



Absorptive Capacity Impact of Labor Market in Saudi Arabia: A proposed Model for Building National Plan Unemployment.

Awatif Suleiman Almogbel

**Department of Economics, College of Business Administration –
King Saud University – Saudi Arabia**

Email: awatif.s@hotmail.com

*Received 20 February 2020, Revised 13 March 2020, Accepted 1 June 2020,
Published 1 May 2021*

Abstract

The gap in the labour market is one of the biggest problems facing the economy of the Kingdom of Saudi Arabia, especially with the increase in the percentage of graduates annually and the lack of job opportunities commensurate with their qualifications. Which affects the absorptive capacity of the labour market negatively, especially in light of the saturation of government jobs with employees and the emergence of a kind of disguised unemployment in some sectors and government jobs, and the problem is exacerbated if it turns into waste and loss of qualified human resources, especially in light of the emergence of other types of unemployment such as unemployment of educated people. The state represented by the Ministry of Labor implemented a number of plans and programs to address the problem, but it did not succeed in eliminating it, so the unemployment rate reached 12.3% of the total workforce, while the target plan was to take measures and strategies to reduce the unemployment rate to 7% In the year 2020 AD. This problem is considered to have a significant negative economic and social impact in the long term.

This paper comes to propose a model aimed at raising the absorptive capacity in the labour market and addressing the problem of unemployment in the Kingdom of Saudi Arabia, and foreseeing the future accordingly. The hypothesis here is that "The effectiveness of managing the unemployment problem by linking it to other economic variables such as increasing production and increasing export rates leads to raising the absorptive capacity of the labour market and treating unemployment. It also leads to important developmental effects and brings about a comprehensive change in the economic and social aspects. It is possible to implement practical plans. To achieve these effects in the Kingdom of Saudi Arabia. "

1.0 The Study Problem

The study problem arises in the following question: How can the absorptive capacity of the labor market in the Kingdom of Saudi Arabia be increased? From the reality of the data that show unemployment rates in the Kingdom, it is evident that these rates have increased, especially with the sharp decline in the rates of new jobs and the increase in the proportions of graduates, and the weak investment rates for graduates due to the lack of investment experience or fear of risk in the formation of investment projects even if they are supported by the government Or, because of the loss of many small investment projects due to intense competition that small investors cannot cope with, or because of other things that do not lead to the success of investment projects. This problem leads us to the following question:

How can the lack of job opportunities and the unemployment problem in the Kingdom of Saudi Arabia be addressed through a national program that links economic variables with each other? That is, can the problem be addressed by linking it to other economic variables, such as increasing production in companies with joint ownership between the government and the private sector, increasing export rates, raising the domestic product, economic growth rates, changing society's culture towards professional work, and the efforts of educational institutions to raise the value of professional work?

How can this model be used to achieve economic and social benefits? How does the process of linking a number of economic variables into the model affect the achievement of positive effects on the economy and society?

2.0 Purpose and Importance of the study

The study aims to achieve two main objectives:

- 1- Proposing a national plan to address the problem of unemployment in the Kingdom of Saudi Arabia
- 2- Knowing what are the developmental impacts that may result from raising the absorptive capacity of the labour market in the Kingdom of Saudi Arabia.

This study contributes when compared to other previous studies that dealt with the economic developmental effects that have a negative impact on unemployment only. Foreseeing the impact of raising the absorptive capacity of the labour market in the Kingdom of Saudi Arabia: through a proposed model for building a national plan to address the problem. The plan is based on addressing unemployment without having any negative impact on the demand side.

3.0 Methodology of this Study

The paper will adopt a descriptive and analytical approach to studying the following points:

1. Defining the absorptive capacity of the labour market and the factors that affect it
2. Defining unemployment, its causes and its impact

3. The absorptive capacity in the Saudi labour market, and the policies and plans that have been developed to address the unemployment problem and its consequences
4. Foreseeing an appropriate model to address the low absorptive capacity in the labour market in the Kingdom of Saudi Arabia by linking unemployment with other economic variables and achieving greater benefit leading to economic development.

4.0 Reviewing the Theoretical Background

There are many studies that dealt with the economic and developmental effects of unemployment and raising the absorptive capacity in the labour market, and the extent of this impact on economic variables and the extended impact on that, whether in terms of social, educational or cultural terms. The most important studies related to the research topic will be reviewed.

The study (Abdel-Qader et al., 2009) reviewed unemployment through a realistic view and practical solutions. The study used more than one scientific method to study the problem, such as the historical method for presenting the problem of unemployment and its development, objectively to define the problem in terms of spatial and temporal terms, and critical analysis to clarify the appropriate strategy to address the problem. The study concluded that unemployment is concentrated in developing countries in the category of graduates and youth. The study indicated that the causes and types of unemployment in these countries differ from the causes and types in developed countries, and the effects of unemployment differ from one community to another and from country to country. The study recommended attention to education to eliminate this problem, especially scientific research programs, and the need for society to join hands with the government to eliminate any problem that society faces, including the problem of unemployment.

