National Labor Observatory
المرصد الوطني للعمل

Labor Force Snapshot Report

Kingdom of Saudi Arabia

2023



National Labor Observatory
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Labor Force Snapshot Report

Q4 2023

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About NLO

“The NLO is the Kingdom of Saudi Arabia’s labor observatory and is the leading and trusted source for labor market data and insights in the Kingdom. Its mandate is to support entities, experts, and beneficiaries to enable them to make informed decisions and formulate policies based on labor market reports and data-driven research insights.”

National Labor Observatory
Riyadh – Kingdom of Saudi Arabia

Executive Summary

The Labor Force Snapshot Report series provides a comprehensive view on current employment in KSA, including an analysis by region, nationality, gender, age, enterprise size, sector, and average earnings. This version of the Labor Force Snapshot Report examines transformations in employment in the period between Q4 2021 and the Q4 2023.

Employment Sectors – The private sector constituted the largest employer in KSA with 10.985 million employees in Q4 2023. This is followed by the public sector, the second-largest employer for Saudi nationals. Year-to-year growth in the private sector showed an 10.53% increase, highlighting a recovery and expansion post-COVID-19 pandemic.

Employment by Enterprise Size - In Q4 2023, large enterprises led private-sector employment, showcasing the highest year-to-year growth at 24.03% and employing the most Saudis, while micro and small enterprises experienced declines and lower proportions of Saudi workers.

Industry Sector Trends - The Construction sector held the leading position in private sector employment with 2.66 million employees, 13.04% being Saudis, registered a 1.85% net employment growth, and emerged as the main destination for Saudi career switchers. Following closely was the Wholesale and Retail Trade sector, employing 1.67 million people, with nearly a quarter being Saudis and recording the largest number of Saudi private sector exits in Q3 2023, and the largest number of returns in Q4, 2023. Manufacturing led quarter-over-quarter net employment growth with a 2.54% increase.

Employment Dynamics - Q4 2023 saw an active labor market in Saudi Arabia, with Saudis making up 57.85% of the 1.84 million labor market movements. Saudis exited the labor market at a higher rate compared to non-Saudis, making up 66.85% of all exits in Q4 2023. As for new employees in the labor market (which includes new entrants and returns / re-entries to the labor market), comparable numbers were achieved by Saudis (550.61 thousand new employees) and non-Saudis (520.04 thousand new employees).

Executive Summary

Net Employment Growth – In Q4 2023, Saudi Arabia's labor market experienced diverse shifts in quarter-over-quarter net employment growth across gender, age groups, business sizes, regions, and industry sectors. Notably, Saudi females encountered a 2.23% increase in net employment, while their male counterparts saw a modest 1.37% increase. Youth net employment surged by 36.03% for the 15-19 age group, and large and medium-size businesses saw 2.88% and 2.59% net growth for each compared to the previous quarter.

Saudi Exits and Employment Re-Entry Dynamics – A notable 35.03% of Saudis who exited employment in the previous quarter returned to employment in Q4 2023, with a significant shift towards private sector employment and self-employment. Younger workers and Riyadh saw the highest turnover. Large enterprises attracted many returnees, indicating a trend toward upward mobility, while salary data suggested an increase in higher-paying jobs among those returning to employment.

Regional Trends - In Q4 2023, Riyadh dominated private sector employment with 5.04 million jobs, followed by the Eastern Region and Makkah with 2.08 and 1.97 million jobs, respectively, while other regions like Al-Jouf, Northern Borders, and Al-Baha recorded the least employment levels. Riyadh experienced the highest growth in total employment at 44% between Q4 2021 and Q4 2023 and 15.45% between Q4 2022 and Q4 2023. Moreover, high retention rates indicate that most Saudis stay within their initial regions for work, with Riyadh serving as a central employment hub.

Salary Trends - In Q4 2023, Saudi private sector workers earned an average of 8.42 thousand SAR monthly, with Saudi males earning 10.19 thousand SAR and Saudi females 5.87 thousand SAR—a gender pay gap that may be due to several factors such as social conditions, which could result in work disruption for local females in terms of accumulated experience and progression in the labor market, despite national efforts to close the pay gap and boost women's employment. On another note, the highest earnings were seen in those aged 50-54 and with over 20 years of experience.

Introduction

The KSA Labor Force Snapshot presents a comprehensive analysis of the private sector employment in the Kingdom of Saudi Arabia (KSA), including examining transformations in employment between 2021 and the fourth quarter (Q4) of 2023 across various demographic, geographical and sectoral indicators. Key insights from this report are geared towards enabling evidence-based decision-making and promoting regional and sectoral employment development policies.

Approach and Methodology

The report primarily analyzes the characteristics and trends in the employment composition for active employees, new employees (which includes new employees and re-entrants), and exits from employment across the following characteristics:

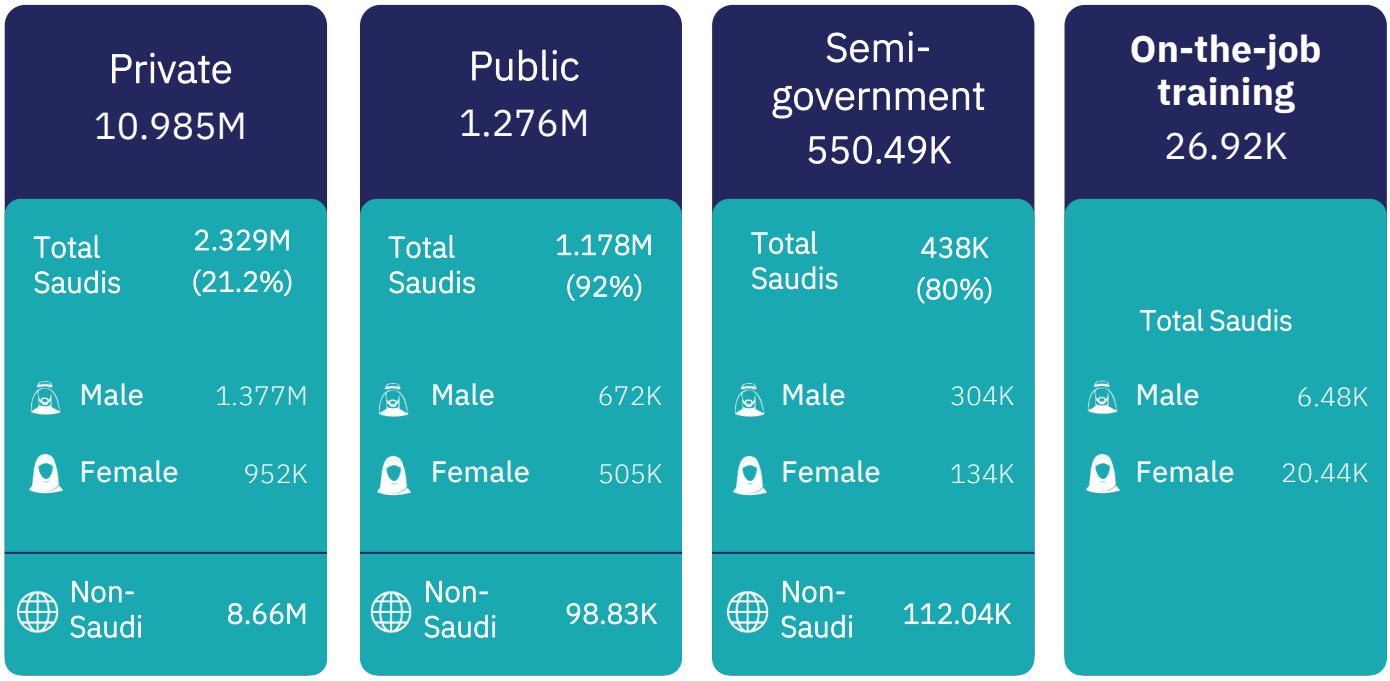
- Nationality (Saudi and non-Saudi)
- Gender (male and female)
- Age
- Industry sector
- Administrative region
- Enterprise size
- Average earnings

Labor market statistics and historical trends were analyzed relying on the Ministry of Human Resources and Social Development (MHRSD) and GOSI time series data sets segmented by quarter or year beginning 2021 through Q4 2023 to glean employment composition insights.

[1] Q2 2023: 01/04/2023-30/06/2023

[2] Q3 2023: 01/07/2023-30/09/2023

Overall Employment Trends



Note: There are duplicates within the employment sectors
Source: MHRSD Data, Q4 2023

Figure 1. Overall employment by employment sector, nationality and gender Q4 2023

The private sector was the largest employer in Saudi Arabia, comprising 10.985 million employees in Q4 2023. The private sector is made up of one-fifth (21.2% or 2.33 million) Saudis, with Saudi male employment exceeding Saudi female private sector employment by 425.52 thousand. Non-Saudis made up 78.80% (or 8.66 million) of private sector employment.

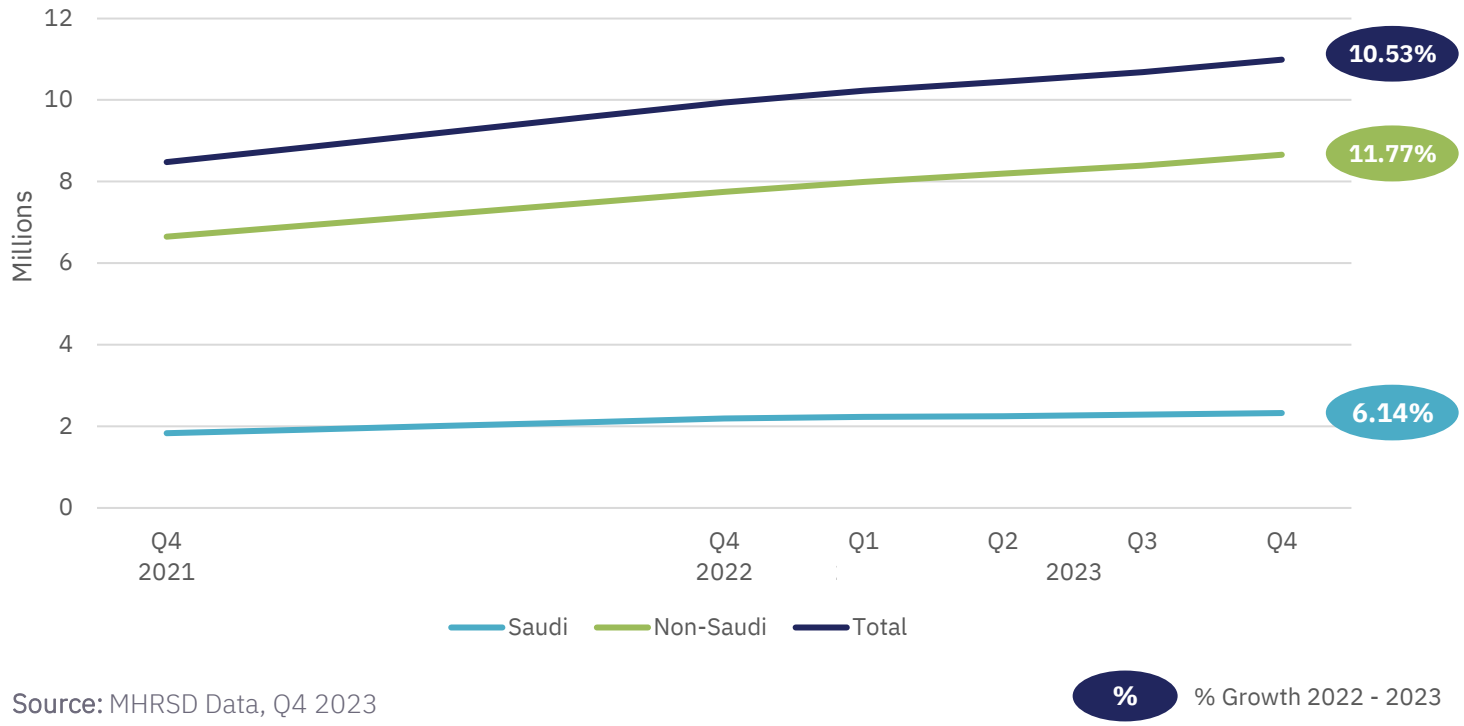
This is followed by the public sector, making up 1.276 million employees in Q4 2023, of which Saudis constitute a majority at 92.26% (or 1.178 million) of total employment.

Moreover, the semi-government sector included 550.49 thousand employees in Q4 2023, whereby Saudis constituted a majority at 80% (or 438.46 thousand) employees.

Finally, in Q4 2023, 26.92 thousand Saudis were enrolled in Tamheer, an on-the-job-training program that aims to provide training opportunities for Saudi graduates (higher education and vocational) in private and public sector institutions.

This report focuses in its subsequent sections on the private sector, analyzing labor market growth, dynamics (in terms of exits and new employees), resignations, and average monthly earnings

Employment in the Private Sector



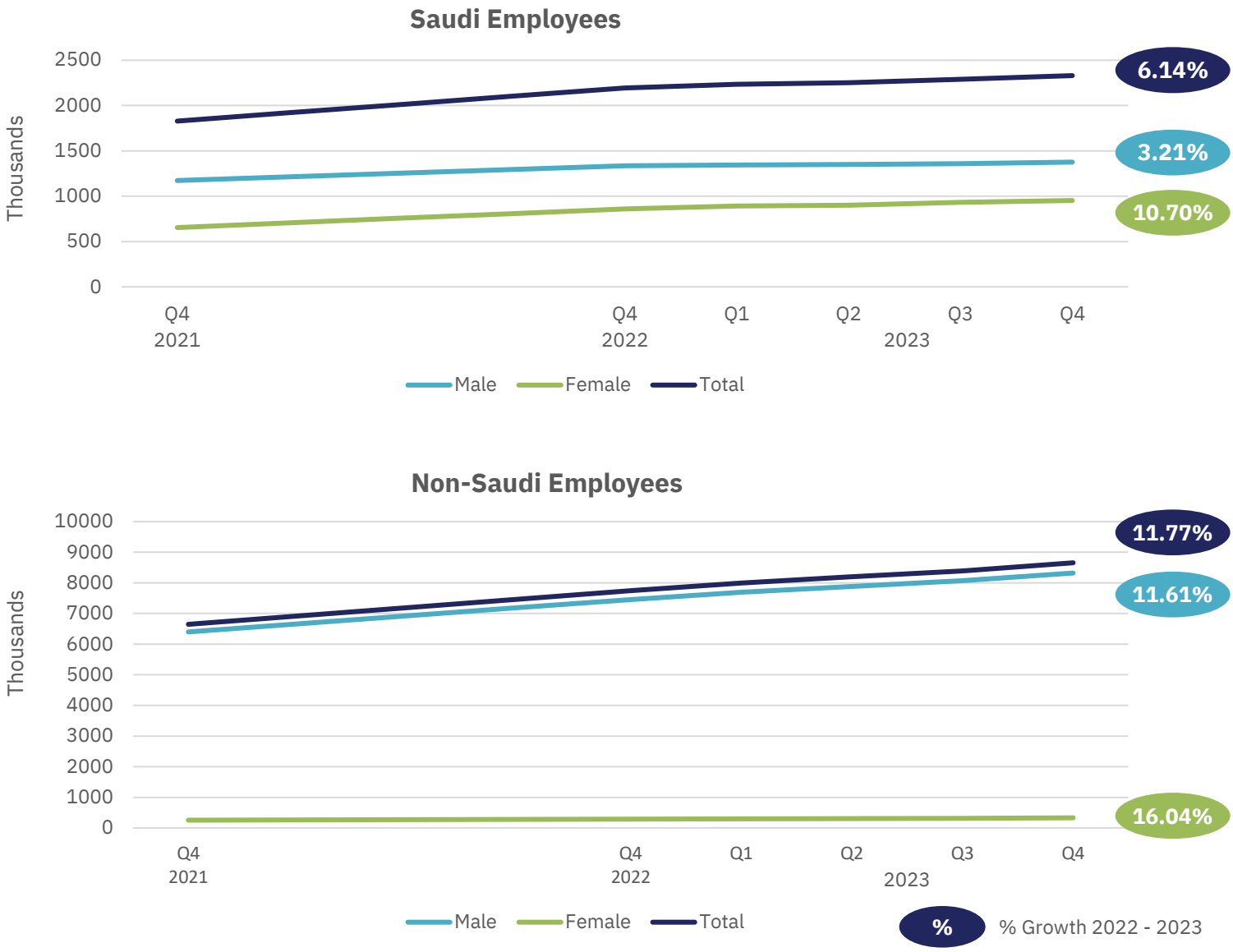
Source: MHRSD Data, Q4 2023

Figure 2. Private sector employment trends by nationality Q4 2021 – Q4 2023

The private sector has recovered most employment losses recorded during the global COVID-19 pandemic and has grown since. Between Q4 2022 and Q4 2023, overall private sector employment grew by 10.53%.

In Q4 2021, non-Saudi employees totaled 6.65 million. The number of non-Saudi employees witnessed a post Covid-19 rebound with a 30.22% growth achieved by Q4 2023 (compared to Q4 2021). Within just the last year, non-Saudi employment went up by 11.77% (between Q4 2022 and Q4 2023).

Comparatively, the Saudi employment has increased from 1.83 million in Q4 2021 to 2.33 million in Q4 2023 — a 27.37% spike and a 6.14% growth in the last year (between Q4 2022 and Q4 2023). Moreover, the number of Saudi employees achieved an average quarterly growth rate of 3.1% since Q4 2021, while non-Saudis achieved an average quarterly growth rate of 3.4%.

