies with the *Saudisation* quota (*Nitaqat*) requirement of 80% Saudi employment. Secondly, OilCo avoids the *Saudisation* policy by hiring expatriate HR specialists for positions that should only be occupied by Saudis, listing false occupations on their work visas. Two HR managers stated that the state backed the firm, especially regarding compliance with the *Saudisation* policy.

The findings on upskilling show that OilCo's recruitment and training policies are designed to keep certain qualities of skills segmented and preserved. For example, those who were trained as field operators cannot be promoted to be engineers or receive the engineers' training. The firm heavily spends on training the Saudis only. It hires high school graduates Saudis and sends them to public technical institutions for two years. This is followed by off-the-job training of which the HRDF compensates the firm for a third of what it spends. Nevertheless, if we consider the spending on training for the whole of the workforce, the firm is saving on costs because it relies on trained migrant workers. Elementary on-the-job training is provided to migrants, both direct hire and outsourced. These trainees perceived the substantial financial benefits given to direct hire migrants for attending an overseas training task, as motivation for early repatriation. Therefore, upskilling is problematic for OilCo, as it wants to train 'temporary' migrants, who came to Saudi Arabia only to serve for a short period.

The chapter has also examined in detail the systems of pay, appraisal, rewarding and promotion. The findings show that the pay system discriminates between workers based on the passport they hold. Also, OilCo applies a complex appraisal system that is linked to a system of fixed income raise. To receive the highest class of performance, however, which is tied to income raise, workers have to accomplish extra tasks in addition to their assigned duties. The findings revealed that workers are not content with this appraisal system since

the firm applies quotas on each performance class, thus limiting the number of workers with high-performance grades. It was also revealed that there is tension between Saudi clerks since *wasta* play a significant role in promotion. In contrast, migrants are indeed promoted, but there is a 'glass ceiling' to the position they can occupy. Regardless of how long migrants stay with OilCo, they will not be assigned to senior positions since these are restricted for Saudis only.

The chapter also examined some key disciplinary policies enforced by OilCo's managers, and how workers respond to them. Supervisors (Saudis and migrants) are witnessed to be active agents of the policies' enforcement. The workplace is highly controlled, especially with the presence of the Saudi military. Non-Westerners are restricted regarding freedom to travel to their home countries as they cannot leave Saudi Arabia unless they obtain official permission from the firm. Moreover, the findings also reveal that among the office workers, Westerners tend to individually resist taking an extra workload and meeting short deadlines by deliberately delaying and sometimes avoiding the work. On the other hand, Saudis and Indians office workers show a high level of compliance through voluntarily spending extra hours after their official working hours. Westerners are aware of the voluntary behaviour of their colleagues, but they perceive it as a waste of time regarding what workers can achieve at the firm. Also, it is revealed that direct hire technical workers, who are mostly Saudis, experience more pressure by working under stricter policies and longer working hours compared to clerks; nevertheless, they collectively perform unorganised contestations mainly by abandoning many regulations and sharing the workload to reduce efforts. Although they perceive the workload to be unbearable, they admit that outsourced workers are under much worse working conditions.

Resistance at its extreme is witnessed in the forms of suicide at the workplace among outsourced migrant workers and sabotage. Workers performed no serious collective forms of resistance such as strikes or protests. Nonetheless, similar to the OilCo's Saudi manual workers, they avoid many quality and safety regulations, which has exposed the firm to substantial financial losses due to frequent shutdowns in the oil refinery. The interview with a safety specialist reveals that the workers' lack of attention has resulted in frequent shutdowns of the refineries and has kept OilCo operating at a loss since 2014. The next chapter presents the findings of the other firm, which then both findings of the firms are discussed in chapter eight in light of theory and literature.

Chapter 7: The Family-Owned Firm

(ConstructCo)

7.1 Introduction

ConstructCo was founded in 1989 by a single Saudi owner from a business family with a close and longstanding connection to the Saudi Royal family. This family business had been responsible for numerous State projects, including the construction of airports and hospitals. Besides ConstructCo, the businessman in question owned several other large companies, including two well-known joint ventures undertaking construction work for the Saudi government.

Since its initial establishment, ConstructCo's headquarters have been located in a major city in the west of Saudi Arabia. It operates exclusively over Saudi territory and offers several services related to architectural design, construction, real estate marketing, property management, and maintenance work. However, it should be mentioned here that the firm is not involved in any infrastructural construction work (e.g. roads, bridges or pipelines), since it is purely specialised in the construction of residential and commercial buildings. ConstructCo has therefore built numerous large residential compounds and commercial buildings, mostly sold to private owners, but remaining under its management in terms of security, maintenance, marketing and letting.

During the data collection for this study, two large construction projects were awarded to the firm. However, most of the workers in each case were brought in by several subcontracting entrepreneurs. More importantly, these small contractors were of the nature of covert businesses, commonly referred to as '*tasattur*': a business run by non-Saudis, but owned by Saudis. Therefore, this case study incorporates the role of subcontractors, who in turn rely on so-called 'free visa' labour.

Since early 2015, the Saudi construction sector has slowed dramatically, due to cuts in public-spending on construction projects and the firm austerity policies instituted in response to the drop in oil prices. Consequently, the economic slowdown has placed pressure on ConstructCo to downsize, like many other major construction companies, such as the two Saudi giants, Saudi Oger and the Bin-Laden group. Most importantly, since early 2016, the firm has not taken on any new construction projects and so its construction business has shrunk considerably; resulting in the dismissal of over 500 workers (mostly migrants) between 2015 and 2017. During data collection, the firm was completing two construction projects: one commercial and one residential buildings. However, ConstructCo's current focus is mainly on maintenance, security, and marketing.

Drawing on the researcher observations, the analysis of the documents, informal discussions and the semi-structured interview data, the workplace dynamics of ConstructCo will be examined in detail. The main policies and practices of the firm are discussed along with the chapter highlighting strategies for labour control, labour consent, and resistance.

The chapter is organised into nine sections. The next section introduces the firm by describing some of its main physical and cultural features. The second section outlines the organisational and authority structures, as well as introduces the profile of workers on each hierarchical level regarding their nationality and skills. The third section gives details on one of the subcontractors (which is a *tasattur* case) and the role of free visa migrants. Following this, the typical work and employment dimensions will be examined in the following sequence: workforce segmentation and avoidance of *Saudisation*, skills and training, incentives and appraisal systems, and discipline and contestation. The final section concludes the chapter by summarising the key findings.

7.2 Physical and Cultural Elements

It blurs the issue to try and analyse the workplace dynamics of a construction firm by looking solely at where its management is based since a great deal of its workforce is to be found on various other sites, such as construction projects for residential complexes and commercial buildings. Therefore, in order to try and grasp the physical and cultural elements of ConstructCo's workplaces, the current analysis distinguishes between the office

environment located at the firm's actual premises and the various sites where the manual labourers are deployed. This section gives a brief snapshot of the physical and cultural setting in each type of workplace.

7.2.1 The Clerical Workplace

The firm's office environment represents a workplace that clearly reflects Saudi culture; or more specifically, the typical culture of the Saudi western region. As the researcher, I was born and raised in this region and so it was easier for me to socialise within the firm, build relationships and win the trust of its employees. Some of the main characteristics of this culture, apparent within the firm, are the absence of formality and the importance of interpersonal relationships. For example, on my first day, a Saudi HR clerk introduced me to the owner's brother, a departmental director. This was so that he could find out who I was, where I came from and what I intended to accomplish in the firm. I was mainly trusted because the HR clerk in question is a relative of one of the senior managers.

ConstructCo's management is based in a large modern building adjacent to two of the owner's companies. The building's main architectural feature is the integration of concrete and metal into an eye-catching modern design. In the interior, the concrete walls are not painted, but rather decorated with drawings and sculpture. This eight-floor building was designed and built by the firm itself and was completed in early 2014. The basement is gated, so that only firm employees can park their cars there. The ground floor is designed with a centrally-placed main reception, surrounded by a limited number of parking spaces for senior managers, including the owner himself. All visitors are required to identify themselves at reception and give the name of the ConstructCo employee hosting them during their visit. Meanwhile, the top floor is reserved exclusively for the owner and CEO's offices, with all remaining floors being dedicated to the firm's various departments. Additionally, every floor consists of two wings, each consisting of a large hall (approximately 400 m^2) containing more than 20 desks adjacent to each other in rows. Employees sit along both sides of these desks facing each other. There are offices at the centre of these halls, surrounded by a complex of two to four offices with glass walls. The latter are occupied by managers and supervisors, who can constantly see and hear each other and the office staff.

All office workers (both Saudi and expatriate) are obliged to find their own accommodation, except for the senior managers, who are allocated large villas in one of the firm's residential compounds. In addition, most of the firm's employees use their own cars to commute to work. Firm cars are only provided for field workers, who are normally engineers or technicians.

Walking through the above-mentioned work stations, it becomes evident that almost all of the clerks are Arab, with Arabic being the main language observed in that environment, besides being the official medium of oral and written communication in the firm. Moreover, an informal and relaxed atmosphere appears to prevail in the workplace. I saw managers and their subordinates, especially Saudis, smoking together and sharing jokes during breaks, in a way that made it difficult for an outsider like me to differentiate between management and staff. For example, one Saudi employee emphasised:

> We are like brothers here, inside and outside the firm. Very often, we meet outside for dinner or lunch. Everyone is welcome. Sometimes we invite everybody, including the janitors.

Furthermore, it was noted during the interviews that both staff and managers expressly cited the kindness and generosity of the owner; apparently reflecting their personal attachment and loyalty to the owner himself, rather than the organisation. In other words, there is an organisational culture based on a relationship between the owner and managers on one hand and the workforce on the other.

Aside from the above, a very important element of this workplace is an environment centred on interpersonal relationships between workers and their managers. All the Saudi employees I interviewed, had at least one relative in the firm and so they already had a relationship with ConstructCo before coming to work there. Likewise, some of the administrative staff interviewed mentioned the close relationships between workers and managers as a major advantage of the firm culture. Nevertheless, these personal relationships also sometimes led to tension between employees, since many benefits (e.g. pay rises and promotion) were awarded to those workers who maintained strong relationships with their managers by showing loyalty and obedience. For example, one Saudi clerk stated:

> …this firm has no work culture. It is a family business. We have rules and regulations, but they are not applied… what is annoying here is that some people

get generous pay rises on top of their basic salaries, just because of their personal connections in the firm.

This phenomenon of *wasta* will be highlighted in this chapter, since it prevails in almost every aspect of the workplace at ConstructCo. Moreover, these physical and cultural settings apply to clerks and engineers based on the firm's premises. Other personnel are based at the sites currently under construction and/or under ConstructCo management.

7.2.2 The Workplace Occupied by Manual Labourers

Manual labourers are classified into two groups at ConstructCo: subcontracted labourers, who work at the construction sites themselves and direct employees, who are primarily maintenance staff. However, neither of these groups enjoy the relaxing atmosphere that prevails amongst the administrative staff on the firm's premises. The subcontracted labourers work in an environment that is harsh in every respect. For example, I purposely visited a construction site during a sandstorm that impeded vision over 100 metres. However, I found that all the labourers had to work until the end of the day. I subsequently asked a group of Pakistani builders why they did not stop in such weather and they replied that they would not be paid the daily wage if they stopped. One stated:

> Workers here are like slaves. You can see this weather. There are no rights here at all. There is no stopping here, no working means no money.

It is clear that Pakistani workers dominate ConstructCo's construction sites. Most of those approached did not speak any English or Arabic, but rather Urdu and this predominated on the sites. Arabic was only heard spoken amongst the mainly Egyptian project managers and engineers. Since manual workers are employed by subcontractors hired by ConstructCo, they are automatically grouped according to the tasks they are assigned to; for example, a group working on a flooring task will all be employees of one subcontractor, while another group finishing walls will be employed by another, and so forth.

ConstructCo's maintenance staff live in three buildings situated in a residential district in the south of the city, where most of the inhabitants are from South Asia. These residential buildings, also owned by the firm, contain dozens of rooms of around 20 m² and

accommodating an average of four workers each. Each residential building is exclusively occupied by ConstructCo's direct workers. Additionally, for the subcontracted workers, there are accommodation at the construction sites that are offered *temporary* for the duration of the worker's assignment to a site and is provided free of charge by the firm.

Having highlighted the contrast between working conditions in the offices and on the construction sites, the various levels of authority and types of employee at each level will now be examined. A major defining feature of ConstructCo is its simple hierarchical structure and concentration of power in the hands of the owner and CEO. This is described in detail in the following section.

7.3 Organisational Structure and Authority

The organisational structure of ConstructCo was first designed by a British manager, who worked for the firm during its first three years of existence. However, according to the current manager of the HR division, who has also been with the firm since day one, many of the formal polices and regulations put in place by the British manager have since been dropped, including the system of appraisal, salary ladders and job descriptions. For example, the interviews conducted for this study with employees from different levels of the hierarchy revealed that they were generally unaware of the boundaries of their responsibilities, especially if there had been no job description. The HR director justified the fact that many initial policies had been abandoned on the basis of them being very 'rigid and bureaucratic', which did not suit the nature of the business. In fact, the firm had been freed up from the type of sophisticated bureaucratic design that is usually witnessed in large multinational companies.

As a result of the above, the firm operates purely as a family business, with everything appearing to be organised around the owner, who in turn delegates full power to the CEO over operational tasks, excluding strategic decisions. The owner is referred to by everyone, including the media, as 'Al-Sheikh', accompanied by his first name. In the culture of the Arabian Gulf, the title 'Sheikh' indicates the social rank of a tribal leader, religious scholar, or very wealthy individual. The owner of ConstructCo normally comes to work every morning and leaves around midday. The office staff rarely see him, but know whether or not

he is in from the presence of his car. Only the heads of the six departments go to the top floor to meet him when necessary, or if invited to attend a meeting. According to the HR manager, the Sheikh observes the work going on, but not in any great detail. However, some actions can only be approved by him and not the CEO, such as the awarding of monthly salaries, pay increases for workers and the launching of new projects.

Nevertheless, the CEO, a Lebanese national, is still left with tremendous power over the firm's operations, whether internally or across the construction sites. It is therefore apparent that the organisational structure consists of a centralisation of power in the hands of the CEO, who supersedes the authority of all management below him. For example, two Saudi clerks claimed that they had taken orders directly from the CEO, without their immediate superiors being consulted. It should be noted here that the CEO is a longstanding friend of the Sheikh and their relationship precedes the establishment of ConstructCo. During the 1980s, he worked in a large construction firm owned by the Sheikh's father and was then appointed as CEO of ConstructCo on its initial establishment. The organisational chart presented below illustrates the hierarchy characterising ConstructCo.
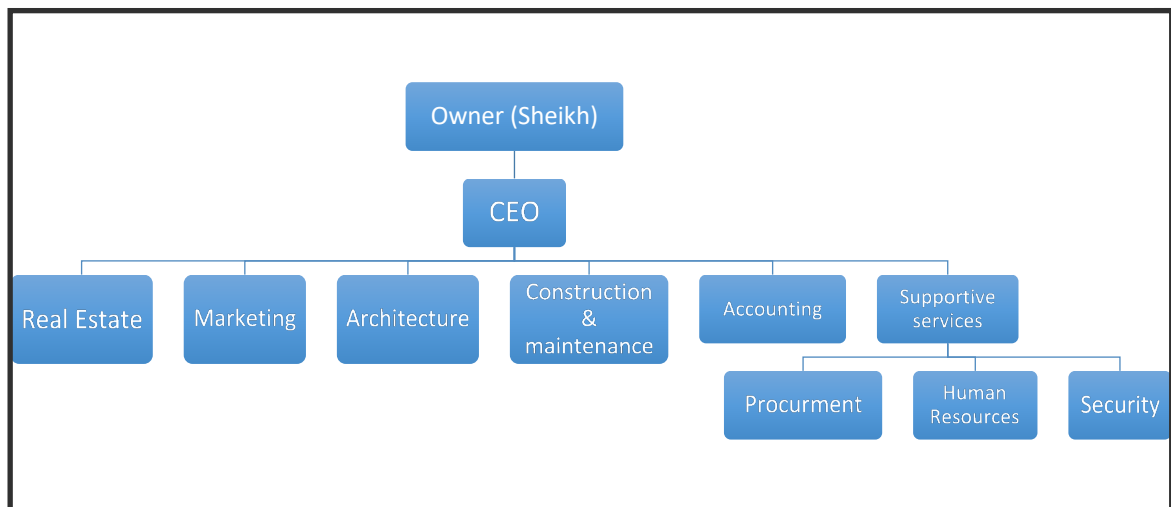
Figure 7. 1: Organisational Structure of ConstructCo

What may be observed from this chart is that under the CEO, there is the first managerial layer, consisting of six directors. Each of these manages a whole department (Real Estate, Marketing, Architecture, Construction and Maintenance, Accounting, and Support Services). It would seem that trust, loyalty and personal history are all essential factors in

the appointment of key personnel, especially the CEO and the departmental directors. Two of these directors are younger half-brothers of the Sheikh (on his mother's side). They manage the Real Estate and Support Services departments, respectively. However, neither are graduates. Instead, they joined the firm straight after graduating from High School in the early 1990s.

Meanwhile, the Support Services department has three divisions: Human Resources, Procurement and Security, each headed by a non-Saudi manager. However, it is only in the Support Services department that the status of 'manager' falls between that of 'director' and 'supervisor'. The other four departments are managed by non-Saudis, two of whom are Lebanese, while the others comprise a French Moroccan and an Egyptian. All of these hold Bachelor's degrees and have worked for the Sheikh for over 15 years, after being hired by the Sheikh himself.

Each director manages a team of supervisors and the size of these teams ranges from four in the Marketing department to over 20 in the Construction and Maintenance department. Each supervisor is then directly responsible for several team leaders and between five and 25 personnel. I was unable to identify the percentage of Saudi managers/supervisors in the firm, but it was clear to me that most of these positions were occupied by Arab non-Saudis. However, the vast majority of clerical staff were Saudis, while manual labour was performed almost exclusively by migrant workers, with the exception of one Saudi electrician. As shown in the diagram below, the sequence of authority is the same for clerical staff, engineers and manual labourers, apart from the Support Services department.

Figure 7. 2: Organisational Hierarchy of ConstructCo

The hierarchy of authority illustrated above applies exclusively to clerks and maintenance staff, since the manual labourers on the construction sites are employed by various subcontractors. Here, it was observed that the subcontractors themselves act as supervisors overseeing all manual labour. The next section discusses the subcontracting process in more detail.

7.4 Subcontracting and Manipulations of the *Kafala*

As briefly mentioned earlier, ConstructCo depends on non-Saudi subcontractors to carry out its construction operations and this involves the 'illegal' commercial registration of businesses owned by Saudi nationals. This illicit activity is known as *tasattur* (the Arabic for a covert business activity). It could be argued that the key to understanding the complexity of the Saudi construction sector lies in comprehending the key role of *tasattur* subcontractors, who are the main suppliers of manpower to larger construction companies, of which ConstructCo is one.

It would appear that the actual role of ConstructCo in construction is 'project management', since it negotiates contracts with its clients and then breaks these tasks down into smaller projects to be carried out by numerous subcontractors. According to the project manager of one of the sites under construction, subcontracting offers the firm greater flexibility and faster turnaround on project completion. More importantly, another manager claimed that labour costs were central to decisions over subcontracting, stating:

> It is expensive to hire large numbers of construction workers for long periods of time, when we do not know how many projects we will get. Why would I bring labour from different countries and pay all these government fees and also pay the workers fixed salaries, regardless of whether we have any construction projects? We can bring in a large workforce for any type of trade we need through subcontracting.

The subcontractors interviewed confirmed that large construction companies do not undertake entire projects without breaking them down into several smaller tasks, which are then delegated to small subcontractors. The following section describes in detail the experience of the subcontractor I interviewed.

7.4.1 Hussein the Flooring Subcontractor

I approached three subcontractors on one of the construction projects managed by ConstructCo. Nevertheless, Hussein (not the real name) was the only subcontractor who allowed me to interview him and some of the workers he managed. He was assigned by ConstructCo to the flooring work in eight residential buildings. When I asked him how he had come to win this contract with ConstructCo, he explained:

> I have connections here. You have to have *wasta* [laughs]. Some engineers in the firm take money for giving you the project. Many people in the firm take bribes. Everything works through money. Even the Saudi security guard at the main gate took money from me to let me in the first time.

Hussein is a Pakistani citizen, who manages his entire business using legal documentation registered under the name of a Saudi citizen. According to Saudi law, foreigners cannot own a private firm (except for large corporations). However, this legislation is widely circumvented by *tasattur*. For example, an expatriate subcontractor, such as Hussein, makes a 'verbal' agreement with his Saudi sponsor (*kafeel*), who owns a registered entity, to run a business for him. The subcontractor then pays an agreed percentage of the income generated by the business and this will range from 10-15%, besides the monthly payments from all migrant workers sponsored by the Saudi owner. This is explained in more detail below.

In the case of Hussein, the actual owner of his business is a Saudi citizen in the police force, who used his brother's name to found the firm. The owner is not involved in Hussein's business in any way, but he sponsors him and a further 120 Pakistani workers. Each worker pays this Saudi owner, a fixed monthly payment of 500 Saudi Arabia Riyal (SAR) each, which is equivalent to 133 United States Dollar (USD). In addition, Hussein pays the owner 15% of the total value of all new contracts. It should be added here that Hussein cannot take work from larger companies, such as ConstructCo, unless he uses legal documentation from a registered entity. This is because sums are paid by cheque issued in the name of the Saudi owner of the subcontracting firm.

I attended negotiations over a contract between Hussein and ConstructCo. Hussein was asked to bring the registered entity's official documents (a photocopy of the owner's ID and the commercial registry papers). ConstructCo's project manager paid 20 SAR (six USD) per each m^2 of a certain type of flooring. The price did not include the materials, but solely the

labour cost. Hussein accepted this offer and took the agreement to have it signed and stamped by his *kafeel* (the Saudi owner). Hussein therefore had to pay his *kafeel* 15% of the total value of this contract, amounting to 93,000 USD. It was obvious that Hussein was unhappy about this percentage paid to his *kafeel* for every contract:

> I bring the workers and do the work and he just takes the money, while he sits on his chair. He takes money just because he is a Saudi. This is not fair.

I asked Hussein how the price of 20 riyals per m^2 would guarantee him a profit. He said that each floor layer manages around 30 m^2 per day, while the total cost of a floor layer per day is 200 SAR (53 USD). Therefore, the actual cost of flooring for Hussein was almost seven SAR per m^2 (200/30=6.66) (1.8 USD). Therefore, while the Saudi owner earns 15% of the total contract, Hussein directly reaps rewards from the efforts of his fellow Pakistani workers, whom he manages.

This rest of this chapter presents an overview of ConstructCo as a case study and examines the firm's own and subcontracted employees in each of the employment dimensions of recruitment, appraisal, pay, training, discipline and contestation. However, the relationship between the expatriate subcontractors and their free visa workers is only discussed separately in sections 7.5 and 7.8. Since free visa workers are free to work with any subcontractor and may work for several during their time in Saudi Arabia, they are not subject to any appraisal, cannot attain promotion, and have no access to formal training.

7.5 Workforce Segmentation and Avoidance of *Saudisation*

This section contains detailed findings on the following dimensions: the avoidance of certain *Saudisation*; the firm's approach to recruitment and employment contracts, and the key role of *wasta.* Finally, it reflects on the recruitment of 'free visa' workers hired by subcontractors. However, before elaborating on the recruitment of personnel, the next section outlines the dynamics of the HR division, which is managed by migrants.