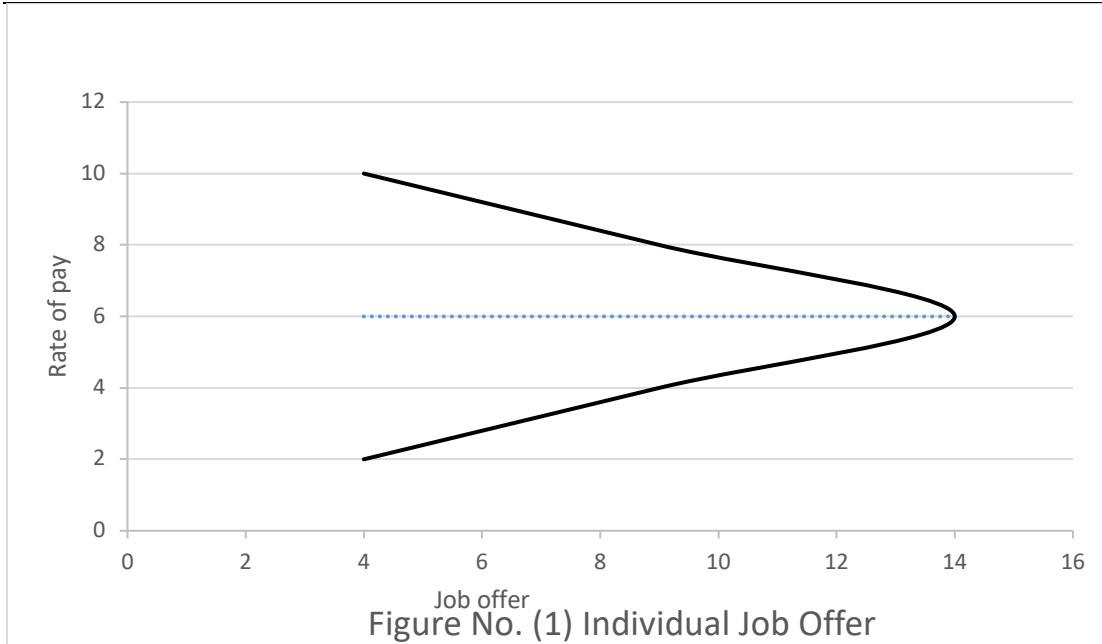
The study (Bahashwan, 2017) showed that the increasing problem of unemployment that youth are facing affects the social fabric, and that temporary solutions did not contribute to solving it. The study, which relied on the descriptive approach, concluded that the majority of those who suffer from unemployment at the present time are from the educated class. High school and university graduates, and the study recommended the necessity of coordination between education outputs and the needs of the labour market, and that this coordination be within the strategy of the Ministry of Higher Education.

As for the study (Al-Samadi, without history), which aimed to identify the challenges facing the Jordanian labour market and the role of education economics in facing them, the study relied on the descriptive-analytical approach and a sample that included faculty members in universities to explore their views to find out the challenges that the labor market faces. The study concluded that the challenges facing the Jordanian labour market are of moderate impact. The study recommended that government agencies should develop government policies to provide job opportunities for graduates, pay attention to the economics of education in facing challenges in the labour market, and focus on scientific research to face these challenges.

The study (Al-Harbi, 2016), which adopted the descriptive and analytical approach, in addition to using the analytical survey method for a sample of unemployed people in the city of Riyadh that included 500 unemployed people, found that 80% of the sample prefer to work in the government sector, and 67% want to work in Clerical and administrative jobs. 26% of the sample believe that the cause of unemployment in the Kingdom is a lack of job opportunities, while 22% believe that the reason is the existence of favouritism. The study reviewed the economic and social effects of unemployment from the point of view of the unemployed sample, namely a lack of self-independence, the deviation of a family member, and an increase in poverty rates. The study recommended the necessity of creating new job opportunities by decision makers, and youth adopting the establishment of small enterprises and supporting productive families, and aligning educational outcomes with the needs of the labour market.

4.1 First: Defining the Absorptive Capacity of the Labor Market and the Factors that Affect it.

The labour market is one of the economic markets that consists of two main aspects, namely the labour supply, which is the workforce represented in any effort that is offered to work, whether physical, mental or intellectual during a certain period of time. The individual supply of work differs from the total supply in the labour market, as the labour supply is a function of the real wage, which shows a direct relationship between the quantity of work and wages (i.e., the increase in the labour supply if the wage rate increases assuming other factors are constant). Whereas the individual labour supply increases when the wage moves upward until it reaches a certain limit in which the labour supply turns down with the increase in the wage, and this is represented by the income effect and the substitution effect in the labour market, and then the labour supply curve is fractured from a certain limit of the wage, representing, in the beginning, The direct relationship between the amount of work and the wage, which is a stage in which the substitution effect is greater than the effect of income, and then the individual wants to increase the number of working hours in exchange for reducing the number of leisure hours in order to obtain a higher wage, until we reach a stage of the wage - which cannot be described as low - then the relationship between supply Work and wages have an inverse relationship, which is a stage in which the income effect is greater than the substitution effect, and then the individual wants to reduce working hours and get more rest. **The individual job offer can be illustrated in Figure 1.**



As for the demand side, it refers to the various human efforts required by employers, whether the government sector, the private sector, or the third sector. On the demand side, the services provided by the job offer are used in return for a wage they get. A distinction is made between the establishment's demand and the labour market's demand due to the different types and quantities required. Labour demand represents an inverse relationship between the quantity of work and level of wages, assuming other factors are constant. The increase in the demand for work reflects an increase in the fixed and variable costs in the establishments based on the type of labour used. If the jobs are fixed or permanent, then they constitute fixed costs, but if they are temporary, they are considered variable costs.

