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Takamol Advisory Unit

Analysis of GASTAT Labor Force Survey Q2 2022

November 2022

INSIGHT PAPER

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An in-depth analysis of Saudi Arabia's labor market trends focused on unemployment and employment rates and gender, economic, age, regional, and educational trends across the Kingdom.

This paper was produced by the **Takamol Advisory Unit**

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INSIGHT PAPER

- The Kingdom of Saudi Arabia has seen a boom and significant economic growth from 2018 until the 2nd quarter of 2022. Notably, the employment trends, especially in women's employment across industries, have shown to be a contributory factor in the economy. For the 2nd quarter of 2022, the GDP of Saudi Arabia has grown to about 1 trillion SAR, the highest rate it has ever been since Q3 2011. The GDP growth rate experienced an increase of 28.9% between Q1 and Q2 of 2022. Similarly, the previous quarter, Q1 2022, experienced a GDP growth rate increase of 29.5% from Q4 2021. This increase is due to the positive growth in oil activities by 4.8% and the government services activities by 0.2%. In comparison, non-oil activities decreased by 0.4%. Oil activities rose 5.8%, more than half of the 13.1% growth posted a year ago.
- The unemployment rate for Saudi citizens was 9.7% in the second quarter of 2022, down 0.4% from the first quarter. The unemployment rate for men fell 0.3% to 4.7%, while that of women fell 0.9% to 19.3%. The unemployment rate for Saudis and Non-Saudis has decreased since 2020's 2nd quarter. Saudi unemployment at the end of the year stood at 7.4% – the same as at the end of 2020. Unemployment increased from 5.7% to 7.4% from 2019 to 2020 amid the COVID-19 pandemic.
- Saudi job seekers used various active job search methods, with an average of four active methods per job seeker. The most frequently used active job search methods are asking friends or relatives (75.3%), applying directly to employers recorded (56.0%), and using the TAQAT platform for different purposes (47.6%). Two other government platforms (Jadarah and Saad) were used by 41.7% and 7.5% of Saudi job seekers, respectively.
- The unemployment rate for non-Saudi workers in Q1 2022 is 1.9%, a slight decrease of 0.3% compared to the previous quarter, Q1 2022, when the rate was 2.2%.
- Despite overall low tertiary attainment rates, women are as likely as men to have a tertiary degree in Saudi Arabia, with tertiary attainment of 24% for men and 23% for women recorded in Q2 2022. In terms of total Saudi employment, the highest employment rate for Saudis, males, and females combined, was recorded among the doctoral degree or equivalent holders, with a total of 98.1% in Q2 2022. Regarding specialized education for those with diplomas or higher, the highest unemployment rate for Saudis in Q1 2022 is among those who specialized in Natural sciences, mathematics, and statistics, with a total of 15.2%.
- Riyadh has the highest employment rate at 92.5%, while Al-Baha has the lowest with 85.1%. The average salary in Saudi Arabia in 2022 is 10,238 Saudi riyals per month for men, and 8,650 SAR for women. Regarding sectoral demographics, the majority of workers in the public sector are Saudi males, with a total of 58.7% for Saudi males and 38.1% for Saudi females in Q2 2022. Compared to the previous quarter, Saudi male and female employment in the public sector decreased by 1.2% for each.

- The majority of workers in the private sector are Saudi females, with 61.4% for female workers and 40.9% male workers.

Between Q1 and Q2 of 2022, the percentage of Saudi workers in the private sector increased by 1.3% for females, up from 60.1% to 61.4%, and 1.1% for males, up from 39.8% to 40.9%.

- Oil activities registered a 22.9% year-on-year growth for April-June 2022, while non-oil activities recorded an 8.2% expansion. On a seasonally adjusted quarter-on-quarter basis, the economy posted a 2.2% growth. Saudi Arabia is projected to post its strongest growth in a decade at 7.4% this year amid elevated energy prices.