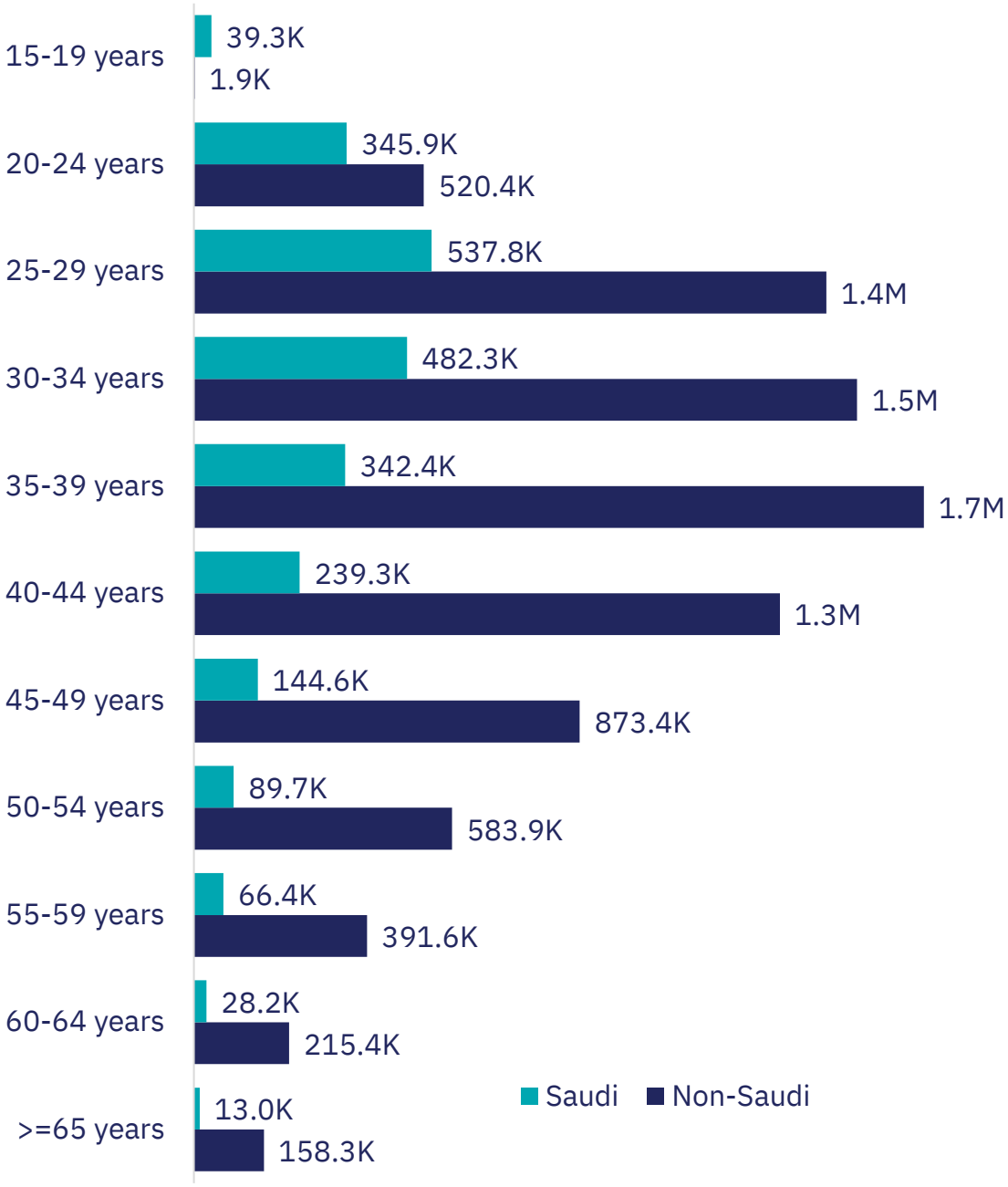


Source: MHRSD data, 2021-2023

Figure 3. Private sector employment trends by nationality and gender Q4 2021 – Q4 2023

As shown in Figure 3, the number of Saudi female employees achieved a significant increase of 45.37% between Q4 2021 and Q4 2023, while Saudi male employment in the private sector increased by 17.34% over the same period. Within the previous four quarters, private sector Saudi employment growth was 3.21% for Saudi males and 10.70% for Saudi females.

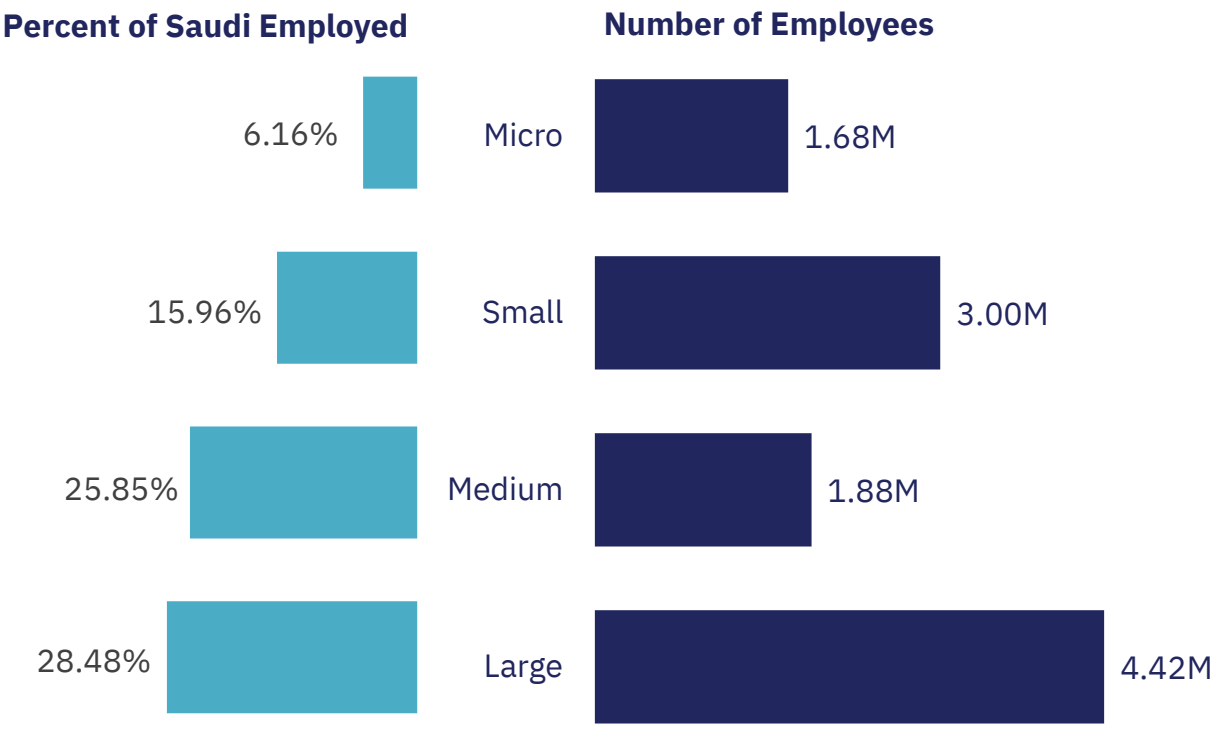
On the other hand, non-Saudi female employment grew at a slower rate of 33.36% in the period between Q4 2021 and Q4 2023, while non-Saudi male employment increased by 25.18% over the same period. In the last year, the number of non-Saudi employees experienced higher growth rate than the number of Saudi employees at 11.61% for males and 16.04% for females.



Source: MHRSD data Q4 2023

Figure 4. Private sector employment by age and nationality Q4 2023

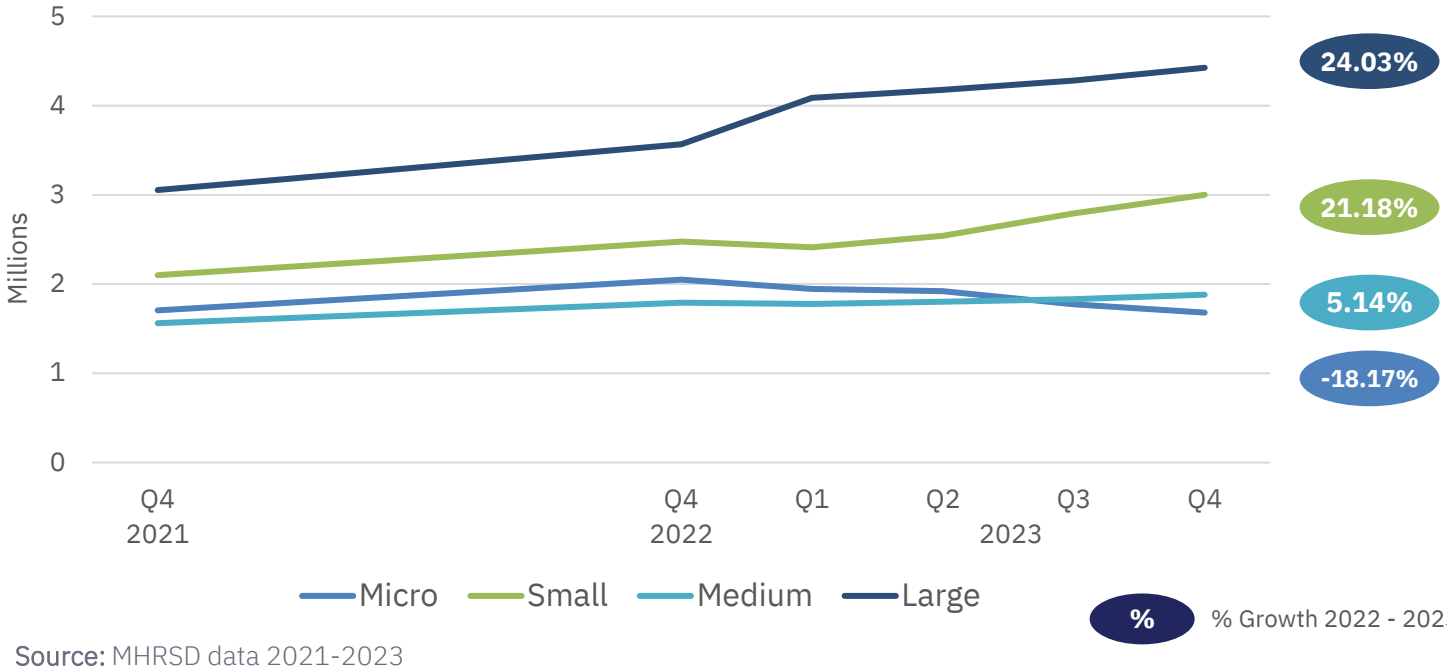
The largest age cohorts employed in the private sector in Q4 2023 were between the ages 20 and 39 for Saudi workers (1.71 million Saudi workers or 73.35% of total private sector Saudi employment), and between ages 25 and 44 years among non-Saudi workers (5.91 million non-Saudi workers or 68.29% of total private sector non-Saudi employment).



Source: MHRSD data Q4 2023

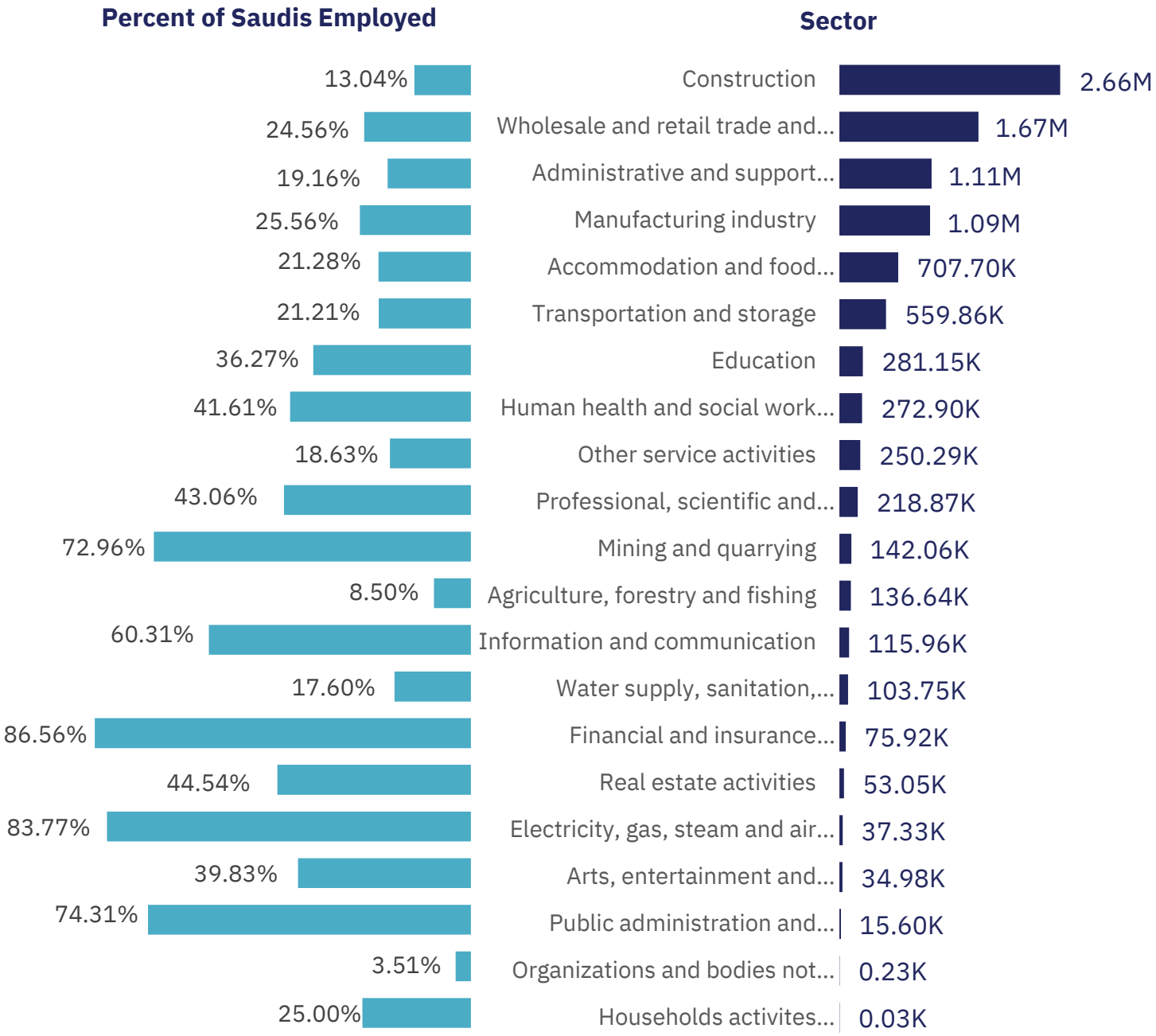
Figure 5. Overall and Saudi private sector employment by enterprise size Q4 2023

Large enterprises led private-sector employment in Q4 2023 (4.42 million), experiencing highest year-to-year employment growth at 24.03% in the past four quarters and employing the highest proportion of Saudis at 28.48%, followed by medium-size enterprises at 25.85%. This contrasts with small and micro enterprises, which employed lower proportions of Saudi workers at 15.96% and 6.16% respectively, with micro-size businesses recording an 18.17% decline in growth over the past four quarters.



Source: MHRSD data 2021-2023

Figure 6. Private sector employment trends by enterprise size Q4 2021 – Q4 2023

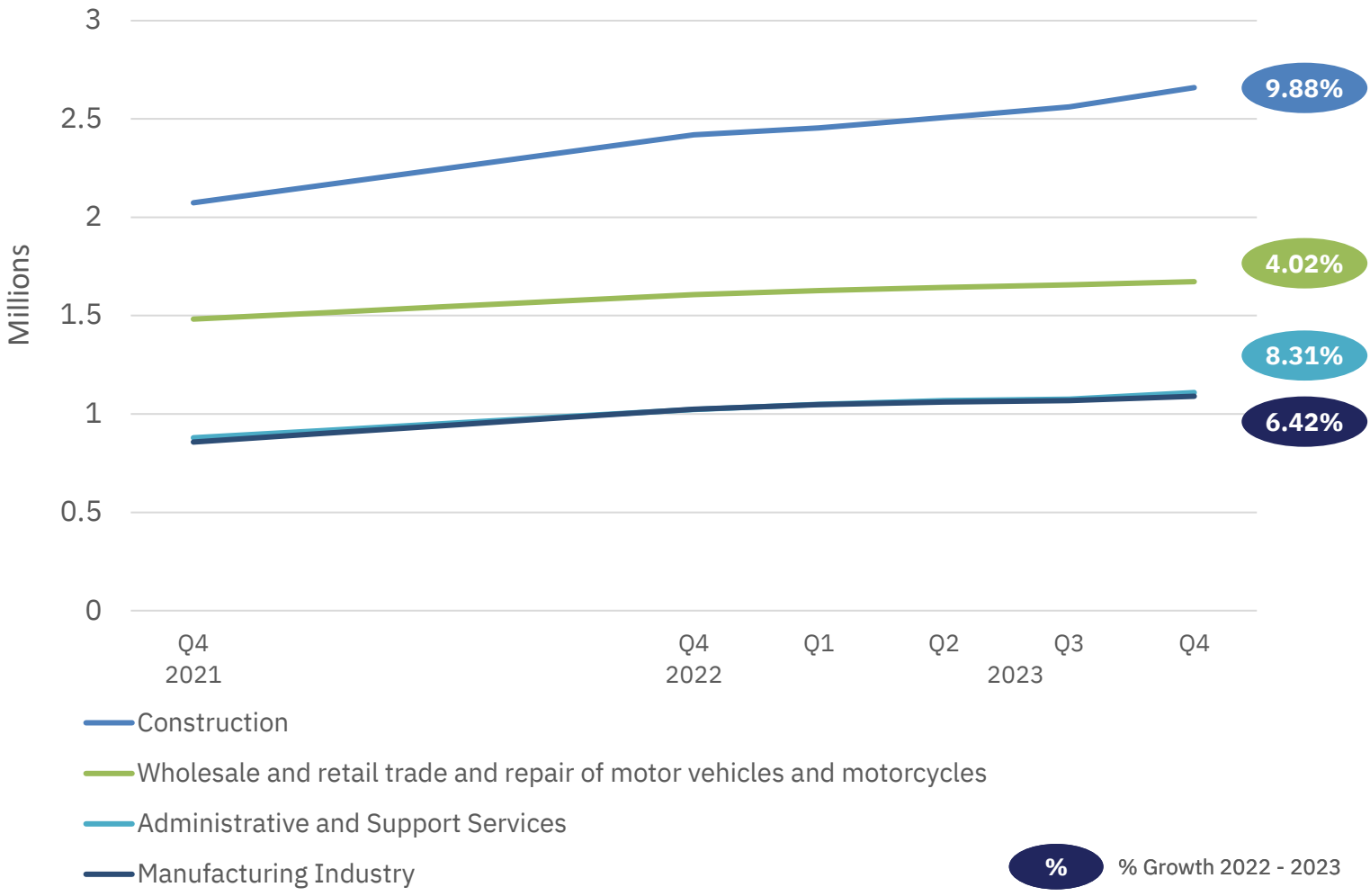


Source: MHRSD data Q4 2023

Figure 7. Overall and Saudi private sector employment by sector Q4 2023

In Q4 2023, the Construction sector was the largest private sector employer in Saudi Arabia (2.66 million employees), with Saudis making up 13.04% of total employment in the sector. This was followed by the Wholesale and Retail Trade sector employing a total of 1.67 million employees, of which a quarter (24.56%) are Saudi.

The Financial and Insurance Activities (75.92 thousand employees) and Electricity, Gas, Steam and Air Conditioning Supplies (37.33 thousand employees) sectors employed the highest proportions of Saudi workers at 86.56% and 83.77%,, respectively. Whereas the Organizations and bodies not subject to national jurisdiction recorded the lowest proportion of Saudi workers at 3.51%, followed by Agriculture, forestry and fishing at 8.50%.