From the foregoing, it can be said that the labour market reflects the interaction between the forces of supply and demand for labour and an attempt to arrive at a balanced quantity and price. The equilibrium price represents the level of wages despite being a variable within the various variables affecting the labour market. **Figure (2) represents the balance in the supply (in red) and demand (in blue) of the labour market.**

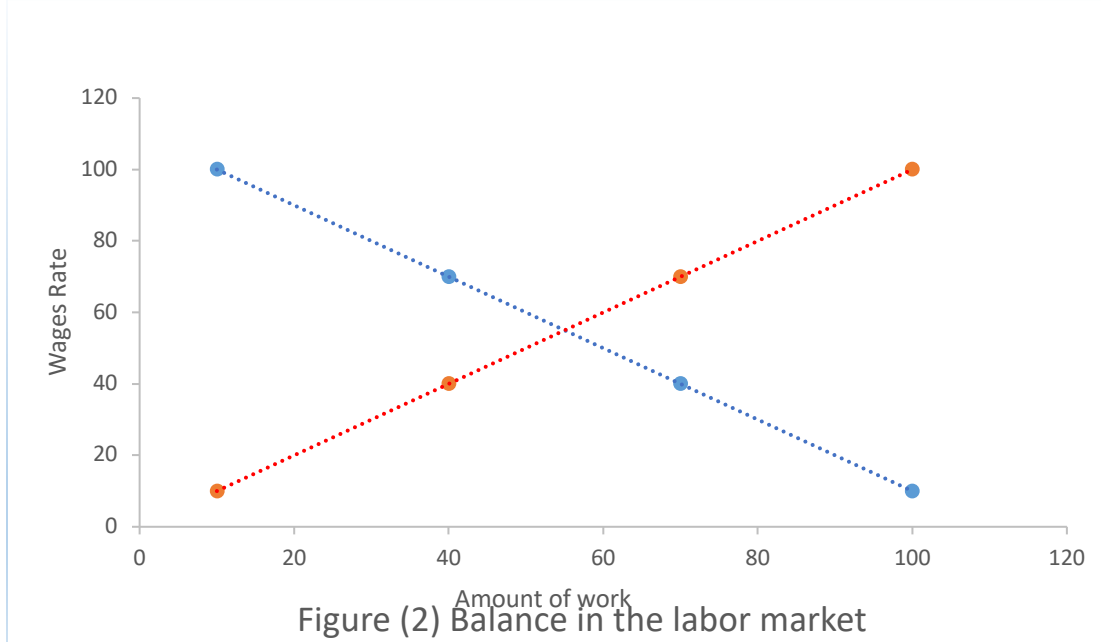


Figure (2) Balance in the labor market

The balance in the labour market represents the existence of a balanced quantity representing parity between the two sides, the existence of a fair equilibrium price (wage), and a balance in the absorptive capacity in the labour market. The presence of a surplus in the labour supply, which occurs as a result of the increase in the number of the workforce over the size of the existing work, represents a decrease in the absorptive capacity of the labour market resulting in the existence of unemployment that affects wages to decline, and in this case, the labour market is called the sluggish labour market. As for the case of a gap in the demand for work, which is a situation that reflects an increase in the demand side on the supply side as a result of the need for jobs or workers in specific jobs and the inability of the market to cover them by the labour force side, which leads to an imbalance in the labour market balance that is described as tight and affecting So on wages to rise.

This imbalance in the absorptive capacity of the labour market is affected by several factors that can be identified as follows:

1. Factors affecting the supply side at work

The job offer is affected by the following factors:

- **Demographic factors:** that is, the number of the population, their age and gender. The supply of work increases as the population increases, especially if most of the population is young, and the demand for jobs that are suitable for men or women increases according to the proportion of women and men in a society.
- **Economic factors:** If the economic situation is good in a society, we will find that the job supply increases in those with higher qualifications and those with high levels of training, either if the economic situation is poor in a society, then the job supply will be greater for individuals who do not have scientific qualifications or even An adequate level of training.

- Social factors: that is, the job supply will increase if the society is concerned with the necessity of individuals' productivity and their use of time factor, or when it supports the work of women.
- Cultural factors: The greater the desire for education and the improvement of the cultural level of a society, the less work is offered to children or lower age groups, and vice versa.

2. Factors affecting the demand side of work

The demand for work is affected by basic factors that can be identified in the following:

Final demand for goods and services: That is, the demand for work is derived from the demand for final goods and services produced in the economy. If the production of a particular good or service increases, the demand for labour specialized in the production of that good or service increases, leading to a shift in the demand curve to the right. Labour elasticity is considered to be strongly related to the elasticity of the good or service that it produces. If the good or service has high elasticity, then the demand for labour is high elasticity and vice versa.

