

HUMAN RESOURCES FOR SMES

HOW TO HIRE, TRAIN, AND RETAIN

Monsha'at Report Series

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THE HUMAN RESOURCES MANAGEMENT (HRM) LANDSCAPE IN THE KINGDOM

The Kingdom's strong social support system has given rise to a workforce empowered to pursue their ambitions and reach their full potential.

Vision 2030's three central themes – a vibrant society, thriving economy, and ambitious nation – are guiding the development of a value-driven HRM system in Saudi Arabia. HRM is the practice of recruiting, hiring, deploying, and managing an organization's employees.

Vision 2030's efforts are bearing fruit, with Saudi Arabia ranking among the top 25 globally in the World Happiness Index – a global ranking by Gallup of life satisfaction and emotional wellbeing.



Employment in Saudi Arabia is steered by regulations based on universal standards and provides for different occupation types, including extensive protection for entrepreneurs, remote workers, and expatriates.

The young and vibrant Saudi labor force has undergone significant change in recent years.



13,045,238
workers in the labor force in 2021



10,661,437
males in the labor force in 2021



2,383,801
females in the labor force in 2021



9.7%
unemployment among Saudis in Q2 2022



33.6%
female labor participation Q1 2022

Saudis are some of the most enterprising workers on earth, with a new generation of entrepreneurs creating a host of new companies in the Kingdom.

892,063

SMEs by the close of Q2 2022

33%

of Saudis have plans to open a new business in the next 3 years

90%

of Saudis see entrepreneurship as an attractive career choice

THE ABCS OF TALENT ACQUISITION: A GUIDE BY MONSHA'AT

For SMEs to attract top talent, they should follow a clear methodology for hiring based on global best practices in HRM.

Applicant aware recruitment

To attract top talent, SMEs must frame jobs in a way that markets the opening to those they wish to attract.

Finding employees with appropriate qualifications, experience, and skillsets is most effective if the SME approaches recruitment from the applicant's perspective. Recruiters must ask themselves:

Who exactly do we want for this job?

How can we best sell the job and our company to the perfect candidate?

Is our work environment what the top applicant is looking for?

Broad (and detailed) screening

Connecting with the right applicant requires:



Broad use of relevant job portals



Detailed job descriptions to attract the right talent

As SMEs may be short on resources, proper screening parameters are critical. Being short on resources means referrals from people aware of what you're looking for is a great alternative approach.

Counting future costs

Getting recruitment right can lead to immense gains for an SME. Unfortunately, the reverse is also true: The wrong person can not only lead to lost revenue, but can create a toxic work environment, missed opportunities, and the unraveling of a young company.

Retention can be a key ingredient for the sustainable growth of SMEs

The right hires will lead to a vibrant, welcoming environment – allowing coworkers to turn ideas into thriving enterprises.

Recruitment Questions for SMEs to ask:

Do the HR programs I use align to my business strategy, and will they help me achieve my goals?

Do the HR programs meet my resource constraints?

Are the HR programs well understood by my recruitment team?

Who will ensure momentum for the HR programs?

Is management involved and invested in the recruitment process?

Employment in a changing world

Over the last two years, millions around the world have quit their jobs in what has become known as the Great Resignation, or the Big Quit. Particularly prevalent in the US, China, Europe, and India, reasons for the phenomena include:



**COVID-19
Pandemic**



**Early
Retirement**



**Lifestyle
Dissatisfaction**



**Lack of
Flexibility**



**Lack of Remote
Work Options**



**Wage
Stagnation**



**Non-fulfillment in
Work Tasks**



**Toxic Team
Environments**



**Dissatisfied With
Management**

The Great Resignation is by no means over:

20%

A PwC survey of 52,000 people in 44 countries shows that 20% plan to resign in 2022

2/3⁺

Over two thirds of respondents cited higher wages and workplace fulfillment as motivating factors

Many, however, are realizing they cannot remain unemployed forever and are looking for new, more meaningful, employment opportunities – **enter the Great Renegotiation.**

48%

A McKinsey study showed, that 48% of workers who quit their jobs moved to a different Industry

35%

35% of employees took a new job in the same industry

To minimize the effects of the Great Resignation on their own businesses, SMEs around the world are now looking to implement a series of measures to improve employees' work-life balance.