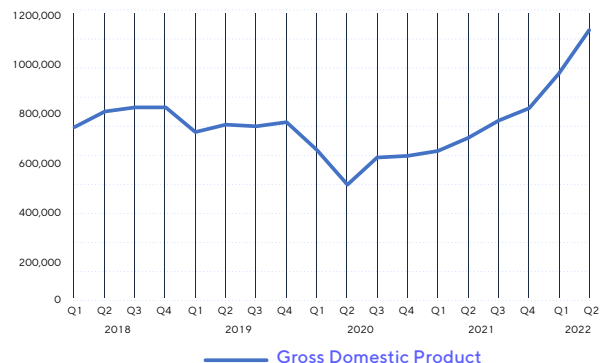


Fiscal and Economic Factors

Despite an Omicron variant outbreak by the end of 2021, Saudi Arabia is still able to successfully manage the pandemic's negative effects. With a high vaccination rate of 68% of the population, new cases started to

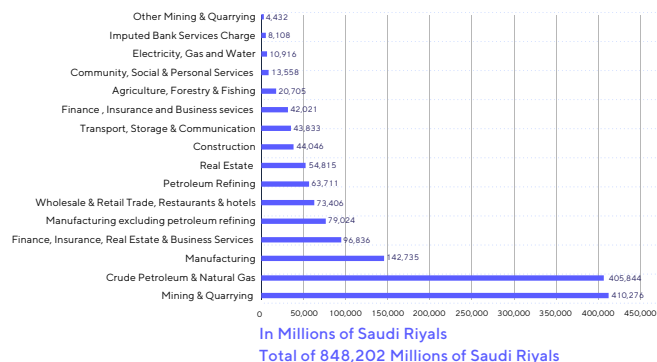
decline in January 2022 and the Saudi markets were extremely stable or even thriving post-pandemic.

Gross Domestic Product



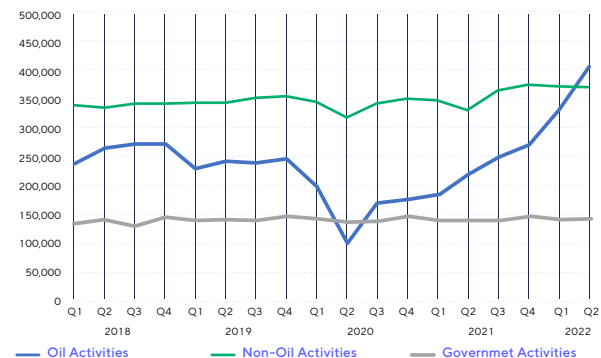
- Saudi Arabia's GDP has experienced exponential growth since it slightly decreased during the COVID-19 pandemic in Q2 2020.

Gross Domestic Product by Economic Activity for the 2nd Quarter of 2022



- The GDP growth rate experienced a 28.9% increase in crude petroleum and natural gas between Q1 and Q2.

Gross Domestic Product by Main Activities

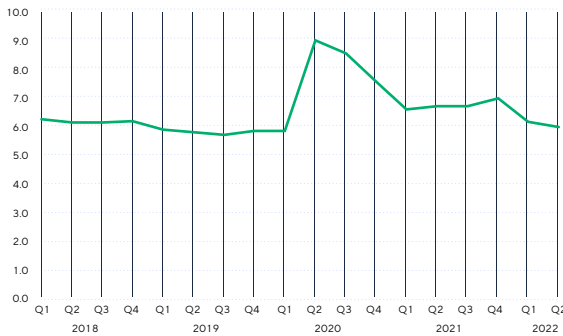


According to the GASTAT survey, GDP expanded by 2.6% on a seasonally adjusted basis, which was less than the third quarter of 2021's 5.7% expansion. More than half of the 13.1% rise seen a year before, or 5.8%, was seen in oil activity.