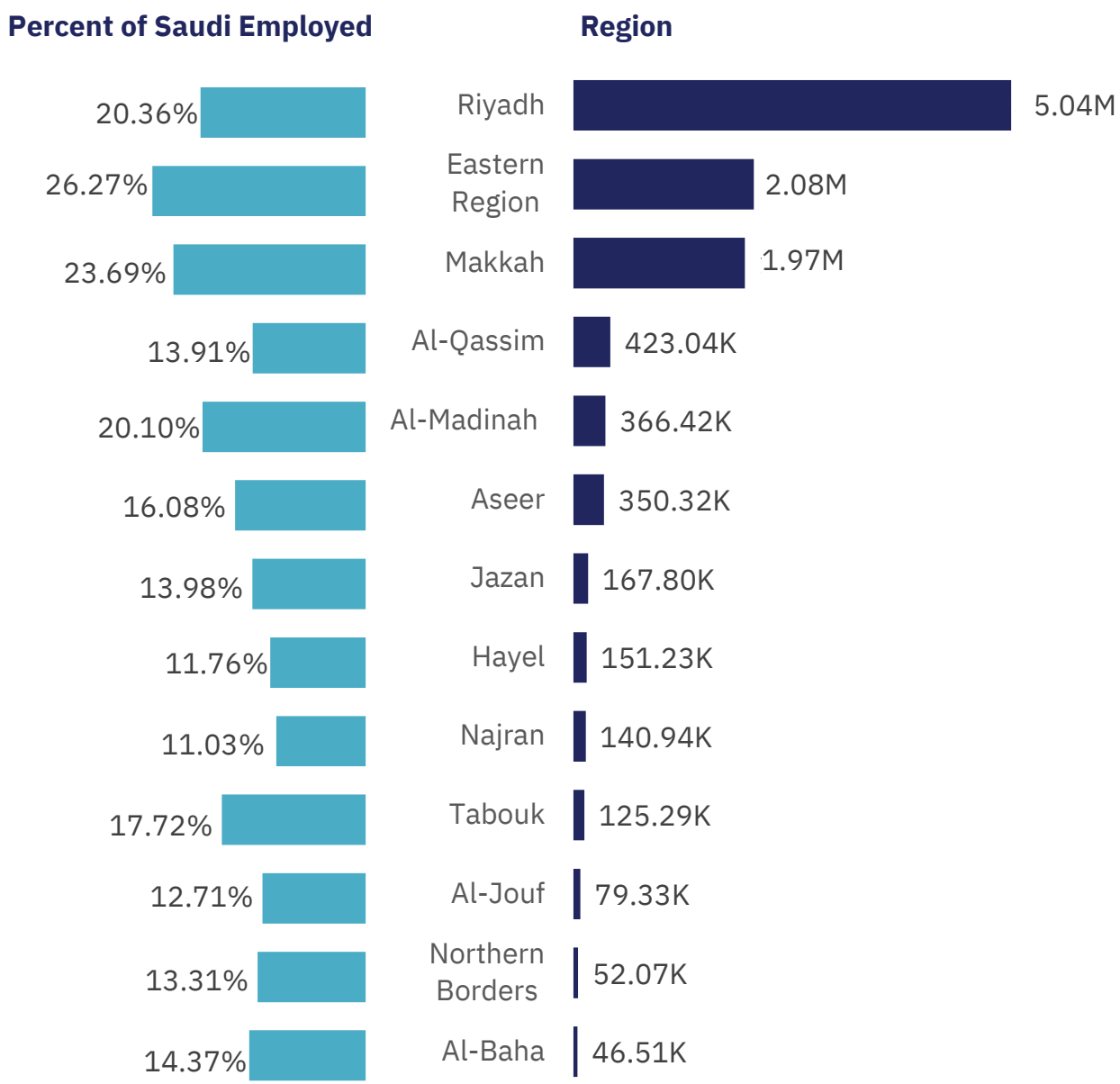


Source: MHRSD data Q4 2023

Figure 8. Private sector employment trends by largest industry sectors Q4 2021 – Q4 2023

Private sector employment trends in Construction, Wholesale and Retail Trade, Administrative and Support Services, and Manufacturing sectors have shown consistent growth and steady increase from Q4 2021 to Q4 2023. In the last four quarters between Q4 2022 and Q4 2023, employment growth reached 9.88% in Construction, 8.31% in Administrative and Support Services, 6.42% in Manufacturing, and 4.02% in Wholesale and Retail Trade. This indicates a recovery and potential expansion in these industry sectors.

By analyzing employment data in other sectors, it is evident that most sectors achieved growth in total employment whereby the education and transport and storage sectors recorded the highest growth rates of 68.02% and 54.17%, respectively. On the other hand, employment in the electricity, gas and steam sector decreased by -3.46%.



Source: MHRSD data Q4 2023

Figure 9. Overall and Saudi private sector employment by administrative region Q4 2023

In Q4 2023, the majority (5.04 million) of private sector jobs were concentrated in Riyadh, significantly outpacing other regions. This is followed by the Eastern Region (2.08 million) and Makkah (1.97 million), and significantly fewer jobs generated in other regions.

Al-Jouf, Northern Borders and Al-Baha had the smallest shares of private sector employment in the past quarter, corresponding to 79.33 thousand, 52.07 thousand, and 46.51 thousand private sector workers, respectively.

The Eastern Region recorded the highest percentage of Saudis employed in the past quarter at 26.27%, followed by Makkah at 23.69%, Riyadh at 20.36%, and Al-Madinah at 20.10%.

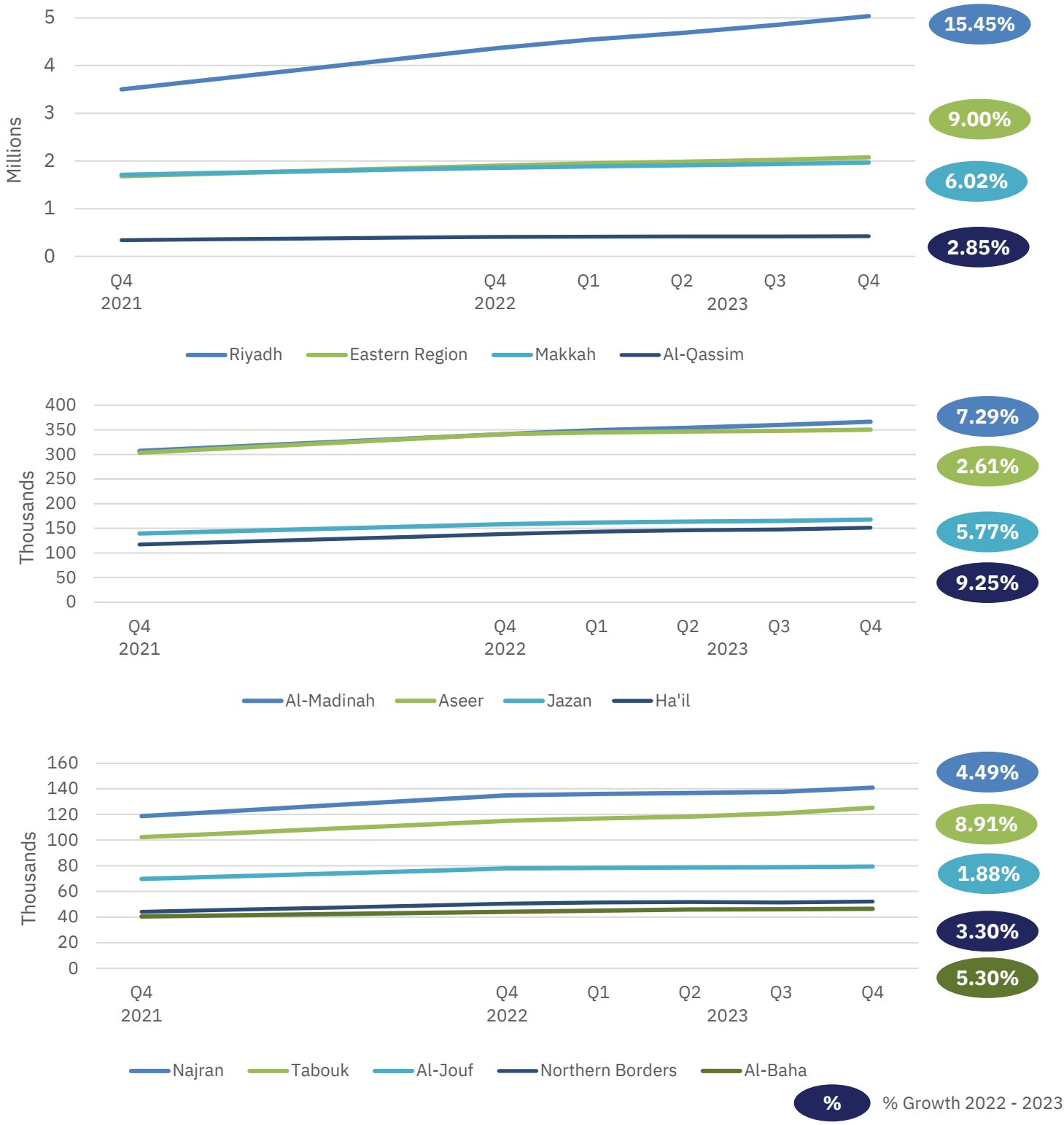
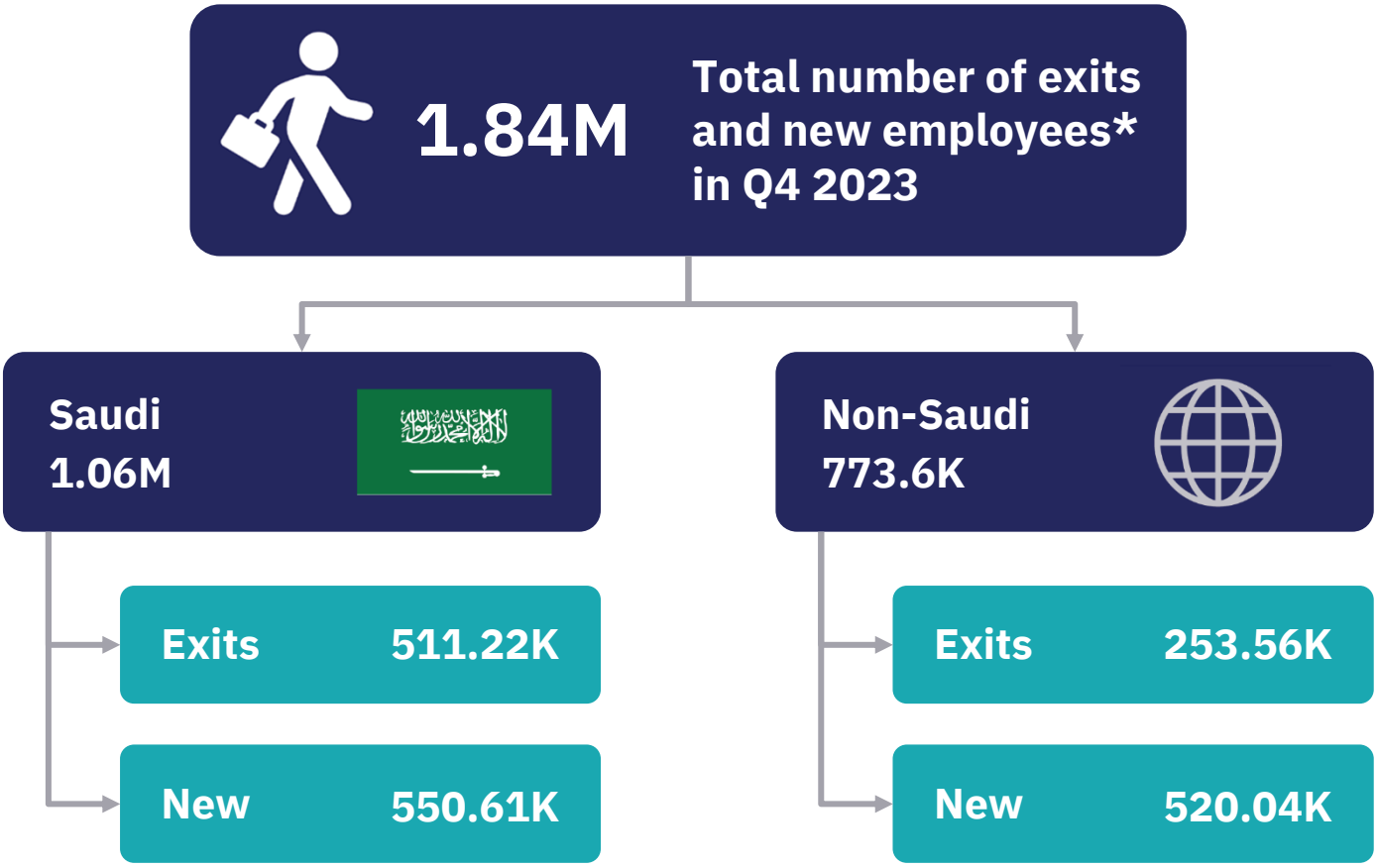


Figure 10. Private sector employment trends by administrative region Q4 2021 – Q4 2023

From Q4 2021 to Q4 2023, Riyadh's employment figures grew by 43.94%, while Ha'il and Al-Qassim also saw significant job growth at 29.26% and 23.5%, respectively.

In the previous four quarters, Riyadh's job market continued to flourish with a 15.45% increase, while the Eastern Region, Ha'il and Tabuk each achieved around 9% growth.

Employment Dynamics and Net Employment Growth in the Private Sector

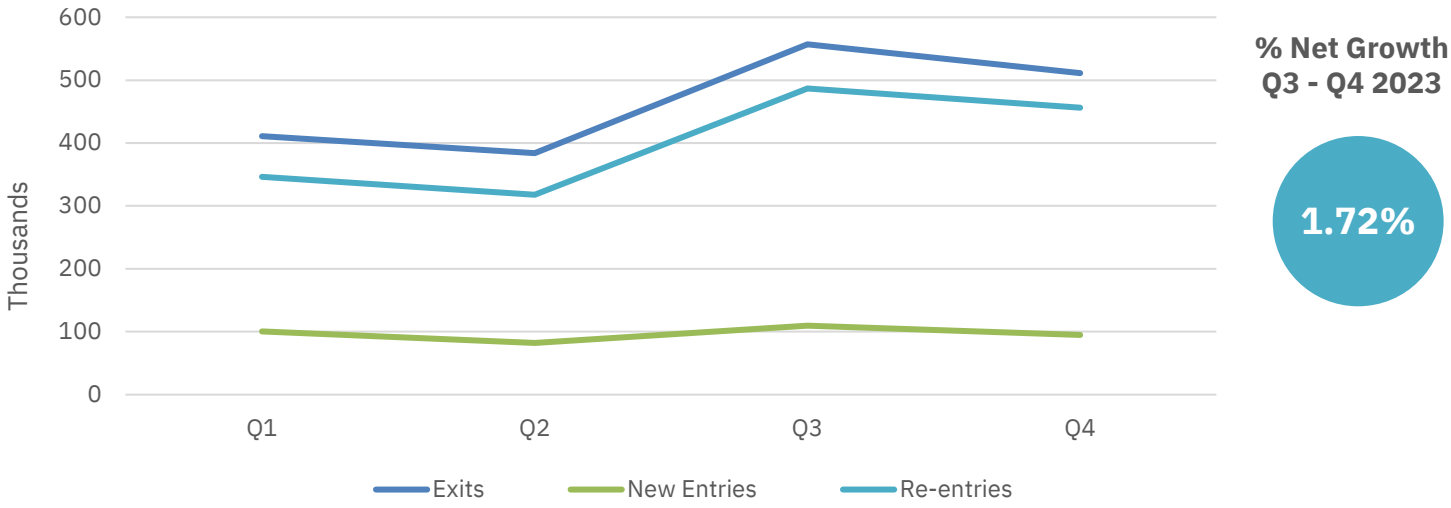


* New employees include new entrants to the labor market and returns / re-entries into employment
Source: MHRSD Data, Q4 2023

Figure 11. Private sector exits and new employees by nationality Q4 2023

Figure 11 illustrates the private sector labor market dynamics in Saudi Arabia in Q4 2023 with a total of 1.84 million exits and new employees within the labor market, where Saudis made up three-fifths (57.85%) of the overall labor market movement.

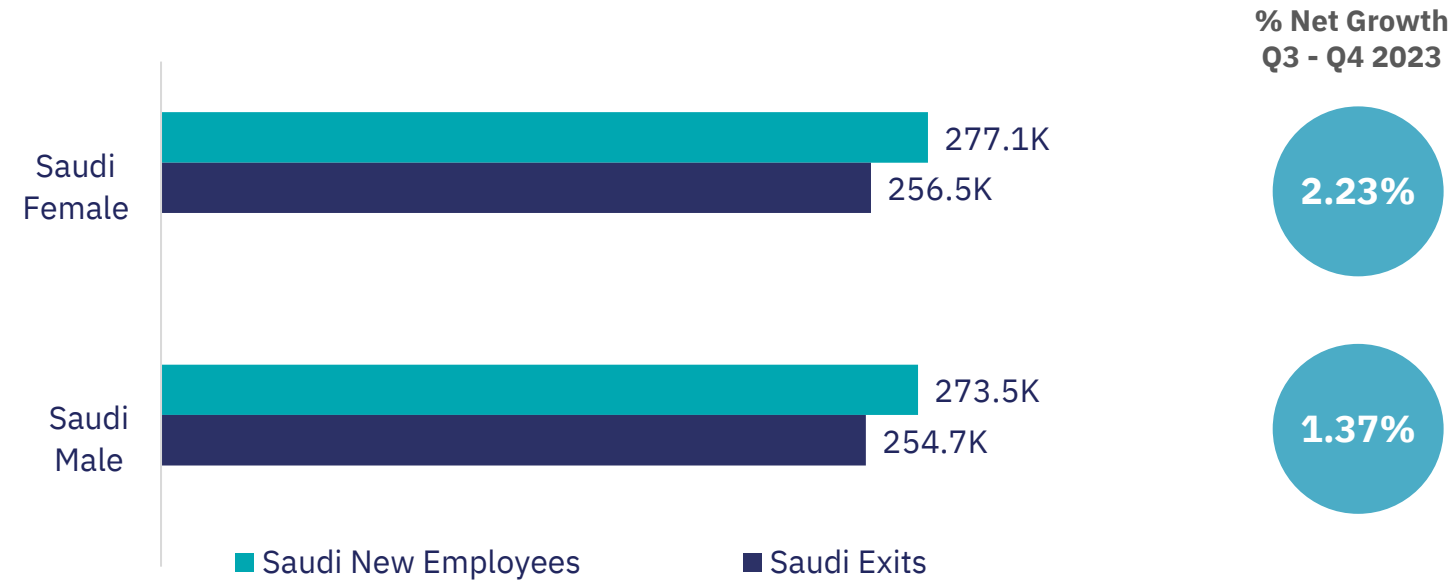
Saudis exited the labor market at a higher rate compared to non-Saudis, making up 66.85% of all exits in the last quarter. As for new employees in the labor market (which includes new entrants and returns / re-entries to the labor market), comparable numbers were achieved by Saudis (550.61 thousand new employees) and non-Saudis (520.04 thousand new employees).