7.5.1 A HR Department Managed by Migrants

It is against *Saudisation* rules to hire an expatriate for a HR occupation. However, ConstructCo's entire HR division, comprising 37 workers, is headed by a Yemeni manager and two expatriate supervisors, a Palestinian and a Pakistani. This is in addition to six Yemeni HR administrators. To circumvent *Saudisation* legislation, the firm set up a bogus training centre in 2014, which did not actually host any training activities at all. It then registered the above-mentioned management and two supervisors as consultants and training specialists at this centre. I visited the training centre, which consists of a large classroom located on the firm's premises. Ironically, the idea for the centre was originally proposed to the firm by an official at the Ministry of Labour. The Palestinian HR supervisor reported the dialogue between himself and the Ministry of Labour official concerned:

> Well, two years ago we resolved this issue. We set up a training centre. The Labour Office manager himself sat with us and told us we would have special treatment from them. We asked him what would happen if they sent an inspector to impose a penalty on us. He said that given our experience, we should know how to avoid this; we could simply change our occupation. I asked him how I could change this. I have studied business and have a degree in this subject; I also have experience in human resources and employment relations. He said we could establish a training centre in the firm and position ourselves at the centre as consultants, so that when the inspector came, we would not face any issues.

Although the training centre strategy worked for the manager and supervisor, when an inspector came from the Ministry of Labour on a visit to ConstructCo, all six migrant employees had to leave the HR department, or else the firm would have been penalised. A Saudi HR officer reported that the firm had already been fined 30,000 SAR (8,000 USD) in another inspection, stating:

> We have many non-Saudis in the department, including our managers. When the inspector comes, they disappear for a while [laughs]. They go off the premises altogether or to other departments. There was only one time when a Ministry of Labour inspector caught three non-Saudis. However, I know someone at the Ministry of Labour. I called him and gave him some details about this inspector. He told me to go to a friend of his in the Ministry of Labour. The guy told me that the best he could do was reduce [the fine] by 50%. Eventually, the firm only had to pay half the penalty.

Although ConstructCo receives 'special treatment' (according to the Palestinian supervisor), there are many cases of the firm using bribery to resolve its issues with the Ministry of Labour. For example, when the firm has an issue with the Ministry of Labour, it asks its HR employees to resolve it using their personal connections (i.e. *wasta*). Some workers ask for money to do this, claiming that it will be used to bribe someone at the Ministry of Labour. One Saudi HR administrator consequently commented:

> The government enforces many regulations, but we use *wasta* and money to avoid many of them. We, all the people in this department, use *wasta,* including me. Sometimes, it involves bribes, paid in cash or gifts of laptops to employees at the Ministry of Labour. For example, a worker might say he has *wasta* and tell our manager that the guy in the Ministry of Labour wants a certain amount of money. The firm pays this amount to resolve its issues, but no one knows whether this money will be kept by the employee or go to the guy in the Ministry, or maybe both.

Furthermore, this raises the question of why ConstructCo takes the risk of retaining its illegal expatriate HR management. There are many possible answers to this question, but it would seem that their skills, together with their loyalty to the owner (who is the sponsor/*kafeel*) are the two key factors in their employment in these positions, regardless of their nationalities. Having spent a few days in the HR department, I found the following information on all expatriate staff in the department. The HR manager had in fact worked at ConstructCo for 27 years and was a close personal friend of the Sheikh. Similarly, the Palestinian supervisor had worked in the HR department for 21 years and was a close personal friend of the Sheikh's brother, who is the director of the Support Services department. The Pakistani supervisor had worked at ConstructCo for 16 years and was the only person in the department with a strong command of both English and Urdu. The other six Yemeni HR specialists were all related to managers and supervisors in the firm. For example, one was the HR manager's younger brother. Moreover, I asked a Saudi HR officer, who had been working in the firm for nine years, why the firm did not replace these expatriate employees with Saudis. He replied:

> We cannot. Many of these employees worked here before us Saudis. Some of them are our managers, what can we do with them? For example, our managers have worked here for more than 20 years; it is not easy to dismiss them. The Sheikh wants to protect them.

Furthermore, the interviews with Saudi HR workers revealed that the Pakistani supervisor seemed to be using his position to hire other Pakistani workers for the firm, but in his case, this involved bribery rather than *wasta*. One Saudi HR administrator claimed:

> we discovered that he hired many people here by taking money from them: around 10,000 [SAR] per worker. Some Saudis are afraid to complain. He hired two Pakistanis and gave them higher salaries than the Saudi [the name of the only Saudi technical worker], although they are in the same position.

The role of *wasta* is prominent in the recruitment and retention of personnel. The following section introduces the category of direct employees and gives details on how and why workers in this category are recruited and dismissed. It also highlights further strategies for avoiding *Saudisation* and *Kafala* policies.

7.5.2 ConstructCo's Direct Employees (Exclusion of Women Labour)

Direct employees (whether Saudi or non-Saudi) are all employed by ConstructCo under an employment contract between the employee concerned and the firm. Nevertheless, based on *Kafala* system, directly employed migrants are classified into sponsored and non-sponsored workers. Sponsored workers are expatriates hired under ConstructCo's *Kafala*; whereas non-sponsored workers are migrants working 'illegally' for ConstructCo under the sponsorship of other *kafeels*. These can be other Saudi establishments or an individual. The following table presents some key figures for ConstructCo's directly employed workforce.

Table 7. 1: Key Figures for ConstructCo's Direct Employees

Total number of employees	1,452
Women employees	None
Total number of Saudi workers	377 (59% of them security guards)
Total number of manual workers	662
Total number of non-sponsored workers	74
Migrants sponsored by ConstructCo, but working for other companies	85

In terms of nationality, Saudi nationals represent just 26%. Arab migrants from five different countries (Egypt, Lebanon, Palestine, Jordan and the Yemen) represent around 28%, with non-Arab migrants making up around 45% of the workforce. However, it should be noted that at the construction sites, all workers who are brought by the subcontractors, are non-Arab migrants. Moreover, the firm does not keep a record of average age at entry, or average length of tenure, but the vast majority of those interviewed and observed in the field were in their 30s and 40s.

It is worth noting here that there are no women ConstructCo staff, although there is no Saudi law against women working as administrative staff or engineers. However, the HR manager believes that a mixed workplace is distracting to personnel, stating:

> I'm totally against a mixed gender workplace, because it brings troubles… With the mentality and the culture we have in this country, it is difficult to bring in women. If we brought women workers here, the guys would not work; they would just stare at those girls and the same thing with the girls. If we want to bring in women workers, then it should be in compliance with Sharia law, which means women would work in isolated departments.

7.5.2.1 The Recruitment of Saudis and Sponsored Expatriates

It would seem that *wasta* is almost a requirement for employment at ConstructCo. This is because the firm prefers to hire relatives and friends of existing members of staff, whether Saudi or non-Saudi. Thus, it rarely announces vacancies in the press or on its website. For example, the only announcement it made during 2016 was for the recruitment of 30 Saudi security guards (the *Saudisation* of security guard positions is a legal requirement). Nevertheless, *wasta* is merely the starting point in the recruitment process, since even that will not guarantee retention in the firm; both Saudi and non-Saudi personnel are subject to a legally prescribed probationary period of three months, during which the firm will decide whether or not to retain or dismiss them without prior notice.

Furthermore, managers in ConstructCo appear to use *wasta* to increase the likelihood of recruiting 'trustworthy' and 'disciplined' staff. This was clearly stated by the HR manager:

> Yes, this is our preferred method for recruiting both Saudis and foreigners. Someone you know is better than another whom you don't know. As people say 'Trust is better than competency'. If we hire someone that we trust, but who is not

qualified, we will train him; it is not a big problem. If someone does not help his family, he will not help anyone else. So, if we have a good employee here, who wants to bring in one of his relatives or close friends, we will consider this. Anyway, we test all new employees during the first three months to see if they fit.

Besides these statements from the HR manager, the interviews with Saudi and non-Saudi employees revealed the following: 1) If an employee recommends a friend or relative to the firm as a potential employee, but this person later proves to be slack in their work, the employee who recommended him could lose the manager's trust. Therefore, existing employees tend to recommend people they know will be 'good' workers; 2) Employees brought into the firm by a friend or relative are more likely to be self-disciplined, in order to avoid embarrassing the person who helped them obtain the position in the firm, and, 3) The more relatives and friends an employee has in the firm, the more likely they are to be protected and receive extra benefits (e.g. pay increases and promotion).

Since *wasta* plays a major role in securing the firm's workforce, recruitment decisions are not monopolised by the HR division. In fact, the actual role of ConstructCo's HR division is to obtain confirmation from the director of Support Services (the owner's brother) of the recruitment of candidates recommended by directors from other departments. Therefore, the HR division merely acquires its own personnel and is not responsible for securing personnel in other departments. One Saudi HR officer stated:

> Every worker coming into this firm has some friends or relatives here already… I would say the majority. The firm needs to know which connections have brought a new worker into the firm. Every department has to find its own workers. Of course, the human resource department hires workers, but it does not choose them. For example, we hire whoever the security manager wants to hire, because it is his responsibility.

The recruitment process for Saudis begins when a department sends a request to the HR division to hire an employee, who has already been interviewed by a departmental director. The HR division conducts the necessary medical and criminal checks on candidates, so that approval can be obtained from the director of Support Services. In contrast, when recruiting from overseas, ConstructCo relies on employment agencies in three countries: India, Bangladesh, and Pakistan. However, since the firm already knows something about the recruits, because they have been recommended by friends or relatives in the firm, it does not

conduct any interviews. The recruitment process for expatriates begins with an internal recruitment request from a departmental director to the HR division. The HR division then informs the employment agency of the labour requirements. Since these migrant workers are mainly unskilled or semi-skilled, besides being recommended by their friends or relatives in the firm, the firm rarely conducts interviews with them. According to the HR manager, online interviews have only been conducted on four occasions and this was for the recruitment of Egyptian architects.

Migrants and Saudis are hired under an employment contract, which is renewed annually. Nonetheless, manual migrant labour is hired under an employment contract that is renewed every two years. Both types of contract allow a worker to give 60 days' notice of resignation at any time to terminate a contract. If the firm wishes to terminate a contract, it must also give 60 days' notice and in some cases it has to pay the corresponding salary until the end of the contract. Having this type of employment contract in place, both expatriates and Saudis are constantly aware that their career with the firm is insecure. Therefore, it appears that both migrants and Saudis do not differ in terms of their job security.

ConstructCo has reduced its workforce by almost one third (around 500 workers) since 2014, due to the economic slow-down in the country, which has had most impact on the construction sector. Migrants have been laid off immediately following the end of their contracts, if their services are no longer required. However, early in 2016, with the amendment of Article 77 of Saudi Labour Law, the firm accelerated its dismissal of Saudis. This Article permits companies to terminate an employment contract with a Saudi by awarding modest compensation, equal to 15 days for each year spent at the firm. The HR manager himself declared the advantage of Article 77:

> We used this Article against some employees here who were performing poorly. Article 77 helped us a lot in laying them off. This Article entitles the firm to get rid of any Saudi worker easily, whether the worker is right or wrong. In the past we could not do it like this.

Despite this sweeping dismissal of Saudis, the firm still officially complies with the required *Saudisation* quota by ensuring a 26% Saudisation rate. Nevertheless, these employees mainly occupy low positions, which require a modest level of skill. To clarify this further, over half of these Saudi staff are security guards and the rest are clerks in various

departments, with the exception of one electrician. However, even this Saudi electrician, who has worked at the firm since 2009, is managed by a Moroccan supervisor. He stated:

> I don't supervise anybody; I do the work myself. No one is below me. When they have issues with air conditioning or some electrical issues, they give me a call… My colleagues always ask me why I am working as an electrician. The majority are from Pakistan and the Philippines… Because it is my profession, I am comfortable here.

Furthermore, the firm does not record its rates of staff turnover, but what is known is that turnover among Saudis is much higher than among migrants. The HR manager blamed these Saudis for not being patient or serious about their work, stating:

> We hired technicians and administrative staff at different levels, but they only stayed here for a few months and then left… The Saudis we hired as technicians were not qualified. They were poorly trained and did not want to learn; they don't have the patience. Many Saudis stay with us, but they are always looking for some other place to work, like Aramco or Saudi Airlines. We cannot compete with companies like these, but we are not paying salaries below the market average.

Although I was unable to obtain any interviews with the Saudi staff who had been dismissed, most of the Saudis I interviewed in the firm were aware of the escalating unemployment issue and the limited opportunities in the Saudi labour market. These factors seemed to be the whip causing them to hold onto their current jobs. One Saudi worker stated:

> To be honest, I'm afraid to leave this firm, because I'm not sure of finding a job somewhere else. This firm is better than many others elsewhere, but life requires patience. Many people have certificates, but they cannot find work. I thank God for what I have and where I am. I know many who have better qualifications than me, but they have been unemployed for a very long time. So, we need to thank God for what we have.

During my field work, I witnessed the daily recruitment and resignation of Saudi security guards, who represent around 60% of the Saudis in the firm. The Palestinian HR supervisor claimed that this tended to be the norm in the firm and the Saudi security guards seemed to consider their jobs as a temporary stopgap. One of the Saudis interviewed, who had previously been working as a teacher before coming to ConstructCo as a security guard, declared:

This is a temporary job just to earn some money instead of staying at home. There are no jobs on the market. I searched in many schools, but I could not find a job. I have approached many companies, but none have replied to me... Only the supervisor has been here for four years. The rest stay here for just a few months.

In contrast, directly sponsored expatriates are a much more stable workforce, including those at the bottom of the hierarchy, even though they receive the lowest salaries in the firm. For example, I interviewed an Indian janitor, who had worked at ConstructCo for 16 years. Another two Pakistani maintenance staff had worked at ConstructCo over 11 years. These examples give some indication of the stability of the expatriate workforce, but it is not necessarily accurate, as there are no records of staff turnover. Nevertheless, one needs to be aware that these sponsored migrants come from much poorer countries, with almost no other job options elsewhere in Saudi Arabia. According to the *Kafala* system, they either accept to work at ConstructCo, or return to their home countries. However, under very strict conditions, the firm can allow workers to transfer their sponsorship to another firm. In addition, one needs to consider other factors motivating these expatriate staff to remain at ConstructCo, including the amount they have had to spend on a work visa for Saudi Arabia and the absence of alternative opportunities in their home countries. The migrants interviewed openly stated that their time in Saudi Arabia would definitely come to an end. They were aware that it was almost impossible for them to become Saudi citizens, or to enjoy the property rights enjoyed by Saudis.

The findings presented above relate solely to the recruitment of directly hired Saudi and sponsored migrant employees. Nevertheless, ConstructCo breaches *Kafala* regulations in two ways: firstly, by hiring migrants without sponsoring them and secondly, by sponsoring migrants who work for other companies. Details of both these practices are discussed below.

7.5.2.2 The Recruitment of Non-Sponsored Personnel, While Dismissing Sponsored Migrants

Even though the vast majority of directly hired expatriate employees are sponsored by ConstructCo itself, there are 74 full-time expatriate staff sponsored by other *kafeels*, whether Saudi private entities or individuals. These employees are brought in through recommendations made by existing staff at ConstructCo. For example, one of the Bangladeshi gardeners interviewed explained that he had first come to work in the firm, because one of his friends recommended him, when ConstructCo were looking for

gardeners. Despite working at ConstructCo for almost three years, however, he has never been sponsored by the firm itself.

All 74 of the non-sponsored workers are manual workers mostly from Pakistan, India and Bangladesh. They were hired by ConstructCo without a written employment contract, because it is illegal to hire a migrant sponsored by another individual or entity. It would seem that one of the main advantages of this type of labour for ConstructCo is its low cost and the option of easy dismissal. The firm is thereby released from paying annual fees to the government, medical insurance, and the annual airline tickets for employees' leave in their respective home countries, since non-sponsored workers are obliged to pay for these things themselves. In addition, since there is no official agreement between the worker and the firm, both parties are free to end this verbal contract whenever they wish. An Egyptian maintenance manager stated:

> Normally we do not recruit unskilled workers from abroad, but instead we transfer their *Kafala* from other *kafeels* to us. I would say around 80% are brought in through a *Kafala* transfer. We hire them for a short period of time. If they suit us, we keep them. Otherwise, we give them their salaries at the end of the month and lay them off.

It would seem that ConstructCo avoids transferring *Kafala* from other sponsors, because once the transfer occurs, the firm has no right to deport the expatriate to his home country. According to Saudi law, Saudi individuals and companies can only make a deportation request for a worker they have recruited themselves from the respective home country. Otherwise, they can only lay off an expatriate worker, but this worker will remain under the firm's sponsorship.

At one time, there was a total of over 300 non-sponsored staff, but the firm reduced this number in 2013 during a 'rectification period'. This is an amnesty that normally takes place every 5-10 years, when expatriates are invited to the General Passport Department to sort out any matters regarding their 'illegal' presence in Saudi Arabia. For example, some are classified as 'overstayed' (due to an expired work visa), while others are reported as 'escaped' by their *kafeels*. The regulations governing the *Kafala* system are relaxed during this rectification period, so that companies also have a chance to rectify two common problems: 1) Workers wishing to transfer their *Kafala* to another firm, and 2) The need to amend the profession indicated on a migrant's work visa, so that it matches their actual

occupation. By the end of this corrective period, ConstructCo will have managed to sort out all its issues, but then once again begins recruiting staff from various occupational areas, without taking over their actual sponsorship. It therefore appears to be a cycle, in which the firm complies with the regulations during the rectification period, but as soon as this ends and the government reviews its *Kafala* polices, the firm and its expatriate workers return to their typical employment behaviour.

On the other hand, ConstructCo have had problems with the Ministry of the Interior, because it sponsors a further 92 migrant workers, who actually work for other companies. Since late 2014, the firm gradually began to reduce both its Saudi and expatriate workforce. In the case of expatriate workers recruited from their home countries, the firm issued them exit visas, but a dilemma arose when the firm wished to dismiss migrants already present in Saudi Arabia, who had transferred their *Kafala* from previous sponsors to ConstructCo. In the case of the latter, the firm had no right to issue an exit visa. Thus, the HR manager decided to give these migrant workers six months (non-paid) to find other sponsors. However, since 2015, only 7 out of the 92 have managed to do so, while the others remain under ConstructCo's sponsorship.

Under the Pay Protection Scheme, all companies are required to prove that the workers under their sponsorship are paid their monthly salaries. Nevertheless, the 92 dismissed workers transferring their *Kafala* to ConstructCo have not been paid for almost two years, because they were dismissed. This is the matter underlying the issues between the firm and the Ministry of Labour and leading to a freeze on *Kafala* transfer and occupation correction. During the field work, one Saudi HR officer reported the following as the solution adopted to address this problem:

> What we do know is that we informed all those workers that they had 30 days. If they did not transfer their *Kafala* to other *kafeels*, the firm would register them in the Passport Department as escaped.

It should be noted that being reported as an escapee means that the migrant's presence in the country becomes illegal, leading to deportation on being intercepted by the Passport Department.

ConstructCo does not need to recruit more 'direct' or non-sponsored expatriate staff. This would in fact affect its *Saudisation* rate, because it relies on subcontracted labour to

undertake its construction projects. The following section presents further details on this category of labour.

7.5.3 The Recruitment of 'Free Visa' Workers by Subcontractors

Without actually visiting ConstructCo's construction sites, it would be expected that ConstructCo's own labourers predominate. However, on visiting two of these sites, I found that both were manned by subcontracted labour, observed as semi-skilled and low-skilled manual labourers, predominantly from South Asia and more especially, Pakistan. The key consideration here is the size of this group, estimated to be around 1,000 workers in both construction sites. It is therefore clear that the firm relies on free visa workers, sponsored by different *tasattur* subcontractors to undertake its construction projects.

'Free visa' is a term used among migrant workers to refer to the purchasing of a work visa in one's home country, before being sponsored by a Saudi citizen or organisation on arrival in Saudi Arabia. The sponsor will then ask for monthly fixed payments, as well as all government fees. The worker will subsequently be free to work wherever and whenever he wants, so long as he pays monthly payments to the *kafeel*. Workers with this type of visa possess the relevant legal documents and so they do not have any immigration issues. Nevertheless, in real terms, they are working illegally, since they are working for a *tasattur* owned by Saudis and managed by other migrants.

The free visa recruitment process starts when the Saudi owner of a *tasattur* manages to obtain a work visa issued by the government. This costs 2,000 SAR (533 USD). The Saudi owner then asks the migrants he is sponsoring to go and find someone they know who wants to come and work in Saudi Arabia. Work visas are subsequently sold on to migrants at prices ranging between 12,000 and 15,000 SAR (3,200 to 4,000 USD). This amount is paid in full to the Saudi owner, in order to initiate the legal process of bringing the person purchasing the visa over to Saudi Arabia.

On the two construction sites I visited, the workers interviewed reported that all the subcontracted personnel were free visa workers. This recruitment method has long been practiced in Saudi Arabia and is actually favoured by some expatriates. For example, two of

the workers interviewed had been in Saudi Arabia for over 20 years under the free visa arrangements described above.

Free visa workers can remain in Saudi Arabia, as long as there is no conflict between them and the Saudi sponsor. However, there is no doubt that the *Kafala* system gives the Saudi sponsor immense power to control the migrants he sponsors. Therefore, despite the fact that free visa workers are to some extent free to work wherever they want, they are also prone to exploitation by their *kafeel,* who can almost enforce any rules he wants. One Pakistani painter stated:

> He starts with a small number of workers and then these workers invite others. At the beginning, the *kafeel* is good, but when he has a large number of workers he becomes very mean. I used to pay him 300 [per month] and now he asks for 500 [Saudi Riyal].

Therefore, it would seem that the more workers a *kafeel* recruits, the more leverage he gains to negotiate the monthly payments or change the *Kafala* expenses. In some cases, free visa workers get into a situation, where they decide to change their *kafeel* for some reason. However, if a worker wants to change his *kafeel,* he must engage in negotiations with both the old and new *kafeel,* which may require payment to one or both of them. For instance, one Pakistani worker explained:

> I paid 28,000 [Saudi riyal] to the new *kafeel*, because the old *kafeel* was on the government black list. Otherwise, I would have paid just 4,000… If I had not paid him, the government would have sent me home.

Although the free visa workers are not employees of ConstructCo, they constitute the manpower who actually construct the firm's building projects. In addition, the free visa workers themselves testify that the *Kafala* system is misused in favour of Saudis, with the subsequent exploitation of desperate migrants drawn from various impoverished countries.

7.6 Skills and Training

There are no in-house training programmes offered and neither are workers sent for off-the-job training. Rather the firm promotes on-the-job training for all its workforce. ConstructCo

predominantly relies on low-skilled workers, both Saudis and migrants, who are trained upon recruitment to perform basic tasks. With the Saudis, the firm follows a strategy of employing youths with a limited skills profile, who accept salaries of just above the minimum national wage of 3,000 SAR (800 USD). In contrast, the firm recruits both unskilled migrants, who are the cheapest labourers in the Saudi labour market, and experienced technicians and engineers, who require almost no training for performing their tasks. This section contains the detailed findings of this study on training and skills for both Saudis and migrants. The information presented in this section applies only to ConstructCo's direct hire workers.

7.6.1 Saudis

Despite the fact that ConstructCo is entitled to claim back the cost of training Saudis in any approved training institution, it has never considered it. In order to claim the training subsidies, the firm needs to send Saudi workers for training courses, then claim the cost by the end of every year from the Human Recourses Development Fund (HRDF). The HR manager stated that he is aware of this fund, and that he is considering claiming it in the future by sending Saudis to training courses. It was clearly stated by the HR manager that the main reason for keeping Saudis deprived of external professional training, is the cost of labour. He stated:

> Many of the Saudis are disciplined, but the problem is with the development of their skills. The Saudis generally do not want to develop their skills because they link it with pay. If you ask someone to go to a training course they will ask you how much their salary would increase after the training.

The HR statement above proves that the firm actively chooses not to enhance the Saudis' skills through off-the-job training, since it implies that more demands will be made from workers to increase their pay. Conversely, it makes sense that workers would link skills to pay since they are in continuous pursuit of increasing their income. It seems, however, that the cost the firm pays for not upskilling the Saudis is the high turnover.