Saudi Employment Trends

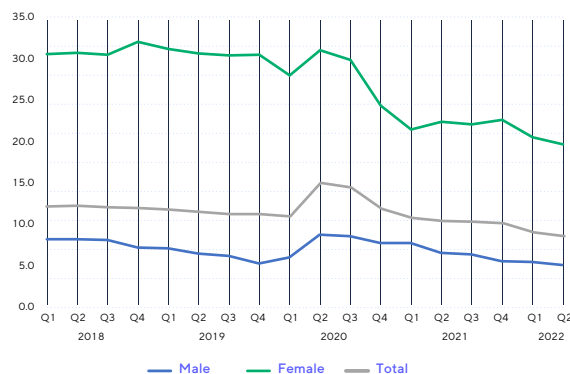
- The unemployment rate in Saudi Arabia has dropped following a decreasing pattern since 2020. In the second quarter of 2022, the unemployment rate for Saudi nationals was at 9.7 percent, a decrease of 0.4 percent from the first quarter. Men's unemployment decreased by 0.4 percent to 4.7 percent. Women's rates decreased by 0.9 percent to 19.3 percent. The second quarter saw a 5.8% percent overall unemployment rate in Saudi Arabia, including foreign workers.

Total Unemployment Rate



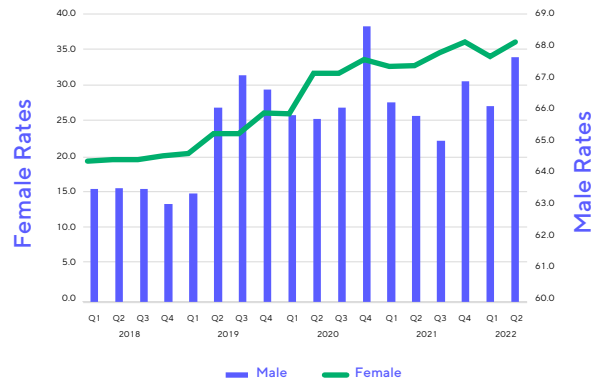
- Since the second quarter of 2020, the overall unemployment rate for Saudis and Non-Saudis has decreased.

Saudi Unemployment Rates



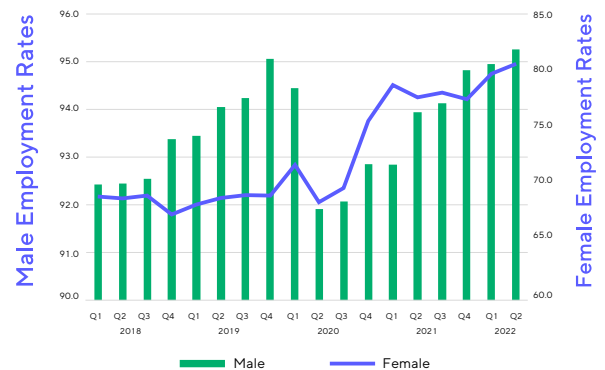
- Saudi Arabian nationals' unemployment rate dropped by 0.4 percent to 9.7% in the second quarter of 2022.
- Compared to the previous year, Saudi Arabia's labor force participation rate rose by 1.7 percentage points to 51.8%, and its employment-to-population ratio rose by 1.7% to 46.8%.
- Between Q1 and Q2 of 2022, the overall Saudi female unemployment rate dropped by 0.9 percent, from 20.2 percent to 19.3 percent, making it the lowest it has been in the previous five years.

Saudi Labor Force Participation Rates



- Saudi Arabia's labor force participation rate increased from 60.4% in the first quarter of 2022 to 60.8% in the second quarter of 2022.

Saudi Employment Rates



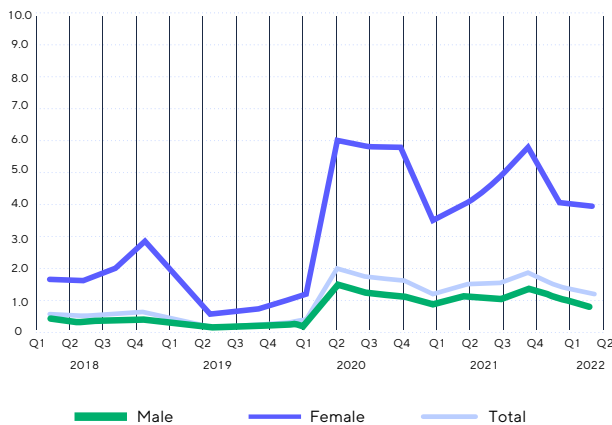
- In the 2nd quarter of 2022, the unemployment rate for Saudi nationals was 9.7%, a decrease of 0.4% from the 1st quarter.