Net Growth Rate: (Total employees in Q4 2023 - Total employees in Q3 2023)/ Total employees in Q3 2023
Source: MHRSD Data, Q4 2023

Figure 12. Saudi private sector employment exits, entries and re-entries and net employment growth trends by nationality Q1-Q4 2023

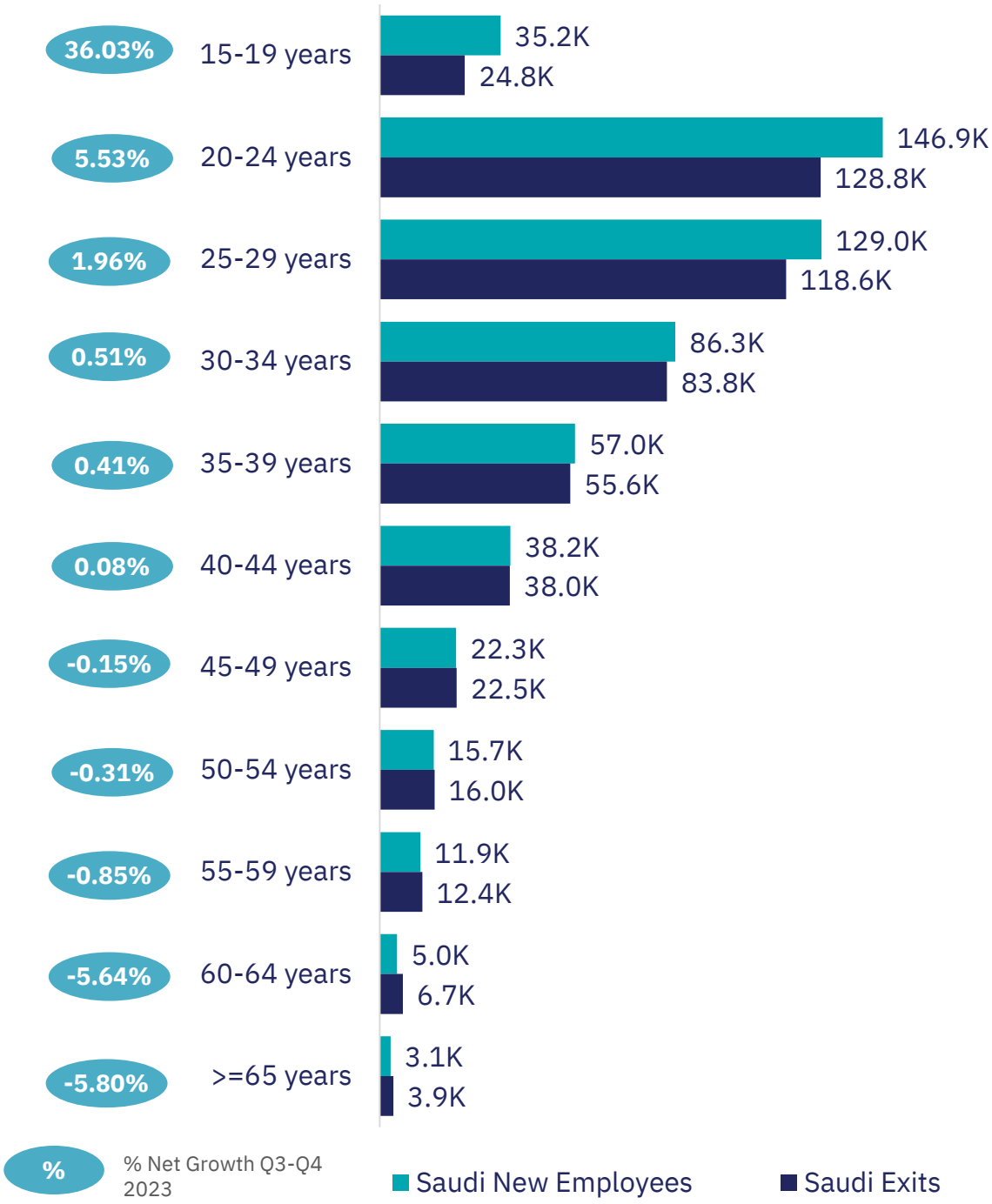
The Saudi labor market saw a 1.72% increase in net employment for Saudis from Q3 2023 to Q4 2023, with significant employment shifts including an 8.25% decrease in Saudi exits, a 6.37% decrease in Saudi re-entries, and a 13.65% decrease in new Saudi entries from Q3 2023 to Q4 2023.



New employees include new entrants to the labor market and returns to employment
Source: MHRSD Data, Q4 2023

Figure 13. Saudi private sector exits and new employees and net employment growth by gender Q4 2023

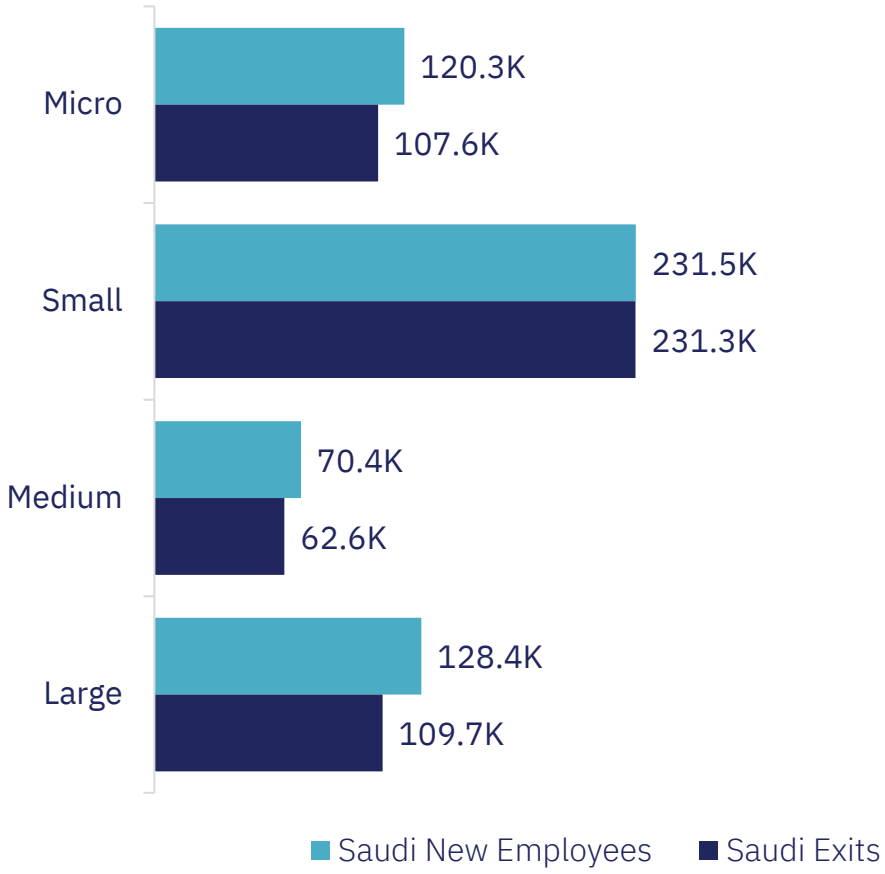
Figure 13 shows both Saudi males and females have entered or returned to employment in large numbers in Q4 2023, with the Saudi female net growth rate increasing by 2.23% since the previous quarter, compared to 1.37% employment net growth for Saudi male employees.



New employees include new entrants to the labor market and returns to employment
Source: MHRSD Data, Q4 2023

Figure 14. Saudi private sector exits and new employees and net employment growth by age Q4 2023

Figure 14 shows a trend of decreasing Saudi net employment growth with increasing age during Q4 2023. Most significant is the quarter-over-quarter employment growth of 36.03% within the 15-19 age bracket. Further, the most active age segments for employment changes were the 20–34-year-olds, who collectively saw 362.16 thousand Saudi workers enter or re-enter the job market, and 331.23 thousand exit it. This data underscores a labor market with considerable movement, particularly among younger age groups, as well as an ability to absorb young workers upon joining the job market.

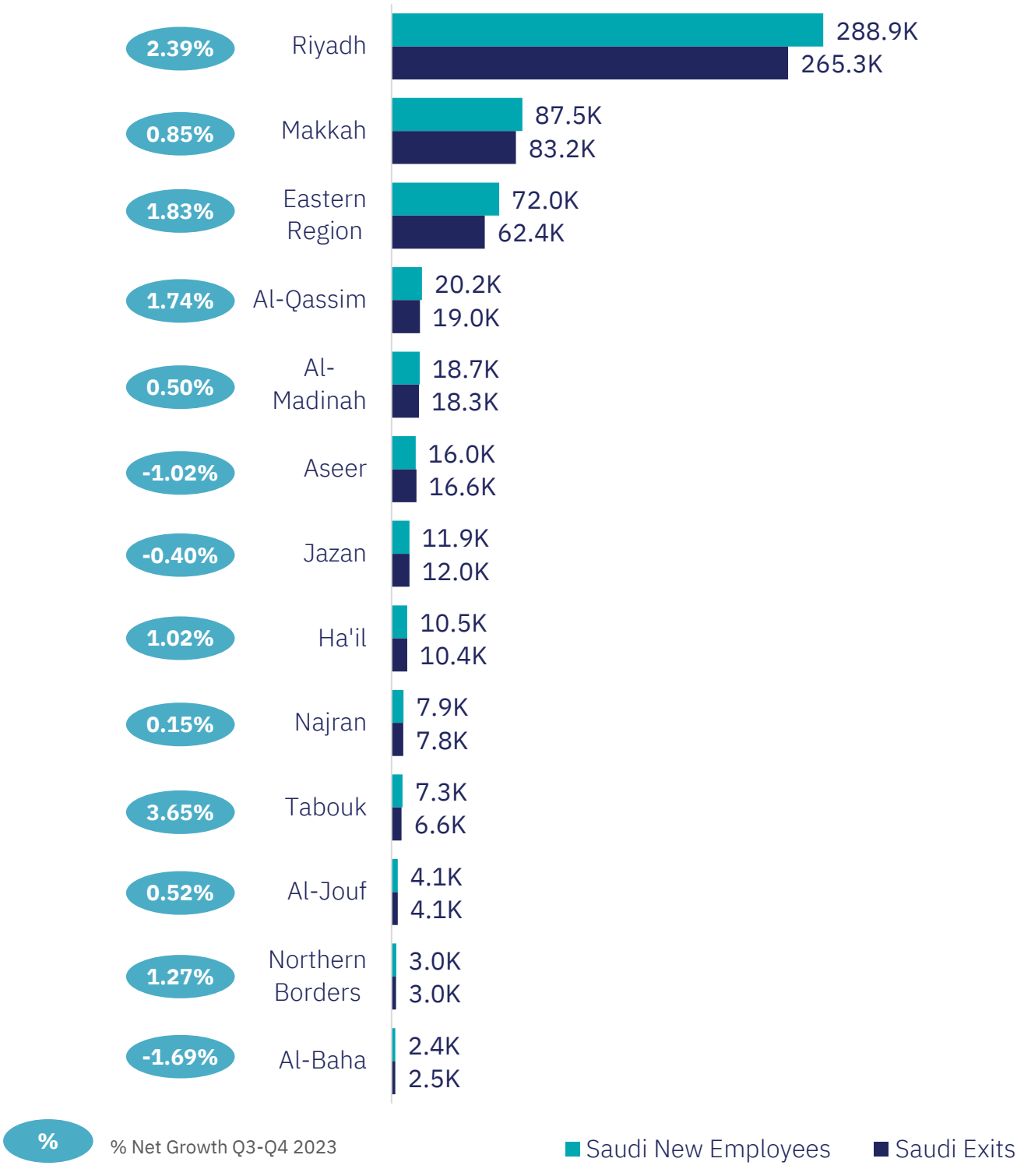


New employees include new entrants to the labor market and returns to employment
Source: MHRSD Data, Q4 2023

Figure 15. Saudi private sector exits and new employees by enterprise size Q4 2023

In Q4 2023, small enterprises witnessed the most substantial activity, with the highest number of new Saudi employees at 231.53 thousand, and the highest number of Saudi exits at 231.32 thousand, suggesting a high turnover rate or significant employment movement.

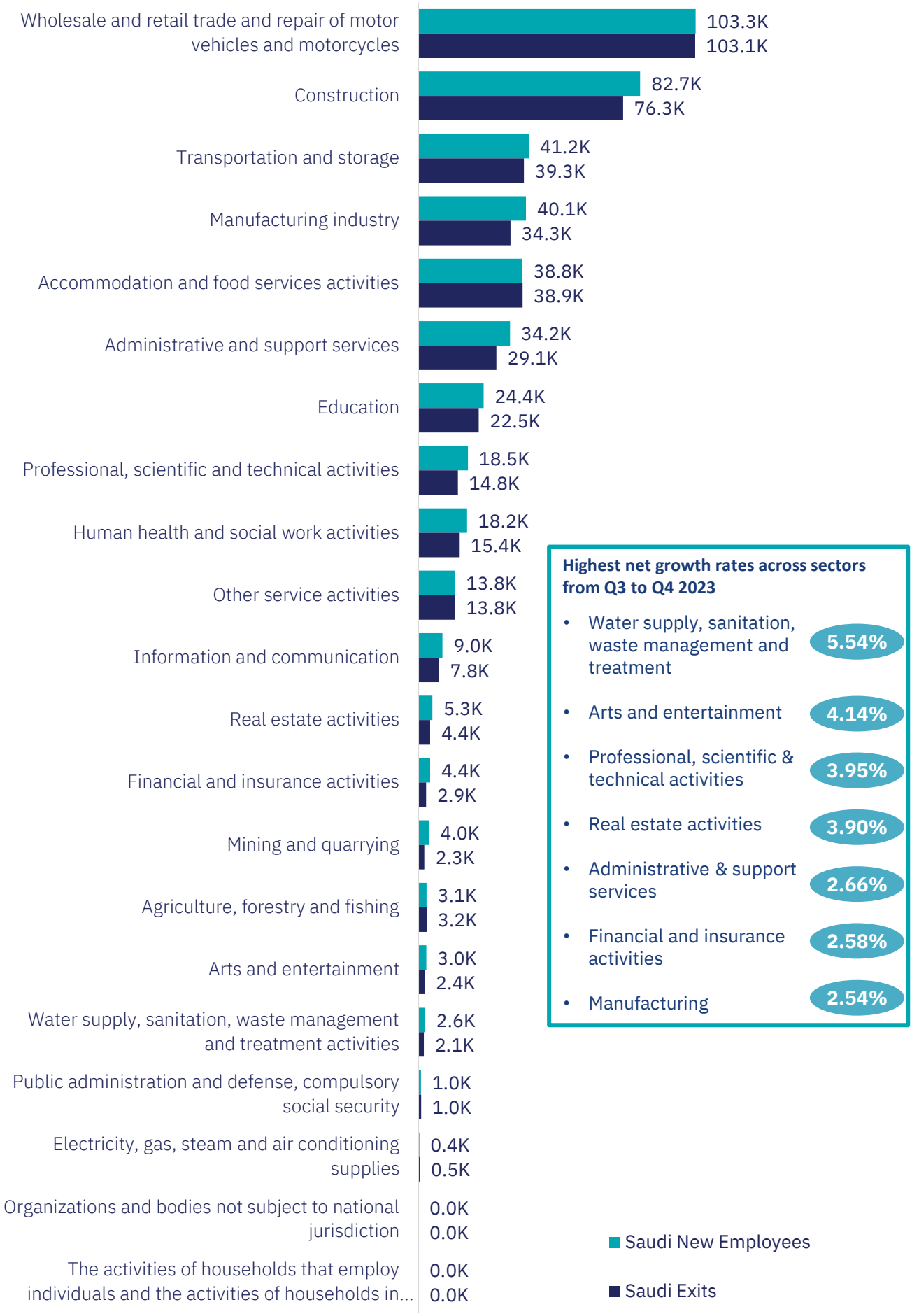
Larger and medium-sized businesses experienced net employment growth with increases of 2.88% and 2.59%, respectively, from the previous quarter, suggesting they are either expanding or effectively retaining Saudi workers.



New employees include new entrants to the labor market and returns to employment
Source: MHRSD Data, Q4 2023

Figure 16. Saudi private sector exits and new employees and net employment growth by administrative region Q4 2023

Figure 16 shows significant employment shifts in Riyadh, with a net quarter-over-quarter employment growth of 2.39%, reflecting 288.92 thousand entries/re-entries against 265.34 thousand exits. Tabuk led with the highest employment growth rate at 3.65% for the same period, while Al-Baha registered the lowest net employment growth at -1.69%.