ConstructCo is obliged to satisfy a *Saudisation* quota requirement, and it does so by predominantly hiring Saudis at the minimum national wage of 3,000 SAR. Nevertheless, the firm does not consider hiring skilled Saudis since, according to the HR manager, they

demand higher salaries than their migrant peers. The majority of the Saudis in ConstructCo are high school graduates with some holders of Bachelor's degrees in social and Islamic studies. In the past, the firm hired many Saudi technicians but they only remained in the firm for a few months. For example, in 2008 the firm hired 60 Saudi technicians, who were sent by the HRDF. All of them, however, have since left ConstructCo with the exception of one electrician. According to this electrician, Saudis left because of the low salaries they received. Conversely, the HR manager questioned why the firm would consider hiring a Saudi technician when it could hire a migrant on a lower salary. Therefore, the firm complies with the *Saudisation* quota requirement with the least possible cost for it, by hiring low-skilled Saudis as security guards. The HR manager stated:

> We do not have issues with compliance with the *Saudisation* quota, but there is a price for it that we pay. Many times we hire in quantity not quality just to fulfil *Saudisation*.

Nevertheless, within this pool of low-skilled Saudis, the HR manager and supervisors look for disciplined workers, who have the potential to be clerks in certain departments. Some of the Saudi security guards are asked to transfer to clerical jobs with a modest increase in their pay. With this strategy, the firm secures its workforce with the least possible cost, while at the same time remaining compliant with the required *Saudisation* quota. An HR supervisor stated:

> We here in this firm, when we find someone who is keen to learn, we give him direction and training. Like [the name of a Saudi security guard who became a clerk] for example, and we have many other examples here from other departments. Many workers here were security guards but we trained them and now they are good workers in many departments.

The interviews with managers and supervisors revealed that the management finds no need for external training since all recruited Saudis are sufficiently trained on the job, and this is the same for migrant workers.

7.6.2 Migrants

Saudis and migrants are treated equally in term of training since they are both deprived from off-the-job training. They are, however, trained through on-the-job training based on the tasks required for their jobs. For professions that require semi-skilled and skilled workers (e.g. technicians, accountants and architects), the firm relies on the recruitment of migrants since they are already trained and cost less than the Saudis. In very rare cases, however, the firm will send migrant workers to receive external training. The HR manager gave the following example:

> No, the non-Saudis already come to us trained from their home countries, otherwise we would not recruit them. But sometimes when we have something new we train them. For example, we trained a few workers on a new air-conditioning system that we installed in some buildings.

Nevertheless, it seems that some skilled migrants choose to leave ConstructCo because of the lack of opportunities to develop their skills. A Yemeni architect said:

> No, we do not have such a system where you ask for training. In fact, there is no motivation to learn anything new. You just have to do your work and go home. The concept of development is absent in this firm. Some people left the firm because of this reason.

It should be asserted, however, that migrants, unlike the Saudis, are tied to ConstructCo because it is their sponsor. It is not an easy process for them to leave the firm, especially since doing so might be tied to their right to remain in the country. The freedom to move between employers is available to Saudis but not to migrants, who have to have their sponsor's permission.

Furthermore, in addition to discounting off-the job training for migrants, the firm have never organised any in-house training, although the management have a dedicated training classroom in the firm's main building. As discussed in the previous section, the training classroom was prepared in 2014 only to circumvent the *Saudisation* legislation by hiring migrant HR managers as training consultants (see section 7.5.1 for more details). The interviewed workers are aware of this training centre but they stated that the firm has never arranged for any in-house training for them.

For the low-skilled migrants, training is a matter of teaching them basic tasks during their first few days in the firm. They need to prove that they are hard workers and able to learn basic skills, otherwise they will be dismissed. For example, in the case of gardeners, an Egyptian supervisor stated:

> Those gardeners are unskilled workers. When they come here we train them on using basic machines. If we see they are lazy or hard to train, we lay them off or send them back home within the first three months.

The unskilled migrants, who receive the lowest salaries in the firm, are almost never given any chance to change their profession or to learn new skills. Instead, their main duty is to follow their supervisors' commands in order to maintain their jobs in ConstructCo for the long term.

7.7 Incentives and Appraisal Systems

The analysis in this section concentrates on pay, promotion and appraisal systems. It examines how these systems are applied and how they are perceived by different categories of labour. The information presented in this section applies only to ConstructCo's direct hire workers.

7.7.1 Pay

Salaries in ConstructCo are paid at the end of every calendar month. The firm have a salary grade system that classifies workers based on their positions and professions; however, the interviews reveal that this grade system does not reflect the reality of the current salaries of workers. In order to understand the pay system in ConstructCo, we first outline the salary grade system, and then we explain how and why this is not in fact operational. The following table shows the positions, levels and pay (in Saudi Riyal) for all categories of workers in the firm.

Table 7. 2: Salary Grade System

Positions	Levels of basic salaries							
	1	2	3	4	5	6	7	8
Director	-	-	-	-	-	20,000	25,000	30,000
Manager	-	-	-	-	-	15,000	17,000	19,000
Supervisor	-	-	-	9,000	10,500	12,000	13,500	15,000
Team leader	6,000	6,750	7,500	8,250	9,000	9,750	10,250	11,000
Accountant/Architect	5,000	5,500	6,000	6,500	7,000	7,500	8,000	8,500
Clerk	4,000	4,500	5,000	5,500	6,000	6,500	7,000	7,500
Security guard	3,000	3,300	3,600	3,900	4,200	4,500	4,800	5,100
Technician	2,000	2,300	2,600	2,900	3,100	3,400	3,700	4,000
Manual labour (Janitors/gardeners)	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700

Workers on all positions, except technicians and manual labourers, receive home and transportation allowances of 25% and 10% respectively. In contrast, technicians and manual labourers do not receive either of these allowances. Instead, they are offered free accommodation or a monthly fixed home allowance of 500 SAR, on top of their monthly allowance of 300 SAR for subsistence. The following equations show the calculation of total salaries.

Total monthly salary of positions from director to security guard = Basic salary + 25% housing + 10% transportation

Total monthly salary for technicians and manual labour = Basic salary + free accommodation or 500 SAR monthly payment + 300 SAR monthly allowance for subsistence

Overtime pay per hour is calculated according to Saudi labour law, and equals to an hour and a half of a worker's basic salary. Nonetheless, the interviews revealed that only technicians and manual labourers are offered overtime pay. Most of the interviewed clerks reported that they have never received overtime pay in the past, although they were asked by their managers on some occasions to spend extra time at work after the workday was over.

There is no rewards system in the firm. All interviewed workers reported that they have never received any rewards, but some of them considered overtime pay as a form of reward. Supervisors viewed appreciation letters and a few days off as alternatives to financial rewards. For example, a Saudi supervisor stated:

> We do not have an incentives system here but I do it by giving them my trust. There are no barriers between us. We are friends and brothers, not manager and worker. Sometimes I give them incentives better than money. I give them a day off and they love it.

There is also no bonuses system, but every few years the *Sheikh* (owner) gives all workers an extra basic salary during the month of *Ramadan*. Workers know this as the *Ramadan* bonus. The last two *Ramadan* bonuses were paid in 2013 and 2015. The HR manager stated that the *Ramadan* bonuses are not associated with the firm's performance at all, but reflect the *Sheikh's* wish to have it paid to workers from time to time.

The minimum basic salary paid to Saudis in ConstructCo is 3,300 SAR (880 USD), but security guards are the only recipients. The majority of Saudis are in administrative positions and receive a basic salary that ranges from 4,000 to 5,500 SAR (1,066 to 1,466 USD). Conversely, migrants receive the highest and lowest salaries in the firm since they are the majority in both the lowest and highest positions, including managers and directors. The lowest salary paid to migrants is 1,300 SAR (347 USD), which is what almost all janitors and gardeners receive.

Furthermore, based on the salary grade system, nationality does not play a role in determining a worker's pay; thus, it cannot be stated that Saudis are paid more than migrants or vice versa. The vast majority of manual labourers are from South East Asia, most managers, accountants and architects are Arab migrants, while the overwhelming majority of administrators and all security guards are Saudis. It can be inferred from this that Saudis receive mid-range salaries compared to migrants who are scattered across almost all positions. Nonetheless, this broad categorisation gives us only a general overview and is based on observation, as the firm keeps no records of the percentages of nationalities in each position.

Conversely, it was observed that some workers, both Saudis and migrants, receive higher salaries than their peers on the same position because of the *wasta* they have in the firm. For

example, a Saudi electrician is paid 4,000 SAR (1,066 USD) while a Pakistani electrician is paid 6,000 SAR (1,600 USD), despite both having the same qualifications and the Saudi worker spending four years in the firm longer than the migrant. Two of the Saudi HR administrators reported that the Pakistani electrician is a close relative to the Pakistani HR supervisor who recruited him on a higher salary package. I also found a similar situation in the marketing department, but in this case the Saudi is paid 30% higher than the migrant. It, thus, seems clear that managers from both groups use their power to increase the salaries of their relatives and friends, which has resulted in an inefficient salary grade system. For example, a Saudi worker stated:

> The salary raise comes from your manager, it is not from the HR department. I did not get a raise for 3 years because my manager did not want to. I talked to the HR manager and he said that he just approved what the supervisors brought to him.

The salary grade system was first put into place when the firm was established; however, the firm has since been approving haphazardly pay raises, which do not match the salary system. For example, a worker might receive a 10% pay increase on his basic salary, without getting a promotion. None of the interviewed workers were aware of their pay grade within the salary system, although they were aware of their position. The unwritten rule in the firm is that no worker may receive less than level one or more than level eight in the grade system within his position. For example, a director might recommend a raise for a worker of any percentage provided that it does not exceed the pay in level eight in the worker's position.

It was evident from the interviews that this haphazard system of pay, which depends on the managers' discretion and does not follow the salary grade system, is a major cause for discontent among non-manual labour employees. A Yemini architect stated that:

> What is annoying here is that some people get generous raises on their basic salaries just because of their personal connections in the firm.

It seems that workers of different nationalities do not experience tensions with each other because of this, but that rather a tension exists between them and the management. It is obvious that workers are generally dissatisfied with the unregulated pay policies in all departments. For example, a Saudi clerk complained that he is unhappy that other Saudis in his department receive higher salaries than him:

I had only one raise on my basic salary during the last six years, which was 30% extra on my basic salary. Some people here got a raise three times but I was not included. And don't ask me why because nobody knows... If you have strong *wasta* here, your life will go very smoothly, including your salary. You might get a raise every year.

It can be concluded that pay in ConstructCo is related to the position of workers; however, pay within positions is more determined by *wasta* rather than competence. The absence of a working appraisal system proves this case, as discussed next.

7.7.2 Appraisal and Promotion

As with the salary grade system, ConstructCo have an appraisal system that is completely neglected and irrelevant to promotions or salary raises. All interviewed supervisors and managers stated that they do not use the fixed official appraisal format provided by the HR division, but rather rely on discipline and work accomplishments as the main indications for good performance. It becomes, therefore, pointless to outline here the official appraisal system, which is inactive. Instead, this section will detail the extant practices on the ground for appraising workers.

All interviewed managers and supervisors mentioned the criteria of productivity and attendance for appraising both clerks and manual workers. Nevertheless, while attendance is monitored by the fingerprint system, there is no clear measurement of workers' productivity. Rather, it is left to the managers' discretion to decide whether a worker is productive or not. In this manner, workers are classified as good or bad performers based on how far they satisfy their managers' expectations in terms of discipline and tasks accomplishment. A Palestinian supervisor stated:

I always say the assessment should be 70% attendance and 30% productivity. This is my point of view.

Similarly, a Saudi supervisor stated:

We do not have any appraisal system here. But I assess them based on achievement and discipline.

In the case of clerks alone, managers request a written report to be handed at the end of each month. The monthly report is normally one page long, including details about all the tasks the worker performed during the month. The workers, however, stated that they never received feedback on their reports and that they suspect it is only a routine requirement.

Furthermore, the absence of clear criteria for appraising workers' performance seems to be a strong mechanism in forcing workers to be consistent in accomplishing whatever work they are assigned to do. Since there are no job descriptions or measurements of performance, workers do not have a clear idea about what tasks fall within the sphere of their responsibilities, either to be completed or abandoned. Consequently, the expectation that both workers and managers have is to perform whatever tasks are assigned to them, which for managers includes showing how far a worker is obedient and productive.

The lack of clarity of workers' responsibilities is an advantage for managers in ConstructCo, since they are presented with almost no limitations in ordering their subordinates. Therefore, 'good' workers need to show complete obedience to their managers in order to prove that they are competent. For example, a migrant supervisor stated the following about one of his Saudi subordinates:

> For example, [the name of a Saudi worker], he writes reports and prepares applications for the Ministry of Labour but if I ask him to go for any mission outside, he will not refuse even though this is not his job; this is the driver's job. For example, last Thursday I told him to go to the electricity firm and print a copy of the bill. He did it without any objection. I am sure he did this because he knows how the firm is cooperative with him, so he has loyalty to the firm. The word no will never be said by him. I sent him now to the Ministry of Labour. He will finish and pick up his kids from school, but if I give him a call now you will find him down here with his kids in the car.

When workers demonstrate such a high level of obedience to managers, similar to the one just described, then they are more likely considered for a promotion or a raise in pay.

Furthermore, it is observed that the firm does not hire workers in supervisory and higher positions, but rather workers in lower positions (e.g. accountants, clerks and technicians), who are promoted after they prove their competence and loyalty to the management for several years. For migrants, promotion means more responsibilities, including the supervision of workers. Conversely, promotion for most Saudis involves a transfer from an

unskilled job to a more-skilled one. For example, many of the clerks first joined the firm as security guards. A notable example regarding promotion in ConstructCo was a Saudi who was hired as a janitor in 2009 and a year later he was moved to work as a clerk in the accounting department. According to the HR manager:

> … I will tell you the story, we hired a Saudi here as a janitor with 2,500 [SAR] total salary. I remember one day he came here and I asked him what was his work here. He said he was registered as a janitor but the manager had brought him two foreign janitors and told him to supervise them. I asked him whether he could write and read, and he said yes. Then I remembered that the accounting department wanted a clerk; thus, I sent him to them. The head of the accounting department, he is an Egyptian, told me that this guy does not have any experience or qualification. I said to him that he could write and read so he [head of accounting] could teach him. Look at him now, he receives more than 7,000 [SAR] total salary.

In addition, the interviews revealed that all workers know that *wasta* is the key factor for getting a promotion. Some workers are offered a promotion every year, at a time when many others receive none for several years. A worker, however, may be bumped to a higher pay grade and a better title while he is still in the same position performing the exact same duties. A Saudi clerk who worked in ConstructCo for nine years stated:

> There's no promotions here. They just change your title. They just give you a better one.

Moreover, it seems that not only shop-floor workers are frustrated with how promotions work in ConstructCo, but that supervisors are equally so. They think that good performance is not enough to obtain a promotion, whereas *wasta* is crucial. For example, a Saudi marketing supervisor stated:

> You comply with the rules and regulations and suddenly you find that other lazy people get promoted faster than you just because they have *wasta*.

It seems that part of the problem with promotions for workers and supervisors alike is linked to the limited number of managerial positions available in all departments. The interviews with supervisors revealed that the presence of migrant Arab managers in permanent posts seems to hinder the rest from climbing the corporate ladder. Consequently, if supervisors are not promoted, workers are not promoted to supervisory roles.

7.8 Discipline and Contestation

This section identifies some of the main mechanisms used by ConstructCo to maintain discipline in the workplace, while at the same time highlighting how these mechanisms are contested and/or accepted by different categories of worker. ConstructCo generally applies punitive policies to control its workplaces. However, some of these policies are discriminatory and others are indirectly challenged by workers through absenteeism and 'escape' from the workplace. This section is divided into three main parts. The first two parts cover discipline and contestation among ConstructCo's employees, whereas the third part covers subcontracted labour.

7.8.1 Dress Code, Vacations and Attendance Monitoring

ConstructCo imposes a dress code policy on all workers. The failure to comply with this exposes personnel to verbal reprimands, which can take place in front of their colleagues. All Saudi workers wear traditional Arab dress, but they are obliged to wear a vest over this, bearing the Firm logo. Foreign office workers wear formal western dress, without jackets. Meanwhile, all manual workers wear grey overalls, bearing the Firm logo and closed shoes as footwear. None of the workers interviewed mentioned any penalties for lodging complaints about the dress code, but generally appeared to comply on this point, in order to avoid clashes with their managers. One Saudi clerk stated:

> If the CEO saw me without my vest, he would reprimand me in front of everyone. This happened once and it was very embarrassing.

Regarding leave, there is a stark difference between clerks and security guards, on the one hand, and manual labourers on the other. The former group are allocated 30 days' paid annual leave, which can be divided into two periods. Additionally, it is compulsory for these workers to use their annual leave balance before the following year, since ConstructCo do not compensate anyone failing to use their annual leave allocation, but rather obliges them to take 30 days off. In contrast, all manual labourers (except the two Saudi electricians) are allocated leave of 90 days every two years and this is unpaid, although return airline tickets are provided by the Firm. Moreover, these manual workers are not permitted to divide their

leave allocation into separate periods and cannot take it before two years have elapsed since returning from their last vacation.

Nevertheless, the firm does allow its manual workers to leave Saudi Arabia within two years of their previous vacation, if urgent situations arise for them in their home countries. However, this leave will still be unpaid and in such cases, no airline tickets are provided. It should be added here that all expatriate workers in the firm retain their passports, even though they are not permitted to travel anywhere without the firm's permission, due to the legal requirement for foreigners to obtain an exit visa to go out of the country. This process takes three days, although multiple entry/exit visas may sometimes be obtained by all nationalities from the Saudi authorities.

In terms of attendance, all workers (whether clerks, security guards and manual labourers) are monitored according to the same regulations. For example, at the start and end of the working day, workers are required to clock in on time, using biometric fingerprint clocking machines located at the entrance to each department. For maintenance workers, however, attendance is registered manually by the relevant supervisors, since maintenance staff spend the day traveling between sites. Under the corresponding policies, money may be deducted from workers' salaries in the case of late check-in or early check-out, whereby workers are issued a written warning in the event of arriving five minutes late. On the third incidence of this, the management deduct money from the employee's salary. In addition, no worker is permitted to leave the workplace without the permission of their direct manager/supervisor. However, these managers do not give their permission lightly, as explained by one Saudi supervisor:

> There needs to be discipline in the workplace. You are necessarily caught in the middle as a manager. I give permission the first time, but refuse the second and I make sure that they do not go anywhere without my permission.

Significantly, unskilled labour (e.g. security guards and janitors) work the longest hours, regardless of their nationality. Nonetheless, Saudi personnel show the most resistance by endeavouring to reduce the amount of effort they are required to make and lightening their workload. The following section provides detailed evidence of employees' consent and resistance to ConstructCo's working requirements.

7.8.2 Accepting and Contesting the Workload

Neither Saudi nor expatriate ConstructCo employees show many signs of direct contestation. However, Saudis are observed indirectly resisting through absenteeism, finding ways of leaving the workplace, and delaying their work. This is in contrast to their expatriate counterparts, who show a high level of compliance.

Among all the Saudis interviewed, only those with expatriate managers complained about the way in which they were supervised, thus indicating their resistance. However, this conclusion could be challenged, as Saudis may resist purely because they are being managed by migrants, especially as foreigners occupy most supervisory and senior positions. Additionally, it was observed that Saudis have better interpersonal relationships with their Saudi managers than they do with their expatriate managers. For example, some Saudi managers were observed socialising with their Saudi subordinates during break times and outside the workplace.

However, none of the Saudis managed by migrants, including the Saudi supervisors, expressed any discontent over being managed by migrants per se, but rather referred to the unequal application of rules, which led to widespread inequality between staff. For example, one Saudi marketing supervisor stated:

> As for me, I am not disciplined in terms of attendance, but I have my reasons. I have no problem with the fingerprint system, but only if there is justice. However, because of the absence of justice and equality between workers, I purposely do not comply with the fingerprint system.

Moreover, there would seem to be an absence of clear policies for organising work and in addition, a strong motivation for Saudis to use *wasta* to avoid punishment and/or assert their rights. In many cases, the Saudi clerks stated that they used their personal connections to defend themselves against their supervisors. The following statements represent an example of a Saudi clerk being managed by a Pakistani supervisor:

> My supervisor is a dictator and he loves controlling everyone and everything. For example, it is impossible for me to sign a normal paper from the HR manager, which is a routine thing; he says I have to bring it to him first, before I sign it and take it to the manager. This is not just about me; he is a dictator with everyone in the department. I will give you a simple example: the Firm gave me a laptop to do

some work on it. The supervisor told me I could not take it home, but I talked to my father-in-law [the HR manager] and now I can take the laptop home.

However, since not all Saudis are privileged with powerful *wasta* in the firm, they are left with limited options to demonstrate resistance, such as leaving the workplace whenever they want, delaying their work or resigning. The following is an example of the Saudi electrician being managed by a Moroccan supervisor:

I can do nothing without his direct permission. He asks me to call him before I do the work and after I finish it. Also, he sometimes asks for a report at the end of the day… He gives me more work than anyone can bear and sometimes I do other people's work. I want to move from this building to another one as soon as possible.

Nevertheless, it was witnessed that Saudis tend to collaborate with each other, in order to reduce effort by illicitly leaving the workplace. Generally, workers were observed leaving to escape both heavy and light workloads. For example, one Saudi clerk claimed:

The manager just pops in at any time during the day to see whether we are here or not. You have to be here all day. He needs to see you each time he passes by… I really feel bored here. Sometimes, my supervisor doesn't allow me to leave the workplace, but me and my colleague organise things… I leave and he covers for me without telling the manager, because he won't discover I have left the office if nobody tells him. If he asked about me, my friend would tell him that I was in the toilet or outside, smoking.

Furthermore, an extreme case of resistance among Saudis is resignation, which is common behaviour among security guards. It is worth highlighting here that security guards work the longest hours in the firm, namely six days a week of eight-hour daily shifts (8.00 am-4.00 pm, 4.00 pm-12.00 am, or 12.00-8.00 am). These shifts change for each security guard every month. In contrast, clerks and technicians work five days a week (Sunday to Thursday) from 8.30 am-4.00 pm. I personally witnessed the hiring and resignation of Saudi security guards on a daily basis during the field work. The Palestinian HR supervisor claimed that this was the norm in the firm and one statement made by a Saudi security guard confirmed it was the case:

It is only the supervisor who has been here for four years… The rest stay here for just a few months.

Similarly, some manual workers, such as janitors, are obliged to work an extra two hours per day and are asked to work on weekends. Nevertheless, although both migrant and Saudi workers are expected to accept overtime hours in the above-mentioned positions, only expatriates tend to do so without notable resistance through resignation or avoidance strategies. The interview with one Indian janitor revealed that he had spent around 16 years working for ConstructCo and he was satisfied with his current situation. Neither was his case exceptional, since I also met four other manual labourers, who had worked for over 10 years at ConstructCo. In fact, during the interview, the janitor appeared to consent to his working conditions and most interestingly, expressed attachment to the Sheikh, stating:

> Yes, I am happy here. I love *Sheikh* [the owner's name].

It could be argued that the above-mentioned janitor was not being sincere in this expression of affection, but rather felt that he had no choice but to show his loyalty to his sponsor (the *Sheikh*), especially as he was so firmly controlled under the *Kafala* system. Nevertheless, considering the fact that he had worked for 16 years in the firm, had travelled to his home country several times during that period, and most importantly, was able to terminate his employment contract whenever he wished, he was most likely to be demonstrating a high level of compliance. On the other hand, it should be borne in mind that a migrant worker in Saudi Arabia may display a high level of compliance, where alternative means of selling his labour are almost diminished, whether in his home country or Saudi Arabia. Therefore, it would seem that the absence of alternatives available to expatriate workers can force them to accept an exploitative employment contract, which is one aspect that ConstructCo is aware of.