The level of wages prevailing in the labour market, which indicates the inverse relationship, as - as we explained previously - in which a rise in wages may lead to an increase in the costs of the facility and thus increase the total cost of producing the good or service and increase its price in order to obtain at least the same rate of profits, and then decrease production. The lower the demand for labour, this is known as the production effect. However, the authorities that represent the demand for work began to apply the substitution effect in an attempt to get rid of the negative effects of the production effect, so that the focus is on the price of the production factor and the replacement of the high-cost production component with the low-cost production component, meaning that higher wages will lead to a decrease in the demand for labor and the substitution. Working with capital, for example, because it is less expensive while producing the same quantity at a lower cost, and this reflects higher efficiency in the use of productive resources. It must be pointed out that the changes that may occur in the prevailing wage rates will lead to a movement compatible with this change on the same demand curve for labour, and according to the effect of both the production effect and the substitution effect, and which two effects are greater.

- The increase in the number of establishments in the market leads to an increase in the need for work and an increase in the demand for work, and this occurs during the period of boom and economic activity; vice versa.

It must be noted that the balance in the labour market is in a fully competitive market, and that any imbalance in the balance on the demand or supply side is considered a defect in the absorptive capacity of the market, then the market will automatically correct itself, but this may not apply to a country - especially Developing countries - and then the state must intervene to restore balance to the labour market.

4.2 Second: Defining unemployment, its causes, types and impact

4.2.1 Introduction to Unemployment Causalities

The International Labor Organization (ILO) has defined an unemployed person, "that every human being is capable and willing to work, searches for and accepts him at the prevailing wage, but to no avail."

Unemployment can also be defined as individuals who are willing and able to work and do not find an opportunity to work, and they represent the workforce who cannot find a job opportunity. The modern traditional economists define it (neoclassic) as the difference between the supply and demand of labour, or otherwise, it is an increase in the supply side on the demand side of the labour market, which forms a gap in the labour market supply, a situation that reflects a deficit in the absorptive capacity of the labour market. Unemployment is measured by what is known as the unemployment rate, which can be measured as follows:

Unemployment rate = (% of unemployed / labor force) * 100

Every country in the world tries to keep its unemployment rate low, and seeks to achieve this by enacting economic laws and policies.

Unemployment is divided into several types, which can be viewed as follows:

1. In terms of the desire to work

a. Optional unemployment: It reflects individuals who do not want to work despite their ability to perform the work, and this may be a result of their preference for the element of comfort, or because wages are low and not suitable for their aspirations, or the desire of a group in society to rely on begging or live from alms and zakat to bring them more money than work and without effort. This type of unemployment is not considered in which the absorptive capacity of the labour market is low due to the existence of job vacancies, and this type is not included in the calculation of the unemployment rate.

B. Compulsory unemployment: It reflects individuals who are able and willing to work, but do not find a job opportunity, and the greater the number of these individuals, the higher the unemployment rate, and this type of unemployment occurs if the supply of work is greater than the demand for work (a demand gap) as it indicates a decrease The absorptive capacity of the labour market. This indicates the failure of economic policies and strategies to address any economic imbalance, and an increase in this type of unemployment may lead to negative social and economic consequences.

2. By appearance

a. Explicit unemployment: It reflects individuals who are willing and able to work and do not get a job opportunity at all, and their contribution to the production process or the time available to work is equal to zero. And their presence is reflected in the increased supply side of the labour market.

B. Disguised unemployment: It expresses individuals who are on the job and who have jobs and are paid for them, but their marginal productivity is very low and maybe equal to zero, and this type of unemployment increases in the government sector, especially in economies that believe that employment is primarily the responsibility of the state. It also occurs as a result of high employment rates greater than the needs of the labour market, and the existence of this type of unemployment has a negative impact on the economy and on rationalizing the use of available resources in the production process.

3. In terms of timing

a. Seasonal unemployment: It is that work is linked to a specific season and it is not possible to work at the end of this season, such as working in the production of dates or any kind of seasonal agricultural commodities or work during the Hajj season.

B. Partial unemployment: It means the presence of individuals on the job, but the time available to work for them is less than the time they desire, and when they feel that their productivity is less than the level they want, and their wages may be lower than the wage they would earn if they worked for a longer period.

C. Cyclical unemployment: It is unemployment that occurs when the economy turns into a period of recession and depression, then the rate of investment, production, the rate of spending and the overall demand decrease, and this type of unemployment is a major problem for the country that suffers from it, and its impact may extend for long periods.

4. In terms of impact on the market

a. Frictional unemployment: It is a type of unemployment that may result from a lack of information in the labour market on the supply and demand side, or when the elements of work move from one geographical region to another due to a lack of knowledge of job opportunities in the region to which they have been moved, or the difficulty of coexistence and stability in the beginning, or Because there are family obligations.

B. Structural unemployment: It is unemployment that appears as a result of the emergence of new jobs that require new qualifications that are not available on the supply side. This type of unemployment occurs largely due to the shift from the traditional economy to the knowledge economy, and the change in the quality of jobs and the production process that depends on the knowledge component to a large extent.