New employees include new entrants to the labor market and returns to employment
Source: MHRSD Data, Q4 2023

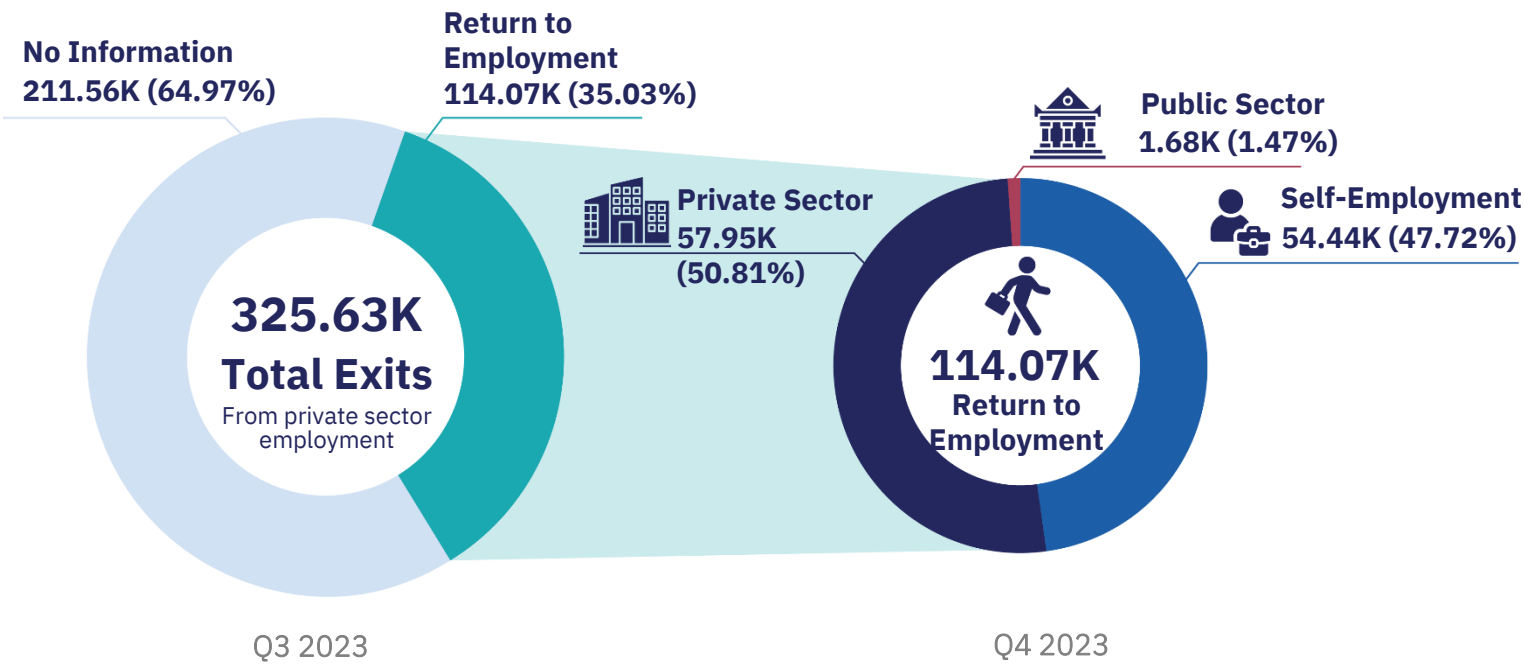
Figure 17. Saudi private sector exits and new employees and net employment growth by sectors Q4 2023

In the fourth quarter of 2023, the Wholesale and Retail Trade sector saw substantial employment churn, with 103.32 thousand new Saudi employees nearly balancing the 103.15 thousand exits.

As for the construction sector, it showcased a significant number of new Saudi employees and employment exits. This is followed by the Transportation and Storage sector, which registered a 2.05% net growth, with 41.2 thousand new private sector Saudi employees against 39.3 thousand exits. The Manufacturing sector also recorded a significant net employment growth of 2.54% between Q3 2023 and Q4 2023, which includes 40.2 thousand new Saudi employees compared to 34.3 private sector employment exits. This indicates significant sectoral expansion.

On the other hand, the Water supply, sanitation, waste management & treatment and the Arts and entertainment sectors recorded the highest net employment growth rates reaching 5.54% and 4.14%, respectively.

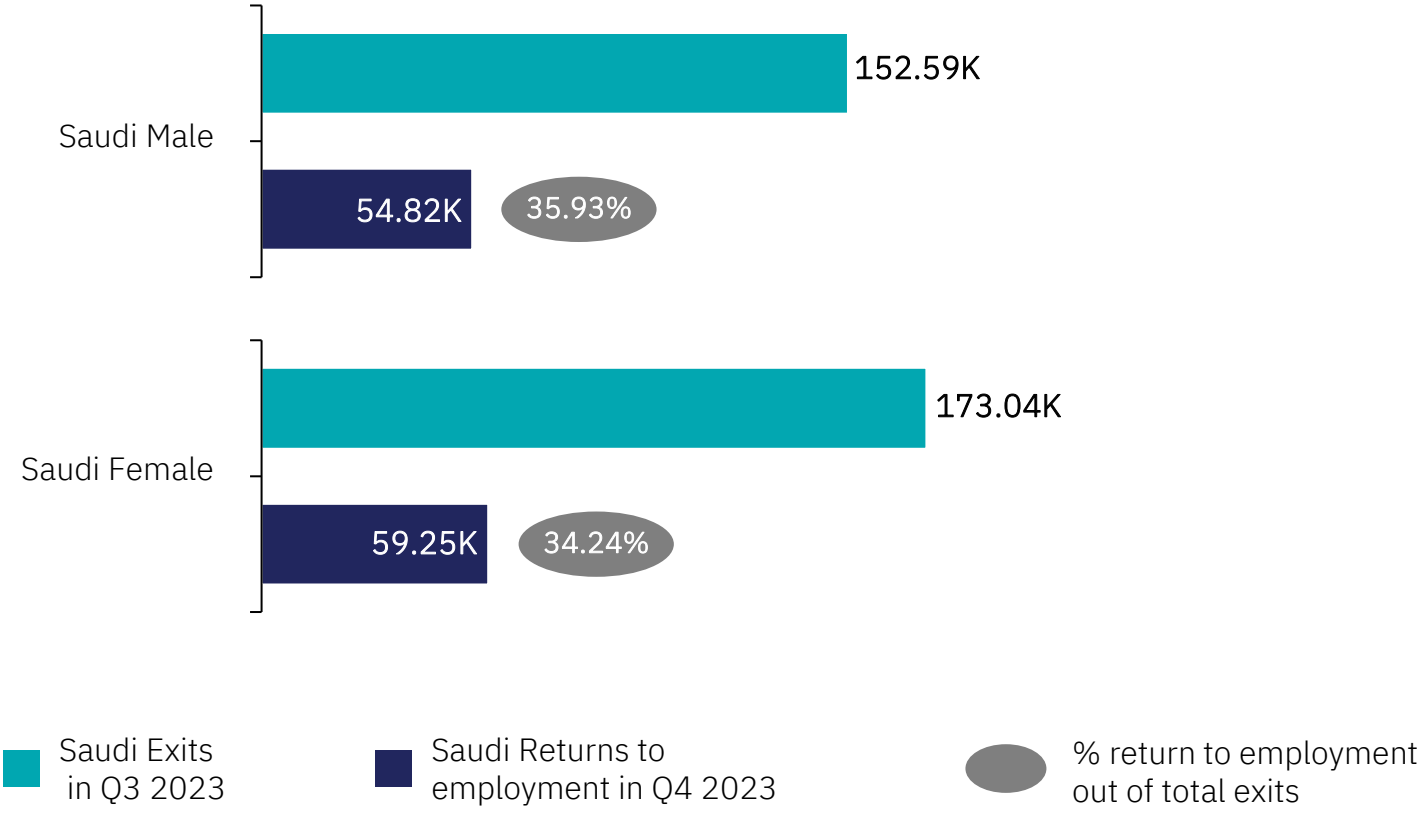
Saudi Exits and Return to Employment



Source: GOSI, MHRSD, and commercial registers from Ministry of Commerce

Figure 19. Saudi private sector exits and return by employment category Q3-Q4 2023

More than a third of Saudis who exited employment in Q3 2023 returned to employment in Q4 2023 whereby total returns to employment reached 114.07 thousand or 35.03% of total exits. The private sector was a key destination for Saudis who exited and then returned to employment whereby it accounted for 50.81% or 57.95 thousand of Saudis who returned to employment, followed by self-employment (commercial registers) with 47.72% or 54.44 thousand of Saudis returning to employment. These figures far surpass public sector returns, which sat at 1.68 thousand Saudis or 1.47% of total Saudis returning to employment.

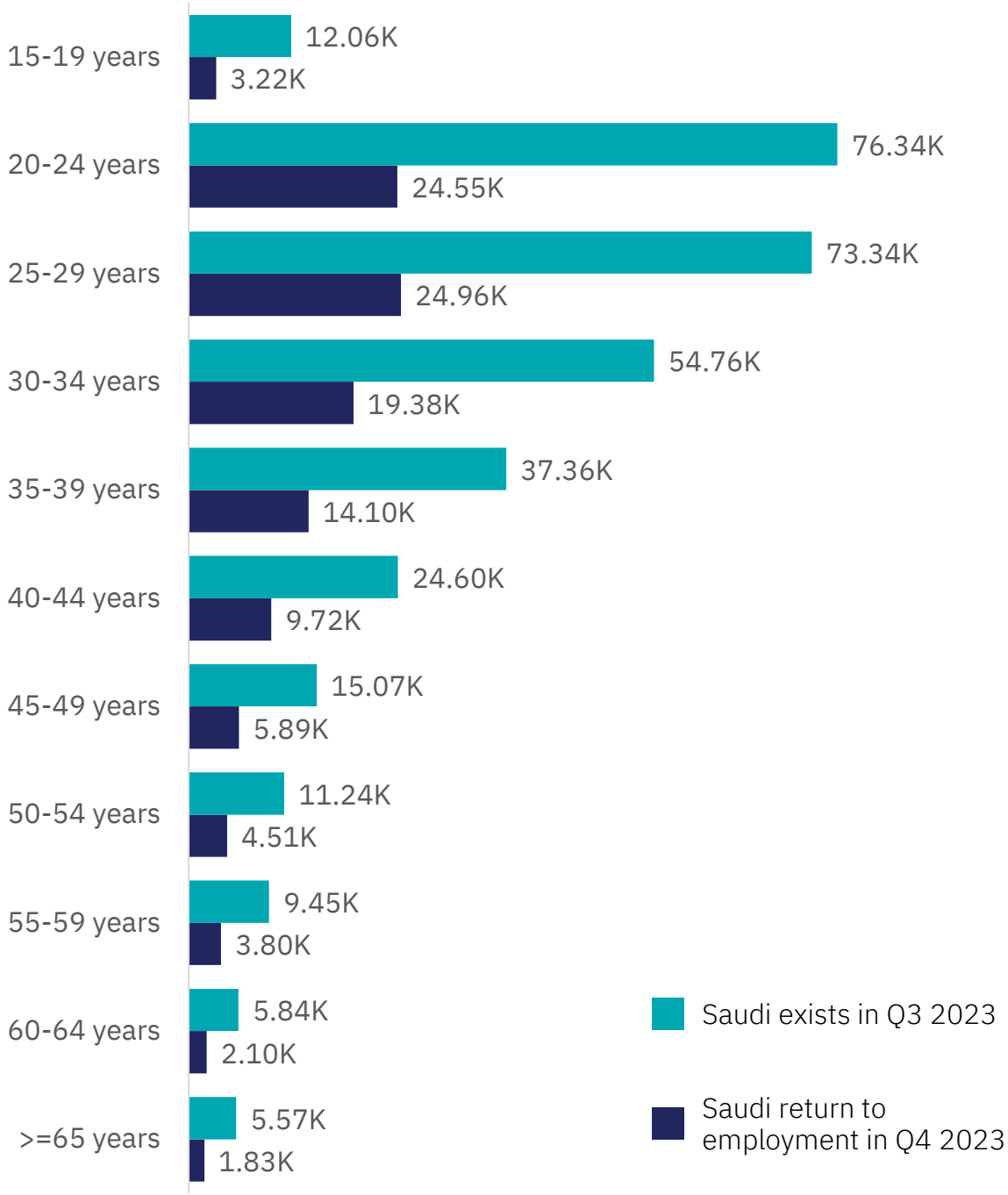


- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include private sector, public sector and those who issued commercial registers
- **Source:** GOSI, MHRSD, and commercial registers from Ministry of Commerce

Figure 20. Saudi private sector exits and return to employment by gender Q3-Q4 2023

In Q3 2023, Saudi females represented more than half of all Saudi employment exits (53.14% or 173.04 thousand), outpacing Saudi males', which sat at 152.59 thousand (or 46.86%).

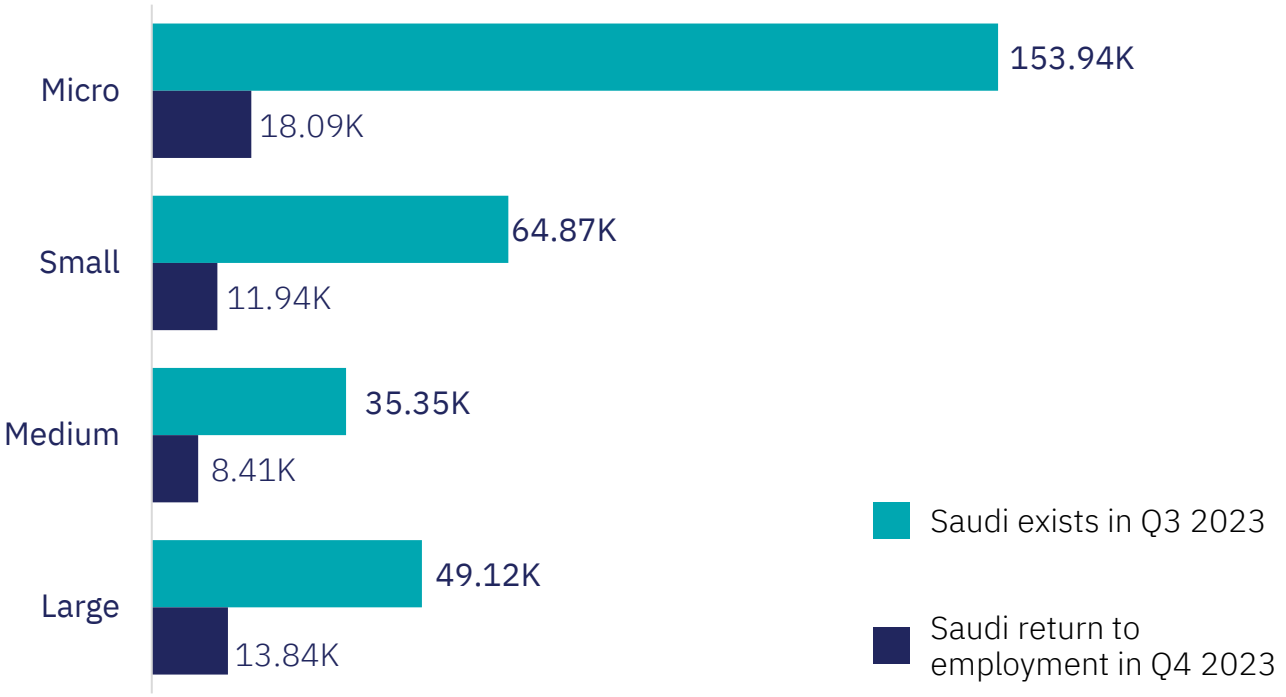
By the fourth quarter, 59.25 thousand Saudi females returned to employment, compared to 54.82 thousand Saudi male returns, despite Saudi males holding a slightly higher return-to-employment ratio of 35.93% to Saudi females' 34.24%.



- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include private sector, public sector and those who issued commercial registers
- **Source:** GOSI, MHRSD, and commercial registers from Ministry of Commerce

Figure 21. Saudi private sector exits and return to employment by age Q3-Q4 2023

Saudi exits across age groups 20-24 and 25-29 constituted almost a quarter each of total number of Saudi exits (23.45% or 76.34 thousand and 22.52% or 73.34 thousand, respectively). The same age cohorts saw the largest proportion of Saudi employees returning to the employment the following quarter at 21.52% (or 24.55 thousand) for age group 20-24 and 21.88% (or 24.96 thousand) for age group 25-29.



Notes:

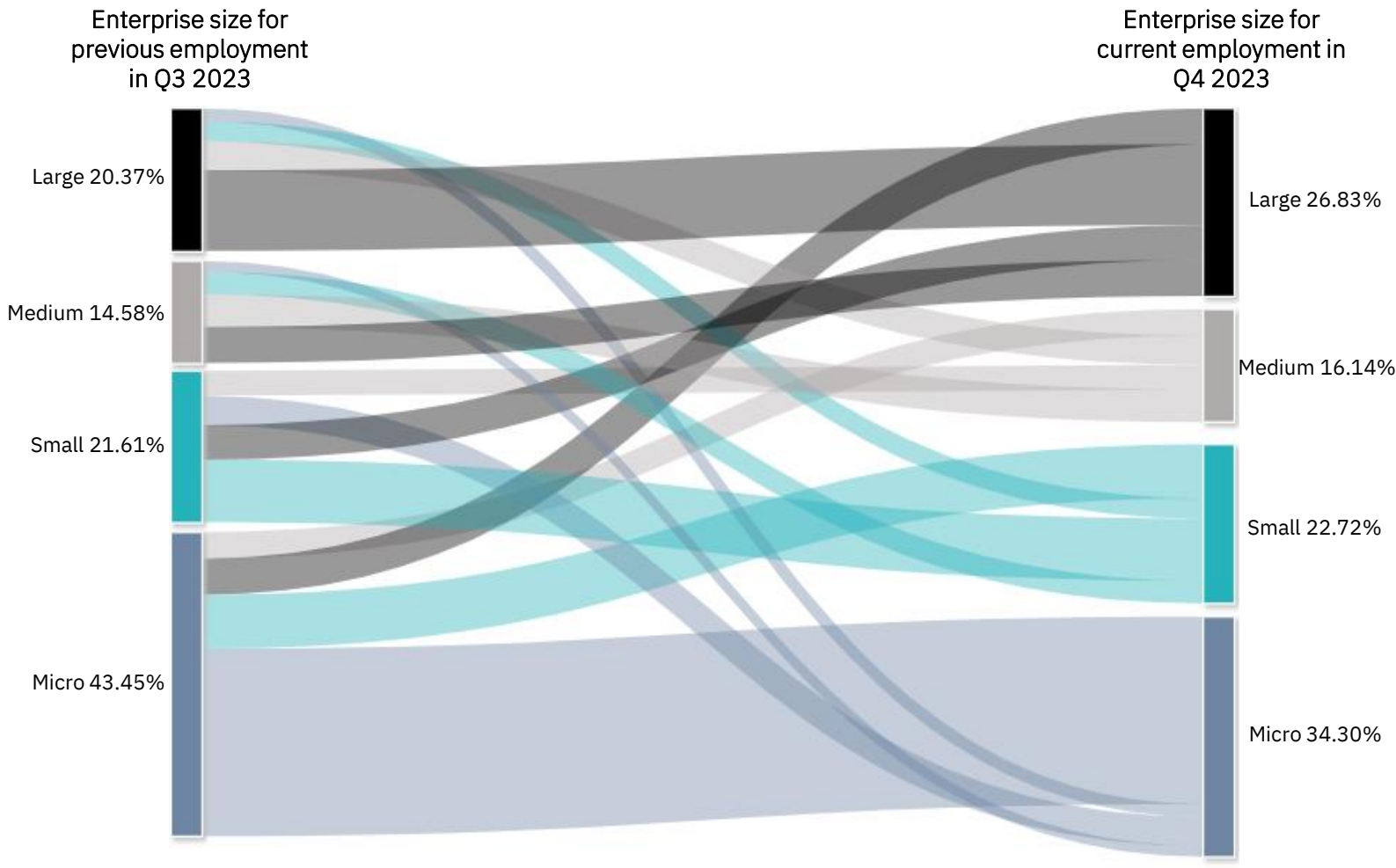
- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include returns to private sector employment only, by enterprise size
- Enterprises whose size is 'unknown' were not included in this figure – these account for 7% of exits

Source: MHRSD

Figure 22. Saudi private sector exits and return to employment in the private sector by enterprise size Q3-Q4 2023

The largest number of Saudi exits in Q3 2023 and private sector employment returns the following quarter was observed in micro-size enterprises, which recorded close to half (50.76% or 153.94 thousand) of Saudis who exited from private sector employment, and 18.09 thousand employees who returned to private sector employment in the fourth quarter of 2023.