In light of the above, it would therefore seem that although some foreign workers in ConstructCo are forced to work extra hours, they may accept this on the basis of two main reasons: firstly, it is paid, which is the main reason for them coming to Saudi Arabia, and secondly, they do not wish to challenge the management, because they know that they are easily replaceable. The interviews with the expatriate manual labourers revealed that they accepted their working conditions, as long as there was no breach of the employment contract they had signed. I asked the HR manager about the compulsory overtime imposed on and accepted by personnel and he explained:

This is what the contract says. These workers know about it before they come to work here and they accept it. I think it's the same in all other companies.

Resistance among sponsored migrant workers at ConstructCo was hard to detect and even if it exists, it is clearly unlikely to be critical. None of the interviewees mentioned any past strike action or acts of sabotage. In contrast, the free visa workers brought in by subcontractors seemed to have more power to resist, as shown below.

7.8.3 Control and Resistance Amongst Free Visa Migrants

It was evident during the field work that the free visa workers suffered the worst working conditions of all, in terms of their working hours and environment. However, in the workplace, they experienced less managerial control than ConstructCo's directly sponsored workers, since they willingly chose to come and work for their respective subcontractors. Their powers of resistance consisted of simply refusing to continue with the work, whenever there was any disagreement with a subcontractor. However, although they could show resistance in these ways, they were still highly controlled outside the workplace by their sponsors/*kafeels*.

Free visa workers choose to enter Saudi Arabia under this type of illegal sponsorship arrangement, in order to gain greater freedom of movement within Saudi Arabia, for as long as they make the monthly payment of 500 SAR to their *kafeels*. For example, they can travel home for up to six months per year almost whenever they wish, as long as they meet the monthly payments to their *kafeel*. Nevertheless, in rare cases, the Saudi *kafeel* may refuse to provide a migrant worker with an exit visa. For instance, one Pakistani worker reported:

Yes, you can go home; you just need to pay him the 500 [Saudi riyal] each month, but some *kafeels* do not allow you to go. One of my friends wanted to go to Pakistan, because his daughter had died, but his *kafeel* refused to allow him. When you come to this country, it is no longer your decision; it is the *kafeel*'s decision.

Therefore, it is evident that free visa workers are still tightly controlled by their Saudi sponsors, who are in turn empowered by the *Kafala* regulations. However, the free visa arrangements do give such workers more freedom and power in the actual workplace, compared to their migrant counterparts being sponsored directly by a firm.

184

The free visa workers observed in both of ConstructCo's current construction projects, worked around 10 hours a day, starting at 7:00 am and finishing around 5:00 pm, from Saturday to Thursday. However, some subcontractors imposed longer working hours using various strategies. For example, the Pakistani subcontractor stated:

> After 5:00 pm, I do not come straight away. When they call me, I tell them I am nearby until it is almost six o' clock. Contractors like me have to make excuses and play games, so the workers work more hours and accomplish more. This is the system here in Saudi; we are not in America.

Free visa migrants are paid a daily rate of around 150 SAR (40 USD) for skilled work and 100 SAR (27 USD) for unskilled labour. Since they are paid on a daily basis and are not under contract, they can opt out from work whenever they decide to. Additionally, they may be offered extra work on weekends by their migrants subcontractors, which they are free to reject if they wish. Nevertheless, free visa migrants are under some pressure to show their commitment to the subcontractors concerned, or they may lose working opportunities or be dropped altogether at any time. The free visa migrants interviewed were aware of being easily replaceable. One Pakistani worker stated:

> If I stopped before 5:00 pm, the next day, the contractor would not take me to work; he would replace me with someone else. We are not paid by the hour like in Britain [laughs].

In fact, workers' power to opt out from working with a particular subcontractor depends on whether they can find work with other subcontractors. Therefore, migrant free visa workers operate in communities and rely on personal connections to find work with different subcontractors.

On construction sites, it was observed that expatriate subcontractors do not monitor their workers very closely, but it is rather agreed in advance between all concerned what should be accomplished each day. For example, when completing flooring work, the subcontractor needs to see around 30 m² of floor laid per day, which is a measure of an acceptable rate of progress. Therefore, free visa workers can generally work at their own pace, so long as they cover the specified task within the daily timeframe.

Nevertheless, free visa workers are unable to take collective strike action, since they do not wish to draw the attention of the Saudi authorities. In most cases, however, they stop working

if their daily wages are delayed. Normally, they receive their salary on a weekly basis, but they can wait longer if they trust the migrant subcontractors hiring them for a site.

The interviews revealed that many of the free visa workers had left their home countries in 2016 due to a lack of work opportunities and it was clear that this had occurred following the economic slow-down, which had impacted the construction sector with particular severity. On the other hand, some free visa workers returned to their home countries after bad experiences with their *kafeels*. For example, one of those interviewed expressed regret over coming to work in Saudi Arabia, stating:

> My father told me to come. He said I would go to the Holy Mosque to say prayers and go on pilgrimage. This is a major reason for many like me… I don't know... I have no brain… it was a big mistake. Also, I spent a lot to come here, I took out loans and so I have to pay them back.

7.9 Summary of Key Findings

Researching this firm involved the investigation of an illegal concealed business (*tasattur*) that is owned by high-rank Police personnel but run by a Pakistani entrepreneur. This Saudi *kafeel,* sponsors 120 migrants, who are known by 'free visa migrants.' Those workers pay this sponsor a fixed monthly payment of 500 SAR. For conducting its construction projects, ConstructCo relies on free visa migrants, sponsored by different *tasattur* subcontractors. The key consideration here is the size of the workforce brought through subcontractors, which is estimated to comprise around 1,000 free visa (illegal) workers. Moreover, ConstructCo completely rejects hiring any women. The two main reasons for this approach is that: 1) The management believes the presence of women workers would reduce male workers productivity; 2) Hiring women is associated with extra costs regarding accommodation and workplace arrangements.

The firm breaches *Kafala* regulations in two ways: firstly, by hiring 74 migrants without sponsoring them and secondly, by sponsoring 85 migrants who work for other companies. *Saudisation* is circumvented through three methods: 1) Hiring migrants on HR managerial positions through establishing a bogus training centre and register them as consultants; 2) Hiring migrant on HR specialist positions through registering their work permit on different

occupation; 3) Reliance on free visa migrants through subcontracting. Notably, bribery and *wasta* are used with the Ministry of Labour to facilitate manoeuvring some regulations.

There are no in-house training programmes offered, and workers are not sent for off-the-job training. The firm actively chooses not to enhance the Saudis' skills through off-the-job training, since it implies that more demands will be made from workers to increase their pay. Although the governmental body of HRDF compensates the firm for the cost of training the Saudis through off-the-job training, the HR manager stated that he is aware of this fund and is considering claiming it in the future by sending Saudis to training courses.

Pay in ConstructCo is related to the position of workers; however, pay within positions is more determined by *wasta* rather than competence, which has resulted in an inefficient salary grade system. As with the salary grade system, ConstructCo has an appraisal system that is wholly neglected the absence of clear criteria for appraising workers' performance seems to be a strong mechanism in forcing workers to be consistent in accomplishing whatever work they are given. Therefore, 'good' workers need to show complete obedience to their managers to prove that they are competent.

Neither Saudi nor expatriate show many signs of direct contestation. However, Saudis are observed indirectly resisting through absenteeism, finding ways of leaving the workplace, and delaying their work. The high turnover among Saudis indicates dissatisfaction. Resistance among sponsored migrant workers at ConstructCo was hard to detect; it is unlikely to be critical. None of the interviewees mentioned any past strike action or acts of sabotage. Resistance for free visa migrants consisted of refusing to continue with the work whenever there was a serious disagreement with a subcontractor. Free visa migrants are unable to take joint strike action since they do not want to draw the attention of the Saudi authorities.

Chapter 8: Cross-Case Analysis and Discussion

8.1 Introduction

The previous two chapters used the descriptive framework strategy to provide detailed pictures of the two case study firms: the state-owned joint venture (OilCo) and the family-owned firm (ConstructCo). This chapter aims to extend the understanding of the key themes that emerged from the findings through a cross-case analysis. The analysis is chiefly derived from the patrimonial capitalism model and its critique (chapter two), and labour process theory (chapter three). The chapter also reflects on previous research on Saudi work and employment (chapter four). The discussion links the findings of the two workplaces to wider aspects of the Saudi political economy regarding migration, segmentation, workplace conflicts, and institutional incoherence and incongruence.

The chapter is divided into three main sections that are interlinked. It commences by a discussion on global labour flows and segmentation (section 8.2). The second section analyses struggles at the workplace concerning the two elements of labour power: effort power and mobility power (section 8.3). The final section assesses the applicability of the patrimonial coordination mechanisms of coercion and co-optation in comprehending contradictions and institutional incoherence (section 8.4).

8.2 Migrant Labour Flows and Segmentation

It was argued in chapter two that the patrimonial capitalism model suffers from 'methodological nationalism' (Wimmer and Schiller, 2002), as it neglects the global dimension, namely migrant labour, which forms the overwhelming majority of the workforce in countries of the Gulf Cooperation Council (GCC). As Hanieh (2015b: 57) stresses, '[f]lows of labour migration to the GCC constitute one of the most significant movements of human beings in today's world'. From a purely neo-classical perspective, the presence of migrants in the Arab Gulf countries is explained by the 'push-pull factor' of

wages differential. The shortages in number and skill among high-cost Gulf citizens *pulls* migrants, who are *pushed* by low wages in their homes countries, making this a win-win situation (e.g. Beblawi and Luciani, 1987; Alsadiq and Wu, 2015; Matsu, 2015; Ewers, 2016; Kapiszewski, 2016). Nevertheless, the main problem that arises from this explanation is the focus on economics at the cost of a total neglect of politics. Political and economic forces within Saudi capitalism established and continue to reinforce class formation and patterns of labour divisions. Therefore, sources of segmentation are indigenous to the economic system (Reich Gordon and Edwards 1973: 359).

Drawing on critical theory perspectives, this thesis starts by bringing the source of value, labour, to the centre of the analysis (Coates, 2015). This section aims to add to established knowledge on Saudi work and employment by focusing on the specificities of Saudi labour market segmentation. In Saudi Arabia, the dichotomy of 'citizen–migrant' has long been identified as the basic form of labour market segmentation. Likewise, it is argued that the neo-patriarchal social fabric (Sharabi, 1988; Schlumberger, 2004) results in the very modest participation of women in the workforce of the Saudi labour market (Elamin and Omair, 2010; Metcalfe, 2011; Al-Asfour et al., 2017). Nevertheless, the empirical investigations in both firms reveal a picture of greater complexity than captured in the institutionalist arguments above, even if they do not reject it.

For this thesis, the starting point of analysis of labour market segmentation can be found in chapter four, where secondary quantitative data on Saudi Arabia was used. It was found that women are a tiny minority and the largest segment of labour consists of low-skilled, low-paid, non-Arab, male, migrant workers. Understanding the specificities of Saudi labour market segmentation, however, involves going beyond the national institutional level and the reliance on national statistics as used by some researchers (e.g. Hertog, 2012; Kapiszewski, 2016). This section extends the analysis of the empirical findings by discussing them through four conceptual dimensions: spatial fix, social control, the value of labour power, and gender.

8.2.1 Spatial Fix: the Role of the *Kafala* System

Spatial fix refers to capitalism's tendency to fix perpetually its inner contradictions through geographical expansion and restructuring, including the search for surplus labour overseas

and the importation of cheap labour (Harvey, 1982). The *Kafala* system is crucial to the spatial fix in the Gulf countries as re-emphasised by Hanieh (2011). On the one hand, it allows access to cheap and highly controlled migrant labour. On the other, it gives sponsors and firms the legal right to deport migrant labour to their home countries easily and for any reason whatsoever.

The reliance on an overwhelming majority of temporary migrants, rather than nationals, is critical to understanding how the GCC countries protect themselves during economic downturns, and in particular, from the crisis of surplus labour, i.e. unemployment (Hanieh, 2015b). Migrants in the Arab Gulf countries are classified as 'temporary labour' because their presence in the country is associated with their employment status (Rahman, 2011; Connel and Burgess, 2013). If an employer terminates a migrant's employment contract or refuses to renew it, the migrant loses the right to stay in the country.

The evidence of this research shows that the *Kafala* system facilitates rapid migrant labour importation during booms and deportation during busts. Since the *Kafala* system applies to all migrants, who form the vast majority of labour in the private sector, it enables a spatial fix at the national level by dislocating unemployment crises to originator countries. The mechanisms of deportation of migrant labour take different routes in both firms, which seem to be closely related to the sector, as discussed below.

OilCo set up an employment strategy from the outset that avoids dismissing Saudis by hiring a minority of them (around 2,500 workers) and relying predominantly on outsourced migrant labour (around 20,000 workers). In times of economic recession, OilCo can instantly reduce fiscal pressures by deporting several hundreds of directly hired migrants and terminating the contracts of outsourced workers. The latter will eventually be deported by their sponsors (sub-contractors) because they were originally recruited to work *specifically* for OilCo. According to a HR manager, this employment strategy of massive outsourcing of migrants is followed across the petrochemical sector. This spatial fix at the firm level cannot be applied if labour consists predominantly of Saudi nationals. This is because employment in state-owned firms is considered almost identical to the public sector (i.e. formal co-optation). Firing Saudis from a state-owned firm might escalate political tension at the societal and state level.

The spatial fix takes a different route in the construction sector since ConstructCo, like many other firms in this industry, relies on free visa migrants. The economic downturn had deepened by the end of 2016 (during data collection), which had significantly reduced the amount of construction projects. Consequently, the number of available jobs for free visa migrants had dwindled. Without work, free visa migrants struggle to survive for longer periods in Saudi Arabia, especially because they have to pay the 'fixed monthly rent' to their *Kafeels* (Saudi sponsors). Free visa migrants stated that many of their friends returned home during 2016, and they were also considering repatriation in view of not being able to find work for more than three weeks per month (on average). In addition, ConstructCo had expelled and deported more than 500 direct hire workers (more than a quarter of its workforce) within 18 months.

Interestingly, the economic slowdown has provoked a 'correction campaign' to deport 'illegal' migrants since 15 February 2017. The Saudi Passport General Department (2018b) reported that after 12 months from the start of the campaign, it had suspended more than a million migrants, around half of which were already deported or in the process of deportation. Therefore, force is used as a last resort to operate the spatial fix of labour.

Whatever the category of migrants – directly hired, outsourced or free visa – they bear the cost of economic downturns in the Saudi economy, which relocates the pressure of unemployment to originator countries. The discussion on spatial fix is closely tied with social control.

8.2.2 Social Control through Segmentation and Isolation

Chapter three argued that capital actively and consciously fosters labour market segmentation in order to 'divide and rule' the working class (Reich Gordon and Edwards 1973; Harvey, 1982). A critical point in the debate on the theorisation of the Arab Gulf political economies is the following: did oil wealth (petrodollars) provide the Gulf states autonomy from society (i.e. rentier state theory) (Beblawi and Luciani, 1987) or did reliance on temporary migrant labour also play a key role? This thesis argues that both are significant. The *Kafala* system creates a rigid dividing line between Saudis and migrants and ensures control over migrants, since it gives firms and the state the right of deportation in case of

collective resistance or incompliance with the *Kafala* system. The reliance on South and South East Asians enables further social control through cultural isolation and the creation of tensions between Saudis and migrants and between migrants from different nationalities (Hanieh, 2011; AlShehabi, 2015; Khalaf, 2015). Elements of these two forms of segmentation are evident in both firms.

In OilCo, Saudis constitute a very tiny minority of manual workers (considering the number of outsourced migrants) and they are predominantly supervised by non-Arab migrants. The interviews show that the presence of non-Arabs (forming the majority of manual labourers and supervisors) has created tensions between them and the Saudis. At a societal level, AlShehabi (2015: 27) attributes the intolerance of citizens towards non-Arab migrants to the fear of identity and culture loss, and the alienation that nationals often feel because of the demographic imbalance, i.e. nationals are a minority in their home country. At the workplace level, the study reveals that the discontent of Saudis stems from the observation that the majority of jobs in the firm, especially supervisory roles, are occupied by migrants.

Importantly, outsourced migrants in OilCo are deliberately isolated from Saudis, both within and outside the workplace. In addition to the tension between Saudis and non-Arab migrants, there is a total lack of communication between Saudis and the outsourced migrants in the oil refineries due to language and cultural barriers. The reliance on non-Arabs can be seen as a mechanism by which the firm avoids any form of solidarity and collective resistance. This could be because the state (as an owner in this case) is very cautious about the possibility of labour mobilisations similar to the ones in the 1950s and 1960s in Saudi oil fields, organised by both Saudis and Arab migrants (Matthiesen, 2014). Interestingly, the segmentation strategies observed in OilCo echo the segmentation mechanisms used by firms in the USA during the steel strikes in the first quarter of the last century. As Reich Gordon and Edwards (1973: 362) noted, '[e]mployers also consciously manipulated ethnic antagonisms to achieve segmentation … this strategy was most successful when many immigrants groups had little command of English'.

Conversely, ConstructCo relies on sub-contractors, which are mostly illegal concealed businesses known as *tasattur* (i.e. businesses owned by Saudis but entirely run by migrants). This is similar to other large firms in the construction sector. The workers of those sub-contractors are typically free visa migrants from South Asia, who are paid daily wages and are hired with no formal contracting. These practices not only ensure cheaper and more

flexible labour for the firm, but also a high level of control over the manual workforce for both firms and the state. The 'illegal status' of those migrants compels them not to draw the attention of the Saudi authorities, especially that of the migration police known as *Jawazat*. For example, when free visa migrants acknowledge pay delay, the best they can hope to do is quietly withdraw from the workplace and search for work in another construction site.

It is important to emphasise here that the presence of a majority of 'temporary' migrants does not imply the absence of the 'core' segment of Saudis. A sole focus on migrants and their hardships, though very important, overlooks another dimension, i.e. understanding class formation in Saudi Arabia. The highly controlled temporary segment is brought in to control the core Saudi segment in the firm as well as at the wider societal level. In times of crisis (such as the current high unemployment situation), the anger and dissatisfaction of the core is mostly poured out not on the capitalists or the state, but on the temporary segment. The key point here is that the citizen–migrant dichotomy that predominates in the literature on work and employment in the Arab Gulf is important but can also be a source of distraction from understanding class formation in this particular region and how collective resistance is minimised though segmentation. The findings from the Saudi workplace support Smith and Ngai (2018: 3) argument that:

> [T]he main pressure point of class formation resides not in formal/semi-formal or legal/para-legal status distinctions of workers vis-à-vis the state, but in their relative ability to mobilise collectively (e.g. via strikes and protests) in relation to their grievous experiences as workers in capitalist labour processes as a social activity.

8.2.3 Controlling the Value of Labour Power

This research indicates that the substantial reliance on a segment of non-Arabs from poorer countries is both a political instrument for social control and an economic mechanism to control the value of labour power at the national level, which in turn maintains high levels of exploitation of both Saudis and migrants in order to produce the highest surplus-value possible. Chapter three outlined how the creation of surplus-value is largely determined by three interlinked factors: the length of the working day, the intensity of the work and the value of labour power (McIntyre, 2017a). Here, I focus on the third element since it is crucial

to understanding how pay and skill taken together reinforce patterns of segmentation in the Saudi labour market, and in particular the reliance on migrant labour in manual jobs.

8.2.3.1 Pay and Standard of Living

The *Kafala* system maintains the lowest possible value of labour power, not only through the recruitment of migrant labour from poorer countries, as argued by Shin (2017) (see section 4.2.2), but also through controlling their standards of living within the country. This indicates that there is an imperative 'to cheapen the costs of labour' (Thompson, 2010: 10). The way Marx conceptualised the value of labour power is crucial to understanding how labour cost reinforces segmentation in the Saudi context and the contradictions that arise from it, especially stagnant unemployment among Saudis and the illegal practice of *tasattur*. As presented in chapter three, Marx ([1867] 1990: Chapter six) theorised labour power as the source of surplus-value, which like any other commodity, has a use-value and a value. While use-value is determined by the value valorised at work (i.e. the living labour it can perform), its value is determined by the cost of maintaining the labourer at a given standard of living, i.e. the means of subsistence necessary for survival (also known as the cost of reproduction) (Smith, 2016). What workers are paid in the form of wages, to a great extent, represents the value of their labour power (Harvey, 2017). The production of surplus-value could be increased through the control imperative (i.e. increasing productivity) and also by reducing the salaries of workers.

In Saudi Arabia, the *Kafala* system aids in retaining the salaries of migrants, especially low-skilled ones, as low as possible by controlling their standards of living. By law migrants are prevented from basic rights such as pension, minimum pay, free health and education, real-estate ownership, establishing a businesses and, most importantly, the ability to bring family members to live in Saudi Arabia. The latter is a critical instrument to control the value of labour power. As Marx ([1867] 1990: 275) explained, 'the sum of means of subsistence necessary for the production of labour-power must include the means necessary for the worker's replacement, i.e. his children'. In both firms, South and South East Asian workers, receive the lowest wages, are restricted from travelling abroad (except every two years) and are housed in labour camps or shared accommodation. Meanwhile, only a tiny minority of migrants, particularly Europeans and North Americans, receive the highest salaries and enjoy a level of freedom over where they live with their families. These, however, constitute a tiny minority and both firms predominantly rely on South and South East Asians.

Workers in both firms are paid based on where they come from. The monthly salary of a low-skilled migrant is around 500 USD. A study published by King Khalid Foundation (2013) shows that the 'Minimum Income Standard' for a family consisting of seven members living in Saudi Arabia is 3,332 USD. Therefore, the amount of pay that low-skilled migrants receive in both firms is enough for the survival of the migrants' families *not* in Saudi Arabia but only in their home countries. Therefore, maintaining a particular standard of living for migrant labour is underpinned by the *Kafala* system, which ensures the maintenance of certain qualities of labour power at the lowest possible wages. This also reinforces segmentation in the labour market, as highly paid Saudis and westerners are automatically excluded from jobs that can be occupied by cheaper South and South East Asian migrants.

8.2.3.2 Skills and Cost of Training

Marx ([1867] 1990: 276) noted that the cost of training is part of the value of labour power:

> [T]he cost of education varies according to the degree of complexity of the labour-power required. These expenses (exceedingly small in the case of ordinary labour-power) form a part of the total value spent in producing it.

One of the most noticeable findings is that the cost of training of migrant labour is an aspect that both the state and firms in Saudi Arabia are almost relieved from. Migrants in both firms are recruited from their home countries already equipped with the required levels of skills. Both firms rely on outsourcing and sub-contracting to secure most of their low-skilled and semi-skilled labour, and only provide them with very basic skillsets through on-the-job training (see also Al-Dosary, 2004; Harry, 2007; Achoui, 2009).

The production of skill shapes both firms' decisions when hiring migrants instead of Saudis and vice versa. OilCo, like other state-owned petrochemical firms, absorbs Saudi graduates from public apprenticeship institutions. Those fresh graduates are upskilled only up to a certain category. Saudis realise this is the case after being hired in the firm, which often results in discontent. Upskilling Saudis to certain levels reinforces segmentation at the firm and in the petrochemical sector at large. Notably, upskilled Saudis are a minority since the firm mostly relies on already trained migrants. Conversely, ConstructCo have never considered serious training for their workforce, although they do receive funds by the state (HRDF) for upskilling Saudis through off-the-job training. The firm is aware that training

will eventually increase the salary of workers and it is in the interest of the firm to preserve labour at particular levels of skill. Similar to OilCo, ConstructCo relies on a majority of migrants already equipped with the required skills.

