

# Workforce nationalisation in KSA



**By Abdulaziz Al-Bosaily and Sara Khoja**

The Ministry of Labour in the Kingdom of Saudi Arabia (KSA) announced the introduction of a new regulatory regime called the 'Nitaqat' programme. It aims to increase the number of Saudi nationals in the private sector, and employers have three months to comply. Under the Nitaqat system, employers are placed into one of four categories, Red, Yellow, Green and Premium (an employer can check its category on the Ministry of Labour website):

- Red: employers are not complying with their obligations to employ Saudi nationals and will not be able to apply for new sponsorships for work permit and residency visas for new recruits or renew sponsorships for existing ones;
- Yellow: employers are complying with certain obligations to employ KSA nationals but not with the quota duty. These employers will not be able to renew sponsorships for work permit and residency visas for existing employees who accrue six years of service with them;
- Green: employers are complying with their obligations and will not be subject to restrictions in obtaining sponsorship for work permits and residency for new recruits or in renewing existing sponsorships for current employees; and
- Premium: employers with the highest percentage of Saudi national employees and are entitled to the same privileges given to the Green category. They can recruit foreign employees of whatever profession and transfer these employees' visas from other companies without the employees having completed two years with the first employer.

Employers are also classified according to size: Small (10-49 employees), Medium (50-499 employees), Large (500 employees plus) and Giant (3,000 employees plus). The size of the entity is based on the total number of Saudis and foreigners working for it. Saudis are calculated according to the number of them registered in the database of the General Organization for

Social Insurance (GOSI), while the number of foreign employees is calculated according to the Ministry of Interior database.

An employer's obligation to employ KSA nationals includes:

- Under the KSA labour law 75 percent of the workforce should consist of Saudi nationals. In practice, the Ministry of Labour permits employers to have lower percentages, applying an obligation on companies with 20 employees or more to employ 30 percent of their workforce from the national KSA labour force. This practice is now set to change under the Nitaqat system which does not apply to employers with nine employees or less but which imposes an obligation on all other employers to have 49 percent of their workforce made up of KSA nationals and to have a KSA national employed to perform visa services; and
- Regardless of the number of employees, certain roles are reserved for KSA nationals and these include: security guards, human resource managers, bank tellers, customer service accountants, postmen, data handlers, librarians, debt collection officers, public relations officers, training and purchasing managers, janitors, and booksellers. There are approximately 40 reserved roles for KSA nationals.

All KSA nationals must be registered with GOSI for pension benefits and monthly employer and employee contributions administered by the employer. There are no specific provisions regulating the termination of a KSA national's employment and no specific procedure or notification to the Ministry of Labour required prior to effecting termination. Where a KSA national is terminated by reason of redundancy and a non KSA national is retained, a Labour Committee is more likely to find such a termination unfair. A Labour Committee can also order reinstatement as well as damages for loss of employment.

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