Variables	Percentage of unemployed Saudi jobseekers using each active jobsearch method		
	Male	Female	Total
Asked friends, relatives, etc	80.4	72.8	75.3
Applied to employers directly: private or public employers	66.4	51	56
Studied advertisements in newspapers, journals, or internet portals	50.9	50.7	50.7
Used platform to find a job: Taqat	40	51.3	47.6
Posted/updated resume on professional/social	47.2	46.1	46.5
Placed or answered advertisements in newspapers or journal	44.8	42.1	43
Used platform to find a job: Jadarah	22.6	51	41.7
Contact private employment offices	37	29.7	32.1
Took a test, interview, or examination	24.3	17.4	19.6
Used platform to find a job: Saed	11.6	5.6	7.5
Applied for a loan/financial assistance to start a new business	5.2	6.2	5.9
Undertook the preparation to start a new business	4.4	4.6	4.5
Applied for a license/permit to start a new business	2.3	3	2.8

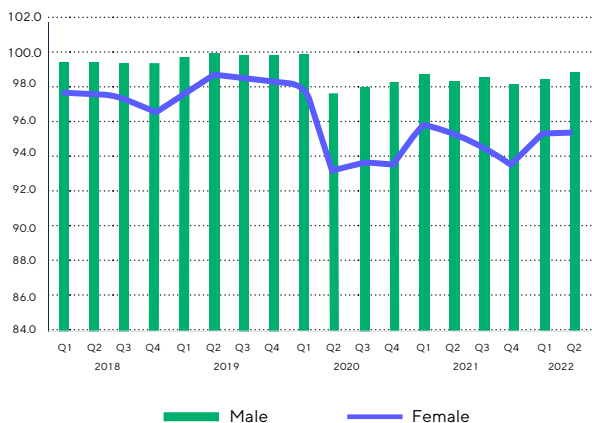


Non-Saudi Employment Trends

Non-Saudi Unemployment Rates



Non-Saudi Employment Rates



- The overall unemployment rate for non-Saudi workers in the 1st quarter of 2022 was 1.9%, a minor decline of 0.3 percent from the first quarter of 2022.

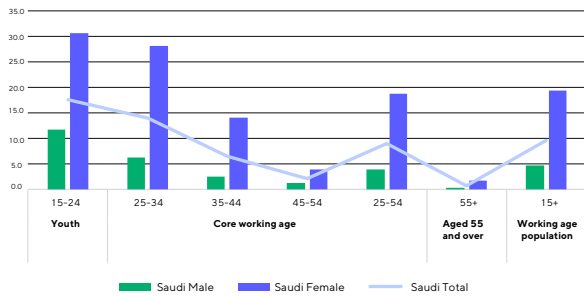
Gender Trends

- An increase of 1.7% in the Saudi participation rate in the labor market has been recorded, up from 50.1% to 51.8% between Q1 and Q2 2022, during which females had a higher increase than males.
- Saudi female participation rate witnessed an increase of 2%, from 33.6% to 35.6%, in contrast with the Saudi male participation rate which witnessed a 1.5% increase from 66% to 67.5% during the same period.
- The total employment rate for Saudis recorded a slight increase of 0.4% from 89.9% to 90.3% in Q2 2022 compared with the previous quarter. Data shows a slight increase of 0.4% in the Saudi male Employment rate from 94.9% to 95.3% between Q1 and Q2 2022. While an increase of 0.9% was recorded for the Saudi female employment rate from 79.8% to 80.7% during the same period.
- In terms of the monthly average wage, a Saudi male earns more than a Saudi female worker. In Q1 2022, data shows that a Saudi male earns on average 10,967 SAR, whilst a Saudi female earns an average of 8,650 SAR.
- Overall, the wage rate for both Saudi males and females has increased. Compared to the previous quarter, the Saudi female average wage increased by 1,133 SAR, whilst an increase of 359 SAR was reported for the Saudi male average wage.