The existing literature on *Saudisation* states that Saudis reject a job where they cannot wear their traditional white garment while preforming it, i.e. manual jobs (e.g. Hussain, 2014; Al-Asfour and Khan, 2014; Yamada, 2015). Nevertheless, this social behaviour among Saudis (if it holds truth) needs to be embedded in the material base. This study supports Alzalabani's (2017) argument that Saudis avoid most manual jobs in the private sector because they are low-paid and insecure. In reality, Saudis are at hard competition with one another for the manual jobs offered by OilCo, which are highly paid and secure. Saudi manual labour is not visible outside the petrochemical sector. For example, in ConstructCo, there was only one Saudi manual worker. Therefore, it can be deduced that the desperate search of firms for cheaper and more easily exploitable workers to maximise their revenues, which is what the *Kafala* system provides, is one of the main reasons for excluding Saudis from manual jobs rather than social behaviour. This also indicates that different groups of labour seem to operate in different labour sub-markets, with different wages and working conditions.

In sum, the state has designed institutions that facilitate capital (both state-owned and family-owned firms) in exploiting the international division of labour through the mass recruitment of cheap migrant labour, who are already equipped with the required level of skills. This results in firms not only ignoring upskilling but also avoiding the employment of high-cost labour, i.e. Saudis and in particular women, in the first place.

8.2.5 Gendered Labour Process

As shown in the findings chapters, women are entirely absent in ConstructCo and only form a tiny minority in OilCo (less than 0.3% of the total workforce). This is attributed to the patriarchal social fabric which characterises Arab societies (Sharabi, 1988) and reinforces the exclusion of women from jobs in private sector firms in Saudi Arabia (e.g. Elamin and Omair, 2010; Metcalfe, 2011; Yusuf, 2014; Alhejji et al., 2016; Al-Asfour et al., 2017). Relying solely on patriarchy, however, as an explanatory concept for the exclusion of women from the workforce distracts us from considering other issues embedded in the

material base of Saudi capitalism that contribute to women's exclusion from the labour market.

While women's position within the labour market is, to a large extent, determined by what they do outside of it (e.g. social responsibilities and child care) (e.g. Durbin and Conley, 2010: 183), in order to understand women's exclusion in both case study firms, the evidence of the research needs to be discussed in relation to two other elements: first, the fact that female Saudi job seekers are estimated to be 859,581, which is more than four times that of male Saudi job seekers; and second, that women are legally allowed to occupy any job apart from twenty-three occupations classified as manual labour (Saudi Arabia. General Authority for Statistics, 2018).

The point of departure here is that capitalists require certain qualities of labour power that best fit their particular production processes (Smith, 2016). The gendered division of labour is reinforced by a capital accumulation logic (i.e. cost reductions and control), which largely shapes employers' choices on the kind of labour power (gender, skills etc.) to be acquired (West, 1990). The findings from both firms reveal that male foreign workers are considered the best match for their respective production processes. Most jobs in the petrochemical and construction sectors require manual labour (e.g. builders, electricians and field operators) to perform tasks under harsh working conditions. These jobs are considered 'men jobs' not only in Saudi Arabia but also in the home countries of the migrant labour. Therefore, this finding also shows that the division of labour at the international level determines the pool of labour power that capitalists can access. In the Saudi case, South Asian male workers constitute the largest pool of labour reserve. Thus, gender processes are also embedded in the global capitalist system (Acker, 2004).

Furthermore, capitalists consider the material benefits they would gain from the recruitment of a particular kind of labour power (e.g. women). As West (1990) and Acker (2004) argue, the motivation for substituting women for men needs to be related to economic benefits for the capital, such as saving labour costs, more flexible labour and increasing work intensity. This is supported by the evidence that almost all outsourced workers in OilCo, around 20,000 workers, were single migrants housed in labour camps and were legally forbidden from bringing their families. The HR manager at ConstructCo also referred to the cost of rearranging the workplace and accommodation as key reasons for not having women office workers. Additionally, this exclusion of female labour in ConstructCo comes from the belief

of the management that the recruitment of women will decrease the productivity of male workers; in other words, it is believed that there is a potential of loss in the amount of surplus effort that could be extracted from workers as a result of hiring women. While patriarchy cannot be denied as a critical institution, it is reinforced by the need of capital to hire the kind of labour power that can produce the best yields of material benefits in the form of surplus-value.

The findings discussed in this sub-section support Pollert (1996) and Gottfried's (1998) argument that patriarchy as a sole analytical concept cannot explain gendering issues and power relations at work. Production under capitalism produces gender and class inequalities through reinforcing social institutions (such as patriarchy), which best serve capital accumulation goals. The inclusion and exclusion of certain types of labour power in the labour process is part of the labour–capital struggles (Smith, 2016). Therefore, patriarchy (or neo-patriarchy in the Saudi context), race and other modes of social discrimination are intertwined with the dialectics of class relations.

8.3 Conflicts Within the Workplace

Chapter four argued that studies on Saudi work and employment have not paid much attention (if any) to conflicts between capital and labour (both Saudis and migrants) and how these conflicts structure the labour process. This research shows that the Saudi workplace is a 'site of contestation' (Edwards, 1979). This section focuses on struggles at the workplace, in particular how employees respond to management policies and practices in their everyday work. Although the discussion focuses on the workplace, it also makes links to the wider Saudi political economy.

According to labour process theory (chapter three), the relation between labour and capital under capitalism is inherently antagonistic, and the material basis of this conflict arises because labour power is indeterminate (Edwards, 2010; Thompson, 2010; Smith, 2016). Labour power, as Smith argues (2006), has two elements: labour effort and labour mobility. Therefore, there are two forms of bargaining that shape the organisation of work. The discussion in this section starts with the examination of effort bargaining followed by mobility bargaining.

8.3.1 Effort Bargaining

Labourers sell their services to employers through a contract defined in terms of working time and salary, but there is no agreement on the quantity of labour effort that is required in a given period of time. Therefore, conflicts around the indeterminacy of labour effort concern aspects, such as wages, work intensity and working conditions. This work-effort bargaining between labourers and capitalists is largely shaped by wider aspects (e.g. market competition and new technologies) (Mumby, 2005; Thompson and McHugh, 2009; Ackroyd and Thompson, 2016; Smith, 2016). This sub-section summarises and discusses key findings on the struggles around this element of labour power.

8.3.1.1 Managerial Control and Wasta

Although both firms share the use of classical disciplinary tools (such as electronic attendance monitoring, salary cuts and dismissal) to direct workers' behaviour towards serving the interests of the capital, they differ enormously regarding their approaches to controlling the labour process and workers. This variation in controls can be attributed to ownership structure, workforce size and, most importantly, the huge difference between the labour processes in the two firms: the production of chemical materials, and the construction and management of buildings.

This study did not detect any solid evidence of 'normative' or 'neo-normative' controls in both firms (Sturdy, Fleming and Delbridge, 2010). Direct hire and outsourced workers in OilCo are mostly controlled through both bureaucratic control (in the case of administrative workers) and a mix between bureaucratic and technical forms of control (in the case of technical workers) (Edwards, 1979). In contrast, workers in ConstructCo (both clerks and manual labourers) are mainly controlled through direct control mechanisms (i.e. close supervision of the day-to-day activities of the workers) (Friedman, 1977; 1990). The free visa migrants, who dominate construction sites, however, enjoy a higher degree of autonomy than those directly sponsored by ConstructCo, as they are only needed to accomplish an agreed amount of work per day.

A significant finding is that the two firms follow entirely different approaches regarding the control of office workers, who are predominantly Saudis in both firms. OilCo relies on formal policies and procedures (i.e. bureaucratic), while managers in ConstructCo adopt an informal control approach. The deliberate elimination of formal policies in ConstructCo,

such as job descriptions and appraisal systems, increase the indeterminacy of labour power and strengthen the managers' position in the work-effort bargaining vis-à-vis Saudis. During the first three months of hiring a worker, managers tend to set high expectations regarding the workload. For instance, workers are deliberately asked to accomplish tasks that are not related to their jobs. This approach can also be seen as a filtering method for the firm to retain only 'the obedient Saudis'. Saudi workers find it very difficult to reject tasks that were assigned by their direct managers because there are no clear boundaries in their job responsibilities. This finding, in particular, adds to previous studies on Saudi work and employment (e.g. Ramadi, 2005; Hussain, 2014; Al-Asfour and Khan, 2014) that Saudis occupy low-levels jobs and are not excluded from a high level of exploitation, although to a lesser extent than migrants.

Wasta is prevalent in almost all aspects of work in ConstructCo, and is related to the preference for the 'informal' managerial approach to the organisation of work outlined above. OilCo relies on a large number of highly skilled labourers (both clerks and manual workers) and organises employment relations based on strict policies and procedures in terms of recruitment, training, appraisal and promotion. Therefore, workers and managers within the firm have very little room to use *wasta*. To the contrary, the nature of work in ConstructCo does not require a large number of highly skilled workers; rather, it relies on low-skilled, low-paid migrants. Thus, the focus is not on skill and professionalism at work; rather, it is on obedience. This was stated clearly by the Head of the HR department:

> Trust is better than competency. If we hire someone that we trust, but who is not qualified, we will train him; it is not a big problem. If someone does not help his family, he will not help anyone else. So, if we have a good employee here, who wants to bring in one of his relatives or close friends, we will consider this. Anyway, we test all new employees during the first three months to see if they fit.

Trust, according to the HR manager, seems to translate to 'a hard-working obedient labourer'. The management of ConstructCo deliberately abolished formal rules that were laid down by a British manager when the firm was established. Instead, it uses *wasta* to minimise the risk of hiring 'bad workers' and to enhance the overall managerial control over labour.

The 'informal' managerial approach and the practice of *wasta* have three critical consequences in shaping labour–capital relations in ConstructCo. First, they create a workplace where workers are rewarded and promoted based on how obedient they are to their direct managers; in other words, they ensure high levels of control. Second, they reduce workers' incentives to develop their skills (also shown in the study of Tlaiss and Kauser, 2012). Third, they make workers focus on expanding and solidifying their relationships within the firm in order to secure their place (i.e. place fixity) (Smith, 2010) and to acquire other material benefits (Kilani, Al Junidi and Al Riziq, 2015). It is the contention of the thesis that *wasta*, as a social behaviour within a workplace, reinforces and is largely reinforced by the dynamics of labour–capital relations under Saudi capitalism.

8.3.1.2 The Production of Organisational Misbehaviour

The complete absence of any form of formal collective gathering and representation, accompanied by high control mechanisms, does not necessarily imply a complete absence of resistance (Thompson, 2010; Smith, 2016). The findings show that the *organisational misbehaviour* framework developed by Ackroyd and Thompson (1999; 2016) is applicable to understanding conflict in Saudi workplaces. The table below uses the framework to summarise degrees of compliance associated with forms of misbehaviour witnessed in both firms.

Table 8. 1: Organisational Misbehaviour in Both Firms

Degree of Compliance	Behaviour	OilCo	Behaviour	ConstructCo
Collaboration	High attention of work	Saudi and Indian office workers	High concern output and quality	Free visa (manual labour)
Compliance	-Convectional levels of working effort and effort reduction ……………….. -Lack of attention -Systematic work limitation	-Westerner office workers ……………… -Blue-collar workers (Saudis and migrants)	-Convectional levels of working effort and effort reduction …………………….. -Systematic work limitation	-Migrant office and manual workers …………… -Saudi clerks
Withdrawal	–	–	Chronic absence	Saudi clerks
Denial/Hostility	**Suicide**	Outsourced manual migrants	**Turnover**	Saudi office workers and security guards

Source: Author, based on research findings, and Ackroyd and Thompson framework (2016: 190)

The table above does not reflect quantitatively certain behaviours or misbehaviours in the two firms; rather, it summarises the themes that emerged from fieldwork observations, informal discussions and semi-structured interviews.

In OilCo, Saudis and Indian office workers pay a significant amount of attention to work. Many voluntarily spend extra time after the workday has finished and argued that they are satisfied with their relations with their direct managers. From their perspective, OilCo offers very decent salaries and valuable opportunities for training and career progression. This, to a large extent, explains their *collaboration* with the management. This, however, does not apply to Western clerks, who view OilCo's working environment as unprofessional and unethical. They are highly disciplined in terms of attendance but they reject tasks assigned to them, which they consider unprofessional, unreasonable or unrelated to their job responsibilities, unlike Saudis and Asian migrants. Based on the interviews, it seems that high pay acts as the main reason for all westerners to show an acceptable level of *compliance*.

Technical labourers and managers in the refineries are in continuous conflicts around the appropriation of time and work (Ackroyd and Thompson, 1999; 2016). Both Saudis and migrants (predominantly outsourced) show lack of attention and systematic work limitation. This is manifested in the dropping of many safety regulations and quality checks. There is an 'informal' agreement between workers based on ethnicity to divide the workload in order to reduce effort; for example, a group rests while the other remains in the refinery. Responding to this 'misbehaviour', the management did not engage with the labourers; instead, it imposed more disciplinary regulations and penalties. This method, however, did not succeed in forcing workers to consider quality regulations. Although this form of 'misbehaviour' is not equated with purposeful sabotage and destruction, both have similar outcomes. The workers' lack of attention has resulted in frequent shutdowns of the refineries that have kept OilCo operating at a loss since 2014. Furthermore, the lowest level of compliance is found among the outsourced migrants and is manifested in the form of suicides. Committing suicide at the workplace does not only reflect the migrants' *denial* to work, but also their vulnerability due to the coercive controls imposed upon them. Suicide can be typically related to reasons such as harsh working conditions and delay in pay. It seems, however, that it may be related more to the restrictions on mobility within and outside the workplace. One of the workers committed suicide after being denied to leave the workplace. It should be noted that migrant suicide is a phenomenon that is encountered

across all Arab Gulf countries, particularly in the construction sector. For example, during 2014 alone, 55 and 34 migrants committed suicide in Qatar and Oman respectively (Migrant-Rights, 2017; World Health Organization, 2017).

One of the surprising findings of this research was the high level of compliance that low-skilled migrants show in ConstructCo. This finding shows the key limitation of previous research on migration, which has often drawn a picture of migrants in the Gulf countries as 'unsatisfied', 'coerced' labour (e.g. Rahman, 2011; Connel and Burgess, 2013; APMM, 2014; Alsadiq and Wu, 2015; Kakande, 2015; Kapiszewski, 2016). Without denying the coercion aspect (e.g. suicides in OilCo), the finding of this research indicates that a high level of compliance can be witnessed among low-paid, low-skilled migrants. Coercion, as described in previous research, does not help in explaining the long tenure of low-paid migrants in Saudi Arabia, among them migrants working in ConstructCo. For example, this research found that many unskilled migrants (e.g. janitors and gardeners) have been working for more than 15 years in ConstructCo 'without being forced', since they are aware that they can end their employment contract whenever they want. The level of consent for those migrants seems to be related to their satisfaction with the wages they receive and their ability to visit their families every year or two. The monthly salary of 500 USD plus other benefits (e.g. accommodation and health insurance) that unskilled migrants receive seem to appeal to them enough that they prolong their stay. Rahman (2018) also noted that migrants calculate economic returns in relation to their home countries. It could also be argued, however, that their stay in Saudi Arabia is due to the lack of a better alternative for their survival, including in their home countries. In other words, migrants might not be coerced but, instead, *compelled* to accept these particular jobs at a particular level of exploitation (Smith, 2016).

In ConstructCo, free visa migrants show a higher degree of compliance than direct hire migrants. This is despite working the longest hours and might be attributed to the fact that the indeterminacy of effort power is reduced to a great extent through the predetermination of the daily work to be accomplished. In fact, the task of the day is something known for each particular profession (e.g. flooring and painting). This agreement, however, does not imply the absence of the 'control imperative' (Thompson and Smith, 2010) since the migrant sub-contractor continually attempts to extract as much effort as feasibly possible from the free visa migrants.

Although the migrant entrepreneur is himself a free visa migrant, he acts as a capitalist vis-à-vis his fellow free visa workers. This is an aspect that is entirely overlooked in Rahman's (2018) study on migrant entrepreneurs. While Rahman (2018: 86) recognises the 'migrant entrepreneurs' contribution to economic development in Saudi Arabia', he overlooks their contribution to migrant labour exploitation under informal employment contracting. The evidence shows that the Pakistani entrepreneur exploits his fellow migrants. This entrepreneur increases exploitation through classical means: increasing working hours and days (up to 10 hours per day for six days a week), and also the intensity of work through the assignment of additional tasks to be accomplished per day. Since the effort of workers is largely predetermined for a given profession, free visa migrants do not regularly comply with these forms of pressures, and often keep their performance to average. In times of economic slowdown and lack of labour demand, however, migrant labourers have limited ability to renegotiate tasks, as they become replaceable due to surplus free visa labour.

The lowest levels of compliance in ConstructCo, which take the forms of escaping from the workplace and high turnover, is found among the Saudi clerks and security guards. These forms of 'misbehaviour' stem from dissatisfaction with the amount of wages that they receive (around 1300 USD a month). This raises the following question: why do some Saudis accept low-paid jobs? The responses of Saudis indicate that unemployment, which was soaring during the period fieldwork was conducted, acts as the whip that makes many Saudis consent to working under an exploitative working environment. This finding supports the argument that in a labour market where there are much more sellers of labour power than buyers, workers are more vulnerable and capital can further set harsher terms of employment contract (Smith, 2016; Olsen, 2017).

8.3.2 Mobility Bargaining

Smith (2006; 2010) argues that the indeterminacy of mobility power structures the relations between labour and capital and how the labour process is organised. Mobility power is indeterminate because employers are uncertain whether an employed worker will remain in the firm or not; likewise, a worker is uncertain whether his or her employer will renew the employment contract or not (Smith, 2016: 217). The evidence of this research shows that mobility-effort bargaining is at the core of understanding labour-capital relations in a Saudi

workplace, not only in the case of migrant labour but also Saudi workers and managerial staff.

8.3.2.1 Migrants and Resistance to the Kafala

There is a consensus that the sponsorship system of *Kafala* controls the mobility of migrant labour (e.g. Alsadiq and Wu, 2015; Hanieh, 2015; Rahman, 2018). The evidence of this research, however, sheds light on two key aspects: 1) the control of migrant labour mobility is not total; 2) it is crucial to distinguish between two levels of *Kafala* control: state control and employer control. At a macro level, the *Kafala* is a mechanism by which the state organises migrant labour mobility in terms of movements within the country (from one employer to another), and entry-exit to and from the country. At the firm level, migrant mobility is highly controlled *only* when the hiring firm is itself the legal sponsor of the migrant; in other words, the employer is the *Kafeel*. For migrants directly employed by their *Kafeels*, their mobility is both controlled by the state and the firm. In the case of free visa migrants, however, mobility is controlled by the state but not by the hiring firm since they can easily move from one employer to another.

The 'illegal act' of free visa enhances the migrants' position in mobility-effort bargaining, since migrants own the freedom of selling their labour services to whomever they want within Saudi Arabia. It can be argued that the dialectics of control and resistance between the state, firms and migrant labour have resulted in the emergence of this new form of employment contracting (i.e. the free visa), which reduces both state and firms controls over migrants' mobility. Although the governmental records still show that migrants are bound to their legal sponsors, they cannot identify where the migrant is actually employed (if employed at all). This practice questions the accuracy of state records in terms of migrant unemployment rates, which stood at less than 1% during fieldwork (Saudi Arabia. General Authority for Statistics, 2018). At the firm level, free visa workers can negotiate pay and work intensity with the employer (*tasattur* entrepreneur) from a much stronger position than directly sponsored migrants, since they can quit work at any time they want and the employer does not hold the right to deport them.

Nevertheless, the *tasattur* case in ConstructCo reveals that free visa migrants are prone to different forms of control and exploitation than migrants directly sponsored by their employers. In congruence with Rahman's (2011) findings, the free visa workers are subject

to 'dual exploitation' from their Saudi sponsor and the migrant entrepreneur. While free visa migrants struggle with Saudi sponsors over mobility power and their fixed monthly payment, they also struggle with the migrant entrepreneur over work-effort bargaining at the workplace.

Since free visa migrants are under an 'informal' agreement with their sponsors, they can be as vulnerable as direct hire workers. Some free visa migrants face serious problems with their *Kafeels* on issues such as the return to their home country and changing their sponsor. The Saudi *Kafeel* exploits the situation of being legally responsible for migrants' mobility by holding their travel documents and passports and bargaining for periodic increases in their fixed monthly payment. Therefore, the free visa practice enables a migrant to be in a better position vis-à-vis mobility bargaining but *only* at the workplace. At the state level, they are still bound to the Saudi sponsor who controls their mobility in terms of changing their sponsor, renewing their work permit and visiting their home country. This finding raises the issue of 'illegal migrants' in Saudi Arabia. Based on the findings above, it can be inferred that illegal migrants (e.g. overstay, pilgrimage visa and escape) have more mobility power than free visa migrants because they are neither controlled by the state nor sponsors (see table below).

Table 8. 2: Levels of Mobility Control over Migrants

Status of Migrants	Mobility Control
Direct hire migrants, who are sponsored directly by the employer	-By the state -By the employer (no movements between firms unless authorised by the state and employer)
Free visa migrants	-By the state through the Saudi sponsor (*Kafeel*). Freedom to move between employers
Illegal migrants	- Mobility is not controlled by the state or employers, until a migrant is arrested by the authorities

Source: Author, based on research findings

8.3.2.3 Saudis

Saudis' situation in mobility bargaining is stronger than that of direct hire migrants since they have the legal right to move from one employer to another by giving 60 days' notice in advance. Saudis in both firms can use the threat of exit to renegotiate benefits. This, however, might be at the cost of becoming unemployed for a long period of time in the case of dismissal – given the high unemployment rate among Saudis.

The dynamics of mobility-effort bargaining differ between the two firms because of their ownership structures. OilCo, as a state-owned firm, offers the following to Saudis: secure employment, high wages, continuous training and career progression. In order to remain and progress in this firm, Saudi workers are encouraged to master certain professions which give them 'task fixity' (Smith, 2010). In contrast, ConstructCo, as a family-owned business, follows a purely market-based logic; thus, it hires low-skilled, low-paid Saudis mostly to meet the *Saudisation* quota requirement (*Nitaqat)*. When Article 77 of the Saudi labour law came into effect in October 2015, 14 months before the fieldwork was conducted, ConstructCo used this legislation to fire the 'redundant' and 'misbehaving' Saudis. Following these arbitrary dismissals in early 2016, Saudis in ConstructCo appear to have considered acquiring fixity through *wasta* (i.e. place fixity). It can be argued that both the economic recession that commenced in 2014 and the establishment of article 77 have weakened the position of Saudis vis-à-vis mobility bargaining.

8.3.2.4 Managers

One of the most striking findings was that migrants are predominantly the agents used by employers to control both Saudis and migrants. Although this finding is consistent with Lauring's (2013) study, it was unexpected given the fact that Lauring's study was conducted in a Danish MNC while ConstructCo and OilCo are Saudi firms. Moreover, this finding adds a new dimension to previous research that has focused on low-skilled, highly exploited migrants (e.g. Mellahi, 2007; Rahman, 2011; Connel and Burgess, 2013; Hussain, 2014; Alsadiq and Wu, 2015). This is partly due to the fact that researchers on migrants in the GCC countries lack access to the workplace and often rely on secondary sources of information, including newspapers and official statistics.

The findings suggest that mobility power shapes both firms' preferences for choosing their agents. In the family-owned firm (ConstructCo), Saudis have been excluded from all senior

positions and almost all middle managerial positions since its establishment. Given that senior managerial positions in this firm do not require firm-specific skills (e.g. finance and marketing managers) and the cost of turnover is very high in these positions, migrants are preferred over Saudis because the risk of turnover is much lower than with Saudis. In contrast, in the state-owned joint venture (OilCo) Saudis occupy almost all senior positions but the vast majority of middle and lower managerial levels are non-Arab migrants. The mobility of Saudi senior managers in OilCo is also controlled because of two factors. First, Saudi managers receive extensive training to develop 'firm-specific' skills (i.e. internalisation of skills) (Smith, 2006). Thus, they are bound to the petrochemical sector, which is dominated by state-owned firms. Second, they are considered workers of the state and not exclusive to OilCo. Thus, they can be moved within the petrochemical sector based on agreements between state-owned firms. These findings from both firms indicate that the mobility element of labour-power does not only shape the capital's preferences in choosing their workers but also their agents.