C. Technological unemployment: It is the unemployment that results as a result of replacing the element of technology and capital with the element of human resource, and in fact, this is a reflection of the technology being a double-edged sword. It is worth noting that the establishment of technology may be a positive element for creating new work and job opportunities that were not previously known, and the absence of this type of unemployment. And take advantage of technology to achieve higher efficiency in production.

5. In terms of continuity

a. Temporary unemployment: It may be called casual or emergency, and it extends for a relatively short period. It occurs because of the period of searching for suitable work with no problem in the absorptive capacity of the market.

B. Chronic unemployment: It extends for a long time due to the absence of policies or strategies to address the unemployment problem, or if policies fail to solve it. It also occurs as a result of a large decrease in capital or savings, which results in a severe decline in investment rates and production rates.

C. Continuous unemployment: It is very similar to underemployment and occurs as a result of people working in jobs that are less than their qualifications, or if their jobs do not affect the economy and do not result in the production of goods and services.

6. In terms of the nature of the human resource

a. Educated Unemployment: It is the unemployment that exists among the educated class who possess qualifications and training, but these qualifications are not commensurate with the

labour market and what the demand side demands. This type of unemployment is a sure result of the failure to take into account the educational outcomes with the requirements of the labour market.

B. Unemployment that occurs as a result of internal migration: which occurs as a result of moving from the countryside to the city and obtaining job opportunities that do not exist in the countryside, but the element of safety in these jobs do not exist, and they may be excluded from their work after a period of time, and when this happens they prefer to search for job opportunities Other more than returning to the countryside.

4.2.2 Causes of unemployment

From the foregoing, it is clear that unemployment is an economic problem that may extend to other important aspects, and its causes can be summarized as follows:

1. The weak absorptive capacity of the labour market as a result of the imbalance and weakness in the development planning programs by the makers of economic and development plans. This weakness appears in the fact that the labour supply side is increasing rapidly without any change in the demand side, which makes the unemployment problem aggravate. This unbalanced situation in the labour market will be a great burden on the government, especially in light of the financial abundance in the economy.
2. Some economic studies attribute population growth to one of the causes of unemployment. In fact, we believe that this growth may be an economically beneficial element if it is used to increase investment and production and thus provide job opportunities in a balanced manner - at least - with the increase in the population.
3. When the educational outputs qualitatively do not correspond to the needs of the labour market, and this is considered a defect in determining the actual needs of the market, which creates compulsory unemployment, or educated people, or continuing unemployment. The method of education in universities is academic only and lacks practical or professional methods.
4. New graduates lack the required work experience, and the problem increases with the high cost of training.
5. Training and development programs do not correspond to the needs of the labour market, or are not of the required quality.
6. The negative social outlook for professional jobs to the point of underestimating the value of those who work in them, and the great desire for office jobs, although professional jobs are better in achieving a large and increasing impact on the productive process in the economy. This situation has created a kind of disguised unemployment in ministries and government offices.
7. Low salaries and wages in the private or charitable sector compared to wages in jobs requiring the same qualification in the government sector.
8. Decrease in investment rates in terms of quantity or quality.

9. The growth of the supply side of the work with no change in the methods and methods of production or the increase in new projects, which leads to a severe shortage in the absorptive capacity of the labour market.

4.2.3 The effects of unemployment

The potential effects of unemployment in its entirety are negative effects that can be summarized as follows:

- Decline in the productivity of society (the able and willing to work) as a direct result of the non-participation of those suffering from unemployment in the production process.
- A decrease in the economic level and a decrease in the welfare of society as a direct result of the failure of those suffering from unemployment to obtaining money or financial returns.
- Increasing unproductive spending in the case of countries that provide subsidies to the unemployed, which increases the burden on their budgets to increase state expenditures, and the occurrence of deficits in some countries as a result of that.
- The presence of unemployment means an increase in the rate of waste in the human resource, and this rate increases if unemployment is in the category of educated people for whom the state has spent on providing educational opportunities for them, whether internal or external.
- Unemployment means to cut off income for the people who suffer from it, and the increase in unemployment rates in society for long periods will increase the rate of poverty. This is a complex economic and social problem and has implications that extend to the security and psychological aspects of society, for example, the increase in crime rates and cases of frustration and the matter may reach the occurrence of cases Suicide.
- Unemployment, if it occurs in the category of inventors, innovators and scientists - of whatever type - may lead to the occurrence of the phenomenon of brain drain (brain drain) that some Arab countries suffer from, and it is a loss and a great loss of human resource with a positive scientific and economic impact in the country that does not This category contains.

4.3 Third: The absorptive capacity in the Saudi labour market, and the policies and plans that have been developed to address the unemployment problem and its consequences

Unemployment is a burden that has a negative impact on the Saudi government and its society, and its negative effects extend to a wide range that includes all the economic, psychological and security levels that - we mentioned earlier - and does not stop at being a defect in the labour market and the absorptive capacity in it. It is noted from the following table that the unemployment rate has increased at rates that are considered high by international standards.