Age Group Trends

Saudi Unemployment Rate Per Population Age

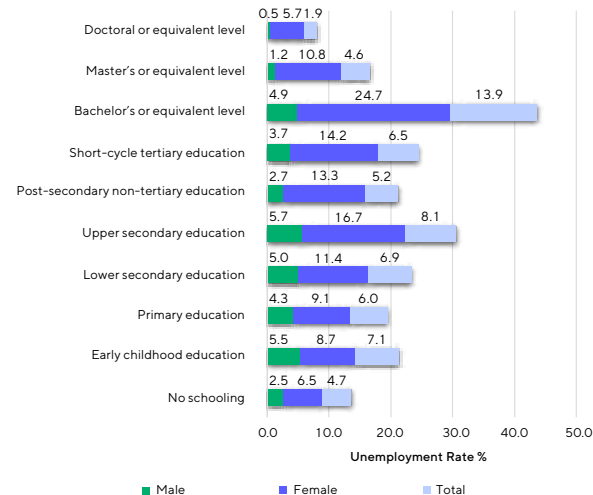


- The highest rate of Saudi unemployment, male and female combined, was among youth aged 15-24, with a total of 17.6% in Q2 2022.

- Employment rates for both genders recorded the highest employment rate in the 55 and over group, with a total of 96.1% for females and 99.6% for males.

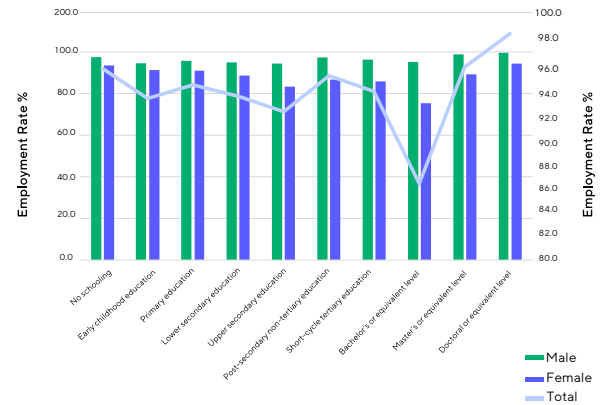
Educational Attainment Trends

Saudi Unemployment Rate Per Education Level



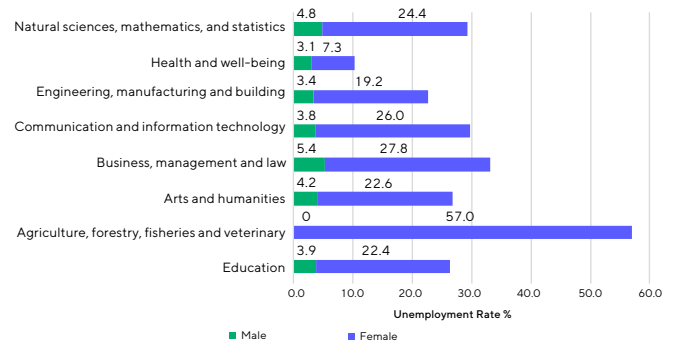
- Saudi nationals with Bachelor's degrees or equivalent recorded the highest unemployment rate at 13.9%.

Saudi Employment Rate Per Education Level



- With a total of 98.1% in Q2 2022, Saudis with doctoral degrees or equivalents had the highest employment rate of any gender.

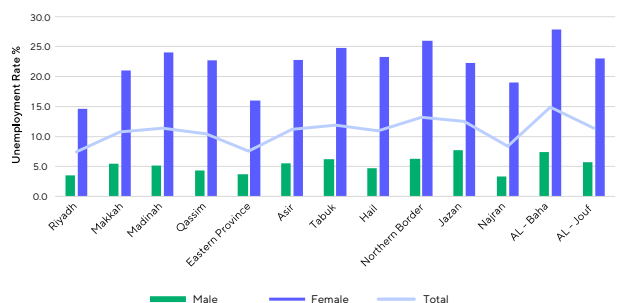
Saudi Unemployment Rate Per Educational Specialization



- Natural scientists, mathematicians, and statisticians have the highest unemployment rates among Saudis in Q1 2022, totalling 15.2%.