In sum, contrary to expectations, Saudis are not always or fully co-opted through employment in a state-owned firm, while migrants are able to resist the *Kafala* system through the free visa and are not fully coerced. The next section links these aspects of the workplace to the broader political economy.

8.4 Revising 'Institutional Complementarities' and Patrimonial 'Coherent' Relations

The patrimonial capitalism framework (as presented in chapter two) proposes that the patrimonial-rentier regime prevails in creating a certain form of 'comparative institutional advantage', where the state manages to maintain a high growth rate using two coordination mechanisms: *co-optation* and *coercion* (Wintrope, 1998; Buhr and Frankenberger, 2014). It was argued that, in the Saudi work and employment domain, the scheme of *Saudisation* is viewed as a form of formal co-optation of citizens, while the system of *Kafala* and the prohibition of collective actions reflect forms of coercion against labour, in particular migrants. The patrimonial capitalism model, as the other approaches of the VoC school, was criticised for relying on the notion of 'institutional complementarities' to the neglect of

institutional incoherence and incongruence (Streeck, 2010; Vidal, 2014; Coates, 2015). At first glance, the two case study firms appear to display elements of the governance mechanisms of co-optation and coercion. In OilCo, almost all senior positions are occupied by Saudis, and the Saudi workforce constitutes around 83% of the 'core' workforce. Besides, all workers (Saudis and migrants) are strictly controlled by military forces and prevented from any kind of collective representation. ConstructCo appears to be in full compliance with the *Saudisation* quota policy of *Nitaqat* and the *Kafala* regulations. Nevertheless, in-depth investigation of the workplace revealed that the reality in both workplaces is more complex, characterised by struggles and driven by capitalist logic. This picture is often overlooked in neo-institutionalist political economy approaches. This section discusses the key evidence on institutional incoherence and the contradictions in the functioning of the *Saudisation* and *Kafala* systems.

8.4.1 Resistance to *Saudisation*

The findings on *Saudisation* raise a critical question: do *Saudisation* policies structure managerial practices at the workplace, as argued by a number of institutionalists (e.g. Mellahi, 2007; Nasief, 2015), or do they also create contradictions and struggles at the workplace and in wider institutions? The evidence of this research shows that *Saudisation* is contested in almost every aspect. This study identified four methods of avoiding the *Saudisation* scheme, which have not been explored to any great extent in previous academic research. These methods, which are summarised in the table below, are described in great detail in the two findings chapters.

Table 8. 3: Mechanisms of Avoiding the *Saudisation* Policies

Saudisation avoidance practice	OilCo	ConstructCo
Declaring false occupations on migrants' work permits	√	√
Hiring skilled migrants as coaches and consultants in a *spurious* training centre	X	√
Sub-contracting	√	√
Labour outsourcing	√	√

Source: Author, based on research findings

The evidence of the research shows that *Saudisation* is used as a legitimising tool, rather than the formal 'co-optation' mechanism proposed by proponents of patrimonial capitalism and rentier state theory (e.g. Beblawi and Luciani, 1987; Schlumberger, 2008; Buhr and Frankeberger, 2014). Compliance with the *Saudisation* quota legitimises a firm's operations within its sector and renders it 'legal'. Once the *Saudisation* quota is 'formally' fulfilled through the direct hire of Saudis, the firm is then able to hire as many migrants as it needs through outsourcing and sub-contracting.

A major contradiction in *Saudisation* exists between what the state wants to achieve (i.e. *Saudisation* to solve unemployment) and what it practises in its own firms. Since OilCo relies on outsourced workers, the true percentage of Saudis working within the firm does not exceed a maximum of 8%. This shows that relying on a firm's own declared rate of *Saudisation* can be meaningless, leading us to acknowledge that it is not sufficient to investigate *Saudisation* in a given firm based on secondary data or interviews with HR managers, as observed in a number of previous studies (e.g. Achoui, 2009; Sadi and Al-Burai, 2009; Hertog, 2010; Alshanbri, Khalfan and Maqsood, 2015).

It could be argued that outsourcing itself does not imply avoidance of *Saudisation*, since firms outsource their workforce through contracting companies, which might be in compliance with the *Saudisation* requirements. This argument, however, leads to an investigation of *Saudisation* in such contracting companies, which are highly likely to use other mechanisms for circumventing *Saudisation*. One mechanism identified involves the largest provider of outsourced workers to OilCo and other petrochemical companies being classified under the construction sector, which has a much lower *Saudisation* requirement (around 25%).

A simple but critical question may be raised concerning the avoidance of *Saudisation* in HR jobs in OilCo: why does a state-owned firm break this law? The findings reveal that skilled migrants are head-hunted to come to Saudi Arabia mainly due to two factors: their knowledge and cost. OilCo only hires highly experienced migrants in its HR department. Western HR specialists receive almost triple the salary of a recent Saudi graduate, but since these specialists are obliged to mentor several Saudis, the firm benefits from knowledge being transferred to Saudis from more experienced staff. As a result, potential training costs are kept to a minimum. Thus, the firm can enhance its knowledge and skills within its HR

department, with the long-term aim of promoting *Saudisation* through on-the-job training. Conversely, the firm also saves on labour costs by hiring Indian HR specialists on a salary that is more or less half of what a Saudi employee would receive in the same occupation. This ploy secures the necessary quality of labour force, but at half the cost.

Despite the fact that ConstructCo is owned by a Saudi billionaire descending from an influential family, *wasta* does not play a notable role in manoeuvring state regulations, particularly *Saudisation*. The HR department of ConstructCo is subject to continuous pressures from the state, especially regarding *Saudisation* and migration issues. In many cases, the firm uses bribery to manoeuvre around some of the regulations; however, in order to do so, it is crucial to have *wasta* between a ConstructCo worker and a representative from the Ministry of Labour. This *wasta* relationship is based on material benefits rather than its value as a 'social norm', and similar forms of corruption typically exist in other societies. This finding, therefore, does not only show the limitation of *wasta* as an analytical concept, but also questions the accuracy of the 'coherent' state-business relations that is proposed in the patrimonial capitalism framework.

8.4.2 Contradictions Emerging from the *Kafala*

The patrimonial capitalism model suggests that authoritarian states use coercion to suppress any potential labour mobilisation (Way and Levitsky, 2006; Stacher, 2007; Buhr and Frankenberger, 2014). The evidence from both firms, however, shows the limitation of coercion as a governance mechanism. Both Saudis and migrants are able to challenge state institutions using different means, notably through sabotage in OilCo and free visa in ConstructCo. In addition, the evidence on *tasattur* sheds light on how firms, Saudi sponsors and migrant labour are able to manipulate the *Kafala* system, which indicates institutional incoherence and incongruence rather than 'complementarity'.

The *Kafala*, as proposed in chapter two, is a form of coercion that the state uses to control the migrant working class at the national level. High-intensity coercion was more evident in OilCo, since the state uses its military forces to prevent any form of collective labour mobilisation. Nevertheless, workers, in particular outsourced migrants, are able to resist the state as an owner through sabotage, which made the firm operate at a loss for more than two years. This suggests that the presence of military forces does not prevent other forms of

resistance inside OilCo. Sabotage within OilCo constitutes resistance to the capitalist firm as well as to the state, and is reminiscent of the history of state reactions to labour mobilisation in state-owned firms in Saudi Arabia (Matthiesen, 2014). Labour resistance was conceived as a form of direct resistance to the state itself. The findings of ConstructCo show that the fear of deportation creates a tendency among migrants to avoid any direct resistance to the state in the form of strikes and protests. This does not mean, however, the absence of resistance to state institutions. As already discussed, migrants and Saudi citizens are able to manipulate the *Kafala* system through 'free visa' and '*tasattur*'. Ironically, the actual Saudi owner of the *tasattur* case investigated in this research is a high-rank policeman.

Tasattur contradicts the complementarity proposed by Buhr and Frankenberger (2014), namely that the state's regulation of corporate governance and industrial relations creates 'a comparative institutional advantage'. For example, the Saudi government restricts ownership rights to Saudi nationals and applies the *Kafala* system, which prevents migrant workers from privately owning property and businesses, while only allowing their wages to be transferred overseas. Nonetheless, the Saudi government recently acknowledged that *tasattur* is among the most dangerous practices affecting the country's economy, since it shelters 'illegal' and free visa labour and enables large transfers of capital out of the country (Al-Wabil, 2016). Some Saudi economists have estimated that *tasattur* businesses generate more than 150 billion USD per year, which is almost a quarter of the total Saudi Gross Domestic Product (Al-Amri, 2016). Therefore, the practice of *tasattur* shows the incongruence of institutions rather than their complementarities.

The findings on free visa migrants raise a complex question: does the state *deliberately* allow the trade of free visas in the black market since this mechanism allows high control over migrants? Answers to this question could take two different directions. On the one hand, it can be argued that the state does not allow free visa trade, and this is merely an 'illegal' practice that Saudi citizens conduct to extract monthly rents from free visa migrants (e.g. Rahman, 2011; Dito, 2015). On the other hand, given the fact that in this study the actual owner of the *tasattur* business is a high-rank member of staff in the police force, it can be argued that the state *unofficially* allows influential people to trade with free visas in the black market, which serves the interests of both the Saudi elite and the state itself. While influential people can extract rent from migrants without being involved in the business, the state ensures high control over free visa migrants since they are highly segmented and tend to

avoid any serious resistance because of their 'illegal status'. This answer leads us to revisit a more complex issue involving the theorisation of the state in the Gulf monarchies (see Hanieh, 2015a). Investigating this issue, however, is beyond the theoretical and empirical scope of this thesis.

8.5 Conclusion

The thematic and cross-case analysis of the findings shows that processes of labour market segmentation are crucial for understanding the reality of Saudi capitalism. The reliance on the largest segment of non-Arab migrants constituting the labour force facilitates a spatial fix in the form of rapid deportation in times of busts, and also aids in labour control at both the workplace and societal levels (i.e. social control) through the exploitation of cultural and physical isolation. Controlling migrants' standards of living through the *Kafala* system is an economic mechanism that enables the preservation of the low value of labour power. While patriarchy cannot be denied as a critical dimension in the exclusion of female labour, it is reinforced by the need of the capital to hire the kind of labour power (who are typically male migrants) that can produce the best yields of material benefits in the form of surplus value.

Both firms vary in their approach to control labour, but both Saudis and migrants are able to resist capital control, most notably through sabotage in OilCo and a high turnover among Saudis in ConstructCo. Saudi workers in both firms are controlled by migrant managers, which is a reality that negates the arguments of previous research that Saudi workers are typically co-opted, protected and enabled. The suicide rate of migrants confirms that they are vulnerable to high levels of exploitation and control.

These capital-labour conflicts have two key implications on the functioning of the co-optation and coercion governance modes. First, state-capital relations are not as coherent as suggested by the patrimonial capitalism framework – both firms avoid *Saudisation* using various mechanisms when the state is struggling to address unemployment among its citizens. Second, migrant workers are not passive recipients of state policies, since they are able to avoid the coercive *Kafala* system through free visa and concealed businesses known as *tasattur*. These contradictions in the functioning of *Saudisation* and *Kafala* demonstrate institutional incoherence and incongruence rather than complementarities. The final conclusions of the thesis are presented in the next chapter.

Chapter 9: Conclusions

This research set out to examine the specific nature of the state-capital-labour relations at the workplace to better understand the contradictions and class struggles that underpin Saudi capitalism. In the recent Comparative Capitalisms (CC) literature, Saudi Arabia is analysed through the 'patrimonial capitalism' framework (Schlumberger; 2008; Buhr and Frankenberger, 2014). This neo-institutionalist model is state-centred and focuses on the state's capacity to use force to repress opposition (i.e. coercion mechanism), and the central role of oil rent deployment to incorporate business elites (i.e. state-business relations) and the wider class of citizens, which is identified by the 'co-optation' mode of coordination. In terms of theory, the thesis begins by critiquing this framework drawing on critical theory perspectives (chapter two). It argues that patrimonial capitalism does not account for the global dimension of migrant labour, does not accommodate workplace dynamics, and overlooks institutional incoherence and incongruence. Therefore, the model falls short in comprehending the reality of struggles and contradictions in Saudi capitalism.

The thesis is informed by critical-institutionalist perspectives, which emphasise the need to examine the relations of production to understand the material base of a capitalist system. Therefore, Labour Process Theory was used as the theoretical lens for the in-depth investigation of the workplace (chapter three). Drawing on critical realism philosophy, the author considered that the qualitative multiple-case study is the best research design to tackle the research questions (chapter five). The techniques of thick description, thematic analysis and cross-case synthesis were all used to analyse the findings of the two case study firms: a state-owned joint venture in the petrochemical sector (OilCo) (chapter six) and a family-owned firm in the construction sector (ConstructCo) (chapter seven).

The point of departure in analysing Saudi capitalism was by bringing the role of labour to the centre of the analysis, as this is the source of value in any capitalist system. The analysis of the Saudi labour market, presented in chapter four, shows that labour is highly segmented and characterised by the predominance of South and South East Asian male migrants. It was also argued that the available literature on Saudi work and employment does not contain

sufficient information on the processes of segmentation, workplace struggles and the avoidance of *Kafala* and *Saudisation* policies.

The analysis of the findings (chapter eight) shows that segmentation enables social control and labour cost reduction. Additionally, migrant labour in Saudi Arabia is easily deported through the *Kafala* system, which ensures a spatial fix during recessions. It was also argued that state-business relations are not 'coherent' as firms avoid *Saudisation* policies, while labour, despite the highly segmented and controlled context, can resist both capital and state institutions. This analysis shows the limitations of 'patrimonial capitalism' in comprehending institutional incoherence and incongruence that persist in the Saudi context.

This chapter concludes the thesis in two sections. It answers the research questions and summarises the theoretical and empirical contributions of the thesis in the first section. The second section highlights some key limitations of the study and recommendations for future research.

9.1 Contributions to Knowledge

This thesis set out to fill a gap in the literature by linking labour process theory with political economy in the Saudi context. The analyses in the previous chapters provided detailed answers to the three research questions, which have driven the investigation in this thesis. These answers allowed us to draw up theoretical and empirical contributions to existing knowledge. The main questions of the thesis were:

1- How can existing patterns of segmentation in the Saudi labour market be explained?
2- How do labour-capital conflicts shape the organisation of work within firms in Saudi Arabia?
3- To what extent are the patrimonial coordination modes of coercion and co-optation, which are manifested in the *Saudisation* and *Kafala* policies, complied with or resisted by firms and labour?

Regarding the first question, the thesis built on Hanieh's (2015a) argument that the Gulf political economies cannot be understood without bringing the role of migrant labour to the centre of the analysis. The thesis extended our knowledge on migration in Saudi Arabia by

unpacking some of the complexities of explaining the labour flows and processes of labour division. Chapter four presented an analysis of segmentation using secondary sources. It showed that low-skilled male migrants from South and South East Asia are the dominant workforce, which was also observed in both case study firms. The evidence from the workplace indicated that state intervention through legislation is critical in how the labour market is segmented, as theorised by a number of scholars (e.g. Gorz, 1978; Loveridge and Mok, 1979; Thompson and McHough, 2009). In both firms, the ways in which labourers are classified in terms of pay, how they are organised in the workplace and housed outside it indicated that segmentation facilitates: 1) a spatial fix, mainly through the deportation of migrants during recessions; 2) a means to control labour at the national and firm levels; and 3) a mechanism for securing the needed qualities and quantities of labour power at the lowest costs. Thus, there are conscious efforts for labour market segmentation (Reich, Gordon and Edwards, 1973). This segmentation strategy, however, is driven by capitalist logic and causes contradictions in the form of avoiding the employment of 'high-cost' Saudis, and in particular women.

In relation to the second question, the thesis looked at the workplace through the lens of labour process theory, something which had not yet been done in scholarship on Saudi Arabia. Therefore, this research extended the application of labour process analysis geographically, and contributed to the current literature on Saudi work and employment by bringing out the dynamics of workplace struggles regarding control, consent and resistance. Although the evidence of this research showed that struggles between labour and capital arise because of the indeterminacy of the two elements of labour power (effort and mobility), the dynamics of these struggles differ remarkably from those documented by labour process analysis in other capitalist systems. This is mainly attributed to the peculiar societal and institutional structures that characterise the Saudi political economy, and in particular the role of the *Kafala* system in segmenting and controlling the vast majority of labour who are migrants. Interestingly, workplace investigation also showed that many migrants form the majority of capital agents controlling migrants and Saudis, a reality that has scarcely been highlighted in previous research. Despite the extreme forms of control exercised at the workplace, neither the Saudis nor migrant labour acquiesce easily; both labour groups frequently express dissatisfaction, work avoidance and 'misbehaviour'. Suicide and indirect sabotage are extreme forms of denial and resistance recorded in OilCo. In ConstructCo,

quitting the workplace is prevalent among Saudis due to dissatisfaction with high control and low pay.

Labour process analysis enabled an understanding of Saudi capitalism not just in institutional terms but as a struggle against inequality and power, which led us to the third question of the thesis. The processes of segmentation and struggles at the workplace are crucial for understanding the institutional incoherence and incongruence of Saudi capitalism. The state's capacity to use the governance mechanisms of co-optation and coercion is limited, as both firms and labour resist *Saudisation* and *Kafala*. *Saudisation* policies are avoided by firms, especially in the state-owned JV, which shows the limitations of the formal co-optation mechanism. With regard to the *Kafala* system, the evidence of this research showed the significance of the notion of mobility power to the Saudi context proposed by Smith (2006). Notably, migrants are bound to their employers through the *Kafala*; however, this form of mobility control is not total since migrants are able to manoeuvre around it through the 'free visa'. While this sponsorship system was designed to control migrant mobility, it is manipulated by Saudis through *tasattur* to secure fixed rent, and also by migrants to strengthen their position in their mobility bargaining with employers. Free visa workers, who are predominantly concentrated in *tasattur* businesses, illustrate the contradictions that emerge from the *Kafala* system.

Based on the answers provided above, the thesis made empirical and theoretical contributions to knowledge. *Empirically*, this research contributed to the literature on both *Saudisation* and *Kafala*. It contributed to *Saudisation* in three respects: 1) it showed that the avoidance of hiring Saudis is not only restricted to privately owned firms, as stated in previous research, but also practised in state-owned companies; 2) the social norm of *wasta* does not play a significant role in circumventing *Saudisation* policies; 3) this study also identified four methods of avoiding the *Saudisation* scheme, which have not been explored to any great extent in previous academic research. These are: establishing a 'bogus' training centre to hire HR managers; declaring false occupations on migrants' work permits; the outsourcing of labour; and sub-contracting. Moreover, this study contributed to previous research on issues surrounding the *Kafala* by bringing in-depth evidence on the functioning of *tasattur* and the role of free visa migrants in the construction sector, in particular how Saudi and migrant entrepreneurs manipulate this system, and the nature of the struggles between them and the free visa workers.

Theoretically, the research challenged the image of Saudi Arabia as a 'functional' 'patrimonial capitalism' system (Buhr and Frankenberger, 2014). The focus of the patrimonial capitalism approach on coordination modes of co-optation and coercion, underpinned by the societal dimension of neo-patriarchy and *wasta*, draws attention away from the contradictions and struggles at the Saudi workplace influenced by global capitalist dynamics, most notably through migrant labour. The avoidance of *Saudisation* and the manipulation of the *Kafala* system through free visas and the *tasattur* are among the many contradictions that cannot be understood merely by relying on notions drawn from neo-institutionalism, and in particular institutional complementarities. The evidence supports Vidal's (2014) argument that we should not privilege institutional complementarity over institutional incoherence and incongruence in the analysis of capitalist systems. This research has shown that both employment policies of *Kafala* and *Saudisation* are often incongruent and cause conflicts between firms and the state, as well as between firms and labour, and these struggles structure institutions.

9.2 Limitations and Suggestions for Future Research

While providing an in-depth insight into two hitherto under-researched workplaces in Saudi Arabia, there remain some limitations to the research design, as well as further opportunities for future research.

Firstly, even though qualitative case study research allows 'theoretical generalisations' and is very effective in investigating exploratory research questions in considerable depth, it does not allow for broad generalisations. This study adopts the multiple-case study strategy, which is considered among the most appropriate methods in labour process analysis since it enables the uncovering of the complexities of workplace dynamics. Choosing only two case study firms, however, raises the question of the generalisability of the findings. The two case study firms are not representative of Saudi Arabia; thus, the findings of this study cannot be generalised to sectoral or national levels. In fact, the findings of this study show that there are many similarities between the two firms, but there are also stark differences in some aspects of work organisation. It should be noted here that given the fact that there is a very limited number of qualitative studies on work and employment in Saudi Arabia, it was

almost inevitable for the researcher to choose a smaller number of cases for a more in-depth analysis. Findings from other firms in different sectors would provide further insights into workplace dynamics and the specificity of Saudi capitalism. Additionally, the findings of this study could be used to devise a survey to cover a larger number of firms, which would increase overall generalisability.

Secondly, a key limitation of this study is the lack of access to migrant labour. This was prevalent in the state-owned joint venture but the researcher was not authorised to access the workplace of outsourced labour. Even if possible, other issues such as the language barrier and trust would arise. As a Saudi citizen, the researcher had an advantage when interviewing Saudis and Arab migrants; however, it was evident during the fieldwork that it is difficult to gain the trust of non-Arab migrants, especially from South and South East Asia. The researcher was able to overcome this issue in the *tasattur* case of the family-owned firm through the help of a migrant friend. Interviewing migrants by an interviewer of the same nationality would help break down the linguistic and trust barriers, and enable more insightful findings.

Thirdly, the fieldwork took place between the end of 2016 and early 2017; thus, it does not cover the recent changes in the *Saudisation* and *Kafala* policies. Most notably, in an attempt to promote *Saudisation*, the Saudi government has increased the cost of migrant labour in early 2018, doubling the annual amount that employers have to pay to renew migrants' labour work permits. This will increase further in 2019 to 2,560 USD per worker. This legislation is expected to have serious consequences at the workplace and the structure of the Saudi labour market more broadly. Therefore, repeating this study in 2019 or later would probably bring about different results.

Lastly, this research focuses on a single country of the Arab Gulf region. Despite the vast similarities between countries in this region, there remain a number of political, economic and social differences. Future study needs to include other Arab Gulf countries, as this would enable a more holistic understanding of capitalism in this particular geographical region. In addition, future research could also test the findings of this study against other countries categorised as patrimonial capitalist states, such as Egypt and Russia. This would enable further refinement of the patrimonial capitalism model and offer better understanding of the specificities of state-capital-labour relations.

References

Abulof, U. (2017) 'Can't buy me legitimacy: the elusive stability of Mideast rentier regimes', *Journal of International Relations and Development*, 20(1), pp. 55–79.

Achoui, M. (2009) 'Human resource development in Gulf countries: an analysis of the trends and challenges facing Saudi Arabia', *Human Resource Development International*, 12(1), pp. 35–46.

Acker, J. (2004) 'Gender, capitalism and globalization', *Critical Sociology*, 30(1), pp. 17–41.

Ackroyd, S. and Thompson, P. (1999) *Organizational Misbehaviour*. London: Sage.

Ackroyd, S. and Thompson, P. (2016) 'Unruly subjects: misbehaviour in the workplace', in Edgell, S., Gottfried, H., and Granter, E. (eds) *The sage handbook of the soiology of work and employment*. London: Sage, pp. 185–204.

Al-Amri (2016) 'التستر التجاري من اخطر الافات التجارية' [Tasatur is among the most dangerous commercial practices], *Al-Arabyiah*, 14 March. Available from: https://www.alarabiya.net/ar/aswaq/2016/03/14/التستر-التجاري-من-أخطر-الآفات-الاقتصادية-.html. [Accessed 21 September 2017].

Al-Asfour, A. and Khan, S. (2014) 'Workforce localization in the Kingdom of Saudi Arabia: issues and challenges', *Human Resource Development International*, 17(2), pp. 243–253.