Small-size enterprises also witnessed more than one-in-five (21.39% or 64.87 thousand) of Saudis who exited from private sector employment in Q3 2023, and 11.94 thousand employees who returned to employment in the private sector in Q4 2023.



Notes:

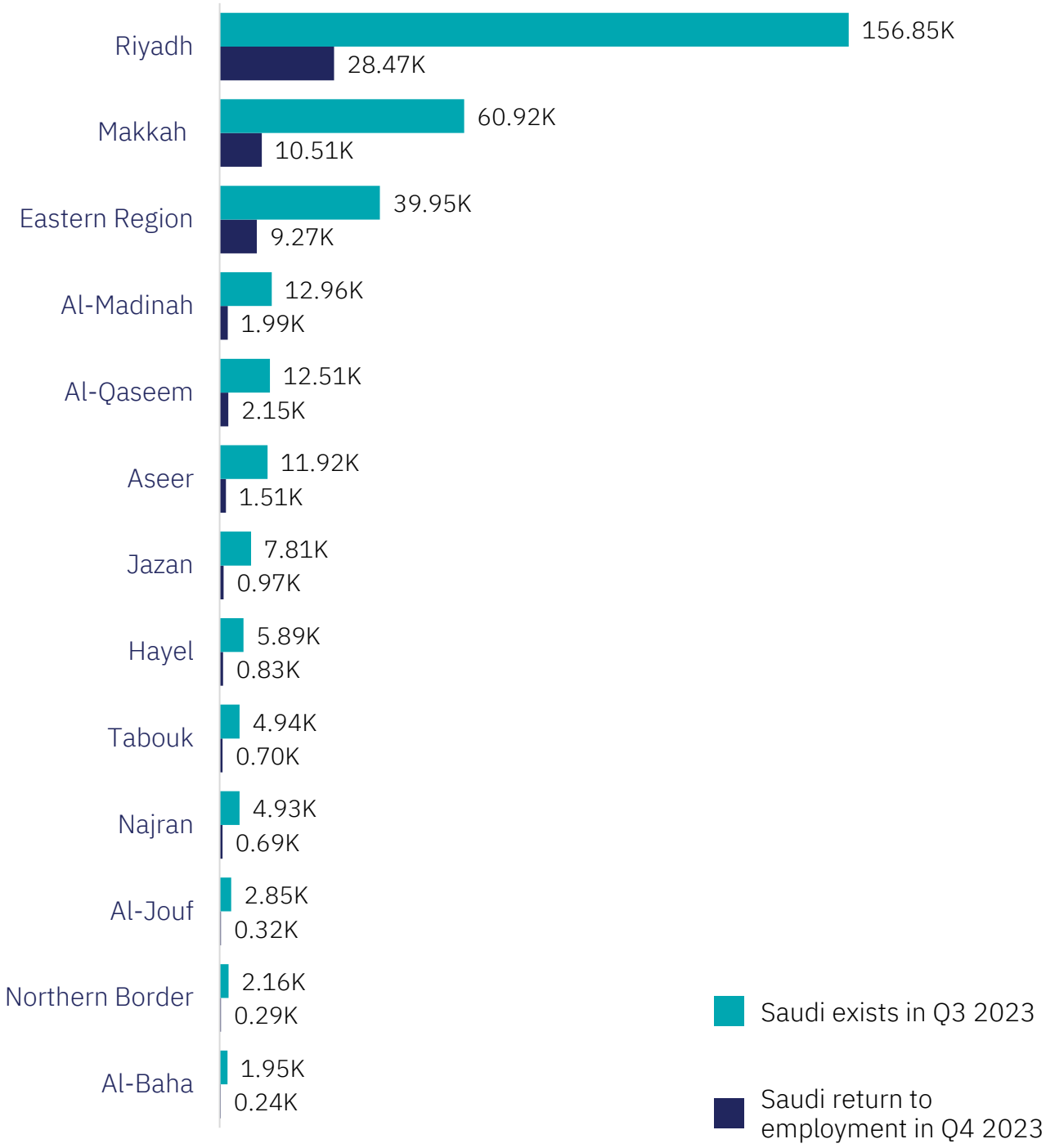
- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include returns to private sector employment only, by enterprise size
- Enterprises whose size is 'unknown' were not included in this figure – these account for 7% of exits

Source: MHRSD

Figure 23. Change in enterprise size for Saudis who exited employment in Q3 2023 and returned to private sector employment in Q4 2023

In Q4 2023, there was a notable trend in the Saudi labor market, with large enterprises gaining the most from employee exits, increasing their share by 6.46 percentage points. Medium and small enterprises also experienced gains, albeit more modestly, by 1.56 and 1.11 percentage points respectively, while micro enterprises saw a significant decrease of 9.15 percentage points.

Figure 23 indicates a trend of upward career moves among Saudis who exited employment, with 35.48% of those exiting from medium-sized businesses transitioning to large ones and 23.01% of Saudis who exited from small enterprises also making the move to larger entities. Despite this, a significant number of employees exhibit loyalty to their initial enterprise size, particularly within large (56.56%) and micro (61.65%) sectors. The least movement to larger businesses was seen from the micro category, indicating potential barriers or a lack of incentive to shift to larger enterprise environments.



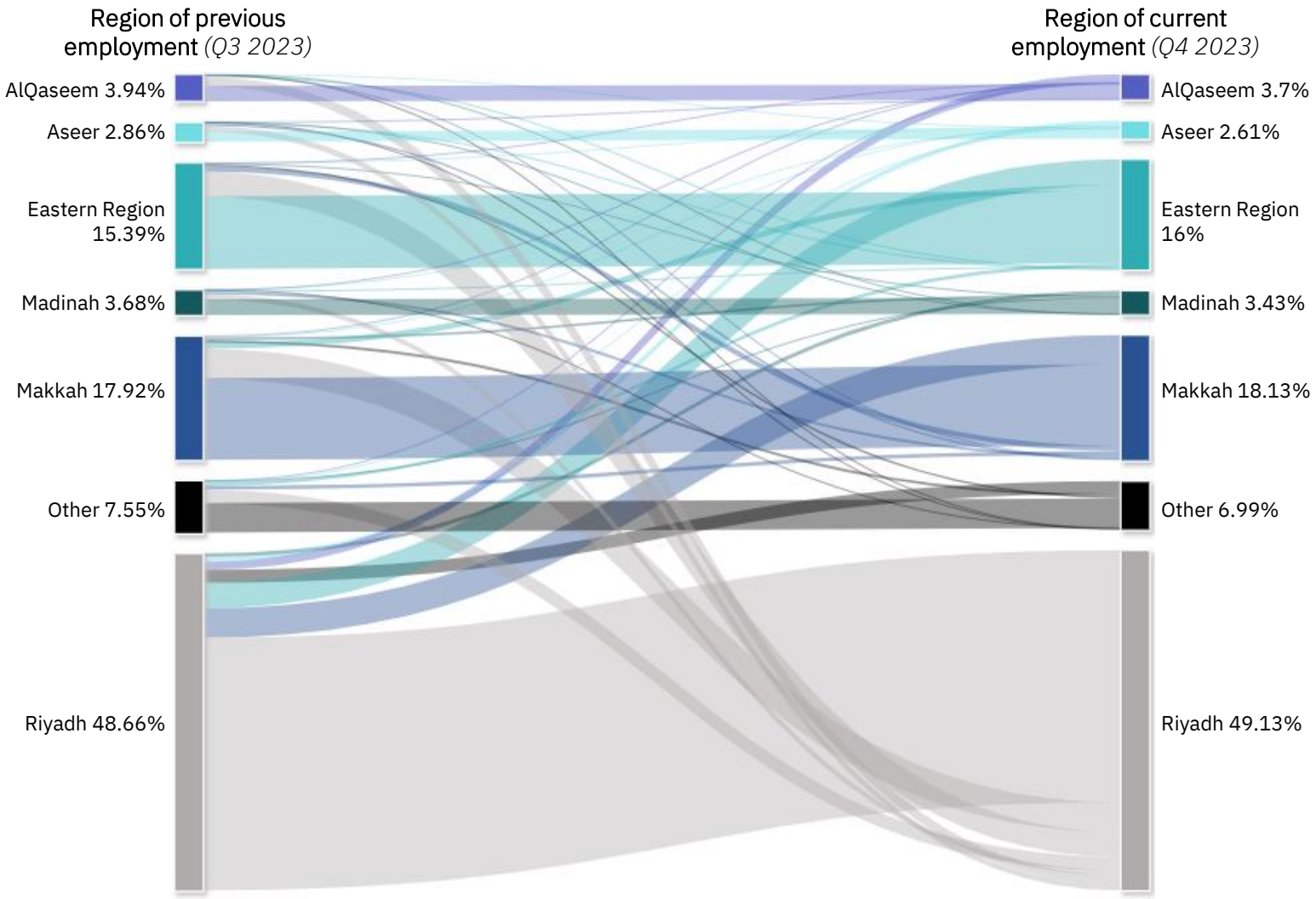
Notes:

- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include returns to private sector employment only, by enterprise size

Source: MHRSD

Figure 24. Saudi private sector exits and return to employment in the private sector by administrative region Q3-Q4 2023

Riyadh saw the highest share of exits in Q3 2023 (48.17% or 156.85 thousand) and returning employees (24.96% or 28.47 thousand) the following quarter, constituting a significant share of overall Saudi exits and returns across regions.



Notes:

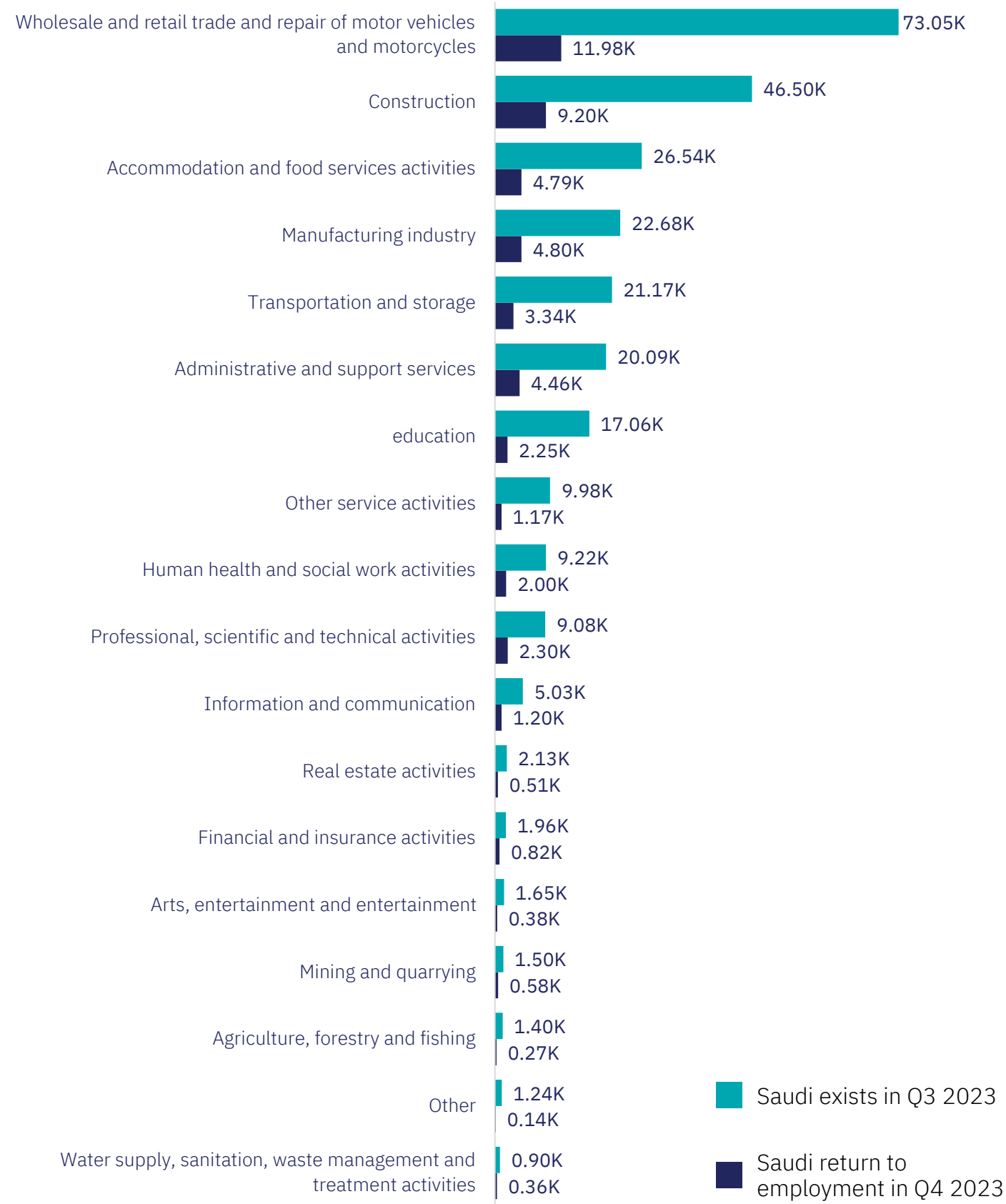
- "Other" category includes Al-Baha, Northern Border, Al-Jouf, Najran, Tabuk, Hayel, and Jazan
- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include returns to private sector employment only, by enterprise size
- Employees that exited from "Undefined" regions and that returned to employment in defined regions were included under the "Other" category of the "Region Before" segment
- All employees who exited and returned in a region listed as "Undefined" were filtered out from both the "Region Before" and "Region After" data

Source: GOSI and MHRSD time series data sets

Figure 25. Change in administrative regions for Saudis who exited employment in Q3 2023 and who returned to private sector employment in Q4 2023

Riyadh reinforced its status as the top employment destination for Saudis who exited employment in Q3 2023, increasing its share to 49.13%. Similarly, the Eastern Region and Makkah attracted returnees, with gains of 0.61 and 0.21 percentage points, respectively. Al-Qaseem, Aseer, and Madinah saw their shares decrease by around 0.25 percentage points each.

Most returning Saudis preferred to stay within their initial regions, demonstrated by high retention rates, such as 68.09% in the Eastern Region and 65.73% in Makkah. Nonetheless, Riyadh was a popular alternative, drawing 7.60% from the Eastern Region and 8.77% from Makkah, emphasizing its prominence as a central employment hub with a strong retention rate of 74.91%.



Notes:

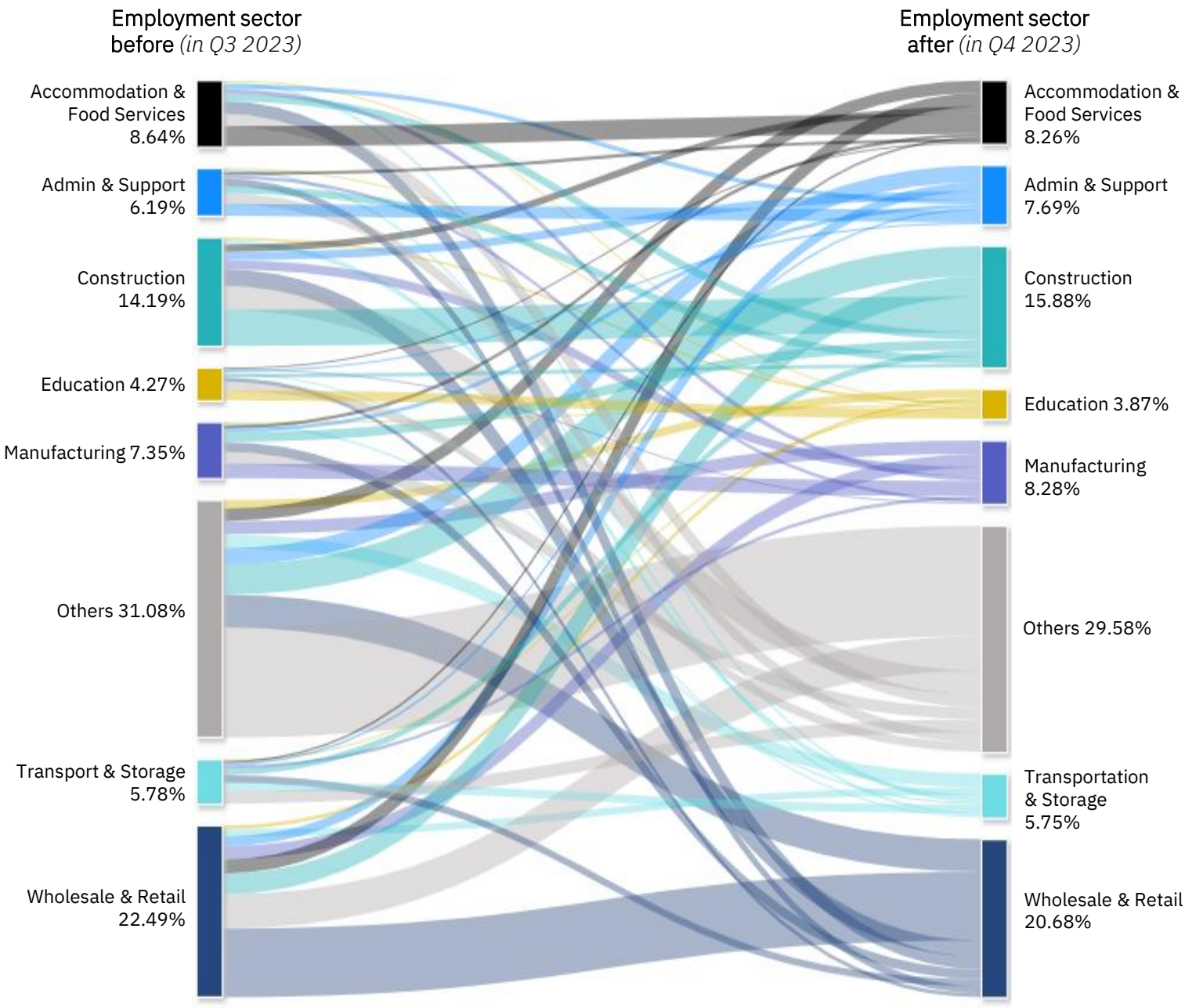
- "Other" includes the following sectors: Public administration, defense, and social security, Organizations and bodies not subject to national jurisdiction, and Electricity, gas, steam and air conditioning supplies
- "Undefined" sectors have been excluded from the figure above – these account for 13% of returns
- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include returns to private sector employment only, by industry sector

Source: MHRSD

Figure 26. Saudi private sector exits and returns to private sector by industry Q3-Q4 2023

The largest proportion of Saudi private sector exits in Q3 2023 and returns in the following quarter took place in the Wholesale and Retail Trade sector, constituting close to a quarter (22.43% or 73.05 thousand) of Saudi exits and one-in-ten (10.50% or 11.98 thousand) returns by Q4 2023. This is followed by the Construction sector, which saw 14.28% (or 46.50 thousand) of all Saudi exits in Q3 2023 and 8.07% (or 9.20 thousand) returns in the following quarter.