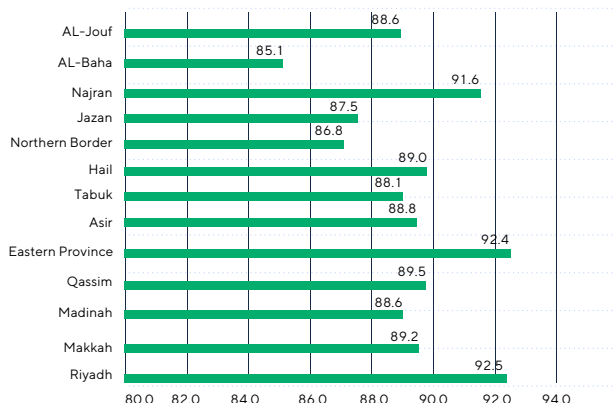
Regional Trends

Saudi Unemployment Rates By Region

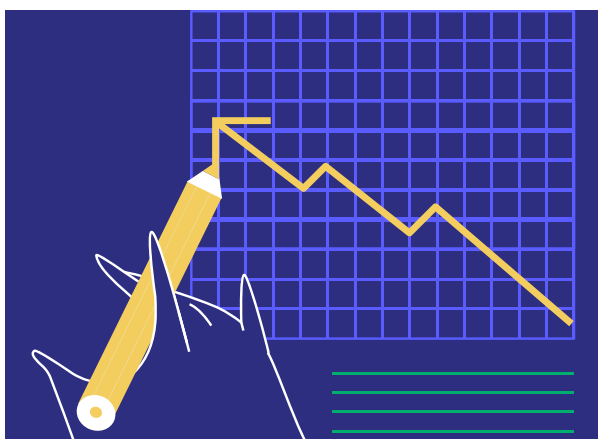


- Riyadh, Eastern Province, and Najran have the lowest unemployment rates, while Al Baha, Northern Border, and Tabuk have the highest unemployment rates.

Saudi Employment Rates by Region

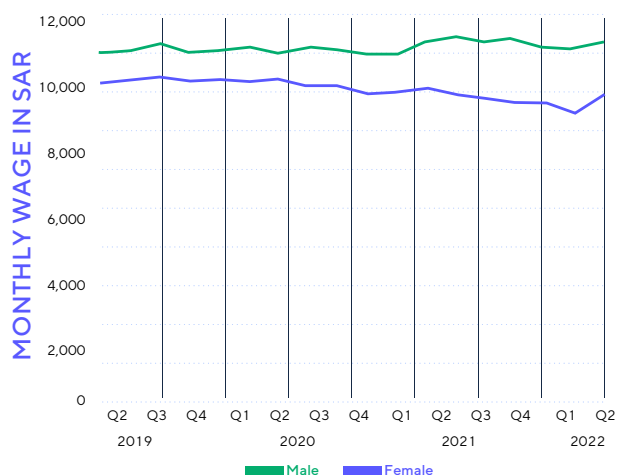


- Riyadh has the highest employment rate at 92.5%, while AL-Baha has the lowest with 85.1%



Wage Trends

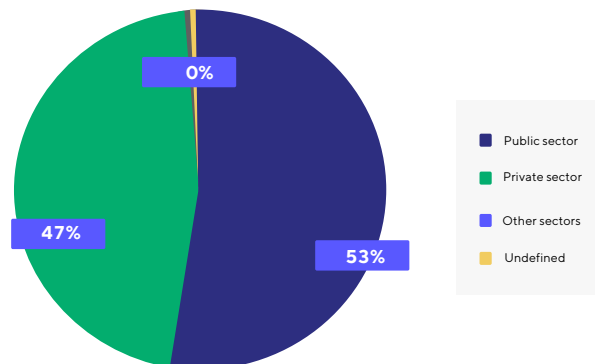
Saudi Monthly Average Wages



- On average, wages increased for both Saudi males and females between Q1 2022 and Q2 2022.