Al-Asfour, A., Tlaiss, H., Khan, S. and Rajasekar, J. (2017) 'Saudi women's work challenges and barriers to career advancement', *Career Development International*, 22(2), pp. 184–199.

Al-Dosary, A. S. (2004) 'HRD or manpower policy? options for government intervention in the local labor market that depends upon a foreign labor force: the Saudi Arabian perspective', *Human Resource Development International*, 7(1), pp. 123–135.

Al-Dosary, A. and Rahman, S. (2005) 'Saudization (localization) – a critical review', *Human Resource Development International*, 8(4), pp. 495–502.

Al-Dosary, R. (2017) 'السعودة الوهمية.. مليارات مهدرة وبطالة مقنعة يدفع ثمنها الوطن والمواطن' [Fake Saudisation.. wasted billions and underemployment that the motherland and citizens are paying for], *Alriyadh newspaper*, 9 April. Available from: http://www.alriyadh.com/1584196 [Accessed 15 April 2018].

Al-Ramahi, A. (2008) 'Wasta in Jordan: a distinct feature of (and benefit for) Middle Eastern society', *Arab Law Quarterly*, 22(1), pp. 35–62.

Al-Rasheedi, S. (2012) *Influence of national culture on employee commitment forms : a case study of Saudi-western IJVs vs Saudi domestic companies*. PhD thesis, University of Warwick. Available form: http://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.560409 [Accessed 15 October 2016]

'الحقباني المادة ٧٧ من نظام العمل قرات بطريقة مختلفة وهي لتقنين التعويضات' (2015) .Al-Omeer, W
[Alhaqbani, article 77 was misread], *Alriyadh newspaper*, 24 November. Available from:
http://www.alriyadh.com/1103355 [Accessed 2 May 2016].

Al-Shammari, S. (2009) *Saudization and skill formation for employment in the private sector*. PhD thesis, University of Stirling. Available from:
http://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.513745 [Accessed 12 November 2016].

Al-sharif, H. (2014) *The impact of Saudi Arabia's societal culture on human resource management practices within the public and private sectors: the case of Saudi Arabian airlines*. PhD thesis, Brunel University. Available from:
http://bura.brunel.ac.uk/bitstream/2438/9353/1/FulltextThesis.pdf [Accessed 19 Febuary 2016].

Al-Wabil, K. (2016) 'Tsattur is a cancer spreading through our economy', *Saudi Gazzete*, 12 January. Available from: http://saudigazette.com.sa/article/157311/Tasattur-is-a-cancer-spreading-through-our-economy [Accessed 2 April 2017].

Alder, P. (2011) 'Marxist philosophy and organization studies', in Tsoukas, H. and Chia, R. (eds) *Philosophy and organization theory*. Bingley: Emerald, pp. 123–153.

AlGassim, A., Berry, S. and McPhail, R. (2012) 'A preliminary study exploring management perspective of HRM practices in Saudi Arabia MNC hotels'. In: Proceedings of the *2nd Annual International Conference on Human Resource Management and Professional Development for the Digital Age, Nathan, December 2012*. Singapore: Global Science and Technology Forum. Available from:
https://search.proquest.com/openview/38a43d4212f110844862780360a8eddc/1?pq-origsite=gscholar&cbl=1036394 [Accessed 19 March 2016].

Alhejji, H., Ng, E., Garavn, T. and Carbery, R. (2016) 'The impact of formal and informal distance on gender equality approaches: the case of a British MNC in Saudi Arabia', *Thunderbird International Business Review*, 60(2), pp. 147–159.

Ali, A. J. (2010) 'Managing MNC-government negotiations in Saudi Arabia : the key role of elites', *Journal of Promotion Management*, 16(4), pp. 494–521.

Almaz, A. (2015) 'Testing the rentier state thoery: the case of Azerbaijan', *Journal of Global Analysis*, 5(1–2), pp. 60–72.

Almond, P. and Ferner, A. (2006) *American multinationals in Europe: managing employment relations across national borders*. Oxford: Oxford University Press.

Alsadiq, N. and Wu, Y. (2015) *Evaluating reforms in the workforce: a comparative study of the Kafala system in Bahrain and Qatar*. The Institute for Middle East Studies, Washington. Available from:
https://imes.elliott.gwu.edu/sites/imes.elliott.gwu.edu/files/downloads/documents/Capstone-Papers-2015/Nouf Yihui Capstone %5Bfinal%5D final.pdf [Accessed 19 June 2016].

Alshanbri, N., Khalfan, M. and Maqsood, T. (2015) 'Localization barriers and the case of Nitaqat program in Saudi Arabia', *Journal of Economics, Business and Management*, 3(9), pp. 898–903.

AlShehabi, O. (2015) 'Histories of migration in the Gulf', in Khalaf, A., Alshehabi, O., and Hanieh, A. (eds) *Transit States*. London: Pluto Press, pp. 3–38.

Al-Wabil, K. (2016) 'Tsattur is a cancer spreading through our economy', *Saudi Gazzete*, 12 January. Available at: http://saudigazette.com.sa/article/157311/Tasattur-is-a-cancer-spreading-through-our-economy [Accessed 5 June 2017].

Alwekaisi, K. (2015) *Perception on training programs in family-owned firms in the Kingdom of Saudi Arabia.* PhD thesis, Brunel University. Available form: http://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.655891 [Accessed 24 August 2016].

Alzalabani, A. H. (2012) 'Employee voice mechanisms in the Kingdom of Saudi Arabia: the case of workers ' committees', *The Korean Jouranl for Industrial Relations*, 22(3), pp. 145–176.

Alzalabani, A. H. (2017) 'Antecedents of job satisfaction in Saudi Arabia: impact of industrial sector', *International Journal of Business and Management*, 12(11), pp. 61–72.

Alzalabani, A. H. and Nair, R. D. (2011) 'Employee empowerment and job satisfaction: a case study of RC and Sabic in the kingdom of Saudi Arabia', *International Employment Relations Review*, 17(1), pp. 21–39.

Alzalabani, A. and Modi, R. S. (2014) 'Impact of human resources management practice and perceived organizational support on job satisfaction : evidence from Yanbu Industrial City, KSA', *The IUP Journal of Organizational Behavior*, XIII(3), pp. 33–52.

Amable, B. (2016) 'Institutional complementarities in the dynamic comparative analysis of capitalism', *Journal of Institutional Economics*, 12(1), pp. 79–103.

Arabic.Sputniknews (2018) 'تعرف على اكثر ٨ جنسيات تضررا من الرسوم السعودية على الوافدين' [Get to Know the eight nationalities that has most suffered from the increase of fees on foreigners], 26 February. Available form: https://arabic.sputniknews.com/arab_world/201802261030372124--تضررت-جنسيات-8-أكثر الوافدين-السعودية-الرسوم/ [Accessed 10 March 2018]

Asia Pacific Mission for Migrants (2014) *The Kafala: research on the impact and relation of the sponsorship system to migrant labor bondage in GCC countries.* Hong Kong. Available from: http://www.apmigrants.org/articles/publications/Featured Researches/Kafala Research 2014-FINAL.pdf [Accessed 28 January 2016].

Assidmi, L. and Wolgamuth, E. (2017) 'Uncovering the dynamics of the Saudi youth unemployment crisis', *Systemic Practice and Action Research*, 30(2), pp. 173–186.

Bajracharya, R. and Sijapati, B. (2012) *The kafala system and Its Implications for Nepali domestic workers*. Centre for the Study of Labour and Mobility. Poicy brief No. 1. Available from:https://ceslam.org/docs/publicationManagement/Kafala_Nepali_Domestic_Workers_Female_Migration_Eng.pdf [Accessed 12 October 2016].

Bancarzewski, M. (2015) *Japanese foreign direct investment: varieties of capitalism, employment practices and worker resistance in Poland*. University of Hertfordshire.

Availabel from: http://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.684197 [Accessed 11 May 2016]

Baqadir, A., Patrick, F. and Burns, G. (2011) 'Addressing the skills gap in Saudi Arabia: does vocational education address the needs of private sector employers?', *Journal of Vocational Education & Training*, 63(4), pp. 551–561.

Barnett, A., Yandle, B. and Naufal, G. (2013) 'Regulation, trust, and cronyism in Middle Eastern societies: The simple economics of "wasta"', *Journal of Socio-Economics*. 44, pp. 41–46.

Barnes, A. (2007) 'The construction of control: the physical environment and the development of resistance and accommodation within call centres', *Journal of New Technology, Work and Employment*, 22(3), pp. 246–259.

Beblawi, H. (1987) 'The rentier state in the Arab world', in *The rentier state*. London: Croom Helm, pp. 49–62.

Beblawi, H. and Luciani, G. (1987) *The rentier state*. London: Croom Helm.

Bhaskar, R. (1975) *A realist theory of science*. London: Verso.

Bhaskar, R. (1989) *Reclaiming reality*. London: Verso.

Braverman, H. (1974) *Labor and monopoly capital*. New York: Monthly Review Press.

Bruff, I., Ebenau, M. and May, C. (2015) 'Fault and fracture? The impact of new directions in comparative capitalisms research on the wider field', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research: critical and global perspectives*. London: Palgrave Macmillan.

Bryman, A. (2016) *Social research methods*. 5th edn. Oxford: Oxford University Press.

Budhwar, P. and Mellahi, K. (2007) 'Introduction: human resource management in the Middle East', *The International Journal of Human Resource Management*, 18(1), pp. 2–10.

Buhr, D. and Frankenberger, R. (2014) 'Emerging varieties of incorporated capitalism: theoretical considerations and empirical evidence', *Business and Politics*, 16(3), pp. 393–427.

Burawoy, M. (1979) *Manufacturing consent*. Chicago: University of Chicago Press.

Carchedi, G. (2017) 'Exploitation', in Brennan, D., Kristjanson-Gural, D., Mulder, C., and Olsen, E. (eds) *Routledge Handbook of Marxian Economics*. Oxon: Routledge, pp. 45–48.

Charles, N. (1993) *Gender divisions and social change*. Hertfordshire: Harvester Wheatsheaf.

Coates, D. (2015) 'Varieties of Capitalism and the great moderation', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research: critical and global perspectives*. Basingstoke: Palgrave Macmillan, pp. 11–27.

Creswell, J. W. (2007) *Qualitative inquiry and research design: choosing among five*

approaches. 2nd edn. London: Sage.

Deeg, R. and Jackson, G. (2007) 'Towards a more dynamic theory of capitalist variety', *Socio-Economic Review*, 5(1), pp. 149–179.

Dito, M. (2015) 'Kafala:foundations of migrant exclusion in GCC labour markets', in Khalaf, A., Alshehabi, O., and Hanieh, A. (eds) *Transit States*. London: Pluto Press, pp. 79–100.

Dore, R. (1973) *British factory-Japanese factory: the origin of national diversity in industrial relations*. Oxford: Alden & Mowbray.

Dunning, T. (2008) 'Does oil promote democracy', in *Crude democracy: natural resource wealth and political regimes*. Berekeley: Cambridge University Press, pp. 1–36.

Ebenau, M. (2012) 'Varieties of capitalism in crisis?', *Journal of Competition and Change*, 16(3), pp. 161–168.

Durbin, S. and Conley, H. (2010) 'Gender, labour process theory and intersectionality: une liaison dangereuse?', in Thompson, P. and Smith, C. (eds) *Working life: renewing labour process analysis*. Basingstoke: Palgrave Macmillan, pp. 182–204.

Ebenau, M. (2015) 'Directions and debates in the globalization of comparative capitalisms research', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research: critical and global perspectives*. Basingstoke: Palgrave Macmillan, pp. 45–61.

Ebenau, M., Bruff, I. and May, C. (2015) 'Comparative capitalisms research and the emergence of critical, global perspectives', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research*. Basingstoke: Palgrave Macmillan, pp.1–8.

Edgell, S. (2006) *The sociology of work*. London: Sage.

Edwards, P. (1990) 'Understanding conflict in the labour process: the logic and autonomy of struggle', in Knights, D. and Willmott, H. (eds) *Labour process theory*. London: Macmillan Press, pp. 125–152.

Edwards, P. (2010) 'Developing labour process analysis: themes from industrial sociology and future directions', in Thompson, P. and Smith, C. (eds) *Working life: renewing labour process analysis*. Basingstoke: Palgrave Macmillan, pp. 29–46.

Edwards, R. (1979) *Contested terrain: the transformation of the workplace in the Twentieth century*. London: Heinemann Educational.

Eisenhardt, K. M. and Graebner, M. E. (2007) 'Theory building from cases: opportunities and challenges', *Academy of Management Journal*, 50(1), pp. 25–32.

Eisenstadt, S. (1973) *Traditional patrimonialism and modern patrimonialism*. London: Sage.

Elamin, A. and Omair, K. (2010) 'Males' attitudes towards working females in Saudi Arabia', *Personnel Review*, 39(6), pp. 746–766.

Eldemerdash, N. (2014) *Securitizing Unemployment and Migration in Saudi Arabia*. MA dissertation, University of Toronto.

Erdmann, G. and Engel, U. (2006) *Neopatrimonialism revisited: beyond a catch-all concept*. German Institute of Global and Area Studies. Working paper No. 16, Hamburg. Available from: https://ssrn.com/abstract=909183 [Accessed 23 June 2015].

Ewers, M. C. (2016) 'Oil, human capital and diversification: the challenge of transition in the UAE and the Arab Gulf States', *Geographical Journal*, 182(3), pp. 236–250.

Ezzedeen, S. and Swiercz, P. (2001) 'HR system effectiveness in the transformative organization: Lessons from LibanCell of Lebanon', *An International Business Journal*, 11(1), pp. 25–39.

Friedman, A. (1977) *Industry and labour*. London: Macmillan.

Friedman, A. (1990) 'Managerial strategies, activities, techniques and technology: towards a complex thoery of the labour process', in Knights, D. and Willmott, H. (eds) *Labour process theory*. London: Macmillan Press, pp. 177–208.

Gandhi, J. and Przeworski, A. (2006) 'Cooperation, cooptation, and rebellion under dictatorships', *Economics & Politics*, 18(1), pp. 1–26.

Geertz, C. (1973) *The interpretation of cultures*. New York: Basic Books.

Gengler, J. (2015) *Group conflict and political mobilization in Bahrain and the Arab Gulf: rethinking the rentier state*. Bloomington: Indiana University Press.

Gill, J. and Johnson, P. (2010) *Research methods for managers*, *Sage*. London: Sage.

Gorz, A. (1978) *The division of labour: the labour process and class-struggle in modern capitalism*. Sussex: Harvester Press.

Gottfried, H. (1998) 'Beyond patriarchy? theorysing gender and class', *Sociology*, 23(3), pp. 451–468.

Gray, M. (2011) 'A theory of " Late Rentierism " in the Arab states of the Gulf', *Center for International and Regional Studies*, (7), pp. 1–50.

Grint, K. (2005) *Tho sociology of work*. 3rd edn. Cambridge: Polity Press.

Guest, G., Bunce, A. and Johnson, L. (2006) 'How many interviews are enough?', *Field Methods*, 18(1), pp. 59–82.

Gyene, P. I. (2016) '"Rentier States" or the relationship between regime stability and excercising power in post-soviet central Asia', *Soviety and Economy*, 38(2), pp. 171–191.

Haak-Saheem, W., Festing, M. and Darwish, T. K. (2017) 'International human resource management in the Arab Gulf states – an institutional perspective', *The International Journal of Human Resource Management*, 28(18), pp. 2684–2712.

Habiba, U., Ali, R. and Ashfaq, A. (2016) 'From patriarchy to neopatriarchy: experiences of women from Pakistan', *International Journal of Humanities and Social Science*, 6(3), pp. 212–221.

Hall, P. and Soskice, D. (2001) 'An introduction to Varities of Capitalism', in Hall, P. and Soskice, D. (eds) *Varieties of Capitalism: the institutional foundations of comparative*

advantage. Oxford: Oxford University Press.

Hall, P. and Thelen, K. (2009) 'Institutional change in varieties of capitalism', *Socio -Economic Review*, 7(1), pp. 7–34.

Hanieh, A. (2011) *Capitalism and class in the Gulf Arab states*. New York: Palgrave Macmillan.

Hanieh, A. (2015a) 'Capital, labor, and state: rethinking the political economy of oil in the Gulf', *The oxford Handbook of contemporary Middle-Eastern and North African history*, (January), pp. 1–14. Available from: http://oxfordhandbooks.com/view/10.1093/oxfordhb/9780199672530.001.0001/oxfordhb-9780199672530-e-3. [Accessed 11 January 2015].

Hanieh, A. (2015b) 'Overcoming methodological nationalism: spatial perspectives on migration ro the gulf Arab states', in Khalaf, A., Alshehabi, O., and Hanieh, A. (eds) *Transit States*. London: Pluto Press, pp. 57–76.

Harry, W. (2007) 'Employment creation and localization: the crucial human resource issues for the GCC', *The International Journal of Human Resource Management*, 18(1), pp. 132–146.

Harvey, D. (1982) *The limits to capital*. Oxford: Basil Blackwell.

Harvey, D. (2017) *Marx, capital and the madness of economic reason*. London: Profile Books.
Hertog, S. (2007) 'Shaping the Saudi state: human agency shifting role in rentier-state formation', *International Journal of Middle East Studies*, 39(4), pp. 539–563.

Hertog, S. (2010) 'Defying the resource curse: explaining successful state-owned enterprises in rentier states', *World Politics*, 62(2), pp. 261–301.

Hertog, S. (2012) 'A comparative assessment of labor market nationalization policies in the GCC', in *National employment, migration and education in the GCC*. Gerlach Press, pp. 75–116. Available from: http://eprints.lse.ac.uk/46746/1/A comparative assessment of labor market nationalization policies in the GCC(lsero).pdf [Accessed 12 July 2016].

Hewison, K. (2016) 'Precarious work', in Edgell, S., Gottfried, H., and Granter, E. (eds) *The Sage Handbook of the Soiology of Work and Employment*. London: Sage, pp. 428–443.

Hussain, Z. (2014) *Nitaqat – The second wave of Saudi-isation: implications for India*. Indian Council of World Affair. Issue Brief. Available from: https://icwa.in/pdfs/IB/2014/IBsecondwaveof.pdf [Accessed 14 June 2016].

Jehanzeb, K., Rasheed, A. and Rasheed, M. F. (2013) 'Organizational commitment and turnover intentions: impact of employee's training in private sector of Saudi Arabia', *International Journal of Business and Management*, 8(8).

Jessop, B. (2015) 'Comparative capitalisms and/or variegated capitalism', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research: critical and global perspectives*. London: Palgrave Macmillan, pp. 65–82.

Joseph, S. (1996) 'Gender and family in the Arab world', in Sabbagh, S. (ed.) *Arab Women. between defiance and restraint*. New York: Olive Branch Press, pp. 194–202.

Kakande, Y. (2015) *Slave states: the practice of Kafala in the Arab Gulf region*. Hants: Zero Books.

Kapiszewski, A. (2016) 'Arab versus Asian migrant workers in the GCC countries', in Jain, P. and Oommen, G. (eds) *South Asian migration to the Gulf countries: history, policies, development*. New York: Routledge.

Khalaf, A., Alshehabi, O., and Hanieh, A. (eds) *Transit States*. London: Pluto Press.

Kilani, M., Al Junidi, R. and Al Riziq, R. (2015) 'The role that nepotism (Wasta) plays in conflict and conflict management within groups in private organizations in Jordan and MENA region.', *Middle East Journal of Business*, 10(3), pp. 59–69.

King Khalid Foundation (2013) تحديد خط الفقر وحد الكفاية [Defining the poverty line]. Available from: http://www.kkf.org.sa/ar/Advocacy/GovReport/Documents/Rep.pdf. [Accessed12 June 2017].

Kinninmont, J. (2015) *Future trends in the Gulf*. Chatham House Report, London. Available from: https://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20150218FutureTrendsGCCKinninmont.pdf [Accessed 22 March 2017].

Kofman, E. (2016) 'Globalization and labour migrations', in Edgell, S., Gottfried, H., and Granter, E. (eds) *The Sage Handbook of the Soiology of Work and Employment*. London: Sage, pp. 597–615.

Koyame-Marsh, R. O. (2016) 'Saudization and the Nitaqat programs: overview and performance', *Journal of Accounting, Finance and Economics*, 6(2), pp. 36–48. Available from: http://www.jafepapers.com/uploads/2016/September/2016_10_25_3. Rita.pdf. [Accessed 11 January 2018].

Kumar, H. (2016) 'Thousands of Indian wrokers are stuck in Saudi Arabia as kingdom's economy sags', *The New York Times*, 1 August. Available from: https://www.nytimes.com/2016/08/02/world/asia/saudi-arabia-indian-workers.html[Accessed 2 May 2017].

Kumar, R. (2014) *Research methodology a step-by-step guide for beginners*. 4th edn. London: Sage.

Lauring, J. (2013) 'International diversity management: global ideals and local responses', *British Journal of Management*, 24(2), pp. 211–224.

Levins, C. M. (2013) 'The rentier state and the survival of Arab absolute monarchies', *Rutgers Journal of Law and Religion*, pp. 388–423.

Littler, C. (1982) *The development of the labour process in capitalist societies*. London: Heinemann.

Littler, C. (1990) 'The labour process debate: a theoretical review 1974-88', in Knights, D. and Willmott, H. (eds) *Labour process theory*. London: Macmillan Press, pp. 46–94.

Lodge, T. (2014) 'Neo-patrimonial politics in the ANC', *African Affairs*, 113(450), pp. 1–

23.

Loveridge, R. and Mok, A. (1979) *Theories of labour market segmentation*. Hingham: MNSSD.

Marshall, C. and Rossman, G. B. (2016) *Designing qualitative research*. 6th edn. New York: Sage.

Marx, K. ([1867] 1990) *Capital, Vol. 1*. Harmondsworth: Penguin.

Marx, K. and Engles, F. ([1848] 2015) *The communist manifesto*. Milton Keynes: Penguin Classics.

Mason, M. (2010) 'Sample size and saturation in PhD studies using qualitative interviews', *Forum Qualitative Sozialforschung / Forum: Qualitative Social Research*, 11(3).

Matsuo, M. (2015) *Authoritarianism and labor market: preference of labor policies in the Arab Gulf countries*. Institute of Developing Economies Discussion. Paper No. 514, Tokyo. Availabel from:
https://ir.ide.go.jp/index.php?action...active_action...action.[Accessed 29 May 2016].

Matthiesen, T. (2014) 'Migration, minorities, and radical networks: labour movements and opposition groups in Saudi Arabia, 1950–1975', *International Review of Social History*, 59(3), pp. 473–504.

May, C. and Nölke, A. (2015) 'Critical institutioanlism in studies of comparative capitalisms: Conceptual considerations and research programme', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research: critical and global perspectives*. London: Palgrave Macmillan, pp. 134–151.

Mazaheri, N. (2013) 'The Saudi monarchy and economic familism in an era of business environment reforms', *Business and Politics*, 15(3), pp. 295–321.

McDonough, T. (2015) 'Social structures of accumulation: A Marxist comparison of capitalisms?', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research: critical and global perspectives*. London: Palgrave Macmillan, pp. 118–133.

McIntyre, R. (2017a) 'Marxian theories of the labor process: from Marx to Braverman', in Brennan, D., Kristjanson-Gural, D., Mudler, C., and Olsen, E. (eds) *Routledge Handbook of Marxian Economics*. Oxon: Routledge, pp. 165–187.

McIntyre, R. (2017b) 'Marxian labour process: theory since Braverman', in Brennan, D., Kristjanson-Gural, D., Mudler, C., and Olsen, E. (eds) *Routledge Handbook of Marxian Economics*. Oxon: Routledge, pp. 188–197.

Mehdavy, H. (1970) *Studies in the economic history of the Middle East*. London: Oxford University Press.

Mellahi, K. (2007) 'The effect of regulations on HRM: private sector firms in Saudi Arabia', *The International Journal of Human Resource Management*, 18(1), pp. 85–99.