On the other hand, the Water Supply, Sanitation, Waste Management and Treatment Activities sector experienced the lowest number of Saudi exits (904 exits) during Q3 2023, and the Agriculture, Forestry, and Fishing sector saw negligible private sector employment returns in Q4 2023 (270 returns).



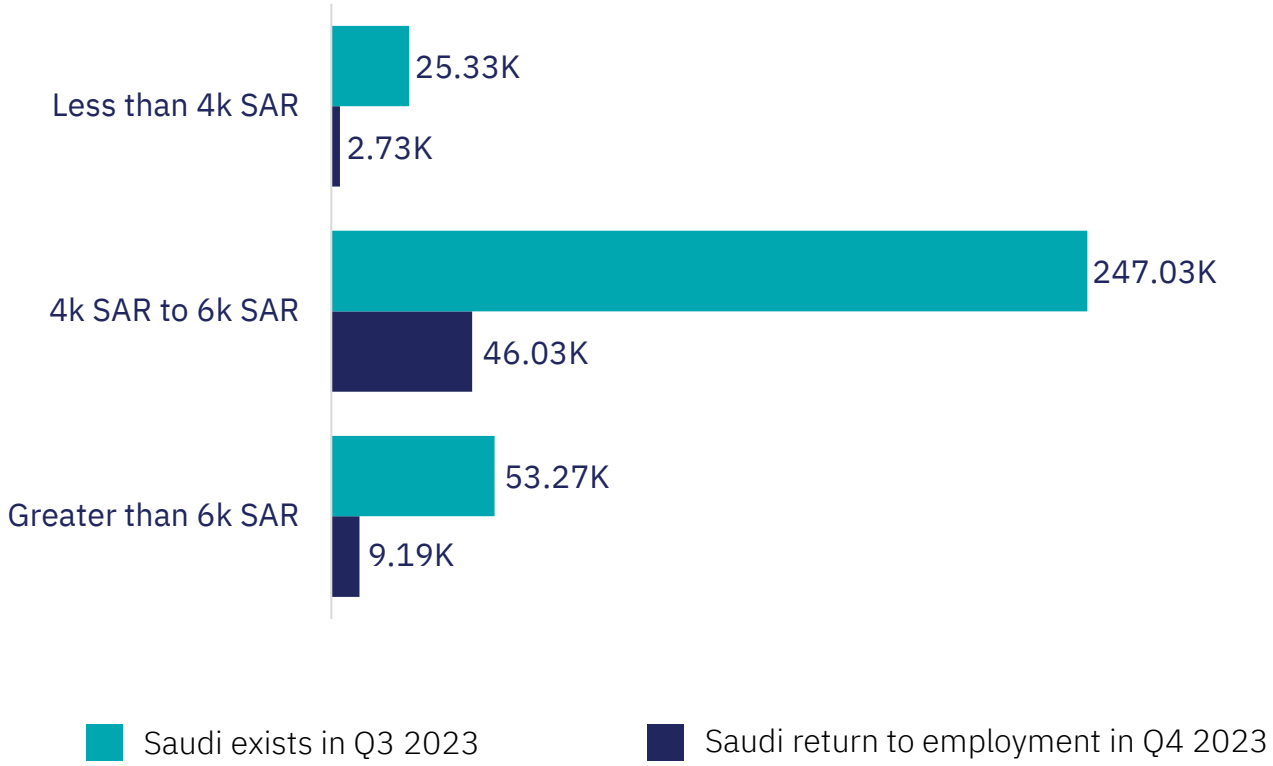
Notes:

- "Other" category includes Human Health and Social Work, Water Supply, Sanitation, Waste Management, Agriculture, Forestry and Fishing, Mining and Quarrying, Arts and Entertainment, Financial and Insurance Activities, Real Estate Activities, Information and Communication, Professional, Scientific and Technical activities, and Other Service Activities in addition to sectors that were "undefined".
- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include returns to private sector employment only, by industry sector

Source: MHRSD

Figure 27. Change in industry sector for Saudis who exited employment in Q3 2023 and returned to private sector employment in Q4 2023

In Q4 2023, the Construction sector marked a significant gain, becoming the main attraction for career switchers and absorbing on average 16.51% each of the transitioning employment from Administrative and Support and Manufacturing sectors. While the Wholesale & Retail sector faced a slight decline of 1.81 percentage points due to Saudis who exited employment, it still managed to draw average of 18.13% each of the returning to employment Saudis from the Accommodation & Food Services and Manufacturing sectors.



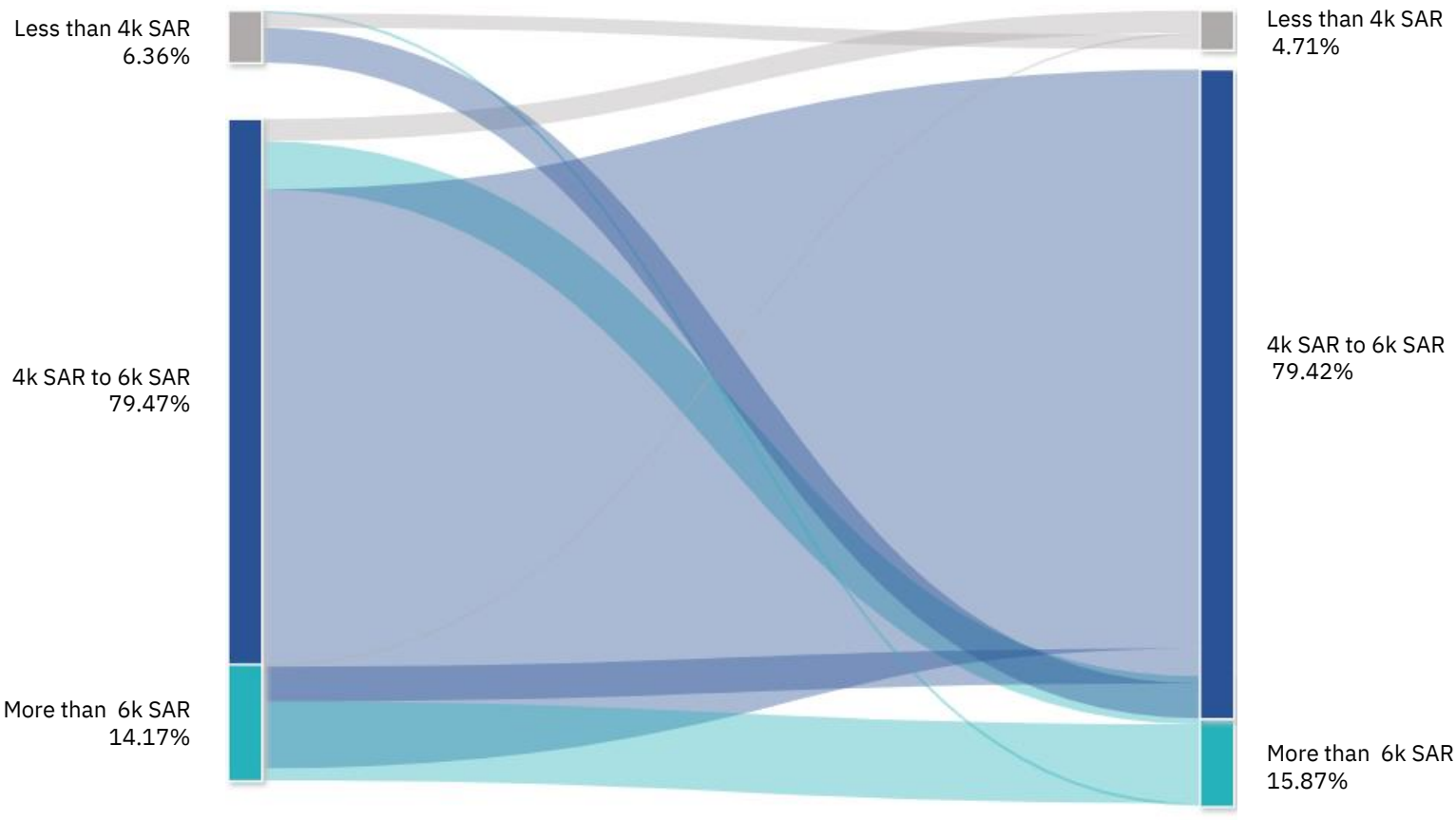
Note:
- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include returns to private sector employment only, by average monthly salary

Source: MHRSD

Figure 28. Saudi private sector exits and return to employment in the private sector by average monthly salary Q3-Q4 2023

The largest proportions of Saudi exits in Q3 2023 and returns to employment in the following quarter took place with Saudi workers in the 4,000 SAR-6,000 SAR average monthly salary bracket, where more than three-quarters (75.86% or 247.03 thousand) of Saudi exits and two-in-five (40.35% or 46.03 thousand) returns took place within this earning category.

Exits for Saudi workers earning less than 4,000 SAR monthly constituted the lowest proportion of Saudi exits (7.78% or 25.33 thousand) in Q3 2023 and returns (2.39% or 2.73 thousand) within the following quarter.



Note:
- All employees who resigned and returned with a Salary listed as "Undefined" were filtered out from both the Salary Before and Salary After data
- Saudi exits include those who resigned or whose private sector employment was terminated, and returns include returns to private sector employment only, by average monthly salary

Source: GOSI and MHRSD time series data sets

Figure 29. Saudi exits returning to private sector employment with different average monthly salary Q3-Q4 2023

Shifts in earning power for Saudis who exited employment in Q3 2023 and who returned to private sector employment the following quarter show positive economic mobility, with a segment of the Saudi employees moving from the lower-income bracket to the higher-income bracket within one quarter.

Specifically, the proportion of Saudis earning less than 4,000 SAR decreased by 1.65 percentage points, dropping from 6.36% to 4.71%. Conversely, the higher salary bracket of more than 6,000 SAR saw an increase of 1.7 percentage points, rising from 14.17% to 15.87%. The middle salary bracket, representing those earning between 4,000 SAR and 6,000 SAR, remained remarkably stable, with only a negligible decrease of 0.05 percentage points, moving from 79.47% to 79.42%.

Saudi Average Monthly Earnings in the Private Sector

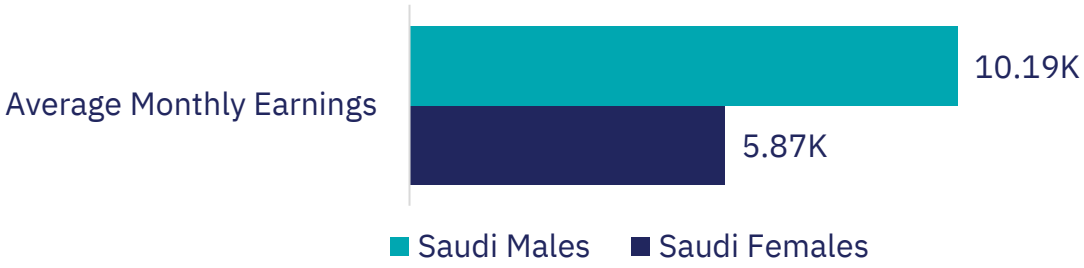


Source: MHRSD Data, Q4 2023

Figure 30. Saudi private sector average monthly earnings Q4 2023

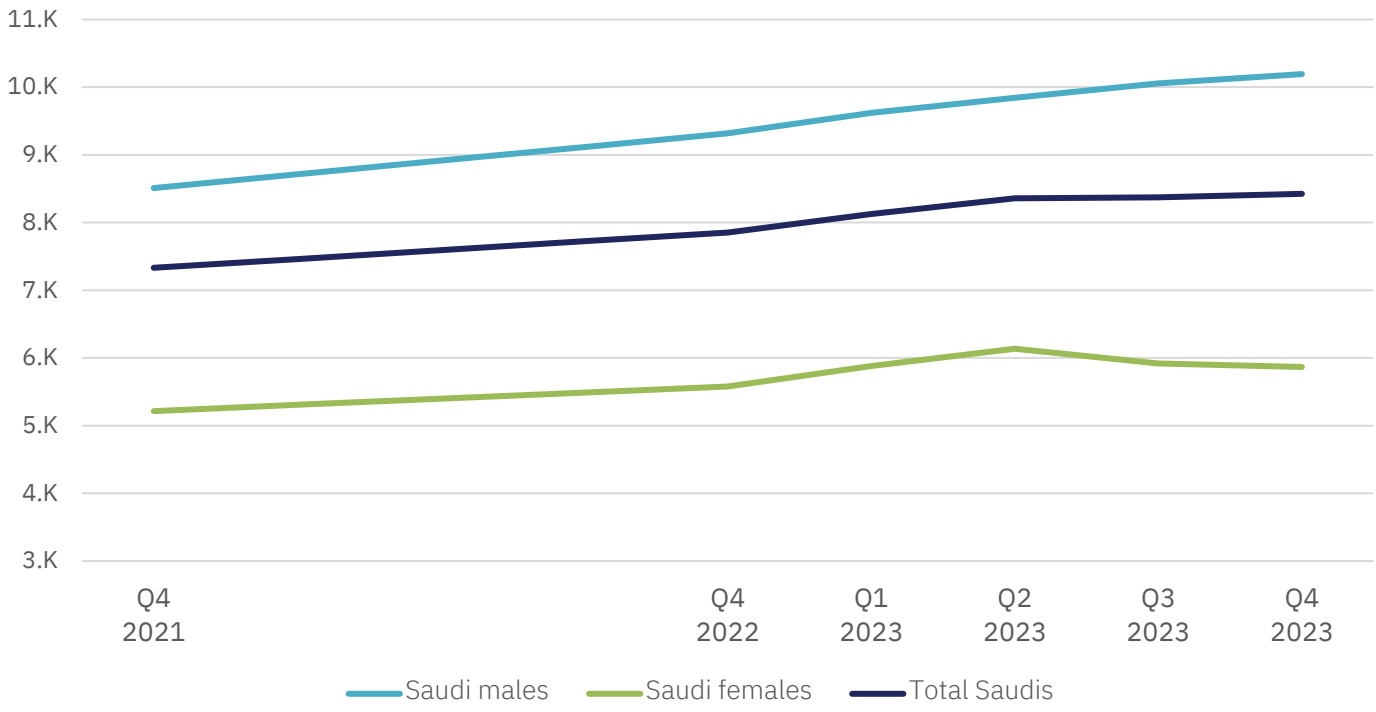
The overall average monthly earnings for Saudi private sector workers was 8.42 thousand SAR in Q4 2023.

In terms of gender, the average monthly earnings was significantly higher for Saudi males at 10.19 thousand SAR compared to 5.87 thousand SAR for Saudi female workers. This can be due to several factors, including the type of jobs that females obtain, especially as the employment rate for local females in the labor market has increased in recent years, in addition to health and social conditions, such as childcare among others, which may lead to work disruption for local females in terms of accumulated experience and progression in the labor market, despite efforts to reduce the gender pay gap and increase female employment.



Source: MHRSD Data, Q4 2023

Figure 31. Saudi private sector average total earnings by gender Q4 2023

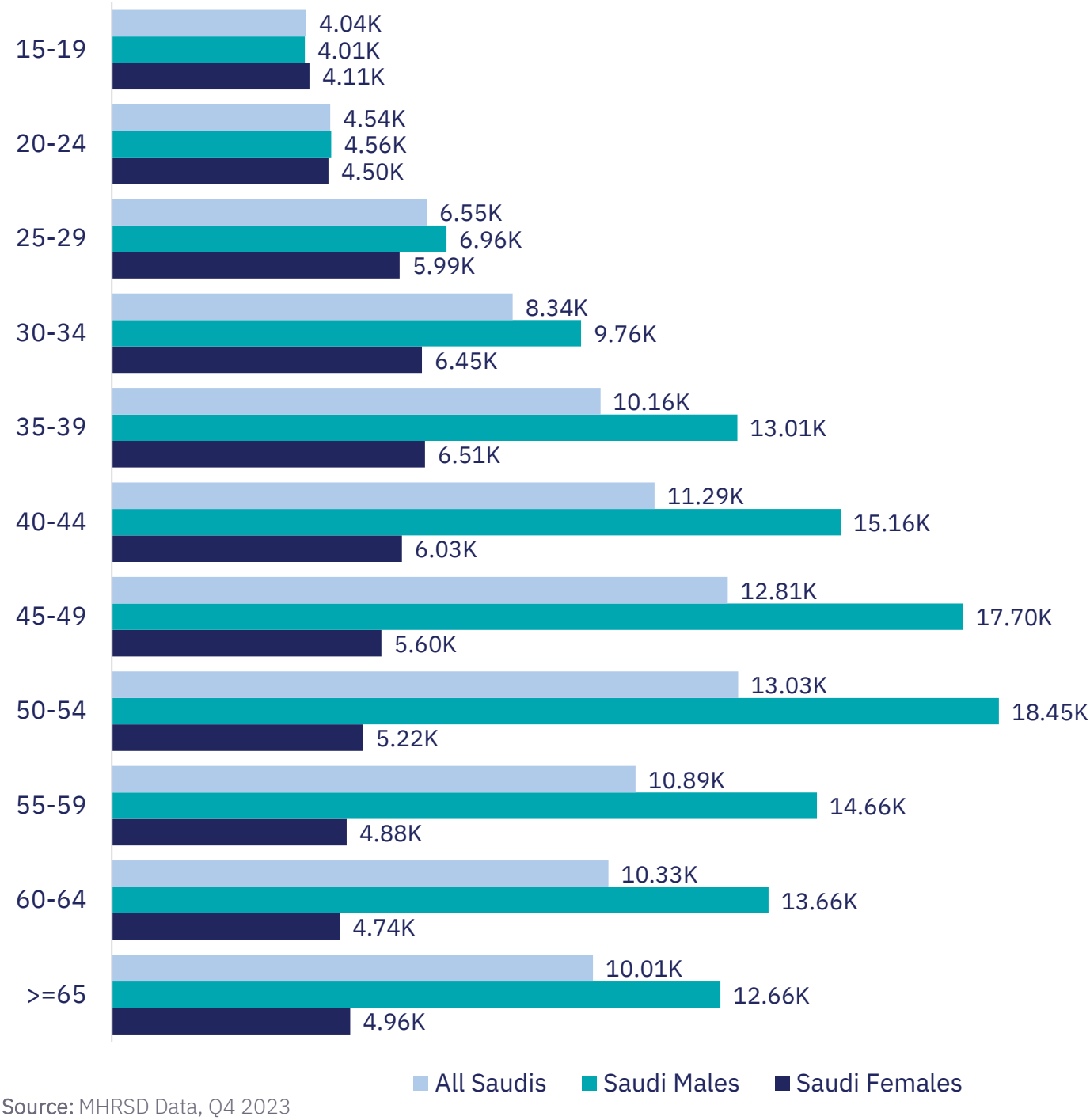


Source: MHRSSD data

Figure 32. Evolution of averages earnings for Saudis in the private sector by gender Q4 2021 – Q4 2023

Average wages for Saudi employees in the private sector increased for both males and females over the past 3 year. Whereby average wages increased from 7.33 thousand SAR for total Saudis, 8.51 thousand SAR for Saudi males, and 5.22 thousand SAR for Saudi females in Q4 2021 to reach 8.42 thousand SAR for total Saudis, 10.19 thousand SAR for Saudi males, and 5.87 thousand SAR for Saudi females in Q4 2023.