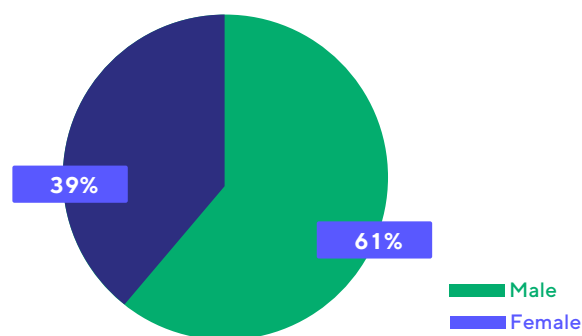
Sectoral Trends

Total Saudi Employment Distribution By Sector

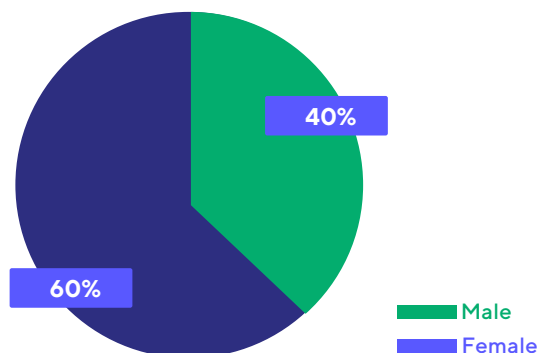


- The Q2 2022 data recorded 52.5% of Saudi nationals work in the public sector while 47.1% work in the private sector.