**More
Competitive
Wages**



**Greater
Flexibility**



**Greater openness to
discussing sensitive
social and political issues**



**Increase in
hybrid workplace
models**



**Added
Specialized
Training**



**More employee-focused
workplace strategies**

How can SMEs attract and retain top talent amid this global reshuffling of the workforce – while providing for the needs of target employees? According to McKinsey, the answer lies in understanding the different personas of target hires and what they may look for in the job. Recruiters will come across the following people in the hiring process:



The Traditionalists:

Career-oriented people willing to make trade-offs for the sake of the job. They are motivated by compensation, job titles, status, and career advancement.



Do-it-yourselfers:

People who value workplace flexibility, meaningful work, and compensation. They are comfortable in non-traditional roles at startups or in gig work.



The Caregivers:

People who need the support that traditional employment doesn't offer given their need to take care of family or others. They need flexibility and strong health and wellbeing support structures.



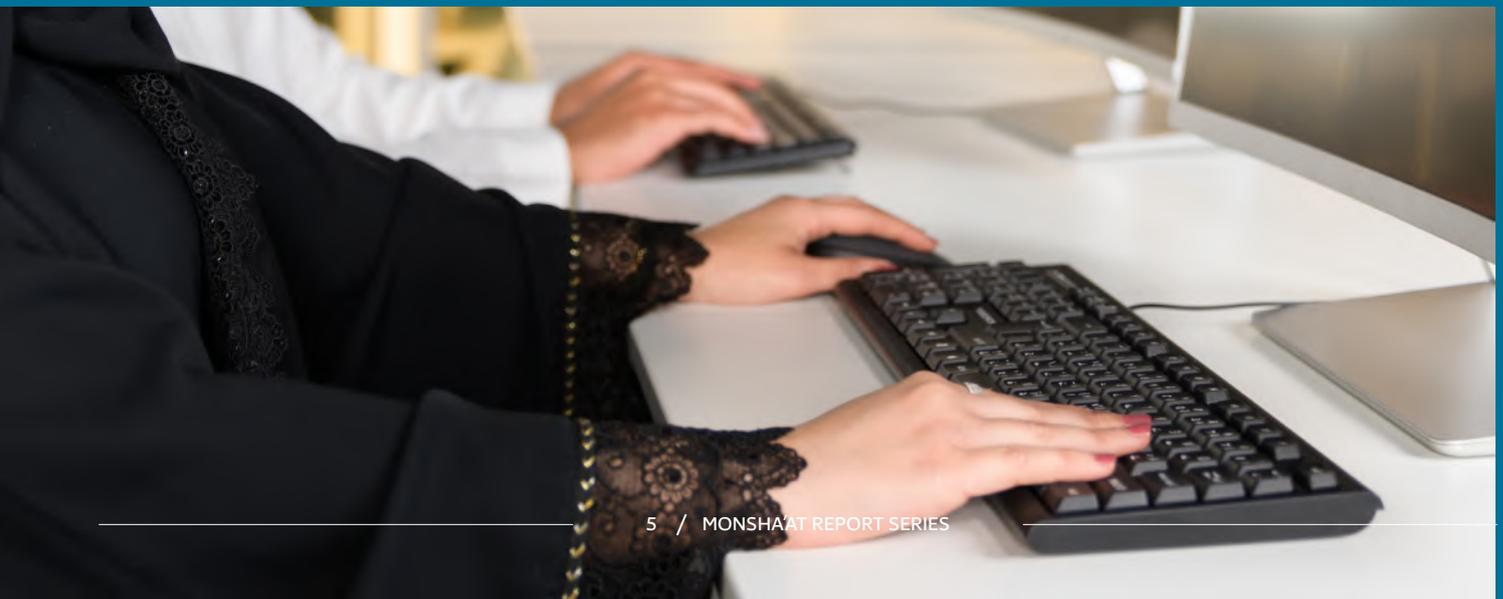
The Idealists:

This group places compensation below the need for flexibility, self-development, meaningful work, and having a supportive community.



The Relaxers:

People who aren't pursuing traditional careers. Either they are retiring or looking for a job with maximum flexibility to fit their desired lifestyle.