Metcalfe, B. D. (2011) 'Women, empowerment and development in Arab Gulf States: a critical appraisal of governance, culture and national human resource development (HRD) frameworks', *Human Resource Development International*, 14(2), pp. 131–148.

Meyer, J. and Rowan, B. (1977) 'Institutionalized organizations: formal structures as myth and ceremony', *American Journal of Sociology*, 83(2), pp. 340–363.

Migrant-Rights (2017) *Migrant rights statistics-suicide*. Available from: https://www.migrant-rights.org/statistic/suicide/ [Accessed: 10 September 2017].

Migration Policy Institute (2015) *Top 25 destinations of international migrants*. Available from: https://www.migrationpolicy.org/programs/data-hub/charts/top-25-destinations-international-migrants [Accessed 14 January 2017]

Mirkin, B. (2013) *Arab spring: demographics in a region in transition*. Arab Human Development Report. Research paper series, New York. Available from: http://www.arab-hdr.org/publications/other/ahdrps/AHDR ENG Arab Spring Mirkinv3.pdf [Accessed 4 June 2016].

Mohamed, A. A. and Hamdy, H. (2008) *The stigma of Wasta: the effect of wasta on percieved competence and morality*. German University in Cairo. Working paper No. 5. Available from: http://mgt.guc.edu.eg/wpapers/005mohamed_hamdy2008.pdf [Accessed 6 May 2016].

Nasief, Y. (2015) *The development of Saudisation practices in the Saudi supermarket industry: an institutional perspective*. PhD thesis, University of London.Available from: http://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.655754. [Accessed 2 April 2016].

Neuman, W. L. (2007) *Social research methods: qualitative and quantitative approaches*, *Book*. London: Pearson.

Noreng, O. (2017) 'The predicament of the Gulf rentier state', in Heradsteviet, D. and Hveem, H. (eds) *Oil in the Gulf: obstacles to democracy and development*. 2nd edn. London: Routledge, pp. 9–40.

North, D., Wallis, J. and Weingast, B. (2013) *Violence and Social orders*. Cambridge: Cambridge University Press.

O'Leary, Z. (2014) *The essential guid to doing your research project*. 2nd edn. London: Sage.

Olsen, E. (2017) 'Labor and labor power', in Brennan, D., Kristjanson-Gural, D., Mulder, C., and Olsen, E. (eds) *Routledge Handbook of Marxian Economics*. Oxon: Routledge, pp. 49–58.

Okaz (2017) 'خمسة جنسيات تستحوذ علي عشرة ملايين وظيفة في السعودية' [Five nationalities occupying more than 10 millions jobs in Saudi Arabia], *Okaz*, 20 August. Available from:, https://www.okaz.com.sa/article/1566133/اقتصاد-5-جنسيات-تستحوذ-على-10-ملايين-وظيفة-في-السعودية [Accessed 9 January 2018].

Othman, S. (2017) 'Job Localization Policy in Saudi Arabia: Determining its Effect on Employment and Economy', *Business and Management Horizons*, 5(1), pp. 12–29.

Patton, M. (2002) *Qualitative research and evaluation methods*. Cambridge: Sage.

Peck, J. (2017) 'Can hiring quotas work? the effect of the Nitaqat program on the Saudi private sector', *American Economic Journal: Economic Policy*, 9(2), pp. 316–347.

Pessoa, S., Harkness, L. and Andrwe, G. (2014) 'Ethiopian labour migrants and the "free visa" system in Qatar', *Human Organization*, 73(3), pp. 205–2013.

Pollert, A. (1996) 'Gender and class revisited: or, the poverty of patriarchy', *Sociological Theory*, 30(4), pp. 639–659.

Poster, W. and Yolmo, N. (2016) 'Globalization and Outsourcing', in Edgell, S., Gottfried, H., and Granter, E. (eds) *The Sage Handbook of the Soiology of Work and Employment*. London: Sage, pp. 576–596.

Rahman, M. (2011) *Does labour migration bring about economic advantage? A case of Banglaish migrants in Saudi Arabia*. Institute of South Asian Studies. Working paper No. 135, Singapore. Available from: http://ssrn.com/abstract=1938168 [Accessed 6 April 2015].

Rahman, M. M. (2018) 'Beyond labour migration: the making of migrant enterprises in Saudi Arabia', *International Sociology*, 33(1), pp. 86–106.

Rainnie, A., McGrath-Champ, S. and Herod, A. (2010) 'Making space for geography in labour process theory', in Thompson, P. and Smith, C. (eds) *Working life: renewing labour process analysis*. Basingstoke: Macmillan Press, pp. 297–315.

Rees, C. J., Mamman, A. and Braik, A. Bin (2007) 'Emiratization as a strategic HRM change initiative: case study evidence from a UAE petroleum company', *The International Journal of Human Resource Management*, 18(1), p. 33.

Reich, M., Gordon, D. and Edwards, R. (1973) 'Dual labour markets: a theory of labour market segmentation', *The American Economic Review*, 63(2), pp. 359–365.

Robinson, N. (2011) 'Russian patrimonial capitalism and the international financial crisis', *Journal of Communist Studies and Transition Politics*, 27(3–4), pp. 434–455.

Ross, M. (2001) 'Does oil hinder democracy?', *World Politics*, 53(3), pp. 325–361.

Sadi, M. A. and Henderson, J. C. (2005) 'Local versus foreign workers in the hospitality and tourism industry a Saudi Arabian perspective', *Cornell Hotel and Restaurant Administration Quarterly*, 46(2), pp. 247–257.

Sadi, M. and Al-Buraey, M. (2009) 'A framework of the implementation process: the case of Saudization', *International Management Review*, 5(1), pp. 70–85.

SAUDI ARABIA. GENERAL AUTHORITY FOR STATISTICS (2018) *Annual Yearbook 2017*. Available from: https://www.stats.gov.sa/en/46 [Accessed 3 April 2018].

SAUDI ARABIA. MINISTRY OF EDUCATION (2018) *State universities*. Available from: https://www.moe.gov.sa/en/HigherEducation/governmenthighereducation/StateUniversities/Pages/default.aspx [Accessed: 18 March 2018].

SAUDI ARABIA. MINISTRY OF FINANCE (2017) *Statistical data*. Available from: https://www.mof.gov.sa/en/docslibrary/StatisticalData/Pages/default.aspx [Accessed: 27 June 2017].

SAUDI ARABIA. MINISTRY OF LABOR (2015) *The annual report for 2014*. Available from: https://mlsd.gov.sa/ar/ه-1435-1436-م-2014-لعام-السنوي-التقرير/إحصائي-تقرير [Accessed 13 February 2016].

SAUDI ARABIA. MINISTRY OF LABOR (2017) *التقرير السنوي لعام ٢٠١٦* [The annual report for 2016]. Available from: https://mlsd.gov.sa/en/تقرير-إحصائي/statistical-yearbook-1437-1438-e [Accessed 11 August 2017].

SAUDI ARABIA. PASSPORT GENERAL DEPARTMENT (2018a) '*نظام الاقامة*' [The Iqama regulation]. Available from: http://www.gdp.gov.sa/sites/pgd/ar-SA/TravelDocuments/IqamSystem/Pages/default.aspx [Accessed 14 January 2018].

SAUDI ARABIA. PASSPORT GENERAL DEPARTMENT (2018b) 'البيان الصحفي الثاني والخمسون' [The 52 journalist report]. Available from: https://www.gdp.gov.sa/sites/pgd/ar-SA/Pages/البيان-الصحفي-الثاني-والخمسون-للحملة-الميدانية-المشتركة-لمتابعة-وضبط-مخالفي-أنظمة-الإقامة-والعمل-وأمن-الحدود.aspx [Accessed 9 April 2018].

Saunders, M., Lewis, P. and Thornhill, A. (2012) *Research methods for business students*. 6th edn. Essex: Pearson.

Schlumberger, O. (2004) *Patrimonial capitalism : economic reform and economic order in the Arab world*. Edited by P. Pawelka and A. Boeckh. Tübingen: INSTITUT FÜR POLITIKWISSENSCHAFT. Available from: https://publikationen.uni-tuebingen.de/xmlui/bitstream/handle/10900/47408/pdf/complete.pdf?sequence=1[Accessed 19 July 2015].

Schlumberger, O. (2008) 'Structural reform, economic order, and development: patrimonial capitalism', *Review of International Political Economy*, 15(4), pp. 622–649.

Schwarz, R. (2004) 'State formation process in rentier states: the Middle Eastern case'. In: *The Pan-European Conference on International Relations, September 9-11, 2004*. Geneva. Available from: http://www.columbia.edu/itc/journalism/stille/Politics Fall 2007/Readings -- Weeks 1-5/The Rentier State in the Middle East.pdf [Accessed 14 May 2016].

Scott, W. R. (2001) *Institutions and Organizations*. Los Angeles: Sage.

Scott, W. R. (2008) *Institutions and organizations: Ideas and interests*. 3rd edn. Los Angeles: Sage.

Seale, C. (2004) *Social research methods: A Reader*. 1st edn, *Creativity*. 1st edn. London: Routledge.

Sharabi, H. (1988) *Neopatriarchy: a theory of distorted social change in the Arab world*. Oxford: Oxford University Press.

Shin, A. J. (2017) 'Tyrants and migrants: authoritarian immigration policy', *Comparative Political Studies*, 50(1), pp. 14–40.

Sidani, Y. and Thornberry, J. (2013) 'Nepotism in the Arab World: An Institutional Theory Perspective', *Business Ethics Quartely*, 23(1), pp. 69–96.

Smith, C. (2006) 'The double indeterminacy of labour power: Labour effort and labour

mobility', *Work, Employment and Society*, 20(2), pp. 389–402.

Smith, C. (2010) 'Go with the flow: labour power mobility and labour process theory', in Thompson, P. and Smith, C. (eds) *Working life: renewing labour process analysis*. Basingstoke: Palgrave Macmillan, pp. 269–296.

Smith, C. (2016) 'Rediscovery of the labour process', in Edgell, S., Gottfried, H., and Granter, E. (eds) *The Sage Handbook of the Soiology of Work and Employment*. London: Sage, pp. 205–224.

Smith, C. and Liu, M. (2016) 'In search of the labour process perspective in China', in Liu, M. and Smith, C. (eds) *China at Work*. London: Palgrave Macmillan, pp. 1–28.

Smith, C. and Ngai, p. (2018) 'Class and precarity – an unhappy coupling in China's working class formation', *Work, Employment and Society*. Accespted/in press - 16 Jan 2018. Availabel from: https://pure.royalholloway.ac.uk/portal/en/publications/class-and-precarity--an-unhappy-coupling-in-chinas-working-class-formation(f3cd324e-1288-453f-93f8-d25c4abd4c50).html [Aceessed 19 March 2018].

Smith, P., Torres, C., Leong, C.-H., Budhwar, P., Achoui, M. and Lebedeva, N. (2012) 'Are indigenous approaches to achieving influence in business organizations distinctive? A comparative study of guanxi, wasta, jeitinho, svyazi and pulling strings', *International Journal of Human Resource Management*, 23(2), pp. 333–348.

Stacher, J. (2007) *Adapting authoritarianism: institutions and co-optation in Egypt and Syria*. PhD, University of St. Andrews. Available from: http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.737.5223&rep=rep1&type=pdf.[Accessed 19 November 2016].

Stewart, P. and Garvey, B. (2016) 'Global value chains, organizations and industrial work', in Edgell, S., Gottfried, H., and Granter, E. (eds) *The Sage Handbook of the Soiology of Work and Employment*. London: Sage, pp. 559–575.

Stracke, N. (2006) *Institutional change in Saudi Arabia*. Dubai: Gulf Research Center.

Streeck, W. (2010) *Varieties and commonalities of capitalism*. Cologne: MPIFG Discussion paper No 10/12, Cologne. Available at: http://www.mpifg.de/pu/mpifg_dp/dp10-12.pdf.

Sturdy, A., Fleming, P. and Delbridge, R. (2010) 'Normative control and beyond in contemporary capitalism', in Thompson, P. and Smith, C. (eds) *Working life: renewing labour process analysis*. Basingstoke: Palgrave Macmillan, pp. 113–135.

Technical and Vocational Training Corporation (2018) *Colleges and Institutes*. Available at: http://www.tvtc.gov.sa/English/TrainingUnits/Pages/default.aspx (Accessed: 15 March 2018).

Thompson, M. (2012) *Emerging socio-political representation in the Kingdom of Saudi Arabia*. University of Exeter. Available from: https://ore.exeter.ac.uk/repository/handle/10036/3569. [Accessed 11 June 2016].

Thompson, P. (1990) 'Crawling from the wreckage: the labour process and the politics of production', in Knights, D. and Willmott, H. (eds) *Labour process theory*. London:

Macmillan Press, pp. 95–124.

Thompson, P. (2010) 'The capitalist labour process: concepts and connections', *Capital & Class*, 34(11), pp. 7–14.

Thompson, P. and McHugh, D. (2009) *Work organisations*. 4th edn. Basingstoke: Palgrave Macmillan.

Thompson, P. and Smith, C. (2010) 'Debating labour process theory and the sociology of work', in Thompson, P. and Smith, C. (eds) *Working life: renewing labour process analysis*. Basingstoke: Palgrave Macmillan, pp. 11–28.

Thompson, P. and Smith, C. (2017) 'Capital and the labour process', in Schmidt, I. and Fanelli, C. (eds) *Reading 'Capital' Today*. London: Pluto Press, pp. 116–137.

Thompson, P. and Vincent, S. (2010) 'Labour process theory and critical realism', in Thompson, P. and Smith, C. (eds) *Working life: renewing labour process analysis*. Basingstoke: Palgrave Macmillan, pp. 47–69.

Tilley, L. (2015) 'Decolonizing the study of capitalist diversity: epistemic disruption and the varied geographies of coloniality', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research: critical and global perspectives*. London: Palgrave Macmillan, pp. 207–223.

Tlaiss, H. and Kauser, S. (2011) 'The importance of wasta in the career success of Middle Eastern managers.', *Journal of European Industrial Training*, 35(5), pp. 467–486.

Tollefsen, D. (2014) 'Social ontology', in Cartwright, N. and Montuschi, E. (eds) *Philosophy of Social Science*. Oxford: Oxford University Press, pp. 85–101.

Ulrichsen, K. C. (2015) *The political economy of Arab Gulf states*. Houston.

Verkoren, W. and Kamphuis, B. (2013) 'State building in a rentier state : how development policies fail to promote democracy in Afghanistan', 44(3), pp. 501–526.

Vidal, M. (2014) 'Incoherence and dysfuntionality in the institutional regulation of capitalism', in Hauptmeier, M. and Vidal, M. (eds) *Comparative political economy of work*. Basingstoke: Palgrave Macmillan, pp. 73–97.

Vidal, M. and Hauptmeier, M. (2014) 'Comparative political economy and labour process theory: Toward a synthesis', in Hauptmeier, M. and Vidal, M. (eds) *Comparative political economy of work*. 1st edn. Croydon: Palgrave Macmillan, pp. 1–32.

Vora, N. and Koch, N. (2015) 'Everyday inclusions: rethinking ethnocracy, Kafala , and belonging in the Arabian Peninsula', *Studies in Ethnicity and Nationalism*, 15(3), pp. 540–552.

Walker, J. T., Brewster, C. and Woody, G. (2014) 'Diversity between and within varieties of capitalism: Transnational survey evidence', *Industrial and Corporate Change*, 23(2), pp. 493–533.

Way, L. and Levitsky, S. (2006) 'The dynamics of autocratic coercion after the cold war', *Communist and Post-Communist Studies*, 39(3), pp. 387–410.

Wehr, I. (2015) 'Entangled modernity and the study of variegated capitalism: some suggestions for a postcolonial research agenda', in Ebenau, M., Bruff, I., and May, C. (eds) *New directions in comparative capitalisms research: critical and global perspectives*. London: Palgrave Macmillan.

West, J. (1990) 'Gender and the labour process: a reassessment', in Knights, D. and Willmott, H. (eds) *Labour process theory*. London: Macmillan Press, pp. 244–273.

Williams, C. L. and Connell, C. (2010) '"Looking good and sounding right": aesthetic labor and social inequality in the retail industry', *Work and Occupations*, 37(3), pp. 349–377.

Wimmer, A. and Schiller, N. (2002) 'Methodological nationalism and beyond: nation-state building, migration and the social sciences', *Global Networks*, 2(4), pp. 301–334.

Wintrope, R. (1998) *The political economy of dictatorship*. Cambridge: Cambridge University Press.

Witt, M., Racardo, L., Amaeshi, K., Mahroum, S., Bohle, D. and Saez, L. (2018) 'Mapping the business systems of 61 major economies: a taxonomy and implications for varieties of capitalism and business systems research', *Socio-Economic Review*, 16(1), pp. 5–38.

Wood, G., Dibben, P. and Ogden, S. (2014) 'Comparative capitalism without capitalism, and production without workers : the limits and possibilities of contemporary institutional analysis', 16, pp. 384–396.

World Health Organization (2017) *Mortality Database-Qatar*. Available from: http://www.who.int/mental_health/suicide-prevention/country-profiles/QAT.pdf [Accessed 9 January 2017].

Yamada, M. (2015) 'Battle against the Thawb syndrome: labor nationalization, industrial diversification, and education reform in Saudi Arabia', *Gulf Affairs*, pp. 17–21. Available from: https://www.oxgaps.org/files/gulf_affairs_autumn_2015_full_issue.pdf. [Accessed 11 March 2016].

Yin, R. (2009) *Case study research: design and methods*. 4th edn. London: Sage.

Yusuf, N. (2014) 'Delivering long-term sustainable growth through investment in young people - Saudi Arabia', *International Journal of Business and Economic Development*, 2(3), pp. 96–108.

Yücesan, G. (1998) *The changing nature of the capitalist labour process*. PhD thesis, Univeristy of Sussex. Availabel from: http://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.246253 [Accessed 21 January 2017]

Zucker, L. (1977) 'The role of institutionalization in cultural persistence', *American Sociological Review*, 42(5), pp. 726–743.

Appendices

Appendix 1: Managers interview

(Note: The exact wording of the interview questions may be varied from time to time.)

Date: Time: Place:

Interviewee biography

Name: Position: Age:

Education: Career experience:

Nationality: Time in Saudi Arabia: Time with this company:

Culture of organisation

What attracted you to work here?

What are the core values of this company?

Do you or the company organise social events?

Managerial duties

How many hours do you work?

How many workers under your supervision?

Could you take me through a typical day?

Are you involved in recruitments, how?

Is retention a problem?

Appraisal

How attendance monitored?

How do you assess employees' performance?

What are you KPIs?

How are staff rewarded/recognised?

What implications in case of a worker has broken a law?

Training

What does the induction/training process for a new worker consists of?

What kind of training do you give or gave in the past?

Do you send employees for external training courses?

Are crew members rewarded in any ways as they learn new skills?

Voice

How often do you meet with senior managers, what involves?

Do you conduct regular meetings with workers?

How employees give their suggestions for improvements?

Do they report suggestions to senior managers?

Is there a staff forum/union?

To what extent do you agree with the statement "Saudis in general are not hard workers"?

Is there a difference between Saudi and migrant workers: commitment, wages, skills, discipline?

How are relations between Saudis and migrants

Appendix 2: HR specialist/supervisor interview

Date: Time: Place:

Interviewee biography

Name: Position: Age:

Education: Career experience:

Country of origin: Time with this company:

Managerial duties

How many workers under your direct supervision?

What is your main responsibilities?

Do you send employees (Saudis and migrants) for external or internal training courses?

How do you assess employees' performance?

How employees give their suggestions for improvements, is there a staff forum/union?

Do you have a strong link with Japanese HQ? What is the extent to which company use

Japanese expatriate managers?

Saudis

What is the company classification in Nitaqat scheme?

How the company manages being in the e.g., Platinum area?

What is the process of recruiting Saudis, details?

Do you consider personal recommendations for recruitment?

Do Saudis have higher turnover rate, what are the reasons?

What retentions strategies are used?

What is the minimum wage for Saudis?

Do you receive the HRDF fund?

Do you recommend employees go for training offered by the HRDF/Hadaf?

What impact Article 77 has on employment contracts?

To what extent do you agree with the statement "Saudis in general are not hard workers"?

Non-Saudis

What is the process of recruiting expats, skilled, unskilled?

Do you deal with a local or foreign employment agency?

What is the length of the employment contract?

What retentions strategies are used?

Do you need to hold the passport?

Are there difficulties with ministry of labour regarding the number of visas to get?

How the entry/exit of workers managed with the ministry of labour?

Is there a specific scale of salaries/positions for expats?

Are there any associations/committees for workers?

Do expats get more training opportunities than Saudis?

Do expats have more benefits than Saudis e.g, health insurance, schooling...?

Appendix 3: Non-Saudi worker interview

Date: Time: Place:

Interviewee biography

Name: Position: Age:

Education: Career experience:

Nationality: Time in Saudi Arabia: Time with this
company:

Culture of organisation

What attracted you to work here, how did you find the job?

Are you sponsored by this organisation?

Do you have your family living with you in Saudi?

How do you describe the culture of this organisation?

Do the company organise social events?

Duties/control

Could you take me through a typical day?

How many hours do you typically work in a day/week?

Do you take overtime work?

How do you apply for a holiday (holding passport), how long?

How do you apply for a sick leave?

How do you describe the workload in general?

How much discretion do you have in terms of how the job is done?

What are the implications when are not able to finish the work on time?

How much pressure do you feel from managers and supervisors?

Appraisal & pay

How your performance assessed?

How attendance monitored?

How are you rewarded?

Do you get fixed annual raise?

How do you get promoted here, did you get promotion?

Training

What was the induction/training you received when you joined in?

What kind of trainings do you get regularly?

Are you encouraged to take external training courses?

Are you rewarded in any ways as you learn new skills?

Voice

How often do you meet with your manager, what do you discuss?

How do you convey suggestions for improvements?

Do you have access to senior managers?

Are you involved in staff committee/union?

Appendix 4: Saudi worker interview

Date: Time: Place:

Interviewee biography

Name: Position: Age:

Education: Career experience:

Time with this company:

Culture of organisation

What attracted you to work here, how did you find the job?

How do you describe the culture of this organisation?

Do the company organise social events?

Duties/control

Could you take me through a typical day?

How many hours do you typically work in a day/week?

Do you like to take overtime work?

How do you apply for a holiday, how long?

How do you apply for a sick leave?

How do you describe the workload in general?

How much discretion do you have in terms of how the job is done?

What are the implications when are not able to finish the work on time?

How much pressure do you feel from managers and supervisors?

Appraisal & pay

How your performance assessed?

How attendance monitored?

How are you rewarded?

How do you get promoted?

Do you get a fixed annual raise?

Do you receive the HRDF support?

Training

What was the induction/training you received when you joined in?

What kind of trainings do you get regularly?

Are you encouraged to take external training courses?

Are you rewarded in any ways as you learn new skills?

Voice

How often do you meet with your manager, what do you discuss?

How do you convey suggestions for improvements?

Do you have access to senior managers?

Are you involved in staff committee/union?

How do you feel about migrants?

How do you view the labour law, Article 77?

DE MONTFORT UNIVERSITY LEICESTER

Research Participant Consent Form

Research: Work and Employment in Saudi Arabia

Researcher: Ayman Adham

Please tick

1. I agree to my data being anonymised and stored. I agree to it being shared in a relevant archive in this form. ☐

2. I understand that my participation is voluntary and that I am free to withdraw at any time and without giving any reason and without there being any negative consequences. I can decline to answer any particular question, or questions. ☐

3. I agree that non identifiable quotes may be published in articles, used in conference presentations, or used for standard academic purposes such as assessment. ☐

4. I agree to the interview being audio recorded, if applicable. ☐

5. I understand that the data collected during the study may be inspected by a supervisor from De Montfort University. I give permission for the supervisor to have access to my data. ☐

6. I agree to take part in the above research project. ☐

Name of Participant   Date   Signature