Public Sector Saudi Employment Distribution

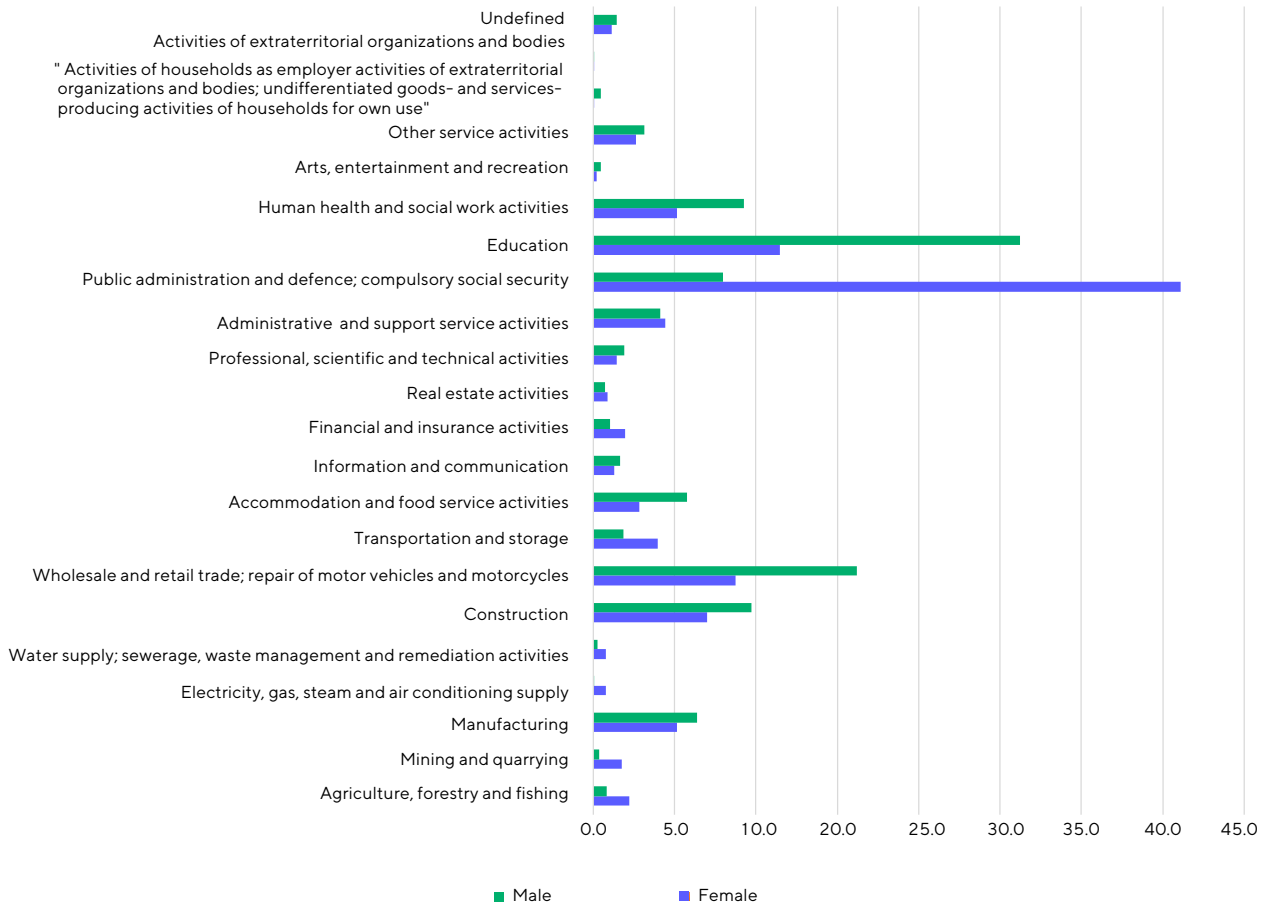


Private Sector Saudi Employment Distribution

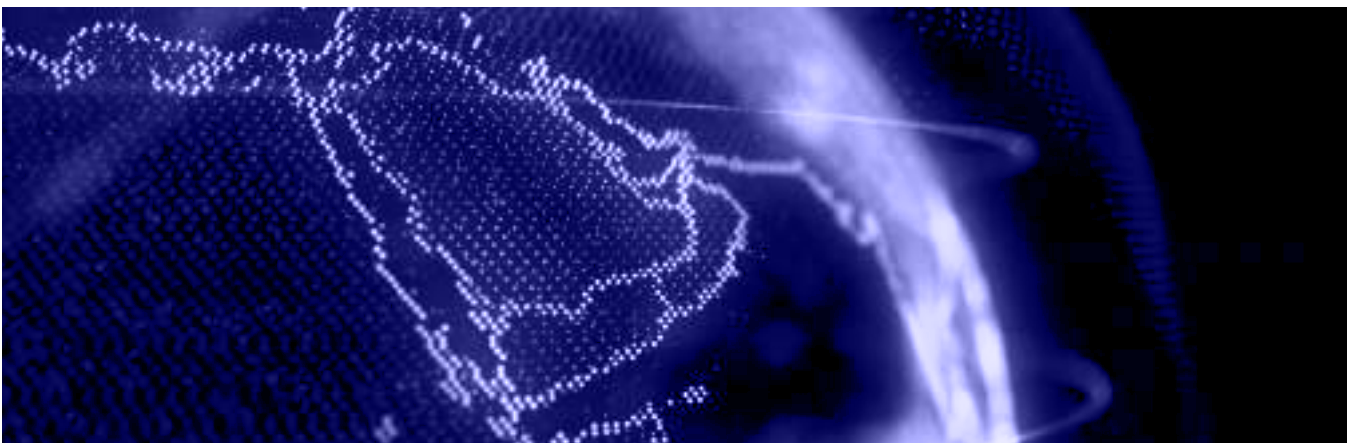


Economic Activity

Saudi Employment Distribution by Economic Activity



- While Saudi women dominate the education sector (26% females and 11% males), a higher percentage of Saudi males were recorded in the public administration and defense sector (35% males and 7% females).
- Our findings conclude that with Saudi Arabia’s tremendous economic growth in both oil and non-oil activities, unemployment rates have vastly improved in reflection of positive economic movement. With Vision 2030’s ambitions and initiatives creating new jobs and sectors, we expect to see more diversification in non-oil activities employment and an overall positive impact on employment across all sectors in the quarters to come.



Sources

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