Year	Average of Unemployment
------	-------------------------

2008	10
2011	12.4
2013	11.5
2014	11.7
2015	11.5
2016	12.1
2017	12.8
2018	12.7
2019	12.3

The Kingdom's government, represented by the Ministry of Labor, is trying to enact laws, regulations and legislation to eliminate this problem, and the plans and programs that it followed can be reviewed as follows:

1. Implementing a summer program based on the Supreme Decree on 3/1/1418 AH corresponding to 7/6/1997 AD. It is a program that requires private sector establishments that employ at least 25 employees to train male and female students in the summer semester and provide them with the skills and experiences that qualify them for the jobs they need. Labour market .
2. The approval of the establishment incentive program for the localization of jobs (nitaqat) in 1432 AH, which was developed in 1438 AH. The program is considered a standard that reflects the rates of Saudization and localization of jobs in establishments, and the classification of establishments is based on four bands (platinum, green, red and yellow) and the higher Emiratisation percentage is graded according to the colours mentioned Respectively, so that the establishments in the yellow range have the lowest percentage of Saudization. Establishments that employ less than ten workers are excluded from this program, and they are required to employ only one Saudi. Establishments that are not subject to the Nitaqat program reached 58.6% of the total establishments in the market. This high percentage reflects the program's weak contribution to creating large jobs for Saudis.
3. The establishment of the Paths program in 1436 AH / 2014AD, which is a set of programs and sub-and remote (electronic) training paths, which can be obtained at any time to develop the job skills of job seekers. Trainees in Duruob obtain certificates that prove their training, support their CV, and qualify them for the job market.
4. Establishing the Tamheer Program on 8/18/1437 AH, which is a financial reward of 3000 riyals per month as support for the trainees on the job, and it bears risk insurance for the

trainees. The trainee will obtain an approved certificate proving that he has completed the training program. The program aims to support the human resource with qualifications, experiences and skills that qualify it to work in the private sector. Initially, the program targeted university graduates with bachelor's, master's and doctorate degrees, on the condition that they do not join work for the six months preceding training.

5. Establishing a program to support professional certificates, which enables the national workforce to obtain professional certificates in the fields required by the labor market, and to provide financial compensation to the beneficiary that includes the costs of obtaining the certificate after verification. The program aims to raise the efficiency of the human resource and increase its productivity. The program was linked to the strategic objectives of the Ministry of Labor and Social Development and its set of institutions.

6. The decision of the Ministry of Labor and Social Development in coordination with the Ministry of Health on 8/13/1438 AH, corresponding to 9/5/2017 AD, to stop recruiting dentists to address the problem of high and increasing unemployment in this speciality.

7. Despite the efforts of resettlement and Saudization that began a long time ago, specifically in the fourth five-year development plan (1405-1409 AH) / (1985-1989 AD) to replace foreign workers with citizens, these efforts have not achieved much success. In 2003, pressure began on companies in the private sector for 30% of the employees of companies with at least 20 employees to be Saudis. However, this has not achieved much success in employing more citizens, as most establishments are classified as small, and the number of employees is less than 25. When the government realized that the percentage was high and did not correspond to the size of establishments in the market, it decided in 2006 to reduce it to 10%, but this percentage did not also succeed because it is not legally binding. In 2018, the Council of Ministers issued a decision to employ only Saudis in 12 professions. And the number of occupations increased in the following years

It is noticeable that the Ministry of Labor regulations enacted laws to put pressure on the demand side of work without addressing the supply side, which created a state of dissatisfaction between the private sector and the ministry. Moreover, these efforts did not achieve the goal of eliminating unemployment or increasing the capacity of work, because according to the indicators in the above table, unemployment rates ranged between 11.5% and 12.8%, which are high rates, and reflect the failure of the policies followed to address the problem.

4.4 Fourth: Foreseeing an appropriate model to address the low absorptive capacity in the labour market in the Kingdom of Saudi Arabia

After reviewing the statistics of high unemployment rates in the Kingdom and the effects that may leave them, and the failure of the plans taken by the Ministry of Labor to address the problem, we must point out at the outset that addressing the problem lies in studying and identifying its causes, as the causes of unemployment differ from one country to another, and then it is necessary. From taking practical and implementation steps for the proposed solutions and for solutions to be characterized by depth, comprehensiveness, and a long-term outlook that we define as follows:

1. The need to review strategic policies, short and long-term development plans, and investment policies to address the imbalance in absorptive capacity in the labour market and the importance of their compatibility with each other and not inconsistent with them.
2. When studying the economy of the Kingdom, we find that it is an economy that is classified as a single commodity economy, that is, it depends on the natural resource, oil that is a very depleted resource, to achieve revenues to the state from the process of selling it in raw form, at a rate of 68% in the 2019 budget. Thus, it is imperative to search for another sector that helps in the production of goods and can be relied upon to increase commodity production, increase national product, increase national growth rates, increase export rates, save foreign exchange, and expand the capacity of the labour market by increasing the demand side to absorb the increasing numbers on the supply side. The two sectors that may contribute the most to this are the agricultural sector and the industrial sector. However, the nature of the climate and the desert environment in the Kingdom makes the available areas for agriculture not exceeding 25% of its total area of two million one hundred and fifty thousand square kilometres, and what is being cultivated now is only about 11% of the available cultivation, as it is due to the low available quantity of water, the agricultural sector cannot be relied upon to increase the proportion of exports, because exports of agricultural commodities or food industries will be an indirect export of water, and therefore the agricultural sector cannot be considered the best for the Kingdom's economy. A number of studies have shown that the best strategic choice in the industrial sector. We have an abundance of raw materials for the production of many industries, especially those that depend on oil, and an abundance of human resources in engineering disciplines, especially if the goal of the industry is manufacturing with the aim of exporting and not achieving self-sufficiency. It is also useful to point out the success of the experience of the largest industrial entity in the Kingdom, which is the Saudi Company for Saudi Industries (SABIC) - in which the state owns 70% - in attracting a large number of qualified people on the job supply side, and an observer of the economic situation in the Kingdom finds that Small enterprises, including industrial ones, cannot absorb a large number of Saudi labour and employees, because they are of low capital and cannot pay high wages, as in large projects. Thus, we believe that addressing unemployment is by establishing large industrial projects whose ownership is shared between the government and the private sector, which supports its success process and low risk in the first place, and is able to absorb a large number of qualified labour supply with wages commensurate with the existing wages in the market that are compatible With aspirations of employees.
3. To raise the capacity of the labor market, investments must be increased in other vital sectors - in addition to the industry - such as the knowledge sectors that depend on technology, seasonal tourism, or the recycling industry with low cost and high profits, or any sector that leads to diversification of the economic base and increasing the balance Payments, especially the technological balance of payments, which depends on an increase in the element of knowledge, from which there is a job offer in the Kingdom - due to the existence of unemployment among the educated and holders of higher degrees - and which depends on improving production methods and achieving the production efficiency available in the Kingdom as a result of the availability of qualified human resources and the financial ability to use machines And equipment with high production capacity, and from this point of view we must mention that this must be through the injection of savings into investment and the establishment of large production projects due to their positive impact more than small

enterprises in absorbing the labor supply in the Kingdom's economy. Also, these projects must be established in all regions according to the availability of raw materials and to restore population balance and try not to cause this step to overcrowd the population in the three urban areas (Riyadh, Jeddah and Dammam) and to contribute to the less developed areas. This step, which has its basis in restructuring and changing the economic structure, will tackle many types of unemployment, especially compulsory and underemployment.

4. According to the needs of the labour market, students must be directed to professional specialities, but the demand for these specializations and jobs is very low, due to the negative view of professional work and its contempt from society, and therefore the social view of these jobs must be modified. With the need to raise the level and effectiveness of vocational education and to be characterized by the required quality according to the international level and the requirements of professional production.

5. The need to raise the quality and efficiency of educational and academic programs in universities and to be supported by the applied methods needed by the labor market. This reduces the costs of training or graduate qualification and mentoring programs.

6. The necessity of linking the Ministry of Civil Service and the Ministry of Labor, which are the two bodies responsible for employment in public and private sector with the Ministry of Education, represented by the Ministry's Agency for Higher Education, which is concerned with the work of universities and technical and technical education, in order to know the needs of the labour market and to provide them with graduates in all education specialities. For example, the Kingdom suffers from a severe shortage of health jobs such as the services of doctors, assistants and nurses, but universities impose very high conditions and restrictions on admission to these specialities, which indicates a separation between the two sides.

7. After considering and observing the field and standard studies, we notice that the Keynesian model for dealing with the problem of unemployment may be very appropriate for the Kingdom's economy, which states that government intervention in the labour market must be to raise the level of full employment and increase effective aggregate demand through changing legislation, taxes and changing The level of spending and that legislation be a catalytic tool to increase the attractiveness of the labour market in the semi-government and private sector, and to be comprehensive to the supply and demand side of the labour market and to increase the absorptive capacity in it.

8. The necessity of reviewing the Hafiz program - unemployment benefit for the unemployed - because it may be an aid to the desire of some to obtain money without seeking work. The impact of this type on the Muslim community may be negative, such as a decrease in the value of work and dependence on the state to provide work opportunity. The incentive system has registered female beneficiaries who are housewives who do not want to work and receive the benefit for a period of two years (which is the period for payment of benefits in the system). In addition, the sums spent on this type of aid, had it been directed to form investment projects, would have been more productive, achieved economic and social benefits, and contributed to creating a large number of jobs.

9. To eliminate voluntary unemployment, students must be made aware, at early stages of education, of the necessity and importance of work, that it is part of the succession of man on the land, and that work is considered worship. It is also necessary to re-study the eligibility of disbursing social security payments to eliminate this type of unemployment. It also suggests

restructuring the transfer of subsidies, alms, and zakat that the government supervises and utilizing them in consumer spending for those who deserve it to establish small projects for them with the aim of providing job opportunities and eradicating poverty.

10. Directing government funding so that it is long-term financing for the establishment of large joint projects with the private sector, because of the ability of this type of project to absorb the labour supply significantly in addition to its great economic impact.

11. Directing part of the financing, whether from banks or private financing agencies, to finance small projects, with the need to develop regulations and legislation to motivate them and reduce tax costs and fees on them, and this includes helping them in the logistical aspects to ensure their success. Intensifying follow-up and monitoring programs for a period not exceeding five years.