PRIVATE SECTOR INSIGHT: TOP THREE THINGS TO LOOK FOR IN AN EMPLOYEE



Abdulrahman Saud

CEO,
Bassmat Integrated Agency



As the private sector continues to develop and grow in Saudi Arabia, there is a notable demand increase for top talent. We believe though that technical training isn't the only thing that is needed in a quality employee. Our focus is rather on personality and passion than on university degrees. We are always looking for people who are energetic, innovative problem solvers. Alongside natural talent, we want employees who bring these three things to the table:

- **Passion**
- **Ambition**
- **Confidence**

We find that often, even without experience, the right employees with the right personalities can surprise you in front of clients. We are willing to provide them with the technical and specialized training tools necessary to succeed, but their soft skills are what really grab our attention.



Eetidal AlNajim

Founder and CEO,
PBSKSA



In Saudi Arabia's dynamic economy, we're raising a new generation where mindsets are as important as experience. We want people who can bring added value to us through their natural personal and communications abilities. We look for people with skills inherent to entrepreneurs and self-starters:

- **Creative thinkers**
- **Innovative minds**
- **Leaders by nature**

All employees need this mindset, everyone must contribute collectively to the ecosystem's development, we want to see leadership capabilities coupled with an orientation toward teamwork. In our fast-changing ecosystem, the ability to know and understand risk is also vital; it takes a certain type of mindset among all employees to value the dynamics of risk-taking.



Basim Almohammadi

COO,
RAZ



Culture is a central question. As a company we consider ourselves a family, so we try to make sure that the whole company is given an opportunity to assess a candidate for their fit with company culture. There are three main things to think of when looking at candidates.

- **Why do they want to do this?**
- **How do they fit the culture?**
- **What is their experience?**

But culture changes. When a company moves to the next phase of growth we introduce new processes, which may not fit the old culture. Our experience in nurturing more than 100 companies has shown that a change of leadership is usually required, with the founders taking up specialist positions, such as chief technical officer, and an experienced chief operating officer moving in to lead the company. Then we form the board in a way that ensures that the company is ready to implement the new processes and move to the next stage of growth.

TRAIN AND RETAIN

Why should you invest in training?

A core strength of any company is how it invests in training its employees

Training focuses on organizational needs, aiming to improve worker performance to effectively execute tasks. Training enriches a SME's HRM foundation and leads to the development of a more flexible, versatile, confident, and competent workforce.



The Training Process

Training investment should be targeted to organizational needs. To decide which training program to use requires identifying skills shortfalls among workers. Chosen training programs should solve these needs, and, in the evaluation phase, should prove that workers are now better equipped.

Quality training programs equip workers with the skills necessary to not only perform required tasks, but with the confidence to grow their capacities beyond the baseline.

A clear sign of successful training is workers who execute tasks without fear of failure or micromanagement

Top ways to retain employees

Retaining top talent requires understanding the job satisfaction requirements of your employees. Companies that are most successful at retaining employees focus on:



Energizing employees through meaningful work



Investing in relationship development with coworkers and managers



Promoting a culture of development



Providing the resources and environment to balance stress and wellbeing



Motivating employees through financial and non-financial incentives

ENABLEMENT INITIATIVES

👁️ EXPERT INSIGHT

Abdulrahman Alotaibi

Director, SMEs Training
Monsha'at



How is the Monsha'at Academy contributing to skills development of businesspeople in Saudi Arabia?

Monsha'at Academy is a center focused on business competency development, aiming to empower Saudi Arabia's SMEs. We offer more than 200 courses and have over 120,000 beneficiaries. We prioritize accessibility and thus the majority of our training programs are offered online. These cloud-based programs are in Software as a Service (SaaS) format, meaning they are readily available online, with a strong focus on ease of use and operability that work to serve entrepreneurs across the Kingdom.

What are the skills development priority areas for the Academy?

Many startup founders underestimate the need for core business competencies and clear operational structures, which is something investors prioritize. We develop these competencies through training programs covering topics like marketing, finance, strategy, franchising, accounting, and HR. A lack of skills or capital shouldn't get in the way of people developing their entrepreneurial capacities and so we offer anyone in Saudi Arabia with internet access to quality training – in Arabic. Alongside business owners, SME staff, too, must be equipped with business acumen. Ultimately, we hope that our programs will create a culture of entrepreneurship and enhance know-how among the business community.