It is also noticeable that the gender gap in wages has increased over the years, whereby the gender gap reached 3.30 thousand SAR in Q4 2021 and increased to a gap of 4.33 thousand SAR in Q4 2023.

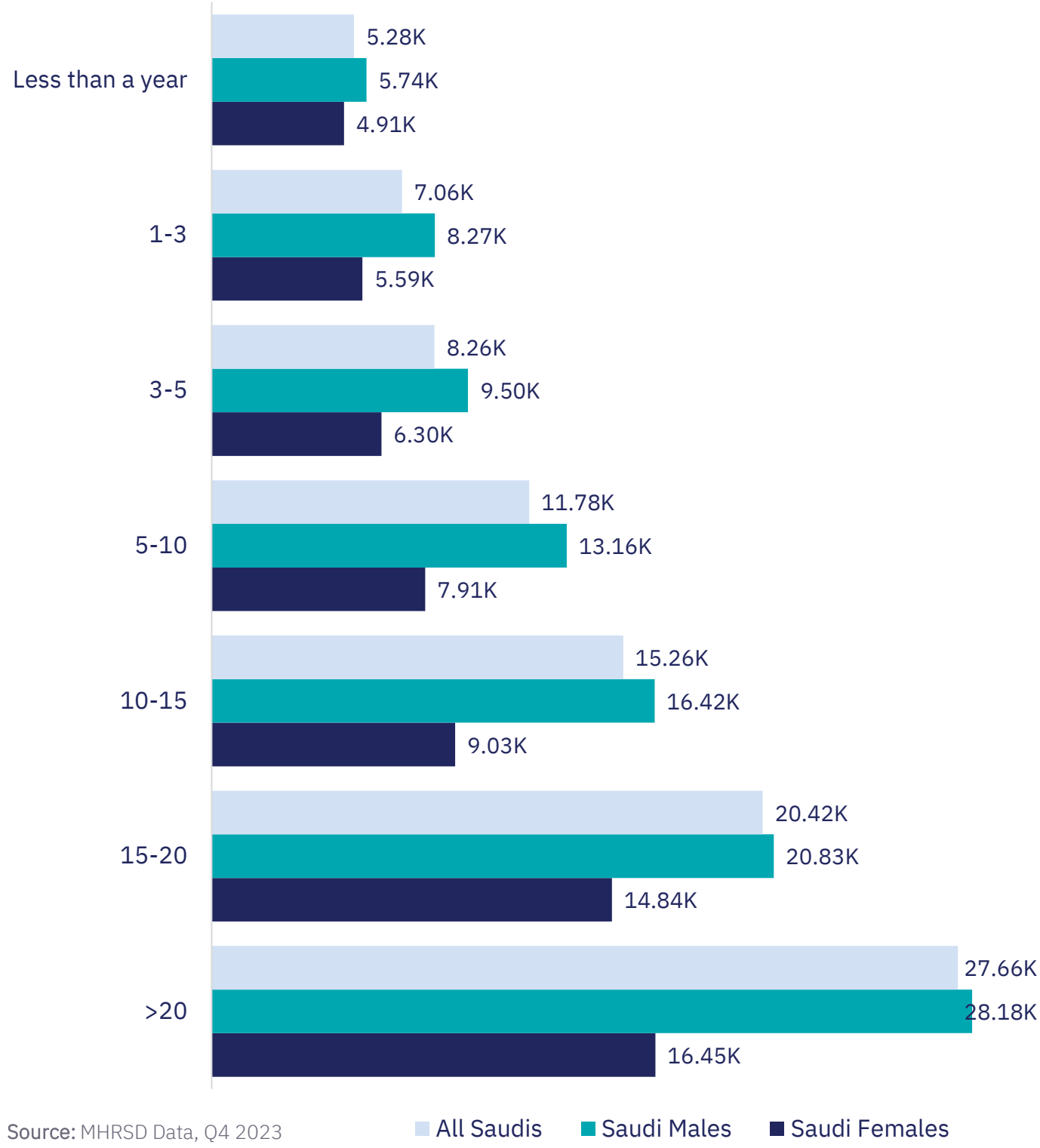


Source: MHRSD Data, Q4 2023

Figure 33. Saudi private sector average monthly earnings by age and Q4 2023

Figure 33 shows that average monthly earnings in Q4 2023 increased with age, peaking at 13.03 thousand SAR for those aged 50-54, then dipping slightly to 10.89 thousand SAR after 55.

Saudi males consistently outearned Saudi females across all age groups, except in the 15-19 age group where Saudi females earned slightly more. The largest gap in male-female monthly earnings was observed in the 50-54 age cohort, where Saudi males earned 18.45 thousand SAR compared to Saudi females' 5.22 thousand SAR.



Source: MHRSD Data, Q4 2023

Figure 34. Saudi private sector average monthly earnings by years of experience and gender Q4 2023

Figure 34 indicates a general trend in Q4 2023 where average monthly earnings for all Saudi workers rose as years of experience increased. Workers with less than a year of experience earned around 5.28 thousand SAR on average, while those with more than 20 years of experience earned 27.66 thousand SAR. The data further reveals a gender pay gap at each level of experience, with Saudi males generally earning more than Saudi females during the same reporting period.

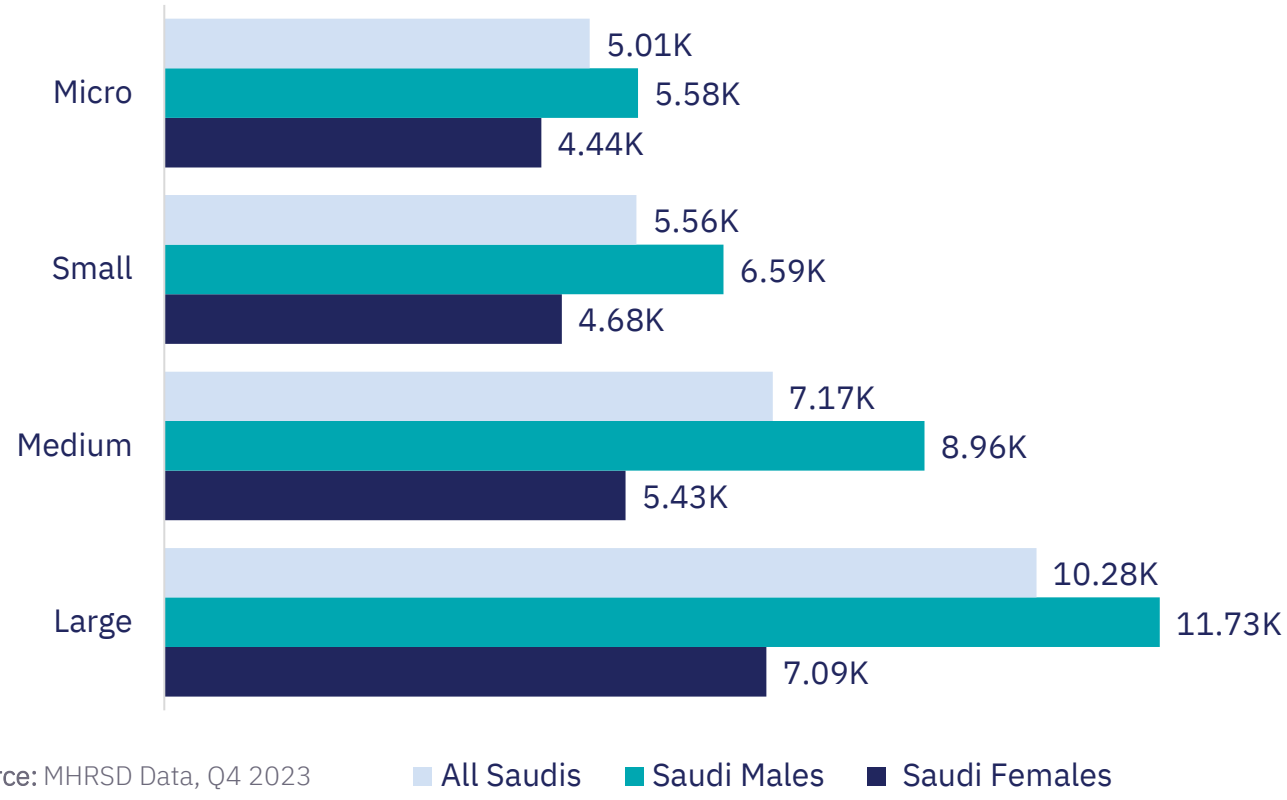


Source: MHRSD Data, Q4 2023

Figure 35. Average total earnings by industry sector for Saudi private employees Q4 2023

In Q4 2023, top Saudi worker paying industry sectors included Financial and Insurance Activities (18.71 thousand SAR) and Mining and Quarrying (17.68 thousand SAR).

Saudi males generally earned more than Saudi females across sectors, with large gaps observed in high-pay sectors, such as the Information and Communication sector (males 17.88 thousand SAR and females 9.55 thousand SAR).

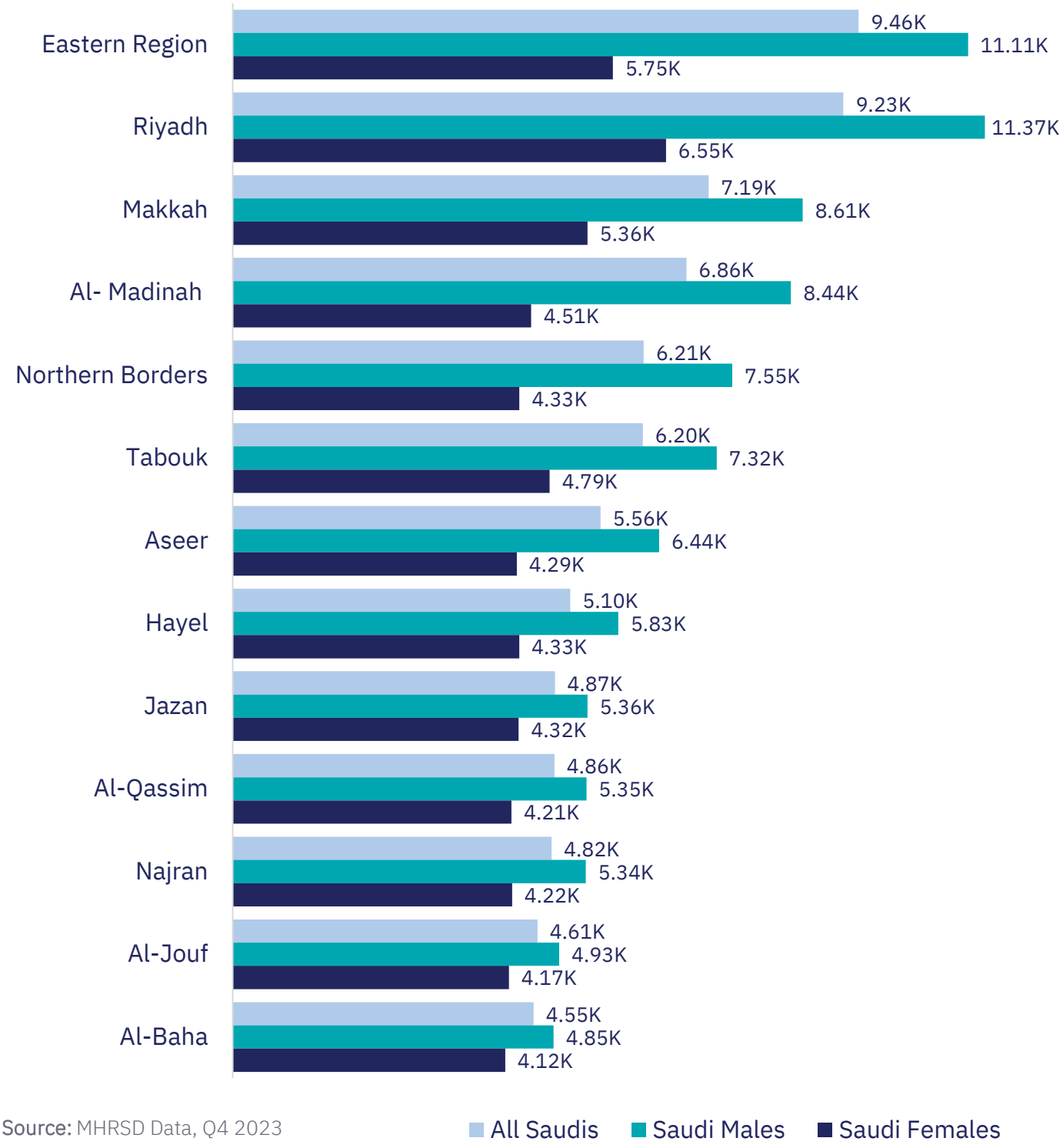


Source: MHRSD Data, Q4 2023

Figure 36. Saudi private sector average monthly earnings by enterprise size and gender Q4 2023

Figure 36 shows that average monthly earnings in Q4 2023 increased with enterprise size. For example, Saudi workers in micro enterprises earned around 5.01 thousand SAR on average, while those in large enterprises earned about 10.28 thousand SAR.

Saudi males earned more than Saudi females in every enterprise size with the widest gender pay gap in large enterprises. In large enterprises, the gap is around 4.64 thousand SAR, with males earning 11.73 thousand SAR compared to females' 7.09 thousand SAR.



Source: MHRSD Data, Q4 2023

Figure 37. Saudi private sector average monthly earnings by region and gender Q4 2023

In Q4 2023, Eastern Region led in average earnings across Saudi regions with Saudi workers earning 9.46 thousand SAR overall, Saudi males at around 11.11 thousand SAR, and Saudi females at 5.75 thousand SAR. Conversely, Al-Baha recorded the lowest average earnings at 4.55 thousand SAR.

During this reporting period, a consistent gender pay gap across all regions was observed, most notably in Eastern Region, where the gap between Saudi males and females is about 5.37 thousand SAR.

Summary of Findings



Labor Market Composition - The labor market in Q4 2023 was heavily weighted towards the private sector. This dominance underscores the private sector's role as the engine of economic growth and job creation in Saudi Arabia. As for the public sector, it accounted for 1.274 million employees, making it the second largest employment track.



Saudi Female Employment – In the private sector, Saudi female employment experienced a significant increase of 45.37% between Q4 2021 and Q4 2023 and a 10.70% net employment growth in the past year, outpacing growth of Saudi male employment.



Demographic Trends - Significant shifts are observed in youth employment and turnover, with notable quarter-over-quarter 36.03% growth in the 15-19 age group and turnover in the 20-34 age bracket. Saudi net employment growth declined with age, and while resignations peaked among Saudis ages 20-29, they also experienced highest labor market returns, showcasing employment adaptability.



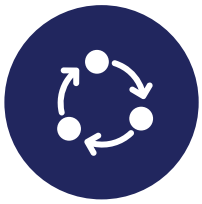
Economic Centers - Riyadh and the Eastern Region emerged as significant employment hubs, experiencing robust job growth, which underscores their strategic importance to the national economy and potential for future investments.



Business Size Impacts - Large enterprises showed substantial growth, employing the largest share of Saudi workers compared to micro- and small-sized businesses. In contrast, micro-sized businesses witnessed an 18.17% growth decline in the past year and employed the smallest share of Saudi employees.



Sectoral Shifts – Recent trends in the labor market are mixed, with Construction, Manufacturing and Transportation sectors experiencing net employment gains ranging between 1.85% and 2.54% in the last quarter, while Wholesale and Retail Trade and Accommodation and Food Services facing 0.59% and 0.70% quarter-over-quarter net employment declines, respectively.



Resignation and Return Trends - The Saudi labor market in Q4 2023 observed a pattern where a considerable number of Saudi workers sought new opportunities, with many leaving their jobs and later returning to employment. A preference for the private sector and self-employment emerged as dominant choices among those re-entering, indicative of evolving professional aspirations and a shift towards more entrepreneurial ventures in the Kingdom.



Wage Disparities - In Q4 2023, Saudi private sector workers earned an average monthly salary of 8.42 thousand SAR, with Saudi males earning notably higher than females, indicating need for sustained progress to decrease the gender pay gap in alignment with the global gender pay gap index. Age, experience, sector, and enterprise size also influenced earnings, with variations observed across regions and industries.



Key Considerations – Insights from Q4 2023 employment highlight the need for policies addressing earnings disparities across demographics and fostering small businesses employment for workforce integration. Targeted vocational training and early career supports can capitalize on the growing youth workforce, particularly in fast-growing sectors, like Construction and Manufacturing. To facilitate the reintegration of returning Saudi workers, incentives for businesses are essential. Further, regional development strategies are vital for decentralizing economic growth from Riyadh to other regions.

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Report Glossary

Public Sector Employment	Jobs within government agencies and organizations
Private Sector Employment	Jobs within privately-owned businesses or organizations
On-The-Job Training	A structured learning approach that enables employees to acquire new skills, knowledge, and competencies while performing regular job duties
New-Entries	Individuals who join the employed population as new hires
Exits	Employees who leave their jobs voluntarily or involuntarily. Exits can include resignations, retirements, or terminations
Re-entries	Employees who return to employment after a period of absence
Resignations	Voluntary departures from employment

About the Report

The "Labor Force Snapshot Report" is a quarterly report issued by NLO, presenting an in-depth analyses of trends in the Saudi labor force at the level of employment status, resignations, wages, etc. across various demographic, geographical and sectoral dimensions. The report aims to provide key insights geared towards enabling evidence-based decision-making and promoting regional and sectoral labor force development policies.