12. The unemployment problem should not be limited to the number of unemployment only, but rather it must be linked to achieving positive quality indicators such as wage rates and job quality. Given that the Saudization programs focused on Emiratisation rates and identifying specific jobs in the private sector that did not match the aspirations of highly qualified and experienced graduates.

13. In the field of providing job opportunities for women, it is necessary to pay attention to the type of jobs that are provided more than the quantity and to be commensurate with the fact that they are suitable and decent jobs for women and their nature and the size of their family responsibility.

14. In the field of addressing the problem of unemployment, the government and the private sector must participate in addressing it because it affects all sectors and individuals of society and harms the interests of the national economy and the people of the nation, and as a matter of belonging to the homeland, the relevant parties will find a radical solution that satisfies all sectors and positively affects the economy and society.

15. The necessity of finding and forming complementary businesses with regard to seasonal work to deal with seasonal unemployment, for example, finding industries that depend on the date product that the Kingdom owns in producing. Or the work of institutions concerned with Hajj, whose work is limited in the month of Dhu al-Hijjah in the field of Umrah for the rest of the months of the year, and at huge work rates to include pilgrims from inside and outside.

5.0 Conclusion and recommendations

The study tried to identify the developmental implications of raising the 'absorptive capacity' of the labour market in the Kingdom and to propose a model for building a national plan to address the unemployment problem through a descriptive and analytical method. The hypothesis of the study was accepted and proven, which leads to the effectiveness of managing the unemployment problem by linking it to other economic variables such as increasing production and increasing export rates, raising the absorptive capacity of the labor market and treating unemployment, as well as leading to important developmental effects and bringing about a comprehensive change in the economic and social aspects. A process to achieve these effects in the Kingdom of Saudi Arabia. The study found the following results:

1. That the Kingdom's economy suffers from high rates of unemployment and the limited absorptive capacity in the labour market, and this is considered to have a negative impact on all economic variables in the long term.
2. The Kingdom tried to put in place many programs and plans to address unemployment and raise the absorptive capacity of the labour market, but it did not succeed in reducing unemployment rates.
3. The Kingdom suffers from different types of unemployment, and this exacerbates the unemployment problem.

The study recommends taking practical steps to address the lack of absorptive capacity in the labour market and the imbalance in the supply and demand sides of the labour market, and to develop practical solutions to address the problem of unemployment that are comprehensive for all economic variables that cannot be isolated from each other, and for the government sector to participate with the private in a situation Solutions and seeking the expertise of economists in universities and submitting these studies to decision-makers to achieve their economic and social goals.

References

- Abdel Qader, Rajab Sabry, Hamada Muhammad Hussein, and Muhammad Syed Hajjaj Morsi (May 2009 AD). unemployment is a realistic view ... and practical solutions. Cairo University, Cairo. College of Dar Al Uloom.
- Abdullah, Muhammad Hamid (1437 AH). The Saudi economy in light of globalization, knowledge economy and sustainable development. King Saud University Press Press. Riyadh.
- Al-Harbi, Nawal Haji Mahmoud (1437 AH / 2016 AD). Unemployment factors in the city of Riyadh ... characteristics and effects. Arab Journal of Security Studies and Training. Volume 32, Issue 65, Page 91-132. Riyadh.
- Al-Smadi, Hisham Muhammad (no date). The role of education economics in facing the challenges of the Jordanian labor market.
- Al-Thumairi, Abdullah Compliance (2015). Saudi Economy 2015 (Analytical View). King Saud University Press for Publishing. Riyadh.
- Al-Ubaid, Abdullah and Abdel-Qader Attia (1994). The economy of the Kingdom of Saudi Arabia ... an analytical view. Book world house for printing and publishing. Riyadh.
- Al-Ubaid, Ahmad Suleiman (1424 AH). Labor economics. Zahraa House for Publishing and Distribution. Riyadh.
- Bahchwan, Fathia Muhammad Mahfouz (December 2017). youth and unemployment.
- Buheji, M (2019) Discovering Pathways for Eliminating NEET and Youth Future Type of Poverty, International Journal of Human Resource Studies ISSN 2162-3058 2019, Vol. 9, No. 3, pp.320-340.
- Buheji, M (2020) Youth between Labour Market and NEET - Critical Review on the Foresighted Challenges, International Journal of Human Resource Studies ISSN 2162-3058 2020, Vol. 10, No. 1, p. 171-175.



Daghim, Ahmed Ali (2006 AD). The road to the economic miracle and the final elimination of unemployment "China practically confirms the success of our idea." Academic library. Egypt.

Earnberg, Ronald and Robert Smith (1994). Labor economics. Mars Publishing House. Riyadh.

Fadaak, T and Roberts, Ken (2018) Transitions from Education to Work And Non-Work in Saudi Arabia, International Journal of Youth Economy, 2(1) pp:17-31.

Rizk, Aya Fawzi Kamel (1440 AH / 2019 CE). The impact of education and training policies on the labor market in Egypt during the period 2000-2012. Master Thesis. National Planning Institute, Egypt.

websites

1. The International Labor Organization website www.ilo.org.
2. The Human Resources Development Fund website (Hadaf) <http://www.hrdf.org.sa>
3. General Authority for Statistics, <https://www.stats.gov.sa/ar/820>