For established SMEs, we provide workshops and boot camps in partnership with international training providers, including Stanford, Silicon Valley

Innovation Centre, and the Association of Certified Chartered Accountants. These specialized, in-person programs help SMEs with different issues including financial management, franchising, and B2B sales.

How is the Academy collaborating with stakeholders to develop business capacities?

The Academy aims to capacitate businesspeople by increasing their readiness to access the market and boosting their chance of success in starting, managing, and developing businesses. More skills in the market mean an improved and less risky marketplace. We are focused on fostering an entrepreneurship culture in the Kingdom and so partnerships are critical. For example, we have partnered with educational institutions to offer entrepreneurship programs for students. We also work with government departments and business support organizations like the Chamber of Commerce to deliver relevant business programs catered for different segments.

What are the measures of success for the Academy?

We are progressively achieving our fair accessibility goal, having reached over 300 locations across the Kingdom. Our course satisfaction rate, too, is a key success indicator and is currently above 90%. While we can't say that our courses alone guarantee business success, those with training profiles on the platform can benefit from other services in Monsha'at such as the advisory services and services of other entities within the ecosystem. This creates sustainable value for our beneficiaries and a stronger SME ecosystem.

SMEs Support Center

Monsha'at's SME Support Center offers SMEs the opportunity to cooperate with consultants in Monsha'at, through a package of programs working to grow themselves and their enterprises. Services include business support, consultancy, trainings, business development, mentorship, and business networking.

Business Support

The first step in the Monsha'at service process is where dedicated Monsha'at advisors direct customers to appropriate programs and services, including introductions to affiliate partners, and planning a "path" forward

Benefits for SMEs

- The business support service provides a customer journey blueprint that is based on the following tracks: Idea Track, Growth Track, Financing Track, Resilience Track
- The path is determined based on the beneficiary's needs and stage of company development, from ideation through to establishment and scale-up

Consultancy

Sector specialists work alongside entrepreneurs and SMEs on a daily basis to provide advice and answer inquiries – all with the aim of growing the business

Benefits for SMEs

- Benefit from support through free consulting on different topics, including Strategy, HR, Finance, Operations, Marketing and E-Commerce

Mentorship

Monsha'at links sector champions with entrepreneurs, with users receiving professional guidance on the short and long term aspects of business

Benefits for SMEs

- Providing counseling sessions to obtain professional and technical support, through partners who are successful entrepreneurs in their fields, such as accommodation and restaurant services activities, and wholesale and retail trade

Training

Topic-specific training programs via Monsha'at Academy for entrepreneurs and SMEs to equipping beneficiaries with the administrative, financial, and technical competencies needed to scale sustainably and expand their activities

Benefits for SMEs

- Develop technical, financial and administrative competencies through different training programs

Business Networking

Connecting entrepreneurs and SMEs with government agencies, the private sector, and non-profits to learn about challenges and solutions in other organizations and how leaders turn challenges into opportunities

Benefits for SMEs

- Holding sessions that facilitate communication between experts and entrepreneurs to transfer expertise and experiences
- Events include business weeks, council sessions, facility experiences, and SME roundtables

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Monsha'at**



**Monsha'at
Services**



**Entrepreneurship
at Monsha'at**



**The Monsha'at
Academy**





ABOUT MONSHA'AT

Established in 2016, the General Authority for Small and Medium Enterprises' (Monsha'at) chief objective is to organize, support, develop, and sponsor the SME sector in accordance with best global practices. In doing so, it will vastly boost private sector productivity and help increase SMEs' contribution to GDP from 20% to 35% by 2030.

Monsha'at deploys a wide range of initiatives that directly speak to the challenges that SMEs face in the market, with assistance being further broken down by company size and type. In addition to providing firms with critical administrative and technical support, Monsha'at also assists SMEs with marketing and human resources.



Vision

To make the SME sector an essential engine for economic growth in Saudi Arabia and an enabler in achieving Vision 2030 and beyond.



Mission

Develop and support SMEs to enable them to prosper by driving cooperation forward with our strategic partners in the public, private and non-profit sectors, both locally and internationally.

Please visit www.monshaat.gov.sa for more information